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This announcement is not an offer of securities of the Issuer for sale, or the solicitation of an offer to buy securities of the Issuer, in the United States. The securities referred to herein have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”), or any state securities laws of the United States, and may not be offered or sold within the United States except pursuant to an exemption under, or in a transaction not subject to, the U.S. 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.

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

DUJIANGYAN URBAN AND RURAL CONSTRUCTION GROUP CO., LTD.

(都江堰市城鄉建設集團有限公司)

(the “Issuer”)

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

PUBLICATION OF THE OFFERING CIRCULAR

**CNY969,000,000 4.80 per cent. Credit Enhanced Bonds due 2026
with the benefit of an irrevocable Standby Letter of Credit issued by
Bank of Tianjin Co., Ltd.**

Stock Code: 84463

(the “Bonds”)

Issue Price: 100.0 per cent.

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

China International Capital Corporation

Hung Sing Securities Limited

Joint Lead Managers and Joint Bookrunners

**Huatai
International**

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

**SunRiver
International
Securities Group
Limited**

**BOCOM
International**

**CNI SECURITIES
GROUP
LIMITED**

SPDB International

**Zheshang
International**

**China Galaxy
International**

**China Industrial
Securities
International**

CNCB Capital

ABC International

CEB International

**Orient Securities
(Hong Kong)**

**Dongxing Securities
(Hong Kong)**

**China CITIC Bank
International**

Joint Green Structuring Advisers

China International Capital Corporation

Hung Sing Securities Limited

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

Reference is made to the notice of listing of the Bonds on The Stock Exchange of Hong Kong Limited dated 10 November 2023 published by the Issuer.

The offering circular dated 3 November 2023 in relation to the Bonds is appended to this announcement.

Hong Kong, 13 November 2023

As at the date of this announcement, the Board of the Issuer comprises three directors, namely Mr. Feng Xianyong, Ms. Kang Na and Mr. Xiao Qiang.

IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES.

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

Confirmation of Your Representation: The attached Offering Circular is being sent to you at your request and by accepting the e-mail and accessing the attached Offering Circular, you shall be deemed to represent to the Issuer and the Joint Lead Managers that (1) you are not in the United States and, to the extent you purchase the securities described in the attached Offering Circular, you will be doing so pursuant to Regulation S under the U.S. Securities Act of 1933, as amended (the “Securities Act”); (2) the e-mail address that you gave us and to which this e-mail has been delivered is not located in the United States, its territories or possessions; and (3) you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission.

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

Restrictions: The attached Offering Circular is being furnished in connection with an offering exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described in the attached Offering Circular.

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

THE SECURITIES DESCRIBED 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.

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, the Agents, the Pre-funding Account Bank, the LC Proceeds Account Bank or any of their respective affiliates, directors, officers, employees, representatives, agents, 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 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 Managers or any of their respective affiliates is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Joint Lead Manager or such affiliate on behalf of the Issuer in such jurisdiction.

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

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

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

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Dujiangyan Urban and Rural Construction Group Co., Ltd.

(都江堰市城鄉建設集團有限公司)

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

CNY969,000,000 4.80 per cent. credit enhanced bonds due 2026
with the benefit of an irrevocable standby letter of credit issued by

Bank of Tianjin Co., Ltd.

Issue Price: 100.0 per cent.

Dujiangyan Urban and Rural Construction Group Co., Ltd. (都江堰市城鄉建設集團有限公司) (the "Issuer" or the "Company") proposes to issue CNY969,000,000 4.80 per cent. credit enhanced bonds due 2026 (the "Bonds"). The Bonds will have the benefit of an irrevocable standby letter of credit (the "Irrevocable Standby Letter of Credit") issued by Bank of Tianjin Co., Ltd. (the "LC Bank"). See "Appendix A – Form of Irrevocable Standby Letter of Credit" for the form of the Irrevocable Standby Letter of Credit. The Bonds will constitute direct, unsubordinated, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority 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 at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

The Bonds will bear interest on their outstanding principal amount from and including 10 November 2023 (the "Issue Date") at the rate of 4.80 per cent. per annum. Interests on the Bonds will be payable semi-annually in arrear on 10 May and 10 November in each year (each, subject to adjustment in accordance with the Terms and Conditions (as defined below), an "Interest Payment Date"), commencing on 10 May 2024. All payments of principal, premium (if any) and interest by or on behalf of the Issuer in respect of the Bonds will be made free and clear of, and without set-off or counterclaim and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the PRC or any political subdivision or authority therein or thereof having power to tax, unless such withholding or deduction is required by law to the extent described under "Terms and Conditions of the Bonds – Taxation". Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Interest Payment Date failing on, or nearest to, 10 November 2026. 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 17 of the terms and conditions of the Bonds (the "Terms and Conditions") (which notice shall be irrevocable) and in writing to the Trustee and the CMU Lodging and Paying Agent (each as defined in the Terms and Conditions), at their principal amount (together with interest accrued up to, but excluding, the date fixed for redemption), 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), as further described in Condition 7(b) of the Terms and Conditions. See "Terms and Conditions of the Bonds – Redemption and Purchase – Redemption for Taxation Reasons." At any time following the occurrence of a Relevant Event (as defined in the Terms and Conditions), the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem all but not some only of that holder's Bonds on the Put Settlement Date (as defined in the Terms and Conditions) at 100 per cent. of their principal amount, together with accrued interest up to but excluding such Put Settlement Date. See "Terms and Conditions of the Bonds – Redemption and Purchase – Redemption for Relevant Events."

The Bonds shall be redeemed in whole, but not in part, at their principal amount on the Interest Payment Date immediately falling after the date the Pre-funding Failure Notice (as defined in the Terms and Conditions) is given to the Bondholders in accordance with Condition 4(b) of the Terms and Conditions (the "Mandatory Redemption Date"), together with interest accrued to but excluding the Mandatory Redemption Date (as defined in the Terms and Conditions). See "Terms and Conditions of the Bonds – Redemption and Purchase – Mandatory Redemption upon Pre-funding Failure."

The Issuer undertakes that it will within the relevant prescribed timeframes after the Issue Date file or cause to be filed with the National Development and Reform Commission of the PRC or its local counterparts ("NDRC") the requisite information and documents in respect of 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56號)) issued by the NDRC on 5 January 2023 which came into effect on 10 February 2023 (the "NDRC Administrative Measures") and any implementation rules, reports, certificates, approvals or guidelines as issued by the NDRC from time to time, including but not limited to, the NDRC Post-Issue Filing (as defined in the Terms and Conditions). For consequences of non-registration, see "Risk Factors – Risks Relating to the Bonds and the Irrevocable Standby Letter of Credit – Any failure to complete the relevant filings under the NDRC Administrative Measures and the relevant registration under SAFE within the prescribed timeframes following the completion of the issue of the Bonds may have adverse consequences for the Issuer and/or the investors of the Bonds."

The Issuer undertakes that it will (i) within 15 Registration Business Days (as defined in the Terms and Conditions) after the Issue Date, submit or cause to be submitted an application for registration of the Bonds with State Administration of Foreign Exchange or its competent local branches ("SAFE") pursuant to the Administrative Measures for Foreign Debt Registration (外債登記管理辦法) and its operating guidelines, effective as of 13 May 2013 and if applicable, the Circular of the People's Bank of China on Matters relating to the Macro-prudential Management of Full-covered Cross-border Financing (Yin Fa [2017] No. 9) (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知) (銀發[2017] 9號) issued by the People's Bank of China which came into effect on 12 January 2017 (the "Foreign Debt Registration"), (ii) use its best endeavours to complete the Foreign Debt Registration and obtain a registration record or filing evidence from SAFE on or before the Registration Deadline (being the day falling 120 Registration Business Days after the Issue Date), and (iii) comply with all applicable PRC laws and regulations in relation to the Bonds.

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

Investing in the Bonds involves certain risks. Investors should be aware that the Bonds are backed by the Irrevocable Standby Letter of Credit, resulting in associated risks including that the Irrevocable Standby Letter of Credit is subject to a maximum limit and may not be sufficient to satisfy all payments due under it, and that there are various other risks relating to the Bonds, the Irrevocable Standby Letter of Credit, the Issuer, the Group (as defined below), the LC Bank, their business and their jurisdictions of operations which investors should familiarise themselves with before making an investment in the Bonds. See "Risk Factors" beginning on page 19 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 certain exceptions, 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 requirement of the Securities Act. For a description of these and certain restrictions on offers and sales of the Bonds and the distribution of this offering circular, see "Subscription and Sale of the Bonds".

The Bonds are being issued as "Green Bonds" under the Green Finance Framework of the Issuer. See "Green Finance Framework" on page 55 for a summary of the Green Finance Framework.

Application will be made to The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange" or "HKSE") 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 and such permission is expected to become effective on 13 November 2023. This document is for distribution to Professional Investors only.

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

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, the Group and the LC Bank. 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 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 or the Issuer or the Group or the LC Bank 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 disclaims 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.

Upon issue, the Bonds will be represented by a 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 Money Markets Unit Service (the "CMU" or the "Clearing System"). 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, definitive certificates for Bonds will not be issued in exchange for interests in the Global Certificate.

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China Industrial
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CNCB Capital

ABC International

CEB International

Orient Securities (Hong Kong)

Dongxing Securities (Hong Kong)

China CITIC Bank International

Joint Green Structuring Advisers

China International Capital Corporation

Hung Sing Securities Limited

Offering Circular dated 3 November 2023

IMPORTANT NOTICE

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

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

In making an investment decision, investors must rely on their own examination of the Issuer, the Group and the terms of the offering, including the merits and risks involved. See “*Risk Factors*” herein for a discussion of certain factors to be considered in connection with an investment in the Bonds. The risks and investment considerations identified in this Offering Circular are provided as general information only. Investors should consult their own financial and legal advisers as to the risks and investment considerations arising from an investment in the Bonds and should possess the appropriate resources to analyse such investment and the suitability of such investment in their particular circumstances.

The Issuer accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement in this Offering Circular misleading.

In addition, the Issuer, having made all reasonable enquiries, confirms that (i) this Offering Circular contains all information with respect to the Issuer, the Group, the Bonds and the Irrevocable Standby Letter of Credit which is material in the context of the issue and offering of the Bonds (including all information required by applicable laws and the information which, according to the particular nature of the Issuer, the Group, the Bonds and the Irrevocable Standby Letter of Credit, is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer, the Group and the rights attaching to the Bonds and the Irrevocable Standby Letter of Credit), (ii) the statements contained in this Offering Circular and any other material approved by the Issuer for use in connection with the offering of the Bonds, are in every material respect true and accurate and not misleading, (iii) the statements contained in the this Offering Circular relating to the LC Bank, which are based on, or derived or extracted from, among other sources, publicly available information which the Issuer believes to be in every material respect true and accurate and not misleading, (iv) the opinions and intentions expressed in this Offering Circular with regard to the Issuer and to the Group are honestly and reasonably held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, (v) there are no other facts in relation to the Issuer, the Group, the LC Bank (to the Issuer’s best knowledge after due and careful enquiry), the Irrevocable Standby Letter of Credit and the Bonds, the omission of which would, in the context of the issue and offering of the Bonds make any statement, opinion or intention expressed in this Offering Circular misleading in every material respect, (vi) 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, (vii) this Offering Circular does not include an untrue statement of a material fact, or omit to state a material fact necessary in order to make the statements herein, in the light of the

circumstances under which they were made, not misleading, and (viii) the statistical, industry and market-related data and forward-looking statements, each of which are included in this Offering Circular, are based on or derived or extracted from sources which the Issuer believes to be accurate and reliable in all material respects.

Notwithstanding the foregoing, the information included in this Offering Circular regarding the LC Bank (the “**Bank**”) is for information purposes only and is based on, or derived or extracted from, among other sources, publicly available information. Any information available from public sources that is referenced in this Offering Circular but is not separately included in this Offering Circular shall not be deemed to be incorporated by reference to this Offering Circular. However, none of the Issuer, the Joint Lead Managers (as defined below), the Trustee (as defined in Terms and Conditions), the Agents (as defined in Terms and Conditions), the Pre-funding Account Bank (as defined in Terms and Conditions) or the LC Proceeds Account Bank (as defined in Terms and Conditions) or any of their respective affiliates, directors, officers, employees, agents, representatives, advisers or any person who controls any of them, has independently verified such information. Save for the representation given by the Issuer in the paragraph above, no representation or warranty, expressed or implied, is to be made or given by the Issuer, the Joint Lead Managers, the Trustee, the Agents, the Pre-funding Account Bank, the LC Proceeds Account Bank or any of their respective affiliates, directors, officers, employees, agents, representatives, advisers or any person who controls any of them, as to the accuracy, completeness or sufficiency of such information. Accordingly, such information should not be unduly relied upon.

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 to sell or the solicitation of an offer of, or an invitation by or on behalf of China International Capital Corporation Hong Kong Securities Limited, Hung Sing Securities Limited, Huatai Financial Holdings (Hong Kong) Limited, Industrial Bank Co., Ltd. Hong Kong Branch, SunRiver International Securities Group Limited, BOCOM International Securities Limited, CNI SECURITIES GROUP LIMITED, SPDB International Capital Limited, Zheshang International Financial Holdings Co., Limited, China Galaxy International Securities (Hong Kong) Co., Limited, China Industrial Securities International Brokerage Limited, CNCB (Hong Kong) Capital Limited, ABCI Capital Limited, CEB International Capital Corporation Limited, Orient Securities (Hong Kong) Limited, Dongxing Securities (Hong Kong) Company Limited and China CITIC Bank International Limited (together, the “**Joint Lead Managers**”), the Issuer, the Trustee, the Agents, the Pre-funding Account Bank, the LC Proceeds Account Bank or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates or any person who controls any of them to subscribe for or buy any Bonds in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer, sale or delivery of Bonds may be restricted by law in certain jurisdictions. Persons into whose possession this Offering Circular comes must inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of Bonds or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes. In particular, there are restrictions on the offer and sale of the Bonds and the circulation of documents relating thereto, in certain jurisdictions including the United States, the United Kingdom, the People’s Republic of China, Hong Kong, Singapore and Japan and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the Bonds and distribution of this Offering Circular, see “*Subscription and Sale*”. By purchasing the Bonds, investors are deemed to have represented and agreed to all of those provisions contained in that section of this Offering Circular. This Offering Circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for, or otherwise acquire, the Bonds. Distribution of this Offering Circular to any person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorised. Each prospective investor, by accepting delivery of this Offering Circular, is deemed to have agreed to the foregoing and to make no photocopies of this Offering Circular or any documents referred to in this Offering Circular.

No person has been or is authorised to give any information or to make any representation concerning the Issuer, the Group, the LC Bank, the Bonds or the Irrevocable Standby Letter of Credit 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 Group, the LC Bank, each of the Joint Lead Managers, the Trustee, the Agents, the Pre-funding Account Bank, the LC Proceeds Account Bank or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates or any person who controls any of them. Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Bonds shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Group, the LC Bank or any of them since the date hereof or create any implication that the information contained herein is correct as at any date subsequent to the date hereof. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Joint Lead Managers, the Trustee, the Agents, the Pre-funding Account Bank, the LC Proceeds Account Bank or any of their respective affiliates, officers, employees, agents, representatives, directors or advisers or any person who controls any of them to subscribe for or purchase the Bonds and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

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

None of the Joint Lead Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates or any person who controls any of them has independently verified the information contained herein. Accordingly, no representation or warranty, express or implied, is made or given by the Joint Lead Managers, the Trustee, the Agents, the Pre-funding Account Bank, the LC Proceeds Account Bank or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates or any person who controls any of them as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular. 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, the Agents, the Pre-funding Account Bank, the LC Proceeds Account Bank or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates or any person who controls any of them.

This Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by any of the Issuer, the Joint Lead Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates or any person who controls any of them that any recipient of this Offering Circular should purchase the Bonds. Prospective investors should not construe anything in this Offering Circular as legal, business or tax advice. Each potential purchaser of Bonds should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Bonds should be based upon such investigations with its own tax, legal and business advisers as it deems necessary and determine whether it is legally able to purchase the Bonds under applicable laws or regulations.

In making an investment decision, investors must rely on their own examination of the Issuer, the Group and the terms of the offering, including the merits and risks involved in investing in the Bonds. See “*Risk Factors*” below for a discussion of certain factors to be considered in connection with an investment in the Bonds.

IN CONNECTION WITH THE ISSUE OF THE BONDS, ANY JOINT LEAD MANAGER (OR PERSONS ACTING ON ITS BEHALF) APPOINTED AND ACTING AS THE STABILISATION MANAGER PROVIDED THAT CHINA CITIC BANK INTERNATIONAL LIMITED SHALL NOT BE APPOINTED AND ACTING AS THE STABILISATION MANAGER (THE “STABILISATION MANAGERS”) MAY OVER-ALLOT 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. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISATION MANAGERS WILL UNDERTAKE STABILISATION. 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 CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE BONDS. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILISATION MANAGER(S) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

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.

Each person receiving this Offering Circular acknowledges that such person has not relied on the Joint Lead Managers, the Trustee, the Agents, the Pre-funding Account Bank, the LC Proceeds Account Bank or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates or any person who controls any of them in connection with its investigation of the accuracy of such information or its investment decision. To the fullest extent permitted by law, none of the Joint Lead Managers, the Trustee, the Agents, the Pre-funding Account Bank and the LC Proceeds Account Bank or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates or any person who controls any of them accepts any responsibility for the contents of this Offering Circular or for any statement made or purported to be made in connection with the Issuer, the Group or the issue and offering of Bonds. Each of the Joint Lead Managers, the Trustee, the Agents, the Pre-funding Account Bank and the LC Proceeds Account Bank and each of their respective directors, officers, employees, agents, advisers, representatives and affiliates 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, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank nor any of their respective directors, officers, employees, agents, advisers, representatives or affiliates or any person who controls any of them undertakes to review the results of operations, financial condition or affairs of the Issuer or the Group for so long as any Bonds remain outstanding nor to advise any investor or potential investor of the Bonds of any information coming to the attention of any of the Joint Lead Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates or any person who controls any of them.

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

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” (together, the “CMI”) 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” (together, the “OC”) 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% 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 (if any) 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 LC Bank, the Joint Lead Managers, the Trustee or the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective affiliates, directors, officers, employees, agents, advisers or representatives or any person who controls any of them and none of the Issuer, the LC Bank, the Joint Lead Managers, the Trustee or the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective affiliates, directors, officers, employees, agents, advisers or 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 or 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.

CERTAIN DEFINITIONS AND CONVENTIONS

This Offering Circular has been prepared using a number of conventions, which investors should consider when reading the information contained herein. Unless indicated otherwise, in this Offering Circular all references to (i) the “**Issuer**” are to Dujiangyan Urban and Rural Construction Group Co., Ltd. (都江堰市城鄉建設集團有限公司), and (ii) the “**Group**” are to the Issuer and its subsidiaries taken as a whole, unless otherwise specified or the context otherwise requires.

Unless otherwise specified or the context otherwise requires, all references to the “**PRC**”, “**China**”, “**Mainland**” and “**mainland China**” are to the People’s Republic of China (excluding the Hong Kong Special Administrative Region of the People’s Republic of China, the Macau Special Administrative Region of the People’s Republic of China and Taiwan), all references to “**PRC Government**” and the “**State**” means the central government of the PRC, including all political subdivisions (including provincial, municipal and other regional or local governmental entities) and instrumentalities thereof, or, where the context requires, any of them, all references to the “**United States**” and “**U.S.**” are to the United States of America, all references to “**Hong Kong**” are to the Hong Kong Special Administrative Region of the People’s Republic of China and all references to “**Renminbi**”, “**CNY**” and “**RMB**” are to the lawful currency of the PRC.

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 shall prevail.

PRESENTATION OF FINANCIAL INFORMATION

Financial Information of the Group

This Offering Circular contains consolidated financial information of the Issuer as at and for the years ended 31 December 2020, 2021 and 2022. The consolidated financial information of the Issuer as at and for the year ended 2020 has been extracted from the audited pro forma consolidated financial statements of the Issuer as at and for the years ended 31 December 2019, 2020 and 2021 (“**2019-2021 Audited Pro Forma Financial Statements**”), assuming, among other thing, that as at 1 January 2019, the Issuer held 100 per cent. of equity interests of Dujiangyan New City Construction and Investment Co., Ltd. (都江堰新城建設投資有限責任公司) (“**New City Construction**”). For details of the acquisition of 100 per cent. of equity interests of New City Construction by the Issuer, please see “*Description of the Group — History and Milestone*”. Such *pro forma* financial information is presented for illustrative purposes only and because of its hypothetical nature, it does not provide any assurance or indication that any event will take place in the future and may not be indicative of the current or future financial condition and results of operations of the Group. In preparing the 2019-2021 Audited Pro Forma Financial Statements, adjustments have been made to the Group’s historical financial information based on information available then and on assumptions that the Group’s management believed were reasonable in order to reflect, on a *pro forma* basis, the impact of the Reorganisation (as defined below). For details of the assumptions made in preparing the 2019-2021 Audited Pro Forma Financial Statements, please refer to “*Notes to Financial Statements — 3. The basis for the preparation of the simulated consolidated financial statements*” of the 2019-2021 Audited Pro Forma Financial Statements on pages F-119 to F-120. Such adjustments and assumptions are difficult to make with complete accuracy. As a result, the actual financial condition and results of operations following the Reorganisation may not be consistent with, or evident from, such *pro forma* financial information. In addition, the assumptions used in preparing the *pro forma* financial information may not prove to be accurate, and other factors may also affect the Group’s financial condition and results of operations. As such, investors are cautioned not to place undue reliance on such *pro forma* financial information. Please also see “*Risk Factors — Risks relating to the Group’s Business — Historical financial information of the Group may not be indicative of its current or future results of operations and investors should exercise caution in comparing financial data between periods due to material acquisition, disposals or material changes to the list of consolidated subsidiaries.*” for details. The consolidated financial information of the Issuer as at and for the years ended 2021 and 2022 has been extracted from the audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2022 (“**2022 Audited Financial Statements**”, together with the 2019-2021 Audited Pro Forma Financial Statements, the “**Audited Financial Statements**”). The Audited Financial Statements were prepared and presented in accordance with the Accounting Standards for Business Enterprises in the PRC (“**PRC GAAP**”) as promulgated by the Ministry of Finance of the PRC (“**MOF**”) from time to time and have been audited by Talent Certified Public Accountants (Special General Partnership) (“**Talent**”), the Issuer’s independent auditors.

Starting 1 January 2021, the Issuer adopted certain new accounting standards, including “*Enterprise Accounting Standards No. 22 — Recognition and Measurement of Financial Instruments*” (企業會計準則第22號—金融工具確認和計量), “*Enterprise Accounting Standards No. 23 — Transfer of Financial Assets*” (企業會計準則第23號—金融資產轉移), “*Enterprise Accounting Standards No. 24 — Hedging Accounting*” (企業會計準則第24號—套期會計), “*Enterprise Accounting Standards No. 37 — Presentation of Financial Instruments*” (企業會計準則第37號—金融工具列報), “*Enterprise Accounting Standards No. 14 — Revenue*” (企業會計準則第14號—收入) and “*Enterprise Accounting Standards No. 21 — Leases*” (企業會計準則第21號—租賃) (collectively, the “**2021 New Accounting Standards**”). For details of the 2021 New Accounting Standards and their impacts on the 2019-2021 Audited Pro Forma Financial Statements, please see “*Notes to Financial Statements — 5. Significant changes in accounting policies and accounting estimates*” of the 2019-2021 Audited Pro Forma Financial Statements on pages F-150 to F-151.

Starting 1 January 2022, the Issuer adopted certain new accounting standards, including articles 1 and 3 of “*Interpretation of Enterprise Accounting Standards No. 15*” (企業會計準則解釋第15號) and

“*Interpretation of Enterprise Accounting Standards No. 16*” (企業會計準則解釋第16號) (collectively, the “**2022 New Accounting Standards**”). For details of the 2022 New Accounting Standards and their impacts on the 2022 Audited Financial Statements, please see “*Notes to Financial Statements — 5. Significant changes in accounting policies and accounting estimates*” of the 2022 Audited Financial Statements on page F-52. See also “*Risk Factors — Risks Relating to the Group’s Business — The Company’s consolidated financial statements included in this Offering Circular have been prepared and presented in accordance with the PRC GAAP, which are different from IFRS in certain respects*”.

PRC GAAP differs in certain respects from International Financial Reporting Standards (“**IFRS**”). For a discussion of certain differences between PRC GAAP and IFRS, see “*Summary of Certain Differences between PRC GAAP and IFRS*”.

This Offering Circular includes figures relating to EBITDA. EBITDA is not a standard measure under PRC GAAP. EBITDA is a widely used financial indicator of a company’s ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income 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 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 the Issuer’s performance and its ability to generate cash flow from operations to cover debt service and taxes. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare the Issuer’s EBITDA to EBITDA presented by other companies because not all companies use the same definition.

Financial Information of the LC Bank

Copies of the latest annual and interim reports of the LC Bank, as well as its public filings, can be downloaded free of charge from the websites of the Hong Kong Stock Exchange and the LC Bank at <https://www.hkexnews.hk/index.htm> and <https://www.bankoftianjin.com/>, respectively. The financial statements of the LC Bank are not included in and do not form part of this Offering Circular. The information contained on the websites of the Hong Kong Stock Exchange and the LC Bank is subject to change from time to time. No representation is made by the Issuer, the Group, the Joint Lead Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them and none of the Issuer, the Group, the Joint Lead Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them takes any responsibility for any information contained on the websites of the Hong Kong Stock Exchange and the LC Bank.

ROUNDING

Certain monetary amounts included in this Offering Circular have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the individual items and actual numbers may differ from those contained herein due to rounding.

FORWARD-LOOKING STATEMENTS

This Offering Circular includes “forward-looking statements”. All statements other than statements of historical facts contained in this Offering Circular constitute “forward-looking statements”. Some of these statements can be identified by forward-looking terms, such as “anticipate”, “target”, “believe”, “can”, “would”, “could”, “estimate”, “expect”, “aim”, “intend”, “may”, “plan”, “will”, “would” or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding expected financial condition, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include, but are not limited to, statements as to the business strategy, revenue, profitability, planned projects and other matters as they relate to the Issuer and/or the Group discussed in this Offering Circular regarding matters that are not historical facts.

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

- general economic, political and business conditions and competitive environment, including those related to the PRC and globally;
- ability to successfully implement business plans and strategies;
- capital expenditure plans and ability to carry out those plans;
- ability of the Group to control its costs;
- the continued availability of capital and financing;
- interest rates and foreign exchange rates, taxes and duties;
- the actions and developments of the Group’s competitors;
- financial condition and performance;
- any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions in which the Group operates and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of the Group’s business;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, including those pertaining to the PRC and the industry and markets in which the Group operates;
- various business opportunities that the Group may pursue;
- macroeconomic measures taken by the PRC Government to manage economic growth;
- natural disasters, industrial action, terrorist attacks and other events beyond the Group’s control;
- other risks associated with industries in which the Group operates; and
- other factors, including those discussed in “*Risk Factors*” below.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in “*Risk Factors*” below and elsewhere in this Offering Circular. The Issuer cautions investors not to place undue reliance on these forward-looking statements

which reflect its managements' view only as at the date of this Offering Circular. The Issuer does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Offering Circular might not occur.

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SUMMARY

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

OVERVIEW

The Group is the main entity responsible for the construction of major urban infrastructure projects in Dujiangyan City. The Group’s business consists of the following four business segments: (i) engineering construction, (ii) primary land development, (iii) sale of sand and gravel and (iv) other businesses. Below is an overview of each of the four business segments of the Group:

- **Engineering Construction:** The Group’s engineering construction business primarily consists of construction of infrastructure facilities and resettlement housing in Dujiangyan City. It operates this business segment predominantly through its wholly-owned subsidiary Dujiangyan New City Construction and Investment Co., Ltd. (都江堰新城建設投資有限責任公司) (“**New City Construction**”).
- **Primary Land Development:** The Group’s primary land development business primarily involves primary land development projects in Qingchengshan Town (青城山鎮), Riverside New District (濱江新區), Xujia Town (胥家鎮) and Puyang Town (蒲陽鎮) of Dujiangyan City. It operates this business segment predominantly through New City Construction and New City Constructions’ subsidiaries including Dujiangyan City Construction Engineering Building Materials Co., Ltd (都江堰市建工建材有限責任公司) (“**Dujiangyan Construction**”) and Dujiangyan Chengheng Rural Revitalisation Development Co., Ltd (都江堰城恒鄉村振興發展有限公司) (“**Chengheng Rural Revitalisation**”).
- **Sand and Gravel Sales:** The Group’s sand and gravel sales business primarily consists of extraction, transportation and sales of sand and gravel resources in Dujiangyan City and its surrounding areas. It operates this business segment predominantly through its wholly-owned subsidiary, Dujiangyan Runmao Industry Co., Ltd (都江堰市潤茂實業有限公司) (“**Runmao Industry**”).
- **Other Businesses:** The Group’s other businesses primarily consist of rental services, property sales, grain, oil, meat and eggs sales, building materials sales, asset transfers, material processing and consulting services. It operates this business segment predominantly through its subsidiaries including Sichuan Runxi Supply Chain Management Co., Ltd (四川潤熹供應鏈管理有限公司) (“**Runxi Supply Chain**”), New City Constructions and Runmao Industry.

For the years ended 31 December 2020, 2021 and 2022, the Group’s total revenue was RMB972.34 million, RMB1,095.42 million and RMB1,343.76 million, respectively. The Group’s total assets as at 31 December 2020, 2021 and 2022 were RMB26,931.35 million, RMB26,730.44 million and RMB28,995.13 million, respectively.

COMPETITIVE STRENGTHS

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

- excellent business and economic environment in Dujiangyan City;
- healthy relationship with banks and diversified financing channels of Dujiangyan Investment and strong support from Dujiangyan Investment in the Group's financing activities; and
- experienced management team and efficient management mechanism.

STRATEGIES

The Group intends to implement the following strategies to achieve its business objectives:

- construct major engineering construction projects in alignment with Dujiangyan City's development plan; and
- focus on its role as an integrated construction and investment platform in Dujiangyan City and diversify its business operations.

RECENT DEVELOPMENT

Financial performance as at and for the six months ended 30 June 2023

As compared to its financial position as at 1 January 2023, as at 30 June 2023, the Group's short-term borrowings and long-term borrowings increased primarily due to the increases in the bank loans obtained by the Group and the Group's other payables increased primarily due to the increase in payables to Chengdu Dujiangyan Investment Development Group Co., Ltd. (成都都江堰投資發展集團有限公司) ("Dujiangyan Investment") in related party transactions, which resulted in the increase in financial expenses for the six months ended 30 June 2023, as compared to the same period in 2022. For the six months ended 30 June 2023, as compared to the same period in 2022, the Group's net cash flow from operating activities decreased primarily due to the increase in construction costs paid by the subsidiaries of the Group, which resulted in the increase of cash paid for purchase of goods and services and the increase in cash paid to Dujiangyan Investment in related party transactions, which resulted in the increase of cash paid relating to other operating activities.

Potential investors should note, in particular, that the Group's financial information as at and for the six months ended 30 June 2023 is derived from the Company's management accounts and has not been audited or reviewed by independent auditors. As such, the Group's financial information as at and for the six months ended 30 June 2023 has not been set out in detail in this Offering Circular and does not form part of this Offering Circular and potential investors should not rely on such financial information in their evaluation of the financial condition of the Group and in making their investment decisions. The aforementioned financial information as at and for the six months ended 30 June 2023 are not necessarily indicative of the results that may be expected for the year ending 31 December 2023 or any period thereafter. Consequently, potential investors must exercise caution when using such data to evaluate the Group's financial condition and results of operations. See "*Risk Factors — Risks Relating to the Group's Business — The Issuer may publish periodical financial information in the PRC pursuant to applicable PRC regulatory rules. Investors should be cautious and not place any reliance on any financial information other than that disclosed in this Offering Circular*". None of the Joint Lead Managers, the Trustee or the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates or any person who

controls any of them makes any representation or warranty, express or implied, regarding the accuracy of the Group's financial information as at and for the six months ended 30 June 2023 or the sufficiency of such financial information for an assessment of the Group's financial condition and results of operation.

Indebtedness incurred after 31 December 2022

Since 31 December 2022, the Group continued utilising external financing in the ordinary course of business to finance its operation. The Group may, from time to time, enter into bank loans and other financing arrangement and issue debt securities in the capital market in the ordinary course of business to finance its operations and to refinance existing debt. For details, please see descriptions under the "*Capitalisation and Indebtedness*".

Establishment of New Subsidiary

In July 2023, Dutou Lafarge New Building Materials (Dujiangyan) Co., Ltd (都投拉法基新型建材(都江堰)有限公司) ("**Dutou Lafarge**"), a 51 per cent. owned subsidiary of the Group, was incorporated. Upon commencement of operation, Dutou Lafarge will primarily produce prefabricated building materials and commercial ready mixed concrete and engage in the Group's building materials sales business under the Group's other business segment.

SUMMARY OF THE BONDS

The following is a summary of the terms 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. Unless otherwise defined in this Offering Circular, words and expressions defined in the Terms and Conditions shall have the same meanings in this summary.

Issuer	Dujiangyan Urban and Rural Construction Group Co., Ltd. (都江堰市城鄉建設集團有限公司).
The Bonds	CNY969,000,000 4.80 per cent. credit enhanced bonds due 2026.
Issue Price	100.0 per cent.
Issue Date	10 November 2023.
LC Bank	Bank of Tianjin Co., Ltd.
Maturity Date	Interest Payment Date falling on, or nearest to, 10 November 2026.
Form and Specified Denomination of the Bonds	The Bonds will be issued in registered form in the specified denomination of CNY1,000,000 and integral multiples of CNY10,000 in excess thereof.
Interest	The Bonds will bear interest on their outstanding principal amount from and including the Issue Date at the rate of 4.80 per cent. per annum, payable semi-annually in arrear on 10 May and 10 November in each year (each, subject to adjustment in accordance with the Terms and Conditions), commencing on 10 May 2024. If any Interest Payment Date would otherwise fall on a day which is not a business day (as defined in Condition 6 of the Terms and Conditions), it shall be postponed to the next day which is a business day (as defined in Condition 6 of the Terms and Conditions) unless it would thereby fall into the next calendar month in which event it shall be brought forward to the immediately preceding business day (as defined in Condition 6 of the Terms and Conditions).
Status of the Bonds	The Bonds will constitute direct, unsubordinated, unconditional and unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> and without any preference or priority 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 at all times, rank at least equally with all its other present and future unsecured and unsubordinated obligations.

**Irrevocable Standby
Letter of Credit**

The Bonds will have the benefit of the Irrevocable Standby Letter of Credit issued in favour of the Trustee, on behalf of itself and the holders of the Bonds, by the LC Bank. The Irrevocable Standby Letter of Credit shall be drawable by the Trustee as beneficiary under the Irrevocable Standby Letter of Credit on behalf of itself and the holders of the Bonds upon the presentation of a demand by authenticated SWIFT (or by such method of communication otherwise as permitted under the Irrevocable Standby Letter of Credit) sent by or on behalf of the Trustee to the LC Bank in accordance with the Irrevocable Standby Letter of Credit (the “**Demand**”) stating that (i) the Issuer has failed to comply with Condition 4(b) of the Terms and Conditions in relation to pre-funding the amount that is required to be pre-funded under the Terms and Conditions and/or has failed to provide the Required Confirmations (as defined below) in accordance with Condition 4(b) of the Terms and Conditions or (ii) an Event of Default (as defined in Condition 10 of the Terms and Conditions) has occurred and the Trustee has given notice to the Issuer that the Bonds are immediately due and payable in accordance with Condition 10 of the Terms and Conditions.

Only one drawing is permitted under the Irrevocable Standby Letter of Credit.

Such drawing on the Irrevocable Standby Letter of Credit will be payable in Renminbi in immediately available cleared funds to or to the order of the Trustee at the time and to the account specified in the Demand presented to the LC Bank. Payment received by the Trustee in respect of the Demand will be deposited into the LC Proceeds Account.

The payment made under the Irrevocable Standby Letter of Credit in respect of any amount payable under the Terms and Conditions or in connection with the Bonds, the Trust Deed, the Agency Agreement, the Irrevocable Standby Letter of Credit and/or any other transaction document relating to the Bonds shall, to the extent of the drawing paid to or to the order of the Trustee, satisfy the obligations of the Issuer in respect of such amount payable under the Terms and Conditions or in connection with the Bonds, the Trust Deed, the Agency Agreement, the Irrevocable Standby Letter of Credit and/or any other transaction document relating to the Bonds.

The LC Bank’s aggregate liability under the Irrevocable Standby Letter of Credit shall be expressed and payable in Renminbi and shall not in any circumstances exceed CNY1,000,000,000 (the “**Maximum Limit**”). Unless otherwise specified in the Irrevocable Standby Letter of Credit, the Irrevocable Standby Letter of Credit takes effect from the Issue Date and shall remain valid and in full force until at 6:00 p.m. (Hong Kong time) on 10 December 2026.

See “Appendix A — Form of Irrevocable Standby Letter of Credit” for the form of the Irrevocable Standby Letter of Credit.

Pre-funding

In order to provide for the payment of any amount in respect of the Bonds and under the Trust Deed (other than the amounts payable under Condition 7(d) of the Terms and Conditions) (the “**Relevant Amount**”) as the same shall become due, the Issuer shall, in accordance with the Agency Agreement, by the Business Day falling 13 Business Days (the “**Pre-funding Date**”) prior to the due date for such payment under these Conditions:

- (i) unconditionally pay or procure to be paid the Relevant Amount in immediately available cleared funds into the Pre-funding Account; and
- (ii) deliver to the Trustee and the CMU Lodging and Paying Agent by facsimile or by email (x) a Payment and Solvency Certificate signed by any Authorised Signatory, and (y) a copy of the irrevocable payment instruction from the Issuer to the Pre-funding Account Bank requesting the Pre-funding Account Bank to pay the Relevant Amount which was paid into the Pre-funding Account on the Pre-funding Date in full to the CMU Lodging and Paying Agent by no later than 10:00 a.m. (Hong Kong time) on the second Business Day preceding the due date for such payment (together, the “**Required Confirmations**”).

If the Relevant Amount has not been paid into the Pre-funding Account in full and the Pre-funding Account Bank has notified the Trustee of such failure, or the Trustee does not receive the Required Confirmations, in each case by 10:00 a.m. (Hong Kong time) on the Business Day immediately following the Pre-funding Date (a “**Pre-funding Failure**”), the Trustee shall:

- (i) send the notice substantially in the form set out in the Agency Agreement (the “**Pre-funding Failure Notice**”) to the Bondholders by the second Business Day immediately following the Pre-funding Date of (x) the Pre-funding Failure and (y) the redemption of the Bonds in accordance with Condition 7(d) of the Terms and Conditions to occur as a result of the Pre-funding Failure, and

- (ii) by no later than 4:00 p.m. (Hong Kong time) on the second Business Day immediately following the Pre-funding Date issue a Demand to the LC Bank (which shall be presented by the Trustee in accordance with the Irrevocable Standby Letter of Credit) for the aggregate principal amount in respect of all of the Bonds then outstanding, together with interest accrued to but excluding the Mandatory Redemption Date and the fees, costs, expenses, indemnity payments and other amounts payable by the Issuer under or in connection with the Bonds, the Trust Deed, the Agency Agreement and/or any other transaction document relating to the Bonds, provided that, subject to and in accordance with the Irrevocable Standby Letter of Credit, the Trustee needs not physically present an original of the Demand under the Irrevocable Standby Letter of Credit to the LC Bank and shall be entitled to draw on the Irrevocable Standby Letter of Credit by way of the Demand by authenticated SWIFT to the LC Bank (provided that in the event that the SWIFT system is not available for any reason, the Trustee may instead present a Demand duly signed by the Trustee via facsimile transmission at +86-022-28405418). Following receipt by the LC Bank of such Demand on a Business Day, the LC Bank shall on or before 10:00 a.m. (Hong Kong time) on the fifth Business Day immediately following such Business Day (if the Demand is received by the LC Bank on or before 6:00 p.m. (Hong Kong time) on such Business Day) or on or before 10:00 a.m. (Hong Kong time) on the sixth Business Day immediately following such Business Day (if the Demand is received by the LC Bank after 6:00 p.m. (Hong Kong time) on such Business Day), pay to or to the order of the Trustee the amount in Renminbi specified in the Demand in immediately available cleared funds to the LC Proceeds Account.

The Pre-funding Account Bank shall notify the Trustee and the CMU Lodging and Paying Agent as soon as reasonably practicable following the failure by the Issuer to pay the Relevant Amount into the Pre-funding Account in accordance with the Terms and Conditions.

See “*Terms and Conditions of the Bonds — Irrevocable Standby Letter of Credit and Pre-funding — Pre-funding*” and “*Appendix A — Form of Irrevocable Standby Letter of Credit*”.

Events of Default The Bonds will contain certain events of default provisions with respect to the Issuer and the LC Bank, as further described in Condition 10 of the Terms and Conditions. If an Event of Default (as defined in the Terms and Conditions) occurs, the Trustee at its absolute discretion may, and if so requested in writing by holders of at least 25 per cent. of the aggregate principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution (as defined in the Terms and Conditions), shall (provided in any such case that the Trustee shall have been first indemnified and/or secured and/or pre-funded to its satisfaction), give written notice to the Issuer that the Bonds are due and payable. Upon any such notice being given to the Issuer, the Bonds shall immediately become due and payable at their principal amount together (if applicable) with accrued but unpaid interest.

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

Where such withholding or deduction is made for or on account of any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Issuer by or within the PRC at the rate of up to and including the aggregate rate applicable on 3 November 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, as further described in Condition 9 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 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 17 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 interest accrued up to, but excluding, the date fixed for redemption, 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), as further described in Condition 7(b) of the Terms and Conditions.
Redemption for Relevant Events .	At any time 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 that holder's Bonds on the Put Settlement Date at 100 per cent. of their principal amount, together with accrued interest up to but excluding such Put Settlement Date. See Condition 7(c) of the Terms and Conditions.
Mandatory Redemption upon Pre-funding Failure	The Bonds shall be redeemed in whole, but not in part, at their principal amount on the Mandatory Redemption Date (together with interest accrued to but excluding the Mandatory Redemption Date), as further described in Condition 7(d) of the Terms and Conditions.
Further Issues	The Issuer may from time to time without the consent of the Bondholders create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date, the first payment of interest on them and the timing for complying with the Registration Conditions, for completing the NDRC Post-Issue Filing and the Foreign Debt Registration) and so that such further issue shall be consolidated and form a single series with the outstanding Bonds. See Condition 16 of the Terms and Conditions.
Clearing System	The Bonds will be represented by interests in a Global Certificate, 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 each Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by the CMU. Except as described in the Global Certificate, Certificates for Bonds will not be issued in exchange for interests in the Global Certificate.
Governing Law	English law.
Jurisdiction	The exclusive jurisdiction of the Hong Kong courts.

Trustee	The Bank of New York Mellon, Hong Kong Branch.
CMU Lodging and Paying Agent	The Bank of New York Mellon, Hong Kong Branch.
Registrar and Transfer Agent	The Bank of New York Mellon, Hong Kong Branch.
Pre-funding Account Bank and LC Proceeds Account Bank	The Bank of New York Mellon, Hong Kong Branch.
Listing	Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors only.
Use of Proceeds	See section entitled “ <i>Use of Proceeds</i> ”.
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 “ <i>Subscription and Sale</i> ”.
Green Finance Framework	The Bonds are being issued as “Green Bonds” under the Green Finance Framework of the Issuer. See “ <i>Green Finance Framework</i> ” for a summary of the Green Finance Framework.
ISIN	HK0000963584.
Common Code	271505183.
CMU Instrument Number	BNYHFN23174.
Legal Entity Identifier	8368000N9H1MEVNKM283.

SUMMARY FINANCIAL INFORMATION

The following tables set forth the summary consolidated financial information of the Group as at and for the periods indicated.

The consolidated financial information of the Issuer as at and for the year ended 2020 has been extracted from the 2019-2021 Audited Pro Forma Financial Statements, assuming, among other thing, that as at 1 January 2019, the Issuer held 100 per cent. of equity interests of New City Construction. For details of the assumptions made in preparing the 2019-2021 Audited Pro Forma Financial Statements, please refer to “Notes to Financial Statements — 3. The basis for the preparation of the simulated consolidated financial statements” of the 2019-2021 Audited Pro Forma Financial Statements on pages F-119 to F-120. The consolidated financial information of the Issuer as at and for the years ended 2021 and 2022 has been extracted from the 2022 Audited Financial Statements. The Audited Financial Statements were prepared and presented in accordance with the PRC GAAP as promulgated by the MOF from time to time and have been audited by Talent, the Issuer’s independent auditors.

Starting 1 January 2021, the Issuer adopted certain new accounting standards, including the 2021 New Accounting Standards. For details of the 2021 New Accounting Standards and their impacts on the 2019-2021 Audited Pro Forma Financial Statements, please see “Notes to Financial Statements — 5. Significant changes of accounting policies and accounting estimates” of the 2019-2021 Audited Pro Forma Financial Statements on pages F-150 to F-151.

Starting 1 January 2022, the Issuer adopted certain new accounting standards, including the 2022 New Accounting Standards. For details of the 2022 New Accounting Standards and their impacts on the 2022 Audited Financial Statements, please see “Notes to Financial Statements — 5. Significant changes of accounting policies and accounting estimates” of the 2022 Audited Financial Statements on page F-52.

The summary consolidated financial information as set forth below should be read in conjunction with the relevant consolidated financial statements of the Issuer and the notes included therein.

Consolidated Profit Statement of the Issuer

	Year ended 31 December		
	2022	2021	2020
	(audited)	(audited)	(audited) (pro forma)
		(RMB)	
Total revenue	1,343,763,366.77	1,095,421,764.97	972,341,584.90
Including: Operating revenue	1,343,763,366.77	1,095,421,764.97	972,341,584.90
Total cost of sales	1,162,060,995.57	969,390,646.54	907,041,122.36
Including: Operating costs	1,092,960,434.84	894,306,650.52	833,903,266.72
Taxes and surcharges	12,218,737.25	8,910,842.82	8,122,805.75
Selling expenses	5,469,402.22	3,445,193.46	1,170,934.85
Administrative expenses	20,949,815.12	17,771,433.92	14,215,860.63
Financial Expenses	30,462,606.14	44,956,525.82	49,628,254.41
Including: Interest expenses	29,699,104.52	38,824,757.17	48,975,769.28
Interest income	1,379,426.92	448,865.31	1,140,127.30
Add: Other income	104,179,094.06	139,860,529.69	168,360,000.00
Investment income (losses expressed with “-”)	51,297,637.49	26,267,000.00	27,524,305.03
Including: Share of profit or loss of associates and joint ventures	-1,236,362.51	-	-
Gain from fair value changes (loss expressed with “-”)	-5,613,566.33	1,131,655.45	-2,508,860.48
Credit impairment loss (loss marked with “-”)	487,812.31	-692,429.57	-
Assets impairment losses (losses expressed with “-”)	-	-	-572,700.48
Gain on disposal of assets (loss marked with “-”)	5,137.68	1,883.16	-
Operating profit	332,058,486.41	292,599,757.16	258,103,206.61
Add: Non-operating income	125,465.16	236,917.56	3,375,165.22
Less: Non-operating Expenses	14,394,318.02	13,915,175.61	132,122.01
Profit/(loss) before tax	317,789,633.55	278,921,499.11	261,346,249.82
Less: Income tax expense	70,419,985.86	89,851,555.23	68,704,267.72
Net profit/(loss)	247,369,647.69	189,069,943.88	192,641,982.10
(i) Categorized by operation continuity	-	-	-
a. Net profit from continuing operations (net loss expressed with “-”)	247,369,647.69	189,069,943.88	192,641,982.10
b. Net profit from discontinued operations (net loss expressed with “-”)	-	-	-
(ii) Categorized by ownership	-	-	-
a. Net profit attributable to owners of the parent company	191,452,321.98	156,535,810.40	164,912,496.90
b. Net profit attributable to minority interests	55,917,325.71	32,534,133.48	27,729,485.20
Total comprehensive income	247,369,647.69	189,069,943.88	192,641,982.10
Total comprehensive income attributable to owners of the parent company	191,452,321.98	156,535,810.40	164,912,496.90
Total comprehensive income attributable to minority interests	55,917,325.71	32,534,133.48	27,729,485.20

Consolidated Balance Sheet of the Issuer

	As at 31 December		
	2022	2021	2020
	(audited)	(audited)	(audited) (pro forma)
	(RMB)		
Current assets:			
Cash and bank balance	271,132,758.75	156,347,022.62	118,856,531.48
Accounts receivable	2,814,146,080.13	2,945,027,311.16	3,330,325,666.12
Prepayment	283,739,115.30	466,773,336.11	511,787,769.13
Other receivables	4,361,910,581.38	3,713,270,680.50	4,288,603,396.74
Inventories	17,368,528,587.23	16,401,737,597.90	15,881,024,957.67
Other current assets	16,414,746.85	44,389,351.58	42,928,044.60
Total current assets	25,115,871,869.64	23,727,545,299.87	24,173,526,365.74
Non-current assets:			
Available-for-sale financial assets	–	–	407,362,745.56
Long-term receivables	–	10,648,333.24	11,565,897.33
Long-term equity investments	21,926,261.24	23,162,623.75	14,792,623.75
Investment in other equity instruments	407,362,745.56	407,362,745.56	–
Other non-current financial assets	794,874,028.51	724,375,000.00	–
Investment properties	1,556,783,570.38	1,232,179,907.08	1,005,643,394.58
Fixed assets	234,298,332.84	242,170,488.97	242,743,441.84
Construction in progress	219,274.50	360,997,763.96	349,868,730.73
Intangible assets	513,524,126.24	693,311.72	749,752.33
Long-term deferred expenses	1,597,438.38	584,296.41	–
Deferred tax assets	265,977.43	275,025.69	270,848.73
Other non-current assets	348,408,319.77	448,261.28	724,823,261.28
Total non-current assets	3,879,260,074.85	3,002,897,757.66	2,757,820,696.13
Total assets	28,995,131,944.49	26,730,443,057.53	26,931,347,061.87
Current liabilities:			
Short-term borrowings	749,890,000.00	681,870,000.00	410,970,000.00
Notes payable	22,701,454.45	14,414,791.96	–
Accounts payable	410,773,258.31	337,703,028.61	250,021,366.82
Receipts in advance	–	–	13,783,412.44
Contract liabilities	4,836,301.77	141,137,039.44	–
Payroll and employee benefits payable	778,279.38	477,859.26	406,549.63
Taxes payable	691,566,332.18	749,152,564.75	619,688,816.40
Other payables	6,983,175,864.19	4,204,489,160.46	4,909,676,810.86
Including: Interest payable	–	–	37,056,427.34
Non-current liabilities due within one year	2,427,417,729.82	3,588,755,914.69	1,994,722,569.36
Other current liabilities	395,327.56	7,864,513.72	–
Total current liabilities	11,291,534,547.66	9,725,864,872.89	8,199,269,525.51
Non-current liabilities:			
Long-term borrowings	4,161,888,703.11	3,229,815,941.21	3,042,401,910.11
Bonds payable	425,571,084.71	744,201,978.30	1,504,542,674.07
Long-term payables	774,356,434.13	1,043,312,583.65	1,304,776,736.65
Deferred tax liabilities	196,376,121.40	197,779,512.98	197,496,599.12
Other non-current liabilities	26,600,000.00	376,238,962.71	1,604,674,181.11
Total non-current liabilities	5,584,792,343.35	5,591,348,978.85	7,653,892,101.06
Total liabilities	16,876,326,891.01	15,317,213,851.74	15,853,161,626.57

	As at 31 December		
	2022	2021	2020
	(audited)	(audited)	(audited) (pro forma)
		(RMB)	
Shareholders' equity:			
Paid-in capital	227,000,000.00	27,000,000.00	10,000,000.00
Capital reserves	6,005,671,820.27	5,555,259,110.38	7,230,901,937.06
Other comprehensive income	619,356,218.79	619,356,218.79	–
Undistributed profits	1,900,930,782.58	1,747,478,460.60	133,232,917.31
The equity of owner's attributable to parent company . . .	8,752,958,821.64	7,949,093,789.77	7,374,134,854.37
Minority interest	3,365,846,231.84	3,464,135,416.02	3,704,050,580.93
Total shareholders' equity	12,118,805,053.48	11,413,229,205.79	11,078,185,435.30
Total liabilities and shareholders' equity	28,995,131,944.49	26,730,443,057.53	26,931,347,061.87

Consolidated Cash Flow Statement of the Issuer

	Year ended 31 December		
	2022	2021	2020
	(audited)	(audited)	(audited) (pro forma)
		(RMB)	
Cash flows from operating activities			
Proceeds from commodities and rendering of services	509,070,927.96	830,093,398.27	418,969,569.31
Tax rebates	11,428,313.74	–	–
Cash generated from other operating activities	9,695,459,347.15	11,822,312,281.68	6,696,174,946.91
Subtotal of cash inflows from operating activities	10,215,958,588.85	12,652,405,679.95	7,115,144,516.22
Payments for commodities and services	1,160,621,156.16	237,112,693.59	743,249,626.00
Cash paid to and for employees	13,376,333.56	12,440,251.62	11,462,102.23
All taxes paid	38,140,712.86	98,260,208.14	5,484,242.20
Cash paid relating to other operating activities	6,847,910,044.90	11,177,275,133.48	6,491,507,679.65
Subtotal of cash outflow from operating activities	8,060,048,247.48	11,525,088,286.83	7,251,703,650.08
Net cash flows from operating activities	2,155,910,341.37	1,127,317,393.12	-136,559,133.86
Cash flows from investing activities			
Proceeds from disinvestment	124,375,000.00	–	–
Investment income	52,534,000.00	26,267,000.00	28,893,700.00
Net proceeds on disposal of fixed assets, intangible assets and other long-term assets	5,137.68	–	6,300.00
Net proceeds on disposal of subsidiaries and other business units	–	–	-44,466.60
Cash generate from other investment activities	–	2,017,356.48	37,000,000.00
Subtotal of cash inflows from investment activities	176,914,137.68	28,284,356.48	65,855,533.40
Purchase of fixed assets, intangible assets and other long-term assets, and expenditure in product development	328,974,813.11	242,792,323.04	2,124,067.51
Purchase of trading investments	194,874,028.51	–	–
Cash used in other investment activities	–	–	20,435,944.80
Subtotal of cash outflow from investment activities	523,848,841.62	242,792,323.04	22,560,012.31
Net cash flows from investing activities	-346,934,703.94	-214,507,966.56	43,295,521.09
Cash flows from financing activities			
Cash receipts from investments	400,000,000.00	159,000,000.00	200,500,000.00
Including: the cash receipts from subsidiaries' investments from minority interests	200,000,000.00	–	–
Increase in borrowings obtained	2,624,136,121.90	1,926,923,751.10	1,486,053,160.11
Proceeds on issue of bonds	934,770,000.00	551,175,001.00	888,139,981.13
Cash generated from other financing activities	89,061,088.81	–	–
Subtotal of cash inflows from financing activities	4,047,967,210.71	2,637,098,752.10	2,574,693,141.24
Repayments of borrowings	4,387,111,403.16	2,689,646,586.35	1,870,254,815.85
Dividends paid, interest paid and profit distribution	628,262,781.28	822,771,101.17	591,415,176.85
Including: dividends and profits paid by subsidiaries to minority interests	2,400,000.00	–	–
Cash used in other financing activities	687,284,382.02	75,310,000.00	–
Subtotal of cash outflows from financing activities	5,702,658,566.46	3,587,727,687.52	2,461,669,992.70
Net cash flows from financing activities	-1,654,691,355.75	-950,628,935.42	113,023,148.54
Net increase in cash and cash equivalents	154,284,281.68	-37,819,508.86	19,759,535.77
Add: Cash and cash equivalents at beginning of period	81,037,022.62	118,856,531.48	99,096,995.71
Cash and cash equivalents at the end of year	235,321,304.30	81,037,022.62	118,856,531.48

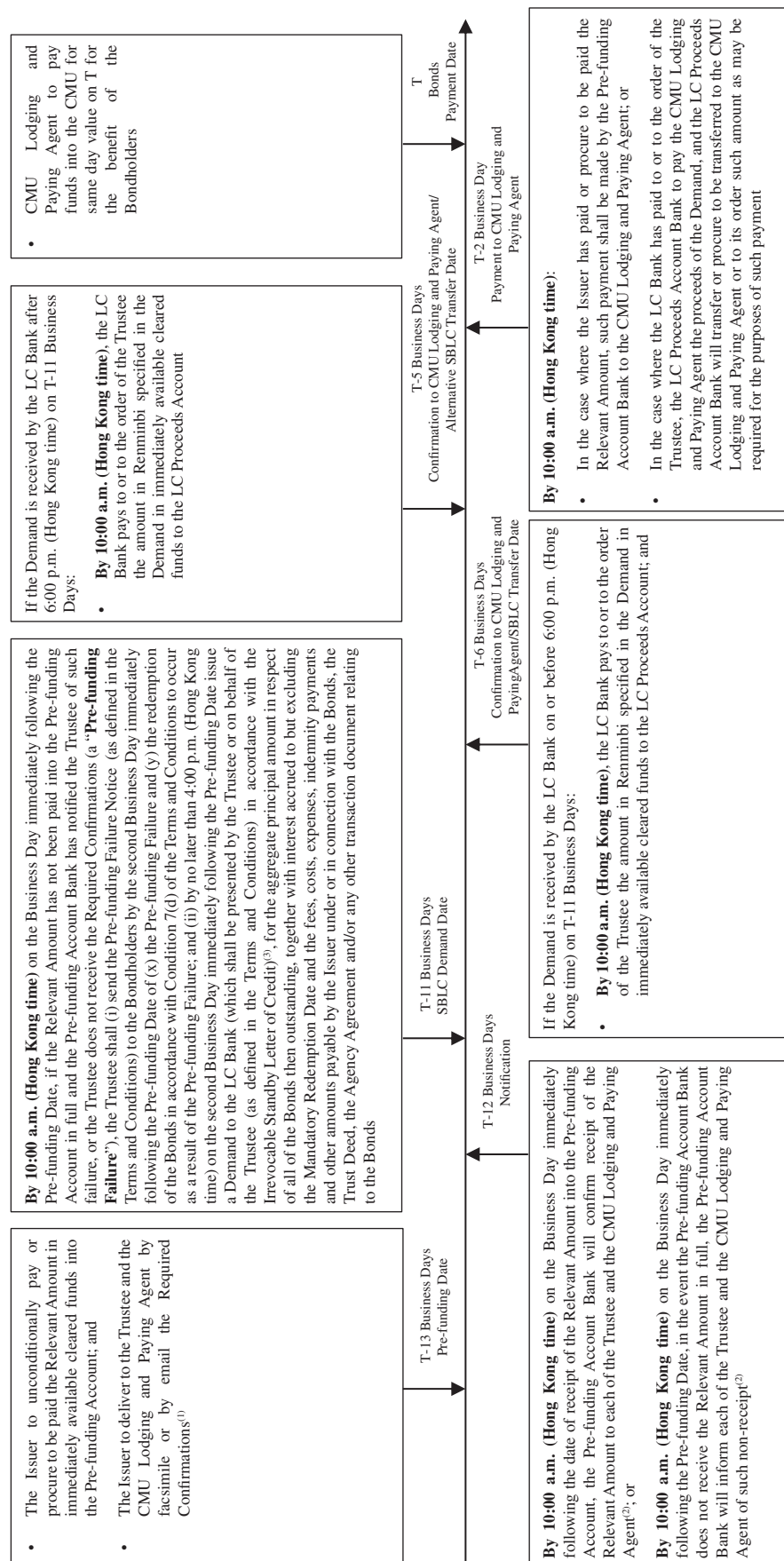
Other Financial Information

	Year ended 31 December		
	2022	2021	2020
	(audited)	(audited)	(audited)
		(RMB)	(pro forma)
EBITDA ¹	356,789,899.30	326,769,725.24	317,718,595.09
EBITDA margin ¹	26.55 per cent.	29.83 per cent.	32.68 per cent.

1. EBITDA is not a standard measure under PRC GAAP. EBITDA is a widely used financial indicator of a company's ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income 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 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 the Issuer's performance and its ability to generate cash flow from operations to cover debt service and taxes. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare the Issuer's EBITDA to EBITDA presented by other companies because not all companies use the same definition.

SUMMARY OF PAYMENT ARRANGEMENTS ON EACH SCHEDULED DUE DATE UNDER THE BONDS

The following diagram sets forth a summary of the pre-funding arrangements under the Bonds and the drawing arrangements in respect of the Irrevocable Standby Letter of Credit on each scheduled due date under the Bonds. The following diagram is not intended to be comprehensive. This diagram should be read in conjunction with the Terms and Conditions, the Trust Deed and the Agency Agreement referred therein and “Appendix A — Form of Irrevocable Standby Letter of Credit”. Words and expressions defined in the Terms and Conditions shall have the same meaning in this summary.



Notes:

- (1) The Required Confirmations consist of: (x) a Payment and Solvency Certificate signed by any Authorised Signatory; and (y) a copy of the irrevocable payment instruction from the Issuer to the Pre-funding Account Bank requesting the Pre-funding Account Bank to pay the Relevant Amount which was paid into the Pre-funding Account on the Pre-funding Date in full to the CMU Lodging and Paying Agent by no later than 10:00 a.m. (Hong Kong time) on the second Business Day preceding the due date for such payment.
- (2) The confirmation from the Pre-funding Account Bank to the Trustee and the CMU Lodging and Paying Agent shall be by way of authenticated SWIFT or other means of communication as the CMU Lodging and Paying Agent may in its discretion agree with the Pre-funding Account Bank.
- (3) The Trustee need not physically present an original of the Demand under the Irrevocable Standby Letter of Credit to the LC Bank and shall be entitled to draw on the Irrevocable Standby Letter of Credit by way of the Demand by authenticated SWIFT to the LC Bank (provided that in the event that the SWIFT system is not available for any reason, the Trustee may instead present a Demand duly signed by the Trustee via facsimile transmission at +86-022-28405418).

RISK FACTORS

In addition to other information in this Offering Circular, you should carefully consider the following risk factors, together with all other information contained in this Offering Circular (including the financial statements and the notes thereto), before purchasing the Bonds. The risks and uncertainties described below may not be the only ones that the Issuer faces. Additional risks and uncertainties that the Issuer is not aware of or that the Issuer currently believes are immaterial may also adversely affect its business, financial condition or results of operations. If any of the possible events described below occur, the Issuer's business, financial condition or results of operations could be materially and adversely affected, the trading price of the Bonds could decline and investors may lose all or part of their investment. 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 Issuer'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

Uncertainties and instability in general economic, political and global market conditions could adversely affect the Group's business, financial condition and results of operations.

The global financial markets have been affected by a general slowdown of economic growth globally, resulting in substantial volatility in global financial markets and the tightening of liquidity in global credit markets. Since 2011, the tightening monetary policies and high inflation in the PRC, global economic uncertainties and the euro zone sovereign debt crisis have resulted in adverse market conditions and increased volatility in the PRC and overseas financial markets. While it is difficult to predict how long these conditions will exist and the extent to which the Group may be affected, these developments may continue to present risks to the Group's business operations for an extended period of time, including an increase in interest expenses on the Group's bank borrowings, or a reduction in the amount of banking facilities currently available to the Group.

There are a number of uncertainties ahead with respect to the global economic growth. The escalating tensions between the PRC and the United States, including ongoing trade disputes and deterioration in diplomatic relations, have contributed to increased market volatility, weakened consumer confidence and diminished expectations for economic growth around the world. Some of these tensions have manifested themselves through actions taken and sanctions imposed by the governments of the United States and the PRC in recent years. Heightened geopolitical tensions between the United States and the PRC continue to cause significant uncertainty in the global macroeconomy, which may in turn adversely affect the Group's business, financial condition and results of operations. The amicable resolution of such a trade war remains elusive, and the lasting impacts any trade war may have on the PRC economy and the industries the Group's clients operate in remain uncertain.

The outbreak of the coronavirus disease 2019 ("COVID-19") and its spread worldwide have introduced and are expected to continue to introduce uncertainty and volatility in global markets, and the future effects of the pandemic remain uncertain. The COVID-19 pandemic necessitated that governments respond at unprecedented levels to protect public health, local economies and livelihoods. It has affected regions at different times and varying degrees as it has developed. The varying government support measures and restrictions imposed in response to the COVID-19 pandemic have added challenges, given the rapid pace of change and significant operational demands. There remains a risk of subsequent waves of infection, as evidenced by the recently emerged variants of the virus. Renewed outbreaks emphasise the ongoing threat of COVID-19 even in countries that have recorded lower than average cases so far.

Government restrictions imposed around the world to limit the spread of COVID-19 have resulted in a sharp contraction in global economic activity. In 2020, governments also took steps designed to soften the extent of the damage to investment, trade and labour markets. Economic activity recovered unevenly in the second half of 2020 as some jurisdictions imposed renewed restrictions in the fourth quarter in response to a resurgence in COVID-19 cases. While a number of vaccine candidates have announced high efficacy rates, raising hopes of widespread immunisation from COVID-19 being achieved and government restrictions being eased, the rollout of vaccination programmes could be uneven across markets, hampering the global pace of recovery even as certain individual markets return to pre-pandemic levels of activity. More recently and since December 2022, China has relaxed many restrictions including quarantine rules for travellers following its earlier zero-COVID policy and experienced a spike in COVID-19 infections as a result. There remains uncertainties as to how the COVID-19 pandemic will evolve and any continuation and/or escalation and/or intensification of the COVID-19 pandemic could materially and adversely affect the Group's business, financial condition or results of operations.

Furthermore, global economic fluctuations have also had significant impacts on the global financial markets and on the Group. First, a rise in global trade protectionism will negatively impact the trade-dependent economies in Asia. Second, the interplay of U.S. fiscal and monetary policies, and aggressive quantitative easing programmes in Japan and Europe may lead to more volatile global capital flows, which could in turn impact global growth. Third, the United Kingdom (the "UK") and the European Union (the "EU") signed the trade deal on the exit of the UK from the EU ("Brexit") on 31 December 2020 and the UK completed its separation from the EU with effect from 1 January 2021. While the UK and the EU had reached the trade deal, the effect of Brexit remains uncertain, and Brexit has and may continue to create negative economic impact and increase volatility in the global market. Fourth, financial market volatility and increased uncertainty may have a broader global economic impact that may in turn have a material adverse effect on the Group's business, financial condition and results of operations.

On 24 February 2022, Russia launched a large-scale invasion of Ukraine. As a result, the United States, the United Kingdom, the member states of the European Union and other public and private actors have levied severe sanctions on Russia. The geopolitical and macroeconomic consequences of this invasion and associated sanctions cannot be predicted, and such events, or any further hostilities in Ukraine or elsewhere, could severely impact the world economy. Please see "*— Any occurrence of force majeure events, natural disasters, contagious disease outbreaks or other adverse incidents in the PRC may materially and adversely affect the Group's businesses, financial condition and results of operations.*" for further information.

These developments, or the perception that any of them could occur, may adversely affect the stability of global financial markets, and may significantly reduce global market liquidity and restrict the ability of market participants to operate in certain markets. These and other issues resulting from the global economic slowdown or uncertainty and financial market turmoil have adversely affected, and may continue adversely affecting China's economy, which may lead to a decline in the general demand for the Group's products and services and erosion of their prices. In addition, any further tightening of liquidity in the global financial markets may negatively affect the Group's access to capital and liquidity. Therefore, if the global economic slowdown and turmoil in the financial markets continue, the Group's business, financial condition and results of operations may be adversely affected.

The Group's business, financial condition and results of operations are dependent on the level of economic activity in Chengdu and Dujiangyan City as well as the PRC.

Chengdu is the capital of the Sichuan province. It is one of the three most populous cities in Western China. The Group's businesses and assets are located in Dujiangyan City in Chengdu. Accordingly, the Group's business, financial condition and results of operations have been and will continue to be dependent on the level of economic activity in Dujiangyan City and in Chengdu.

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

The trade conflict between the U.S. and other major economies, in particular, China, continues to escalate. A serious and protracted trade war will impact trade flows and global economy, and in turn, the liquidity and investment appetite of Dujiangyan City, Chengdu and/or the PRC, which would have a material and adverse impact on the Group's business, financial condition and results of operation.

The Group's business and future prospects to a large extent depend upon Dujiangyan Municipal People's Government public spending on infrastructure and fixed asset investments.

The Group's business largely depends on continued spending by Dujiangyan Municipal People's Government to undertake infrastructure facilities and resettlement housing construction projects. The Group is a key construction and investment platform of the Dujiangyan State-owned Asset Supervision, Administration and Finance Bureau (都江堰市國有資產監督管理和金融工作局) ("Dujiangyan SASAFB"), which is the indirect sole shareholder of the Group. The Group's business, results of operations and future prospects may be heavily affected by Dujiangyan Municipal People's Government's budgets and planning, especially those allocated for infrastructure facilities and resettlement housing construction. Any significant reduction in the Dujiangyan Municipal People's Government's public budgets relating to infrastructure facilities and resettlement housing construction projects could materially affect the Group's business.

There are a number of factors affecting the nature, scale, location and timing of the Dujiangyan Municipal People's Government's investments in infrastructure facilities and resettlement housing construction. The key factors are government policies and priorities relating to the development of different regions and Dujiangyan Municipal People's Government's fiscal and monetary policies. Dujiangyan Municipal People's Government's investments in public infrastructure development are also affected by the government income and the general economic conditions in Dujiangyan City, Chengdu and the PRC. Any slowdown in the overall economic conditions of Dujiangyan City, Chengdu and the PRC may affect the economic development of the Dujiangyan City and the fiscal conditions of Dujiangyan Municipal People's Government, which may in turn reduce the Dujiangyan Municipal People's Government's investments in urban and public infrastructure development. If the public budget or spending of the Dujiangyan Municipal People's Government on urban and public infrastructure decreases, the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

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

The Group is a state-owned enterprise that is 100 per cent. owned by the Dujiangyan SASAFB. The Group primarily engages in engineering construction business, primary land development business, sand and gravel sales business and other ancillary businesses in Dujiangyan City. Dujiangyan Municipal People's Government is in a position to exert influence on the Group's major business decisions and strategies, including the scope of its activities, investment decisions, annual budget plans, supports from the government in various forms, preferential tax policies and dividend policy. There can be no assurance

that the Dujiangyan Municipal People's Government would always take action that is in the Group's best interests or that aims to maximise the Group's profits. Dujiangyan Municipal People's Government may use its ability to influence the Group's business and strategy in a manner which is beneficial to Dujiangyan City as a whole, but which may not necessarily be in the Group's best interests. Dujiangyan Municipal People's Government may also change its policies, supports, intentions, preference, views, expectations, projections, forecasts and opinions, as a result of changes in the economic, political and social environment as well as its projections of population and employment growth in Dujiangyan City and any such change may have a material effect on the Group's business and prospects. Any amendment, modification or repeal of Dujiangyan Municipal People's Government existing policies could result in a modification of the existing regulatory regime which in turn could have a material adverse effect on the Group's financial condition and results of operations.

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

To strengthen the management of China's local government financing vehicles and to manage the risks relating to China's local government debt, the State Council issued the Notice on Strengthening Management of Financing Platform of Local Government (國務院關於加強地方政府融資平台公司管理有關問題的通知) (“**Circular 19**”) in June 2010 and the General Office of the NDRC issued the Notice on Further Regulating Issuance of Bonds by Financing Platform Companies Established by Local Governments (國家發展改革委辦公廳關於進一步規範地方政府投融資平台公司發行債券行為有關問題的通知) (“**Circular 2881**”) in November 2010. According to Circular 19, all levels of local governments shall clear up the debts of their respective financing platforms. According to Circular 2881, the level of indebtedness of local governments will impact a financing platform's issuance of enterprise bonds.

In September 2014, the State Council released the Opinion on Enhancing the Administration of Fiscal Debts of Local Governments (國務院關於加強地方政府性債務管理的意見(國發[2014]43號)) (“**Circular 43**”). According to Circular 43, financing platform companies, such as the Issuer, are no longer permitted to function as the financing arm of the local government or incur new government debts and should carry on its operations and financing in accordance with market-oriented principles. Local governments should instead finance the development of public interest projects via the issuance of government bonds. Public interest projects that are profit generating may be developed either by private investors independently or by a special purpose company jointly set up by the local government and private investors. Private investors and the special purpose companies jointly set up by the local government and the private investors are required to invest in accordance with market-oriented principles and development of the projects may be financed by bank loans, corporate bonds, project revenue bonds and asset-backed securitisation. Furthermore, private investors and special purpose companies shall bear the obligation to repay their debts and the relevant local government shall not be liable for any of the private investors' or the special purpose companies' debts. There are a few cases where certain debts of local financing platforms were classified as non-government debts since the release of Circular 43. However, whether the factual basis for such individual cases is comparable or relevant to other local governments' financing platforms is unclear and different local governments' interpretation and application of Circular 43 may vary from one another. If the Issuer is recognised as a local financing platform, the Group's financing model, business model and business scope may be required to change significantly and going forward, investors in the Issuer's indebtedness will only have recourse to the Issuer's assets (and not those of the local government).

Circular 43 also sets forth the general principles of dealing with existing debts of local financing platforms. In 2014, the local counterparts of MOF began an audit on the existing debts of the financing vehicles of local governments whereby the existing debts of the financing vehicles reported by the local governments were to be classified into four categories, namely (i) debts that shall be repaid with funds of

the local governments (the “**First Type of Borrowings**”), (ii) debts that are guaranteed by the local governments (the “**Second Type of Borrowings**”), (iii) debts that may be repaid by the local governments with public funds at its option when the borrowing financing vehicles are not able to repay (the “**Third Type of Borrowings**”); and (iv) debts that will not be repaid or financed with the funds of the local governments. Circular 43 is not applicable to the Bonds. Dujiangyan SASAFB and Dujiangyan Municipal People’s Government has no obligation to repay any amount under the Bonds. Investment in the Bonds relies solely on the credit risk of the Issuer. In the event the Issuer does not fulfil its obligations under the Bonds, investors will only be able to claim as an unsecured creditor against the Issuer and not any other person including Dujiangyan SASAFB and Dujiangyan Municipal People’s Government.

On 26 April 2017, the MOF, the NDRC, the Ministry of Justice, the People’s Bank of China (“**PBOC**”), the China Banking Regulatory Commission and the CSRC jointly issued the Circular on Further Regulating the Debt Financing Behaviours of Local Government (關於進一步規範地方政府舉債融資行為的通知) (“**Circular 50**”).

Circular 50 reaffirmed that local government debts shall only be incurred through the issuance of local government bonds within the quota approved by the State Council, and the local governments and their departments are not permitted to use any other means for debt financing. The local governments and their departments are prohibited from requesting or ordering enterprises to issue debts for or on behalf of the local governments. For the avoidance of doubt, Dujiangyan SASAFB or Dujiangyan Municipal People’s Government has no obligation to repay any amount under the Bonds. If the Issuer does not fulfil its obligations under the Bonds, investors will only have recourse against the Issuer, and not Dujiangyan SASAFB or Dujiangyan Municipal People’s Government. The description of support from the PRC Government in this Offering Circular is on the support given to the Group’s business operations and should not be read as any indication that the PRC Government will provide any financial support to the Issuer in respect of their respective obligations under the Bonds.

On 28 May 2017, the MOF issued the Notice on Firmly Curbing Local Governments’ Illegal Financing Activities in the Name of Government Procurement of Services (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) (“**Circular 87**”) which came into effect on the same day. According to Circular 87, it is prohibited to include certain kinds of infrastructure construction projects into the government’s lists of procurement. Such requirements may have a significant impact on the Company and the Group’s access to financing and operations.

On 11 May 2018, the NDRC and the MOF jointly issued the Circular of the National Development and Reform Commission and the Ministry of Finance on Improving the Market Restraint Mechanism and Taking Strict Precautions against Foreign Debt Risks and Local Debt Risks (國家發展改革委、財務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) (“**Circular 706**”). According to Circular 706, any enterprise that intends to incur medium and long-term foreign debt is prohibited to include public schools, public hospitals, public cultural facilities, parks, public squares, office buildings of government departments and public institutions, municipal roads, non-toll roads, non-operating water conservancy facilities, pipe network facilities, other public assets and the land use rights of reserve land in its assets. While the Group believes that its assets do not constitute public assets within the scope of Circular 706, there is, however, no clear definition of public assets in Circular 706 so its interpretation may involve uncertainty. Circular 706 also reaffirms that the offering circulars of bond issuances shall not disclose information that can implicitly or explicitly indicate the government’s endorsement of capital raising or conduct misleading publicity that implies an association with the government’s credit. In addition, the liability of the local government as shareholder shall be limited to its agreed obligation to contribute to the registered capital of such enterprises, and the relevant foreign debts should be solely repaid by such enterprises as independent legal persons.

On 13 September 2018, the Guiding Opinions on Strengthening Asset-Liability Constraints on State-owned Enterprises (關於加強國有企業資產負債約束的指導意見) (the “**Guiding Opinions**”) was promulgated by the General Office of the CPC Central Committee and the General Office of State Council and become effective on the same date. The Guiding Opinions, consistent with Circular 43 and Circular 50, bans local governments from engaging in “disguised” borrowing by using state-owned enterprises to issue corporate debt on their behalf.

On 6 July 2019, the General Office of the NDRC issued the Circular on Filing Requirements with respect to Application for Foreign Debt Issuance by Local State-owned Enterprises (Fa Gai Wei Zi [2019] No. 666) (國家發展改革委辦公廳關於對地方國有企業發行外債申請備案登記有關要求的通知(發改辦外資[2019]666號)) (“**Circular 666**”), which aims to strengthen the management of local government debt and prevent the risks of medium- and long-term foreign debts and hidden debt of local government. Circular 666 expressly restricts the use of proceeds of foreign debt issued by local state-owned enterprises which undertake local government financing functions to repay medium- and long-term foreign debts due within one year.

The Group believes that the PRC Government will continue to implement Circular 19, Circular 2881, Circular 43, Circular 50, Circular 87, Circular 706, the Guiding Opinions, Circular 666 and other relevant regulations to control local government debts. Accordingly, the Group should rely on 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 PRC Government may continue to release new policies or amend existing regulations to control the increase in local government debts in the PRC. The Group may be required to further change its financing model and business model, which may have a material impact on its business, financial condition, results of operations and prospects.

The PRC Government (including Dujiangyan Municipal People’s Government) has no payment or other obligations under the Bonds nor provide any assurance on the financial conditions of the Issuer and the Group.

The PRC Government (including Dujiangyan Municipal People’s Government) is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Bonds. The repayment obligations under the Bonds remain the sole obligation of the Issuer. Any ownership or control by the PRC Government (including Dujiangyan Municipal People’s Government) does not necessarily correlate to, or provide any assurance as to, the Issuer’s financial condition. This position has been reinforced by the Circular of the Ministry of Finance on Issues relevant to the Regulation on the Financing Activities Conducted by Financial Institutions for Local Governments and State-owned Enterprises (Cai Jin [2018] No. 23) (財政部關於規範金融企業對地方政府和國有企業投融資行為有關問題的通知(財金[2018]23號)) (the “**MOF Circular**”) promulgated on 28 March 2018 and which took effect on the same day, and the Circular of the National Development and Reform Commission and the Ministry of Finance on Improvement of Market Regulatory Regime and Strict Prevention of Foreign Debt Risks and Local Government Indebtedness Risks (國家發展改革委財政部關於完善市場約束機制嚴格防範外債風險和地方債務風險的通知) (the “**Joint Circular**”) promulgated on 11 May 2018 and which took effect on the same day.

The PRC Government as the ultimate equity holder of the Issuer only has limited liability in the form of its equity contribution in the Issuer. The PRC Government and Dujiangyan Municipal People’s Government have no obligation to repay any amount under the Bonds, or the transaction documents relating thereto. The Bonds are solely to be repaid by the Company, as an obligor under the relevant transaction documents and as an independent legal person. In the event the Company does not fulfil its obligations under the Bonds, investors will only be able to claim as an unsecured creditor against the Company and its assets, and not any other person including the PRC Government, Dujiangyan Municipal People’s Government or any other local or municipal government. As the MOF Circular and the Joint Circular are relatively new and given the limited volume of published decision related to these circulars,

the interpretation and enforcement of these laws and regulations involve uncertainties, which could have a significant impact on the Company and the Group's business, financial condition, results of operations and prospects.

Therefore, investors should base their investment decision only on the financial condition of the Issuer and the Group and base any perceived credit risk associated with an investment in the Bonds only on the Group's own financial information reflected in its financial statements.

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

The Group's business activities and investments require substantial capital expenditure. The Group has historically satisfied its capital expenditure need with the cash flow generated from its operating activities, bank and other borrowings, funds raised in the PRC domestic capital markets and equity contributions from its shareholder. There is no assurance that the Group's operations are able to generate sufficient cash flow at all times, if at all, which could constrain its working capital and have a material adverse effect on its business, financial conditions and results of operations. The Group's ability to access and raise sufficient capital through different sources depends upon a number of factors, such as the PRC's economic condition, relationships with key commercial banks, prevailing conditions in capital markets, regulatory requirements, the Group's financial condition, and costs of financing. Some of these factors are beyond the Group's control.

The Group's capital expenditure and investment plans are affected by a number of factors, such as changes in project requirements, the Group's ability to generate sufficient cash flows from its operations, the availability and costs of external financing and the local government's plan in project buybacks and granting government funds. Any material changes in these factors, which may be out of the Group's control, may create capital shortfall. In particular, any delays in government funding and cost overruns may also cause such shortfall. In these cases, the Group's reliance on external financings and its internal capital resources may increase. If the Group fails to raise sufficient funds in a timely manner or fails to obtain external financing on commercially acceptable terms, it may not be able to fund the capital expenditure necessary to implement its business plans and strategies, which may in turn have a material and adverse impact on its business, financial condition, results of operations and prospects.

The Group faces risks associated with contracting with public bodies.

As the primary construction and investment platform of Dujiangyan Municipal People's Government focusing on engineering construction business, primary land development business, sand and gravel sales business and other ancillary businesses in Dujiangyan City, the Group collaborates with various governmental authorities and their controlled entities in Dujiangyan City. Although the Group believes that it currently maintains close working relationships with those governmental authorities and entities relevant to its businesses, there can be no assurance that these relationships will continue to be maintained on good terms in the future. Local governments and the government-controlled entities with which the Group collaborates may (i) have economic or business interests or consideration that are inconsistent with the Group's; (ii) take actions contrary to the Group's requests, policies or objectives; (iii) be unable or unwilling to fulfil their obligations; (iv) have financial difficulties; or (v) have disputes with the Group as to the contractual terms or other matters. If there are any material disagreements between the Group and any local government or any of the government-controlled entities, there can be no assurance that the Group is able to successfully resolve them in a timely manner.

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

The Group may not successfully implement its growth strategy.

The Group has historically been focused on engineering construction business, primary land development business, sand and gravel sales business and other ancillary businesses in Dujiangyan City.

Whether the Group can successfully implement this strategy, to some extent, depends on the Group's ability to identify attractive projects, obtain required approvals from relevant regulatory authorities in the PRC, obtain sufficient capital on acceptable terms in a timely manner and maintain close working relationships with various governmental authorities and agencies. The success of negotiations with respect to any particular project cannot be assured. There can be no assurance that the Group will be able to successfully implement its strategy, manage or integrate newly-acquired operations with its existing operations. Failure to implement the Group's growth strategy could have a material adverse impact on its business, financial condition and results of operations.

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 determining the price for any 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 can be no assurance that the Group will be able to address these issues effectively. Any major acquisition or transaction of similar nature may consume substantial management attention and financial resources of the Group or even cause the Group to incur significant indebtedness. Any material decrease in its financial resources may limit the Group's ordinary operating activities and increase pressure on its liquidity, and in turn could adversely affect its business, financial condition and results of operations.

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

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

To fund its projects and other businesses, the Group has incurred a large amount of indebtedness mainly through bank loans and issuance of domestic debt securities. As at 31 December 2020, 2021 and 2022, the Group's total indebtedness amounted to approximately RMB15,853.16 million, RMB15,317.21 million and RMB16,876.33 million, respectively, among which the Group's short-term borrowings (including non-current liabilities due within one year) amounted to approximately RMB2,405.69 million, RMB4,270.63 million and RMB3,177.31 million, respectively. The Group may incur additional indebtedness in the future, including but not limited to the issuance of debt securities or entering into banking or other loan arrangements.

The Group's existing and future indebtedness and liabilities may be secured by the Issuer's or its subsidiaries' assets, including but not limited to land and other fixed assets. In the case such security is enforced on such restricted assets, the Group's business operation and asset liquidity may be adversely affected. If any member of the Group incurs additional debt, the Group may be presented with increased risks. As at 31 December 2022, the restricted assets of the Group amounted to RMB3,026.73 million, representing 10.44 per cent. of the total assets of the Group as at 31 December 2022. Such assets are pledged and mortgaged to secure the payment obligation of the Group. The large scale of restricted assets may materially and adversely affect the Group's ability to service debt. In the event of bankruptcy, insolvency, liquidation, reorganisation, dissolution or other winding up, these restricted assets will be available to serve the Group's obligations under the Bonds only after all other debt secured by these assets has been repaid in full.

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

In addition, from time to time the Group guarantees indebtedness of other entities outside the Group and such guarantees may from time to time be secured by the Company's or its subsidiaries' assets, including but not limited to land and other fixed assets. Such entities are mainly state-owned enterprises that are owned or controlled by the shareholder of the Group. If any such entity defaults in paying the indebtedness, the Company or any other member of the Group (as the case may be) would be jointly liable for such indebtedness or obliged to pay the shortfall according to the provisions of the relevant guarantee, which would have an adverse effect on the Company's or, as the case may be, the Group's business, financial condition, results of operations and prospects. As at 31 December 2022, the outstanding guarantees provided by the Group to entities outside of the Group amounted to RMB9,823.23 million.

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

Significant inventories may affect the Group's liquidity and restrict the Group's business activities and the Group is subject to inventory impairment risks.

As at 31 December 2020, 2021 and 2022, the inventories of the Group amounted to RMB15,881.02 million, RMB16,401.74 million and RMB17,368.53 million, respectively, representing 58.97 per cent., 61.36 per cent. and 59.90 per cent. of the total assets of the Group as at 31 December 2020, 2021 and 2022. The Group's inventories primarily consist of the development cost of the infrastructure projects in its engineering construction business. Any interruption in the settlement of such projects could cause the Group's inventories to accumulate or depreciate in value, which may adversely affect the Group's businesses, financial condition, results of operations and prospects. The Group does not make any provision for any decrease in the value of its land. Therefore, a significant decrease in the value of the inventories the Group 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.

The Group operates in multiple industries and markets and is exposed to business and market risks relating to different industries and markets.

The Group is engaged in a wide range of businesses with different nature. The Group is exposed to business and market risks relating to the different industries and markets in which it operates. The Group is exposed to various operational risks in these industries with which it may not be familiar. The Group needs to devote substantial resources to become familiar with, and monitor changes in, different operating environments so that it can succeed in its businesses.

In addition, successful operation of the Group requires an effective management system. As the Group continues to grow its businesses and expand into new industries, the Group's operations may become more complex, which would increase the difficulty of implementing its management system. If the Company's support to its various subsidiaries ceases or diminishes for any reason, the operations of the relevant subsidiaries may be materially and adversely affected, which may in turn have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The insurance coverage of the Group may not be adequate to protect it against all operational risks.

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

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

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

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

The success of the Group's business is dependent to a large extent on its ability to attract and retain key personnel who possess in-depth knowledge and understanding of investment, as well as the industries in which the Group invests or operates. These key personnel include members of the Group's senior management, experienced investment managers and finance professionals, project development and management personnel, legal professionals, risk management personnel, information technology and other operation personnel. Competition for attracting and retaining these individuals is intensive. Such competition may require the Group to offer higher compensation and other benefits in order to attract and retain qualified professionals, which could materially and adversely affect the Group's financial condition and results of operations. As a result, the Group may be unable to attract or retain these personnel to achieve its business objectives and the failure to do so could severely disrupt its business and prospects. For example, the Group may not be able to hire enough qualified personnel to support its new investment projects or business expansion. As the Group expands its business or hires new employees, the employees may take time to get accustomed to any new standard procedures and consequently may not comply with the standard procedures of any new business in an accurate and timely manner. The occurrence of any of the events discussed above could lead to unexpected loss to the Group and adversely affect its revenue and financial conditions.

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

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

- hiding unauthorised or unsuccessful activities, resulting in unknown and unmanaged risks or losses;
- intentionally concealing material facts, or failing to perform necessary due diligence procedures designed to identify potential risks, which are material to the Group in deciding whether to make investments or dispose of assets;
- improperly using or disclosing confidential information;
- recommending products, services or transactions that are not suitable for the Group's customers;
- misappropriation of funds;
- conducting transactions that exceed authorised limits;
- engaging in misrepresentation or fraudulent, deceptive or otherwise improper activities when marketing or selling products;
- engaging in unauthorised or excessive transactions to the detriment of the Group's customers;
- making or accepting the bribery activities;
- conducting any inside dealing; or
- otherwise not complying with applicable laws or the Group's internal policies and procedures.

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

The Group may not be able to detect and prevent money laundering committed by the Group's customers.

The Group is required to comply with applicable anti-money-laundering and anti-terrorism laws and other regulations in the PRC and other jurisdictions in which the Group has operations. These laws and regulations require the Group, among other things, to adopt and enforce "know-your-customer" policies and procedures and to report suspicious and large transactions to the applicable regulatory authorities in different jurisdictions. While the Group has adopted policies and procedures aimed at detecting and preventing the use of the Group's networks for money-laundering activities and by terrorists and terrorist-related organisations and individuals generally, such policies and procedures may not completely eliminate instances where the Group may be used by other parties to engage in money-laundering and other illegal or improper activities due to, among others, the short history of these

policies and procedures. If the Group fail to fully comply with applicable laws and regulations, the relevant government agencies to which the Group reports to have the power and authority to impose fines and other penalties on the Group. In addition, the Group's business and reputation could suffer if customers use the Group's services for money-laundering or illegal or improper purposes.

The Group is exposed to litigation risks.

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

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

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

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

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

Any occurrence of force majeure events, natural disasters, contagious disease outbreaks or other adverse incidents in the PRC may materially and adversely affect the Group's businesses, financial condition and results of operations.

Any future occurrence of force majeure events, natural disasters or outbreaks of epidemics and contagious diseases, may materially and adversely affect the Group's businesses and results of

operations. An outbreak of an epidemic or contagious disease could result in a widespread health crisis and restrict the level of business activities in affected areas, which may in turn adversely affect the Group's businesses. For example, the COVID-19 pandemic has spread all over the world and was declared a pandemic on 11 March 2020 by the World Health Organisation. The COVID-19 pandemic has resulted in a number of countries declaring a state of emergency and a number of countries, including the PRC, Japan, the United States, members of the European Union and the United Kingdom, imposing extensive business and travel restrictions with a view to containing the pandemic. In addition, the COVID-19 pandemic has led to significant volatility in the global markets across all asset classes, including stocks, bonds, oil and other commodities and this volatility may persist for some time, which may in turn adversely affect the Group's business. More recently and since December 2022, China has relaxed many restrictions including quarantine rules for travellers following its earlier zero-COVID policy and experienced a spike in COVID-19 infections as a result. There remains uncertainties as to how the COVID-19 pandemic will evolve and any continuation and/or escalation and/or intensification of the COVID-19 pandemic could materially and adversely affect the Group's business, financial condition or results of operations. Please refer to "*Risk Factors — Risks Relating to the Group's Business — Uncertainties and instability in general economic, political and global market conditions could adversely affect the Group's business, financial condition and results of operations*". Moreover, the PRC has experienced natural disasters such as earthquakes, floods and droughts in the past few years. As the Group's businesses are dependent on economic conditions in the PRC as a whole, any future occurrence of severe natural disasters in the PRC may adversely affect its economy and, in turn, the Group's businesses and results of operations. There is no assurance that any future occurrence of natural disasters or outbreak of avian influenza, severe acute respiratory syndrome, swine influenza or other epidemics or the measures taken by the PRC Government or other countries in response to such events will not seriously disrupt the Group's operations or those of the Group's business partners or prospective investors in the Group's, which may have a material adverse effect on the Group's results of operations.

The Group may be unable to comply with all relevant laws and regulations in the PRC relating to the Group's business operation.

The Group's projects are subject to strict PRC laws and regulations relating to their development, construction, licensing and operation. These laws and regulations relate to, among other things, project approval and other government approval and licensing requirements for building, operation and construction of new projects, landscape conservation and environmental conservation. In particular, before the Group constructs and operates its various projects, the Group must first obtain operational and construction permits from various authorities. Procedures for granting operational and construction permits vary by local area and certain provinces may reject requests for permits for a variety of reasons. Furthermore, operational and construction permits granted successfully to the Group in some areas may be subject to challenges by third parties. Moreover, the Group must comply with the relevant laws and regulations and the conditions imposed in the operations and construction permits, and there can be no assurance that the Group will be able to do so, which may result in fines, sanctions, criminal penalties and/or the suspension, revocation or non-renewal of approvals, licences or permits. There can be no assurance that the Group will be able to meet the applicable laws and regulations at all times. These factors could have a material and adverse effect on the Group's business, financial condition or results of operations.

The Group is subject to project development risks, cost overruns and delay in payments from contractors counterparties. Delays in the completion of construction phase may adversely affect the Group's results of operations.

There are a number of construction, financing, operating and other risks associated with project developments in the PRC. Projects undertaken by the Group typically require substantial capital expenditure during the construction phase and usually take many years before they become operational and generate revenue. In particular, with respect to the Group's engineering construction projects under

agency construction mode and the Group's primary land development projects, it may take years before the Group could fully receive payments from its contracting counterparties for its construction costs or expenses and service fees under such projects. This creates substantial capital expenditures and liquidity pressure for the Group. There can be no assurance that such payments will be received by the Group on time. Any delay in such payments may have adverse effects on the Group's cash flow and, therefore, its financial condition and results of operations.

The time taken and the costs involved in completing construction of projects can be adversely affected by many factors, including shortages in materials, equipment and labour, adverse weather conditions, natural disasters, labour disputes, disputes with sub-contractors, accidents, changes in governmental policies, approval time and other unforeseen circumstances. Any of these could give rise to delays in the completion of the construction phase and/or cost overruns, which may in turn result in loss of revenues. The failure to complete construction in accordance with the agreed specifications may result in liabilities, reduced efficiency and lower financial returns, which in turn may have a material and adverse effect on the Group's business, financial condition or results of operations.

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

Engineering construction projects, especially the Group's self-construction and self-operating projects, require substantial capital expenditures prior to and during the construction period. The construction of such projects may take many months or several years before the Group recovers all of its expenses and receive its service fees from Dujiangyan Municipal People's Government or generates profit from their operation, as the case may be. Meanwhile, the progress and cost for a development project can be adversely affected by many factors, including:

- delays in obtaining necessary licences, permits or approvals from governmental agencies or authorities;
- relocation of existing residents and/or demolition of existing structures;
- shortage of materials, equipment, contractors and skilled labour;
- labour disputes;
- construction accidents;
- natural catastrophes;
- adverse weather conditions; and
- changes in city zoning, planning and plot ratios.

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

The Group may be exposed to third-party claims of infringement or misappropriation of intellectual property rights, and it may be exposed to risks of failure to protect the Group's intellectual property rights.

The Group cannot be certain that its operations or any aspects of its business do not or will not infringe upon or otherwise violate patents, copyrights, trade secrets or other intellectual property rights held by third parties. From time to time in the future the Group may be subject to legal proceedings and claims alleging that it has infringed upon intellectual property rights of others, which, regardless of merit, may divert its management's attention, significantly consume its other resources and adversely affect its brand image, which would have a material adverse effect on business, results of operations and reputation of the Group.

The Group's success also depends on its ability to protect its own intellectual property rights. The Group cannot assure that the Group's intellectual property rights will not be misappropriated by third parties. In the event that the policies and the precautions the Group has taken do not adequately safeguard its intellectual property rights, the Group's business and its brand image may be adversely affected, which would have a material adverse effect on the business, results of operations and reputation of the Group.

Talent, the Group's independent auditors for the years ended 31 December 2020, 2021 and 2022, has previously been and is now being investigated, censured or penalised by relevant regulatory authorities.

Talent, the Group's independent auditors for the years ended 31 December 2020, 2021 and 2022, is a registered accounting firm in the PRC supervised by relevant PRC regulatory agencies. Talent has previously been and is now being investigated, censured or penalised by relevant regulatory authorities in the PRC on various occasions, including multiple investigations undertaken by the CSRC in recent years. In connection with the investigations on Talent's certain negligence in performing its audit services for PRC companies, administrative sanctions, including warnings and/or monetary penalties on Talent's and/or warnings, monetary penalties or restriction on market access on its specific accounting personnel involved in the relevant audit work, were imposed by the relevant regulatory authorities.

Talent has confirmed that the auditors who participated in the audit of the Issuer's historical financial statements were not the subject of, or involved in the abovementioned investigation, censures, suspension or administrative sanctions or any such other investigations, censures, suspension or administrative sanctions and they are not subject to any investigation or penalty by any regulatory body, competent authority or industry association, and the previous censures were in respect of companies that are unrelated to the Group. Talent has further confirmed that their audit work for the Group, including in respect of the financial statements included elsewhere in this Offering Circular, its registration as an accounting firm, its ability to provide comfort letters and the qualifications participating in this offering, are not affected by such investigations, censures or suspensions. As at the date of this Offering Circular, each of the Issuer and the Group is not aware of any fact or occurrence of development which causes it to believe that individual auditors who participated in the audit or review of its financial statements are or would become subject to any censure, investigation or other similar proceedings.

However, the process time and the results of the abovementioned investigations and the penalties Talent may face remain uncertain. There can be no assurance that such potential penalties will not retrospectively affect the services provided by Talent to the Issuer and the Group in relation to the offering of the Bonds, as well as other fundraising activities in the PRC. Such further sanctions, revocations and suspensions may also restrict it from providing audit services or other services in connection with our future financing transactions. If any of these events were to happen, our reputation and the trading price of the Bonds may be affected. Potential investors should consider these factors prior to making any investment decision.

The Company's consolidated financial statements included in this Offering Circular have been prepared and presented in accordance with the PRC GAAP, which are different from IFRS in certain respects.

The Company's consolidated financial statements included in this Offering Circular have been prepared and presented in accordance with PRC GAAP. PRC GAAP is substantially in line with IFRS, except for certain modifications. Please see "*Summary of Certain Differences between PRC GAAP and IFRS*" for details. In addition, the MOF may promulgate new accounting standards or requirements in relation to financial statements which would affect the PRC GAAP and the Issuer'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. Each investor should consult its own professional advisers for an understanding of the differences between PRC GAAP and IFRS and/or between PRC GAAP and other generally accepted accounting principles, and how those differences might affect the financial information contained herein.

The Company's 2019-2021 Audited Pro Forma Financial Statements are based on estimates and assumptions which may not be indicative of actual future results.

This Offering Circular contains the 2019-2021 Audited Pro Forma Financial Statements, which were prepared based on a number of assumptions that the Group believed to be reasonable at the time of preparation. For example, the audited financial information of the Company as at and for the year ended 31 December 2020 which are included in this Offering Circular is derived from the 2019-2021 Audited Pro Forma Financial Statements. The 2019-2021 Audited Pro Forma Financial Statements assume, among other things, that as at 1 January 2019, the Issuer held 100 per cent. of equity interests of New City Construction. For details of the assumptions made in preparing the 2019-2021 Audited Pro Forma Financial Statements, please refer to "*Notes to Financial Statements — 3. The basis for the preparation of the simulated consolidated financial statements*" of the 2019-2021 Audited Pro Forma Financial Statements on pages F-119 to F-120. The adjustments and assumptions made in the 2019-2021 Audited Pro Forma Financial Statements were based on information at the time of preparing the 2019-2021 Audited Pro Forma Financial Statements and such adjustments and assumptions are difficult to be made with complete accuracy. In addition, certain assumptions used in preparing 2019-2021 Audited Pro Forma Financial Statements may not prove to be accurate and other factors may affect the Group's financial condition or results of operation. The 2019-2021 Audited Pro Forma Financial Statements also did not take into account all potential impacts of all transactions undertaken by the Group. As a result, the actual financial condition and results of operations of the Group for the year ended 31 December 2020 may not be consistent with, or evident from, the 2019-2021 Audited Pro Forma Financial Statements. There are also other factors which may affect the Group's financial condition and results of operations and render the 2019-2021 Audited Pro Forma Financial Statements not entirely reflective of the Group's actual performance. The 2019-2021 Audited Pro Forma Financial Statements should be read in conjunction with, and is qualified in its entirety by the notes thereto. The 2019-2021 Audited Pro Forma Financial Statements are for reference only and do not purport to represent the Group's actual, past or future financial condition and results of operations. Any decline or potential decline in the Group's financial condition or results of operations may materially and adversely affect the Group's reputation, business, performance and prospects. As such, investors are cautioned not to place undue reliance on the 2019-2021 Audited Pro Forma Financial Statements and should exercise caution when using such data to evaluate the Group's total returns and financial position.

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

The Issuer may from time to time issues publish its periodical financial information in the PRC pursuant to applicable PRC regulatory rules. After the Bonds are issued, the Issuer is required under the Terms and Conditions of the Bonds, among others, to provide holders of the Bonds with its audited financial statements and certain unaudited and unreviewed interim financial statements. The periodical financial information published by the Group in the PRC is normally derived from the Group's management accounts which have not been audited or reviewed by independent auditors. As such, this financial information published in the PRC should not be referred to or relied upon by potential purchasers to provide the same quality of information associated with any audited or reviewed information. The Issuer is not responsible to holders of the Bonds for the unaudited and unreviewed financial information from time to time published in the PRC and therefore potential investors should not place any reliance on any such financial information. In addition, 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, PRC rules and regulations and the domestic competitive landscape of the industries in which the Group operates its businesses.

Historical financial information of the Group may not be indicative of its current or future results of operations and investors should exercise caution in comparing financial data between periods due to material acquisition, disposals or material changes to the list of consolidated subsidiaries.

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, PRC laws and regulations and the competitive landscape of the industries in which the Group operates its business. Furthermore, the future results of operations of the Group may also fluctuate or change materially due to changes in the Group's business model and/or the accounting treatments applied thereto. In addition, there is no assurance that the Group will not record an operating loss in the future, which may have an adverse effect on the Company's ability to pay its debt, including the Bonds.

Also, the historical financial information of the Group is sometimes adjusted or restated to address subsequent changes in accounting standards, the accounting policies and/or applicable laws and regulations with retrospective impact on the Group's financial reporting or to reflect the comments provided by the Group's independent auditors during the course of their audit or review in subsequent financial periods. Such adjustment or restatement may cause discrepancies between the financial information with respect to a particular period or date contained in the Group's historical financial statements and that contained in its future financial statements. For example, in August 2022, New City Construction transferred 100 per cent. of the equity interests in the Issuer to Dujiangyan Investment at nil consideration, and Dujiangyan Investment transferred 100 per cent. of the equity interests in New City Construction to the Issuer at nil consideration (the "**Reorganisation**"). The Group has prepared the 2019-2021 Audited Pro Forma Financial Statements taking into account the Reorganisation, as if the Issuer held 100 per cent. of equity interests of New City Construction as at 1 January 2019. The Group establishes, as well as acquires and disposes of equity interests in, portfolio companies from time to time in accordance with the Group's business objectives and the state-owned enterprise reform led by local governments. Period-to-period comparisons of the Company's historical operating results must be evaluated in light of the impact of such transactions.

RISKS RELATING TO THE PRC

Changes in the PRC's economic, political and social conditions as well as governmental policies may materially and adversely affect the Group's business, financial condition and results of operations.

All of the Group's revenue is derived from the PRC and the growth of the Group's businesses depends significantly on the continuation of economic development and growth in the PRC. The PRC's economy differs from the economies of most developed countries in many respects, including the structure of the economy, level of government involvement, level of development, growth rate, control of capital investment, control of foreign exchange and allocation of resources.

The economy of the PRC experienced rapid growth over the past 40 years. According to the National Statistics Bureau of the PRC, the annual growth rate of the PRC's GDP was 2.3 per cent. in 2020, 8.4 per cent. in 2021 and 3.0 per cent. in 2022. In March 2016, Moody's changed the PRC Government's credit rating outlook to "negative" from "stable", which highlighted the country's surging debt burden and questioned the government's ability to enact reforms. In May 2017, Moody's downgraded the sovereign credit rating of the PRC from Aa3 to A1 and changed its outlook to "stable" from "negative", reflecting Moody's expectation that economy-wide debt in the PRC will continue to rise as potential growth slows. In September 2017, Standard & Poor's downgraded the sovereign credit rating of the PRC from AA- to A+, citing its concerns over the level of economic and financial risks within the PRC. 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.

The future performance of the PRC's economy is not only affected by the economic and monetary policies of the PRC Government, but has been, and in the future will continue to be, materially affected by geo-political, economic and market conditions, including factors such as the liquidity of the global financial markets, the level and volatility of debt and equity prices, interest rates, currency and commodities prices, investor sentiment, inflation, and the availability and cost of capital and credit. For example, the China-U.S. tensions and the ongoing conflict between Russia and Ukraine have contributed to increased market volatility, weakened business and consumer confidence and diminished expectations for economic growth around the world, including but not limited to further decreases in global stock exchange indices, increased foreign exchange volatility and a possible economic recession involving more countries and areas.

The implications for the world and the Group are significant. First, a rise in global trade protectionism will negatively impact the trade-dependent economies in Asia. Second, the interplay of U.S. fiscal and monetary policies, and aggressive quantitative easing programmes in Japan and Europe may lead to more volatile global capital flows, which could in turn impact global growth. Third, financial market volatility and increased uncertainty may have a broader global economic impact that may in turn have a material adverse effect on the Group's businesses, financial condition and results of operations.

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

Recently, concerns have arisen over deflationary pressures in the PRC as a result of weak domestic demand and a slowing economy. Inflation rates within the PRC have been on a downward trend in recent

years. A prolonged period of deflation may result in falling profits, closure of plants and shrinking employment and incomes by companies and individuals, any of which could adversely affect the Group's businesses, financial condition or results of operations.

To the extent uncertainty regarding the economic outlook negatively impacts consumer confidence and consumer credit factors globally, the Group's businesses and results of operations could be materially and adversely affected.

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

Inflation rates in the PRC have been on a sharp uptrend in recent years. The PRC Government has undertaken numerous contractionary policies, including raising interest rates and reserve requirement ratios, and curbing bank lending, to slow down excessive economic growth and control price hikes. Increases in inflation rates are due to many factors beyond the Issuer's control, such as rising food prices, rising production and labour costs, high lending levels, changes in the PRC and foreign governmental policy and regulations, and movements in exchange rates and interest rates. According to the International Monetary Fund, consumer price inflation in the PRC was 2.4 per cent., 1.0 per cent. and 2.0 per cent. in 2020, 2021 and 2022, respectively. The Issuer can give no assurance that inflation rates will not continue to increase in the future. If inflation rates rise beyond the Issuer's expectations, the costs of its business operations, including wages and employee benefits, may become significantly higher than it has anticipated, and it may be unable to pass on such higher costs to consumers in amounts that are sufficient to cover those increased operating costs.

Uncertainties embodied in the PRC legal system may limit certain legal protection available to investors.

The PRC legal system is a civil law system based on written statutes. Unlike common law systems, decided legal cases have little precedential value. In 1979, the PRC Government began to promulgate a comprehensive system of laws and regulations governing economic matters in general. Legislation over the past 30 years has significantly enhanced the protection afforded to foreign investors in China. However, the interpretation and enforcement of some of these laws, and regulations involve uncertainties that may limit the legal protection available to investors. Such uncertainties are expected to continue to exist as the legal system in the PRC continues to evolve. Even where adequate laws exist in the PRC, the enforcement of the existing laws or contracts may be uncertain and sporadic, and it may be difficult to obtain swift and equitable enforcement, including enforcement of a judgment by a court of another jurisdiction. In addition, the PRC legal system is based on written statutes and their interpretation, and prior court decisions may be cited as reference but have limited authority as precedents. As such, any litigation in the PRC may be protracted and result in substantial costs and diversion of the Issuer's resources and management's attention.

The PRC has not developed a fully integrated legal system and certain recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in the PRC. The relative lack of experience of the PRC's judiciary in many cases also creates additional uncertainty as to the outcome of any litigation. In addition, interpretation of statutes and regulations may be subject to government policies reflecting domestic political changes. Furthermore, in case of new laws and regulations, the interpretation, implementation and enforcement of these laws and regulations would involve uncertainties due to the lack of established practice or published court decisions available for reference. The Issuer cannot predict the effect of future legal development in the PRC, including promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or inconsistencies between the local rules and regulations and national law. As a result, there is substantial uncertainty as to the legal protection available to the Issuer and investors of the Bonds. In addition, the PRC legal system is based in part on government policies and internal rules (some of which are not published on a timely basis or at all) that may have a retroactive effect. As a result, the Issuer may not be aware of any violations

until sometime after the violation has occurred. This may also limit the remedies available to investors of the Bonds and to the Issuer in the event of any claims or disputes with third parties.

Any litigation in the PRC may be protracted and result in substantial costs and diversion of the Issuer's resources and management attention.

The PRC legal system is continuously evolving and has uncertainties and the legal protections available to the Bondholders may be limited.

All companies in the Group are incorporated in the PRC and most of the Group's businesses are conducted in the PRC. Hence, the Group's operations are principally governed by PRC laws and regulations. The PRC legal system is based on written statutes and prior court decisions can only be cited as a reference. 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 and trade with a view to developing a comprehensive system of commercial laws. However, due to the fact that these laws and regulations have not been fully developed and because of the non-binding nature of published cases, the interpretation of PRC laws and regulations still involves a significant degree of uncertainty and is less developed than those applicable to companies incorporated in Hong Kong, the United States, the United Kingdom and other developed countries or regions.

On 1 January 2006, substantial amendments to the PRC Company Law (中華人民共和國公司法) and the PRC Securities Law (中華人民共和國證券法) came into effect. Since then, the PRC Company Law was further amended on 28 December 2013 (and came into effect on 1 March 2014) and on 26 October 2018 (and came into effect on the same day) and the PRC Securities Law was further amended on 29 June 2013, 31 August 2014 and 28 December 2019 (and came into effect on 1 March 2020). As a result, the State Council and the China Securities Regulatory Commission (the "CSRC") may revise the special regulations and mandatory provisions and adopt new rules and regulations to implement and to reflect the amendments to the PRC Company Law and the PRC Securities Law. There is no assurance that any revision of the current rules and regulations or the adoption of new rules and regulations by the State Council and the CSRC will not have an adverse effect on the rights of the Bondholders.

It may be difficult to effect service of process or to enforce any judgments obtained from non-PRC courts against the Group or its management residing in the PRC.

The Terms and Conditions and the transaction documents are governed by English law and the Issuer has submitted to the exclusive jurisdiction of the Hong Kong courts. However, all companies in the Group are incorporated in the PRC and all of the Group's assets and companies are located in the PRC. Therefore, investors may encounter difficulties in effecting service of process from outside PRC upon the Group or its management.

Moreover, it is understood that the enforcement of foreign judgments in the PRC is still subject to uncertainties. In addition, the mechanisms for enforcement of rights under the corporate governance framework to which the Group is subject are also relatively undeveloped and untested. The PRC has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by the courts in most other jurisdictions. Therefore, it may not be possible for investors to effect service of process upon the Group or its management in the PRC.

On 14 July 2006, the Supreme People's Court of the PRC 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 the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) (the "Arrangement"), which is still in full force and effect as of the date of this Offering Circular. The Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil

and Commercial Matters by the Courts of the Mainland and Hong Kong (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**”), which was signed on 18 January 2019. Following the promulgation of a judicial interpretation by the Supreme People’s Court and the completion of the relevant procedures in the HKSAR, both sides shall announce a date on which the New Arrangement shall commence. Upon commencement of the New Arrangement, the Arrangement shall be terminated. Pursuant to the New Arrangement, if the parties have already signed the choice of court agreement in writing under the Arrangement before the New Arrangement enter into force, the Arrangement shall still apply. Under the Arrangement, where any designated People’s Court of the Mainland or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing by the parties, any party concerned may apply to the relevant People’s Court of the Mainland or Hong Kong court for recognition and enforcement of the judgment. However, the rights under the Arrangement are limited and the outcome and effectiveness of any action brought under the arrangement may still be uncertain.

Unlike other bonds issued in the international capital markets where holders of such bonds would typically not be required to submit to an exclusive jurisdiction, the Bondholders will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts. Thus, the Bondholders’ ability to initiate a claim outside Hong Kong will be limited.

In addition, recognition and enforcement of a Hong Kong court judgment could be refused if the PRC courts consider that the enforcement of such judgment is contrary to the social and public interest of the PRC. While it is expected that the PRC courts will recognise and enforce a judgment given by a Hong Kong court and governed by English law, there can be no assurance that the PRC courts will do so for all such judgments as there is no established practice in this area.

The Group’s labour costs may increase for various reasons including the implementation of the PRC Labour Contract Law or inflation in the PRC.

The PRC Labour Contract Law (中華人民共和國勞動合同法) became effective on 1 January 2008 in the PRC and was amended on 28 December 2012 and became effective on 1 July 2013. It imposes more stringent requirements on employers in relation to entry into fixed-term employment contracts and dismissal of employees. Pursuant to the PRC Labour Contract Law, the employer is required to make a compensation payment to a fixed-term contract employee when the term of their employment contract expires, unless the employee does not agree to renew the contract even though the conditions offered by the employer for renewal are the same or better than those stipulated in the current employment contract. In general, the amount of compensation payment is equal to the monthly wage of the employee multiplied by the number of full years that the employee has worked for the employer. A minimum wage requirement has also been incorporated into the PRC Labour Contract Law. In addition, unless otherwise prohibited by the PRC Labour Contract Law or objected to by the employees themselves, the employer is also required to enter into non-fixed-term employment contracts with employees who have previously entered into fixed-term employment contracts for two consecutive terms.

In addition, under the Regulations on Paid Annual Leave for Employees (職工帶薪年休假條例), which became effective on 1 January 2008, employees who have worked continuously for more than one year are entitled to paid annual leave ranging from 5 to 15 days, depending on the length of the employees’ service. Employees who consent to waive such annual leave at the request of employers shall be compensated an amount equal to three times their normal daily salaries for each day being waived. Under the National Leisure and Tourism Outline 2013–2020 (國民旅遊休閒綱要2013–2020) which became effective on 2 February 2013, regulations on paid annual leave of employees shall have been implemented on a general basis by 2020. As a result of the PRC Labour Contract Law, the Regulations on Paid Annual Leave for Employees and the National Leisure and Tourism Outline 2013–2020, the Group’s labour costs (inclusive of those incurred by contractors) may increase. Further, under the PRC Labour Contract Law, when an employer terminates its PRC employees’ employment, the employer may be required to

compensate them for such amount which is determined based on their length of service with the employer, and the employer may not be able to efficiently terminate non-fixed-term employment contracts under the PRC Labour Contract Law without cause. In the event the Group decides to significantly change or decrease its workforce, the PRC Labour Contract Law could adversely affect its ability to effect these changes in a cost-effective manner or in the manner that the Group desires, which could result in an adverse impact on the Group's businesses, financial condition and results of operations. Furthermore, the PRC Government has promulgated new laws and regulations to enhance labour protection in recent years, such as the PRC Labour Contract Law and the Social Insurance Law. As the interpretation and implementation of these new laws and regulations are still evolving, the Issuer's employment practice may not be at all times be deemed in compliance with the new laws and regulations, and the Issuer may incur significant compliance costs in the future. As a result, further inflationary pressures and the possibility of incurring significant compliance costs and labour dispute liabilities within the PRC may have a material adverse effect on the Issuer's business, financial condition and results of operations, as well as its liquidity and profitability.

Further, if there is a shortage of labour or for any reason the labour cost in the PRC rises significantly, the costs of production of the Group's products are likely to increase. This may in turn affect the selling prices of products, which may then affect the demand of such products and thereby adversely affect the Group's sales and financial condition. Increase in costs of other components required for production of the products may cause similar adverse effects, particularly if the Group is unable to identify and employ other appropriate means to reduce the costs of production. In such circumstances, the profit margin may decrease and the financial results may be adversely affected.

In addition, inflation in the PRC has increased in recent years. According to the International Monetary Fund, consumer price inflation in the PRC was 2.4 per cent., 1.0 per cent. and 2.0 per cent. in 2020, 2021 and 2022, respectively. Inflation in the PRC increases the costs of labour and the costs of raw materials the Group must purchase for production. Rising labour costs may increase the Group's operating costs and partially erode the cost advantage of the Group's PRC-based operations and therefore negatively impact the Group's profitability.

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

All the Group's members are established in the PRC and are subject to PRC regulations governing PRC companies. These regulations contain certain provisions that are required to be included in the joint venture contracts, articles of association and other major operational agreements of these PRC companies and are intended to regulate the internal affairs of these companies. These regulations, and in particular, the provisions for protection of shareholders' rights and access to information, are less developed than those applicable to companies incorporated in Hong Kong, the United States, the United Kingdom and other developed jurisdictions. In addition, any control which the Group has over any PRC entities within the Group and the exercise of its corresponding shareholder rights are subject to their respective articles of association and PRC laws applicable to foreign-invested enterprises in the PRC. Such laws and the application thereof may be different from the laws of other developed jurisdictions.

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 which took effect on 1 January 2008 and was amended on 29 December 2018 (together with its implementation rules, the "EIT Law"), any gains realised on the transfer of the Bonds by holders who are deemed under the EIT Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as income derived from sources within the PRC. Under the EIT Law, a "non-resident enterprise" means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which

has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained income derived from sources within the PRC. There remains uncertainty as to whether the gains realised on the transfer of the Bonds by enterprise holders would be treated as incomes derived from sources within the PRC and be subject to PRC enterprise income tax. In addition, there is uncertainty as to whether gains realised on the transfer of the Bonds by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax. If such gains are subject to PRC income tax, the 10 per cent. enterprise income tax rate and 20 per cent. individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Bonds minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排) which was promulgated on 21 August 2006, Bondholders who are Hong Kong residents, including both enterprise holders and individual holders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of the Bonds if such capital gains are not connected with an office or establishment that the Bondholders have in the PRC and all the other relevant conditions are satisfied.

Pursuant to the EIT Law, the PRC Individual Income Tax Law (the “**IIT Law**”) which was amended on 30 June 2011 and 31 August 2018 and effected on 1 January 2019, and the implementation regulations in relation to both the EIT Law and IIT Law, PRC income tax at a rate of 10 per cent. or 20 per cent. is normally applicable to PRC-source income derived by non-resident enterprises or individuals respectively, subject to adjustment by applicable treaty. As the Issuer is a PRC resident enterprise for tax purposes, interest paid to non-resident Bondholders may be regarded as PRC-sourced, and therefore be subject to PRC income tax at a rate of 10 per cent. for non-resident enterprise Bondholders and at a rate of 20 per cent. for non-resident individual Bondholders (or a lower treaty rate, if any).

On 23 March 2016, MOF and the SAT 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 VAT from 1 May 2016. VAT is applicable where entities or individuals provide services within the PRC. The Issuer will be obligated to withhold VAT of 6 per cent. and certain surcharges (as described below) on VAT for payments of interest and certain other amounts on the Bonds paid by the Issuer to Bondholders that are non-resident enterprises or individuals. VAT is unlikely to be applicable to any transfer of Bonds between entities or individuals located outside of the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Bonds, but there is uncertainty as to the applicability of VAT if either the seller or buyer of Bonds is located inside the PRC. 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. Pursuant to Urban Maintenance and Construction Tax Law of the People's Republic of China (中華人民共和國城市維護建設稅法), Interim Provisions on the Collection of Educational Surcharges (徵收教育費附加的暫行規定(2011修訂)), Notice of the Ministry of Finance on the Relevant Matters regarding Unifying the Policies on Local Education Surcharges (財政部關於統一地方教育附加政策有關問題的通知) and based on consultation with the Dujiangyan District local taxation bureau, a city maintenance and construction tax (7 per cent.), an educational surcharge (3 per cent.) and a local educational surcharge (2 per cent.) will be applicable when entities and individuals are obliged to pay VAT (for an aggregate of 12 per cent. on any VAT payable).

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.

PRC regulations on the administration of financing platform companies of local governments will have a material impact on the Group's business model and sources of financing.

To strengthen the management of China's local government financing vehicles and to manage the risks relating to China's local government debt, the State Council issued the Notice on Strengthening Management of Financing Platform of Local Government (國務院關於加強地方政府融資平台公司管理有關問題的通知) (“Circular 19”) in June 2010 and the General Office of the NDRC issued the Notice on Further Regulating Issuance of Bonds by Financing Platform Companies Established by Local Governments (國家發展改革委辦公廳關於進一步規範地方政府投融資平台公司發行債券行為有關問題的通知) (“Circular 2881”) in November 2010. According to Circular 19, all levels of local governments shall clear up the debts of their respective financing platforms. According to Circular 2881, the level of indebtedness of local governments will impact a financing platform's issuance of enterprise bonds.

RISKS RELATING TO THE BONDS AND THE IRREVOCABLE STANDBY LETTER OF CREDIT

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

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

Additionally, the investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) the Bonds are legal investments for it, (b) the Bonds can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase of any Bonds. Financial institution investors 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, or where the currency for principal or interest payments is different from the potential investor's currency;
- 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 scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Additionally, the investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities.

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

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

Investment in the Bonds, which carry a fixed rate of interest, 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.

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 Group's revenues, earnings and cash flows and proposals of new investments, strategic alliances and/or acquisitions, interest rates and fluctuations in the prices of securities of companies comparable to the Issuer, 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 volume and price at which the Bonds will trade. There is no assurance that these developments will not occur in the future. Furthermore, it is possible that only a limited number of investors may subscribe for a significant proportion of the Bonds. If this is the case, liquidity of trading in the Bonds may be constrained.

Any failure to complete the relevant filings under the NDRC Administrative Measures and the relevant registration under SAFE within the prescribed timeframes 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 Circular on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Corporates (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知) (the “**NDRC Circular**”) on 14 September 2015, which came into effect on the same day. On 5 January 2023, the NDRC issued the Administrative Measures for Examination and Registration of Medium and Long-term Foreign Debt 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 Administrative Measures**”), which came into effect on 10 February 2023 and supersede the NDRC Circular on the same day. According to the NDRC Administrative Measures, domestic enterprises and their overseas controlled entities shall procure the registration of any debt securities issued outside the PRC by themselves or through their overseas controlled entities with the NDRC prior to the issue of the securities and notify the particulars of the relevant issues within 10 working days after the completion of the issue of the securities. The NDRC Circular is silent on the legal consequences of non-compliance with the pre-issue registration requirement. The Issuer has obtained the NDRC pre-issuance registration on 28 July 2023 pursuant to the NDRC Administrative Measures. Similarly, there is no clarity on the legal consequences of non-compliance with the post-issue notification requirement under the NDRC Administrative Measures. In the worst case scenario, such non-compliance with the post-issue notification requirement under the NDRC Administrative Measures may result in it being unlawful for the Issuer to perform or comply with any of its obligations under the Bonds and the Bonds might be subject to enforcement as provided in Condition 10 of the Terms and Conditions. Potential investors of the Bonds are advised to exercise due caution when making their investment decisions. The Issuer has undertaken to notify the NDRC of the particulars of the issue of the Bonds within 10 Registration Business Days after the Issue Date.

In accordance with the Administrative Measures for Foreign Debt Registration (外債登記管理辦法) (the “**Foreign Debt Registration Measures**”) issued by the SAFE on 28 April 2013, which came into effect

on 13 May 2013, the Issuer shall complete foreign debt registration in respect of the issue of the Bonds with the local branches of SAFE in accordance with laws and regulations. According to the Operation Guidelines for Administration of Foreign Debt Registration (外債登記管理操作指引) promulgated together with the Foreign Debt Registration Measures, the Issuer is required to register the Bonds within 15 working days after execution of the Trust Deed and complete such registration in accordance with the Foreign Debt Registration Measures. Before such registration of the Bonds is completed, it is uncertain whether the Bonds are enforceable as a matter of PRC law and it may be difficult for Bondholders to recover amounts due from the Issuer, and the Issuer may not be able to remit the proceeds of the offering into the PRC or remit money out of the PRC in order to meet its payment obligations under the Bonds. Pursuant to article 27(5) of the Foreign Debt Registration Measures, a failure to comply with registration requirements may result in a warning and fine as set forth under article 48 of the Foreign Exchange Administrative Regulations (外匯管理條例) promulgated by the State Council in 2008. However, pursuant to article 40 of the Foreign Debt Administration Provisional Rules (外債管理暫行辦法) promulgated by MOF, the NDRC and SAFE, a failure by a domestic entity to register a foreign debt contract will render the contract not legally binding and unenforceable. Under the Terms and Conditions, the Issuer has undertaken to use its best endeavours, and it intends, to complete the registration of the Bonds with SAFE within the prescribed timeframe. The Issuer has already consulted with local SAFE in connection with the registration procedures and documentary requirements. The Issuer does not foresee any obstacle in completing the registration within the abovementioned period. If the Issuer is unable to complete the registration with the local branches 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 also 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 NDRC Administrative Measures is a recent regulation and its interpretation may involve significant uncertainty, which may adversely affect the enforceability and/or effective performance of the Bonds.

According to the NDRC Administrative Measures and any implementation rules, reports, certificates, approvals or guidelines as issued by the NDRC from time to time, if a PRC enterprise or an offshore branch or enterprise controlled by a PRC enterprise wishes to issue bonds outside of the PRC with a tenor of one year or more, such PRC enterprise must, in advance of issuing such bonds, file certain prescribed documents with the NDRC and obtain the Certificate of Review and Registration of Enterprise Foreign Debts (企業借用外債審核登記證明) from the NDRC in respect of such issue. According to the NDRC Administrative Measures, the enterprise must also report certain details of the bonds to the NDRC within ten Registration Business Days upon the completion of the bond issue.

However, the NDRC Administrative Measures is a recent regulation and its interpretation may involve significant uncertainty, which may adversely affect the enforceability and/or effective performance of the

Bonds. The administration of the NDRC Administrative Measures may be subject to a certain degree of executive and policy discretion by the NDRC. In particular, there is a risk that the NDRC could in the future amend the rules relating to the NDRC Administrative Measures or the interpretation thereof (including with retroactive effect), such that debt instruments similar to the Bonds will be subject to the registration and other requirements under the NDRC Administrative Measures. In such circumstances, there is no assurance that Issuer will be able to comply with the NDRC requirements to provide the notification of the particulars of the issue of the Bonds to the NDRC within the prescribed timeframe, which may in turn result in an adverse consequences for the Issuer, the Bonds or the investors in the Bonds. Potential investors of the Bonds are advised to exercise due caution when making their investment decisions.

If the Issuer fails to complete the Foreign Debt Registration within the time period prescribed by SAFE, there may be logistical hurdles for cross-border payment under the Bonds.

The Issuer is required to submit or cause to be submitted an application for registration of the Bonds with SAFE pursuant to the Foreign Debt Registration Measures and its operating guidelines, effective as of 13 May 2013 and if applicable, the Circular of the People's Bank of China on Matters relating to the Macro-prudential Management of Full-covered Cross-border Financing (Yin Fa [2017] No. 9) (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知) (銀發[2017]9號) issued by the PBOC which came into effect on 12 January 2017. If the Issuer fails to complete the Foreign Debt Registration, there may be logistical hurdles at the time of remittance of funds (if any cross-border payment is to be made by the Issuer under the Bonds) as domestic banks may require evidence of SAFE registration in connection with the Bonds in order to effect such remittance. As a result, there is no assurance that the Issuer can remit money outside of the PRC to comply with its obligations under the Bonds.

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

In certain circumstances (including without limitation the giving of written notice to the Issuer pursuant to Condition 10 of the Terms and Conditions and taking any steps and/or actions and/or instituting any proceedings against the Issuer and/or the LC Bank pursuant to Condition 14 of the Terms and Conditions, the Trustee may (at its absolute discretion where applicable) request to be first indemnified and/or secured and/or pre-funded to its satisfaction before it takes any actions and/or steps and/or institutes any proceedings on behalf of Bondholders. Negotiating and agreeing to an indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such actions and/or steps can be taken and/or when such proceedings can be instituted. The Trustee may not be able to take such steps and/or actions and/or institute such proceedings, notwithstanding the provision of an indemnity and/or security and/or pre-funding to it, in breach of the terms of the Trust Deed or in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the Trust Deed, the Terms and Conditions and the applicable law and regulations, it will be for the Bondholders to take such steps and/or actions and/or institute such proceedings directly.

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 an application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds on the Hong Kong Stock Exchange, no assurance can be given that such application will be approved, or even if the Bonds become so listed, an active trading market for the Bonds will develop or be sustained. No assurance can be given as to the ability of holders to sell their Bonds or the price at which holders will be able to sell their Bonds or that a liquid market will develop. The liquidity of the Bonds will be adversely affected if the Bonds are held or allocated to limited investors. Bondholders should note

that they may need to hold their Bonds until maturity as there may not be an active secondary market for the Bonds. If such a market was to develop, the Bonds could trade at prices that may be higher or lower than the initial issue price, depending on many factors, including prevailing interest rates, the Issuer's operations and the market for similar securities. The Joint Lead Managers are not obligated to make a market in the Bonds and any such market making, if commenced, may be discontinued at any time at the sole discretion of the Joint Lead Managers. In addition, the Bonds are being offered pursuant to exemptions from registration under the Securities Act and, as a result, investors 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.

Developments in the international financial 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 securities of entities with PRC operations 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 of 2008 and 2009, the international financial markets have experienced significant volatility. If similar developments occur in the international financial markets or in any country in the future, the market price of the Bonds could be adversely affected.

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

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

Additional procedures may be required to be taken to hear English law governed matters in the Hong Kong courts. There is also no assurance that the PRC courts will recognise and enforce judgments of the Hong Kong courts in respect of English law matters.

The Terms and Conditions and the other transaction documents are, or will be governed by English law, whereas parties to these documents have submitted, or will submit to the exclusive jurisdiction of the Hong Kong courts. In order to hear English law governed matters, Hong Kong courts may require certain additional procedures to be taken. As compared to other similar debt securities issuances in the international capital markets where the relevant holders of the debt securities would not typically be required to submit to an exclusive jurisdiction, the Bondholders will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts, and thus the Bondholders' ability to initiate a claim outside of Hong Kong will be limited.

In relation to claims made against the Issuer, 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", judgments of Hong Kong courts are likely to be recognised and enforced by the PRC courts where the contracting parties to the transactions pertaining to such judgments have agreed to submit to the exclusive jurisdiction of Hong Kong courts. However, recognition and enforcement of a Hong Kong court judgment could be refused if the PRC courts consider that the enforcement of such judgment is contrary to the social and public interest of the PRC. While it is expected that the PRC courts will recognise and enforce a judgment given by Hong Kong courts governed by English law, there can be no assurance that the PRC courts will do so for all such judgments as there is no established practice in this area.

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

Pursuant to the Terms and Conditions, the Issuer has the right to redeem the Bonds at any time in the event the Issuer has or will become obliged to pay any 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), as further described in “*Terms and Conditions of the Bonds — Redemption for Taxation Reasons*”. An investor may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Bonds being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

The Group may issue additional securities or raise additional capital in the future.

The Issuer may, from time to time, and without the consent of the Bondholders create and issue further securities (see “*Terms and Conditions of the Bonds — Further Issues*”). The Group may raise additional capital through such means and in such manner as the Group may consider necessary. There can be no assurance that such future issuance or capital raising activity will not adversely affect the market price of the Bonds.

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

At any time following the occurrence of a Relevant Event, the Issuer may, at the option of any Bondholder, be required to redeem all, but not some only, of that Bondholder’s Bonds on the Put Settlement Date at 100 per cent. of their principal amount, together with accrued interest up to but excluding such Put Settlement Date. If such an event were to occur or at maturity of the Bonds, 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. There is also no assurance that the Issuer would have sufficient liquidity at such time to make the required redemption of the Bonds. The ability to redeem the Bonds in such event may also be limited by the terms of other debt instruments. The Issuer’s failure to repay, repurchase or redeem the relevant Bonds could constitute an event of default under the Bonds, which may also constitute a default under the terms of the Issuer’s or the Group’s other indebtedness.

Modifications and waivers may be made in respect of the Terms and Conditions, the Trust Deed, the Agency Agreement and the Irrevocable Standby Letter of Credit 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 or participate in the written resolutions or electronic consents 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 Bondholders, to (i) any modification or waiver or authorisation of any breach or proposed breach of, or failure to comply with, any of the Terms and Conditions or any of the provisions of the Trust Deed, the Agency Agreement or the Irrevocable Standby Letter of Credit that, in its opinion, is of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of law, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the Terms and Conditions or any of the provisions of the Trust Deed, the Agency Agreement or the Irrevocable Standby Letter of Credit that is, in the opinion of the Trustee, not materially prejudicial to the interests of the Bondholders.

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

The Bonds will initially 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 Certificates will be shown on and transfers thereof will be effected only through records maintained by the CMU. Except in the circumstances described in the Global Certificate, investors will not be entitled to receive definitive Bonds. The relevant Clearing System will maintain records of the beneficial interests in the Global Certificate.

While the Bonds are represented by the Global Certificate, investors will be able to trade their beneficial interests only through the Clearing System. While the Bonds are represented by the Global Certificate, the Issuer will discharge its payment obligations under the Bonds by making payments to the Clearing System for distribution to their account holders. A holder of a beneficial interest in a Global Certificate must rely on the procedures of the relevant Clearing System to receive payments under the Bonds. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

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

Restrictions and covenants in the debt agreements of the Issuer or any other member of the Group may limit the Group's ability to incur additional indebtedness and restrict its future operations, and failure to comply with these restrictive covenants may result in a default under the terms of these agreements, or the Bonds, which could cause repayment of the debt of the Issuer to be accelerated.

Certain financing contracts entered into by members of the Group contain operational and financial restrictions that prohibit the Group's or, as the case may be, the relevant subsidiary's, business operations or financing activities, that restrict the relevant borrower from incurring additional indebtedness, creating security or granting guarantees or changing their business and corporate structure and declaring or paying dividends unless it is able to satisfy certain requirements, including but not limited to meeting certain financial ratios or obtaining the relevant lender's prior consent. The ability of the Group to meet such requirements may be affected by events beyond its control, and the Group may not be in compliance with such restrictions from time to time. Such restrictions may also negatively affect the Group's ability to respond to changes in market conditions in time, pursue the business opportunities the Group believes to be desirable, obtain future financing, fund capital expenditures, or withstand a continuing or future downturn in the Group's business. Any of these factors could materially and adversely affect the ability of the Issuer and other members of the Group to satisfy its obligations under the Bonds and/or other debt, as the case may be.

If the Issuer is unable to comply with the restrictions and covenants in the Bonds, or if any of the Issuer or its subsidiaries is unable to comply with its current or future debt obligations and other agreements, there could be a default under the terms of such agreements. In the event of a default under such agreements, the creditors may be entitled to terminate their commitments granted to the Group or its subsidiaries, accelerate the debt and declare all amounts borrowed due and payable or terminate the agreements, depending on the provisions of the relevant agreements. Some of the Group's financing agreements contain cross-acceleration or cross-default provisions, which give creditors under these financing agreements to require the Group to immediately repay their loans or declare a default as a result of the acceleration or default of other financing agreements by any other member of the Group. As a result, the default by the Issuer or the relevant subsidiary under one debt agreement may cause the acceleration of repayment of debt, including the Bonds, or result in a default under its other debt agreements, including the Bonds. If any of these events occur, there is no assurance that the Group will be able to obtain the lenders' waiver in a timely manner or that the assets and cash flow of the Group or its subsidiaries would be sufficient to repay in full all of the respective debts as they become due, or that the Group or its subsidiaries would be able to find alternative financing. Even if the Group 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 Group or, as the case may be, its subsidiaries.

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

The Bonds will be issued in the Specified Denomination (as defined in the Terms and Conditions) of CNY1,000,000 and integral multiples of CNY10,000 in excess thereof. Therefore, it is possible that the Bonds may be traded in amounts in excess of CNY1,000,000 that are not integral multiples of CNY10,000. In such a case, a Bondholder who, as a result of trading such amounts, holds a principal amount of less than CNY1,000,000 will not receive a definitive certificate in respect of such holding of Bonds (should definitive certificates be printed) and would need to purchase a principal amount of Bonds such that it holds an amount equal to one or more denominations. If definitive certificates are issued, Bondholders should be aware that Bonds with aggregate principal amounts that are not an integral multiple of CNY10,000 may be illiquid and difficult to trade.

The Bonds will be mandatorily redeemed upon a Pre-funding Failure.

The Terms and Conditions will provide for a demand to be made under the Irrevocable Standby Letter of Credit (i) in the event that the Issuer fails to pre-fund the amount that is required to be pre-funded under these Conditions and/or has failed to provide the Required Confirmations (other than under Condition 7(d) of the Terms and Conditions of the Bonds) or (ii) upon the occurrence of an Event of Default under the Bonds and the Trustee has given notice to the Issuer that the Bonds are immediately due and payable in accordance with Condition 10 of the Terms and Conditions. Such demand will be made in accordance with the Irrevocable Standby Letter of Credit for the aggregate principal amount in respect of all of the Bonds then outstanding, together with interest accrued to but excluding the Mandatory Redemption Date and the fees, costs, expenses, indemnity payments and other amounts payable by the Issuer under or in connection with the Bonds, the Trust Deed, the Agency Agreement and/or any other transaction document relating to the Bonds and thereafter the Bonds will be mandatorily redeemed in accordance with Condition 7(d) of the Terms and Conditions. Bondholders will not be able to hold their Bonds to maturity should such mandatory redemption occur.

The Irrevocable Standby Letter of Credit expires one month after the Maturity Date and is subject to a time limit and to a maximum amount.

The Irrevocable Standby Letter of Credit will expire one month after the Maturity Date. In the event that the Trustee does not make a Demand under the Irrevocable Standby Letter of Credit by this expiration date, Bondholders will not be able to benefit from the credit protection provided by the LC Bank.

In addition, the Irrevocable Standby Letter of Credit is subject to a maximum limit. If such maximum limit is insufficient to cover all of the Issuer's obligations under the Terms and Conditions of the Bonds or in connection with the Bonds, the Trust Deed, the Agency Agreement after deductions of all amounts to which the Trustee is entitled, the Bondholders might not be able to recover the full amount of their claims under the Bonds from the LC Bank and would therefore need to look to the Issuer to recover any such outstanding amounts.

The LC Bank's ability to perform its obligations under the Irrevocable Standby Letter of Credit is subject to various factors.

The ability of the LC Bank to make payments under the Irrevocable Standby Letter of Credit will depend on the financial condition of the LC Bank, which could be materially and adversely affected by a number of factors, including, but not limited to, the following:

- *Impaired loans and advances:* The LC Bank's financial condition will be affected by its impaired loans. If the LC Bank is unable to control effectively and reduce the level of impaired loans and advances in its current loan portfolio and in new loans it extends in the future, or the LC Bank's allowance for impairment losses on loans and advances is insufficient to cover actual loan losses, the LC Bank's financial condition could be materially and adversely affected.
- *Collateral and guarantees:* A certain portion of the LC Bank's loans is secured by collateral and backed by guarantees. If the LC Bank is unable to realise the collateral or guarantees securing its loans to cover the outstanding principal and interest balance of such loans due to various factors, the LC Bank's financial condition could be materially and adversely affected.

In addition, as the LC Bank has not waived sovereign immunity for the purpose of the Irrevocable Standby Letter of Credit, it is possible that such immunity is asserted at the time of enforcement of the Irrevocable Standby Letter of Credit.

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

In connection with the issue of the Bonds, the Issuer has engaged each of Sustainable Fitch and Lianhe Green Development Company Limited ("**Lianhe Green**") to provide a second party opinion in October 2023 (each an "**SPO**") confirming, among other things, the Green Finance Framework's alignment with the Green Bond Principles 2021 as more particularly described in the section headed "*Green Finance Framework*". The SPOs are not incorporated into, and it does not form part of, this Offering Circular. The SPOs are not a recommendation to buy, sell or hold securities (including the Bonds) and are only current as of its respective date of issue and are subject to certain disclaimers set out therein and may be updated, suspended or withdrawn at any time. The SPOs may not reflect the potential impact of all risks related to the structure or market, or any other risk factors discussed in this Offering Circular and other factors which may affect the value of the Bonds. In addition, the SPOs are for information purposes only and none of the Issuer or the Joint Lead Managers accepts any form of liability for the substance of the SPOs or any liability for loss arising from the use of the SPOs and/or the information it provides. Currently, providers of second party opinions and certifications are not subject to any regulatory regime or oversight.

None of the Issuer or the Joint Lead Managers makes any representation as to the suitability or reliability for any purpose of the SPOs or whether the Bonds fulfil the relevant environmental and/or other criteria. No assurance is given by the Issuer or the Joint Lead Managers as to whether the use of proceeds from the issue of the Bonds will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own

governing rules or investment portfolio mandates. Each potential investor in the Bonds should have regard to the relevant projects and eligibility criteria described in the section headed “*Green Finance Framework*” and determine for itself the relevance of the information contained in this Offering Circular regarding the use of proceeds, and its purchase of any Bonds should be based upon such investigation as it deems necessary.

Besides, there is currently no market consensus on what precise attributes are required for a particular project to be categorised as “green” and therefore no assurance can be provided to potential investors that the Eligible Green Projects will meet all investor expectations regarding “green” or that any adverse environmental, social and/or other impact will not result in the course of the implementation of the Eligible Green Projects. Although the Eligible Green Projects have been selected in accordance with the categories recognised by the Green Finance Framework and will be developed in accordance with the relevant legislation and standards, there can be no assurance that adverse environmental and/or social impact will not occur during the design, construction, commissioning and operation of such projects. In addition, where negative impact is insufficiently mitigated, the Eligible Green Projects undertaken may become controversial and/or may be criticised by activist groups or other stakeholders. Accordingly, the Bonds may not be a suitable investment for all investors seeking exposure to green assets. None of the Joint Lead Managers has undertaken, or are responsible for, any assessment of the eligibility of projects within the definition of Eligible Green Projects.

The Group is not contractually committed to allocating an amount equal to the net proceeds from the issue of the Bonds to the Eligible Green Projects, and a failure to do so could adversely affect the value of the Bonds.

While the Group has agreed to certain obligations relating to reporting and use of proceeds as described in the section headed “*Green Finance Framework*”, it would not be an Event of Default under the Terms and Conditions if (i) the Group were to fail to comply with such obligations or were to fail to use the proceeds from the issue of the Bonds in the manner specified in this Offering Circular and/or (ii) the SPO issued in connection with the Bonds were to be withdrawn. A withdrawal of the SPO or any failure to use the net proceeds from the issue of the Bonds in connection with the green projects and/or failure to meet, or to continue to meet, the investment requirements of certain investors with environmental and/or social concerns with respect to the Bonds, may affect the value and/or trading price of the Bonds, and/or may have consequences for certain investors with portfolio mandates to invest in green assets.

RISKS RELATING TO RENMINBI-DENOMINATED BONDS

The Bonds denominated in Renminbi contain particular risks for potential investors.

Renminbi is not freely convertible and there are significant restrictions on the remittance of Renminbi into and out of the PRC which may adversely affect the liquidity of the Bonds.

Renminbi is not freely convertible at present. The PRC Government continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar, despite significant reduction in control by it in recent years over trade transactions involving the import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items. However, remittance of Renminbi into and out of the PRC for settlement of capital account items, such as capital contributions, debt financing and securities investment, is generally only permitted upon obtaining specific approvals from or completing specific registrations or filing with the relevant authorities on a case-by-case basis and subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into and out of the PRC for settlement of capital account items are being adjusted from time to time to match the policies of the PRC Government.

Although the Renminbi was added to the Special Drawing Rights basket created by the International Monetary Fund in 2016, and the PBOC and the Ministry of Commerce of the PRC have implemented policies for further improving accessibility to Renminbi to settle cross-border transactions in foreign currencies, there is no assurance that the PRC Government will continue to gradually 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 any regulatory restrictions inhibit the ability of the Issuer to repatriate funds outside the PRC to meet its obligations under the Bonds, the Issuer will need to source Renminbi offshore to finance such obligations under the Bonds, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

In addition, holders of beneficial interests in the Bonds may be required to provide certifications and other information (including Renminbi account information) in order to allow such holder to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in Hong Kong.

There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of the Bonds and the Issuer’s ability to source Renminbi outside the PRC to service The Bonds.

As a result of the restrictions imposed by the PRC Government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited. While the PBOC has entered into agreements on the clearing of Renminbi business (the “**Settlement Arrangements**”) with financial institutions (each, a “**Renminbi Clearing Bank**”) in a number of financial centres and cities, including but not limited to Hong Kong, London, Frankfurt and Singapore, has established the Cross-Border Inter-Bank Payments System (CIPS) to facilitate cross-border Renminbi settlement and is in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions, the current size of Renminbi-denominated financial assets outside the PRC remains limited.

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 limited access to onshore liquidity support from the PBOC to square 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 such cases, where the participating banks cannot source sufficient Renminbi through the above channels, the participating banks 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 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 Bonds. To the extent the Issuer is required to source Renminbi outside the PRC to service the Bonds, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all.

Remittance of proceeds into or outside of the PRC in Renminbi may be difficult.

In the event that the Issuer decides to remit some or all of the proceeds into the PRC in Renminbi, its ability to do so will be subject to obtaining all necessary approvals from, and/or registration or filing with, the relevant PRC Government authorities. However, there can be no assurance that the necessary approvals from, and/or registration or filing with, the relevant PRC Government authorities will be obtained at all or, if obtained, they will not be revoked or amended in the future.

In the event that the Issuer does remit some or all of the proceeds into the PRC in Renminbi and the Issuer subsequently is not able to repatriate funds outside the PRC in Renminbi, it will need to source Renminbi outside the PRC to finance its obligations under the Bonds, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

Investment in the Bonds is subject to exchange rate risks.

The value of Renminbi against the U.S. dollar and other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions as well as other factors. In August 2015, the PBOC changed the way it calculates the mid-point price of Renminbi against the U.S. dollar, requiring the market-makers who submit for the PBOC's reference rates to consider the previous day's closing spot rate, foreign-exchange demand and supply as well as changes in major currency rates. This change, and other changes such as widening the trading band that may be implemented, may increase volatility in the value of the Renminbi against foreign currencies. In May 2017, the PBOC further decided to introduce counter-cyclical factors to offset the market pro-cyclicality, so that the midpoint quotes could adequately reflect China's actual economic performance. However, the volatility in the value of the Renminbi against other currencies still exists. The Issuer will make all payments of interest and principal with respect to the Bonds in Renminbi unless otherwise specified. As a result, the value of these Renminbi payments may vary with the changes in the prevailing exchange rates in the marketplace. If an investor measures its investment returns by reference to a currency other than Renminbi, an investment in the Bonds entails foreign exchange related risks, including possible significant changes in the value of Renminbi relative to the currency by reference to which an investor measures its investment returns. 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. Accordingly, the value of the investment made by a holder of the Bonds in that foreign currency will decline.

Payments with respect to the Bonds may be made only in the manner designated in the Bonds.

All payments to investors in respect of the Bonds will be made solely (i) for so long as the Bonds are represented by global certificate held with the Clearing System or any alternative clearing system, by transfer to a Renminbi account maintained by or on behalf of the holder with a bank in Hong Kong in accordance with prevailing CMU rules and procedures or those of such alternative clearing system, or (ii) for so long as the Bonds are in definitive form, by transfer to a Renminbi account maintained by or on behalf of the holder with a bank in Hong Kong in accordance with prevailing rules and regulations. The Issuer cannot be required to make payment by any other means (including in any other currency or in bank notes, by cheque or draft, or by transfer to a bank account in the PRC).

There may be PRC tax consequences with respect to investment in the Bonds.

In considering whether to invest in the Bonds, investors should consult their individual tax advisers with regard to the application of PRC tax laws to their particular situation as well as any tax consequences arising under the laws of any other tax jurisdictions. The value of the holder's investment in the Bonds may be materially and adversely affected if the holder is required to pay PRC tax with respect to acquiring, holding or disposing of and receiving payments under those Bonds.

Investment in the Bonds is subject to interest rate risks.

The value of Renminbi payments under Bonds may be susceptible to interest rate fluctuations occurring within and outside the PRC, including PRC Renminbi repo rates and/or the Shanghai inter-bank offered rate. The PRC Government has gradually liberalised its regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. In addition, the interest rate for Renminbi in markets outside the PRC may significantly deviate from the interest rate for Renminbi in the PRC as a result of foreign exchange controls imposed by PRC law and regulations and prevailing market conditions.

The Bonds carry a fixed interest rate. Consequently, the trading price of the Bonds will vary with the fluctuations in the Renminbi interest rates. If holders of Bonds propose to sell their Bonds before their maturity, they may receive an offer lower than the amount they have invested.

GREEN FINANCE FRAMEWORK

1. INTRODUCTION

1.1 Dujiangyan Urban and Rural Construction Group Co., Ltd.

The Company was founded on 9 September 2010. Its controlling shareholder is Chengdu Dujiangyan Investment Development Group Co., Ltd. and actual controller is Dujiangyan SASAFB. As one of the most important infrastructure builder in Dujiangyan, the Company is engaged in, among others, infrastructure construction, land preparation, sand and gravel mining and sales, municipal management services, and property rental and sales in the city.

With a history of more than 2,000 years, Dujiangyan is a city founded on weirs and prospering by water. It is famous for Dujiangyan Weirs — the world-renowned irrigation system, and Mount Qingcheng — the birthplace of Taoism. It is also home to “Three Heritages,” namely, World Cultural Heritage Site, World Natural Heritage Site and World Heritage Irrigation Structure. In 2013, it was honored with the “Outstanding Green Eco-City Award” by the United Nations. As an integral part of the national central city Chengdu, Dujiangyan is situated at the mouth of the Min River in the northwestern edge of the Chengdu Plain and enjoys easy access from all directions. As part of Chengdu’s half-hour economic circle (48 kilometers to the northwest of downtown Chengdu), it is well-positioned to thrive.

Dujiangyan contributed GDP of RMB44.170 billion, RMB48.428 billion and RMB48.366 billion, respectively, from 2020 to 2022. The city’s strategic location and potential of economic growth stimulate the demand for infrastructure construction, underpinning the Company’s business growth. As a major infrastructure builder in the city, the Company continues to optimize its presence of new infrastructure, accelerate its R&D and adoption of advanced and applicable green and low-carbon technologies, actively participate in land and water governance projects, discharge its corporate responsibility in green ecology, promote high-quality development, and enhance its practices in energy saving, emission reduction, pollution control and prevention and renewable energy development. Through these efforts, the Company bolsters the sustainable and healthy socioeconomic development of Dujiangyan.

1.2 Objective of Company’s Green Finance Framework

The Company will adhere to the principle of green and sustainable development and finance eligible sustainability projects defined in the Green Finance Framework (the “**Framework**”) (each, an “**Eligible Green Project**” and collectively, “**Eligible Green Projects**”).

Eligible Green Projects fall into three categories, including: (1) circular economy products, production technologies and processes (e.g., Dujiangyan Green Industry Standardized Plant and New Construction Materials R&D Center Project), which facilitates the development of comprehensive resource utilization, reduces the consumption of energy, water and raw materials in the construction of plants and production lines, reduces environmental pollution and waste of resources and promotes sustainable procurement and circular economy practices; (2) sustainable water and wastewater management (e.g., Waterway Dredging Project for Baisha River, Longxi River and Bayigou River in Dujiangyan), which improves the water environment in watersheds, reduces water pollution, promotes water safety of residents and enhances public health and safety; and (3) environmentally sustainable management of living natural resources and land use (e.g., National Reserve Forest Construction Project in Dujiangyan, Sichuan Province), which forms a national reserve forest base of efficient, intensive, scientific and sustainable operation and promotes the sustainable development and management of forest resources and ecology.

1.3 Green Commitment at Company

The Company adheres to high environmental standards and regards environment protection as its core values. The Company is aware of control and mitigation of its impact on the environment and the communities to create long-lasting green commitment. The Company Board is responsible for leading and guiding the Company's environmental policies and works together with management to identify, evaluate and address environmental issues on an ongoing basis.

Strictly abiding by the Company Law of the People's Republic of China, the Company has established a robust governance structure and strict risk management and control processes, and continuously promotes management transparency and responsibility traceability to improve corporate governance to guarantee the interests of shareholders and other stakeholders.

The Company's Environmental Commitments:

- Considering environmental impact since R&D stage of projects;
- Measuring social and environmental risks before start of Eligible Green Projects;
- Using environmentally friendly materials;
- Upgrading and utilizing green processes;
- Taking energy- and water-saving measures at all stages of project construction; and
- Improving pollution prevention and control facilities and sewage collection and treatment facilities in buildings to reduce direct and indirect environment impacts.

The Company weaves the idea of green development into the design, construction, operation and management of green projects. Bearing in mind the principle of green development, it supports Dujiangyan in steadily proceeding with eco-friendly economic development, innovatively developing green buildings, green technologies and green industries, deepening the green transformation in key industries and areas, realizing green economic growth, and continuously enhancing green competitiveness and reputation.

2. GREEN FINANCE FRAMEWORK

The Framework sets out how the Company intends to issue green financing instruments (“**GFI**s”), including green bonds, green loans and any other debt-like green instruments, to finance projects that have a positive environmental impact and synergize its business strategy and mission, and in doing so contribute to positive environmental impacts. The proceeds of GFIs or an equivalent amount will be applied exclusively to Eligible Green Projects directly or indirectly that will deliver environmental benefits to support the Company's business strategy and green mission.

The Framework aligns with the Green Bond Principles 2021 (with June 2022 Appendix 1) (“**GBP**”) by the International Capital Markets Association (“**ICMA**”) and the Green Loan Principles 2023 (“**GLP**”) by the Loan Market Association (“**LMA**”).

In aligning with the above principles and guidelines, the Company's Framework is presented through the GBP's/GLP's four core components as well as its recommendation for external review:


- Use of Proceeds
- Process for Project Evaluation and Selection
- Management of Proceeds
- Reporting
- External Review

Bonds, loan or any other debt-like instruments issued under this Framework may take the form of public transactions or private placements, in bearer or registered format, and may take the form of senior unsecured or subordinated issuances. Green financing transactions ("GFTs") may be done in any jurisdiction and market reflecting the Company's current and future business needs.

2.1 Use of Proceeds




The Company will allocate an amount at least equivalent to the net proceeds of the GFTs issued under the Framework, in whole or in part, on eligible green projects financing and/or refinancing. Eligible Green Projects such as (1) circular economy products, production technologies and processes, (2) sustainable water and wastewater management and (3) environmentally friendly management of living natural resources and land use, will further reduce carbon emissions towards the objectives of circular economy, climate change mitigation, climate change adaptation, natural resource conservation and water resource protection. A maximum 36-month look-back period would apply for refinanced projects. The Company promises to use best endeavors to deploy an equivalent amount of the net financing proceeds from GFTs within 36 months.

Eligible projects refer to projects under below categories and the example of eligible green projects are for demonstration only. The Company's selected green projects include but are not limited to the below examples.

Eligible Green Project Category	Eligibility Criteria and Example of Eligible Green Projects	Environmental Benefits	SDG Mapping ¹
Circular Economy Products, Production Technologies and Processes	<ul style="list-style-type: none"> Promote sustainable procurement and circular economy practices by reusing waste construction materials in projects under construction or under planning and reducing the consumption of energy, water and raw materials in the construction of plants and production lines Employ high-efficiency technologies and equipment to treat wastes produced in the construction of new plants and production lines to reduce environmental pollution and waste of resources, facilitate the development of comprehensive resource utilization and realize the circular economy China Green Bond Endorsed Projects Catalogue 1.3.1.4 and 1.5.2.2 Example: Green Industry Standardized Plant and New Construction Materials R&D Center Project: By crushing and sifting classified construction wastes and waterway sediments/wastes in different steps, the project produces aggregates that can replace natural sand and gravel. Some of the aggregates will be used as raw materials for future deep processing to produce new green construction materials while others will be sold as commercial aggregates to concrete mixing stations and ready-mixed mortar stations and for backfilling of highway foundations. The winnowed powder and clay will be supplied to manufacturers of construction materials for the production of blocks and to landscaping departments as greenspace soil. Plastic, wood and other miscellaneous materials can be mixed with fine aggregates to produce guardrails, drain grates and other composites 	<ul style="list-style-type: none"> Improve energy efficiency, promote the development of circular economy and reduce environmental pollution 	

¹ Partial alignment for demonstration only. Full mapping please refer to:

<https://www.icmagroup.org/green-social-and-sustainability-bonds/mapping-to-the-sustainable-development-goals/>

Eligible Green Project Category	Eligibility Criteria and Example of Eligible Green Projects	Environmental Benefits	SDG Mapping ¹
Sustainable Water and Wastewater Management . . .	<ul style="list-style-type: none"> Reduce water pollution, improve water landscape and protect water resources through projects under construction or under planning Improve the water environment in watersheds, strengthen flood control capabilities, reduce water pollution, promote living and water safety of residents and enhance public safety and health China Green Bond Endorsed Projects Catalogue 1.3.2.2 and 5.4.2.5 Example: Waterway Dredging Project for Baisha River, Longxi River and Bayigou River in Dujiangyan: The project involves the desilting of waterways with a total length of 20.7km and mining of sand and gravel of about 10.0 million m³. Once in operation, the project can offer sand and gravel resources for sales in the market and for sustainable development and utilization, such as continuous sand and gravel, fine sand, medium sand and cobblestones. It will also play an important role in water cleaning, pollution reduction and flood control capability enhancement 	<ul style="list-style-type: none"> Enhance waterway irrigation and flood control capabilities and improve waterway ecology and system 	
Environmentally Sustainable Management of Living Natural Resources and Land Use	<ul style="list-style-type: none"> Form a national reserve forest base of efficient, intensive, scientific and sustainable operation through forestation and infrastructure improvement, such as intensive cultivation of planted forests, conversion of existing forests and tending of young and medium-sized forests Organize forest resource protection activities, such as forest construction, conservation and renewal Sustainable forestry projects in line with the National Reserve Forests Construction Plan (2018-2035), the Forest Law of the People's Republic of China and other relevant laws and regulations China Green Bond Endorsed Projects Catalogue 4.2.2.1 and 4.2.2.2. Example: National Reserve Forest Construction Project in Dujiangyan, Sichuan Province: Through this project, 2,000 mu of planted forests will be cultivated, 63,300 mu of existing forests will be converted and 24,700 mu of young and medium-sized forests will be nurtured. The project also involves 7,600 mu of agri-silviculture, a certain scale of silvo-pastoralism as well as the infrastructure required for the above construction and operation 	<ul style="list-style-type: none"> Contribute to regional water conservation, soil conservation, climate regulation, carbon sequestration and oxygen release and air purification 	 

2.1.1 Exclusion Criteria

In any case, Eligible Assets/Projects exclude the type of activities listed in the latest International Finance Corporation Exclusion List:

- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCB's, wildlife or products regulated under CITES.
- Production or trade in weapons and munitions.
- Production or trade in alcoholic beverages (excluding beer and wine).
- Production or trade in tobacco.
- Gambling, casinos and equivalent enterprises.
- Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where IFC considers the radioactive source to be trivial and/or adequately shielded.
- Production or trade in unbonded asbestos fibers. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
- Drift net fishing in the marine environment using nets in excess of 2.5km in length.
- Production or activities involving harmful or exploitative forms of forced labor/harmful child labor.
- Commercial logging operations for use in primary tropical moist forest.
- Production of wood or other forestry products other than from sustainably managed forests.

2.2 Process for Project Evaluation and Selection

The Company has established a DURC environmental work group, which is dedicated to ensuring that the proceeds from each GFT or an equivalent amount will be directly or indirectly allocated to finance or refinance Eligible Green Projects that meet the use of proceeds requirements under the Framework. The work group will also be responsible for managing any future updates to the Framework, including any expansion of requirements on the use of proceeds. The work group comprises members from various functions, including:

- General Management Department
- Engineering Department
- Financial Management Department
- Project Management Department
- Investment and Development Department

The work group will provide the Company with guidance on the routes to green, low-carbon and circular development in accordance with the Law of the People's Republic of China on Energy Conservation, the Evaluation Standards for Green Buildings, the Green Bond Endorsed Projects Catalogue and other applicable sustainable development policies, and will discuss and select Eligible Green Projects in light of the eligibility criteria and exclusion criteria provided in Section 2.1 under the Framework and the Company's development strategies and work plans. The work group will screen projects on an annual basis based on project feasibility reports and will submit the selected projects to the board of directors for approval. The projects that are approved by the board will become the Eligible Green Projects.

The work group will make sure that Eligible Green Projects will comply with the use of proceeds requirements of the Framework, applicable environmental guidelines, all national and international environmental standards and local laws and regulations, and the United Nations Sustainable Development Goals. The work group will regularly review the construction and implementation progress of green projects and the completion of green goals, and will also be responsible for managing any future updates to the Framework, including any expansion of requirements on the use of proceeds.

In addition, during the design and R&D stage, all projects under the Framework shall be subject to environmental protection investigations with regards to the impacts on the surrounding ecology and environment, surface and groundwater, as well as actual energy consumption, to ensure that effective pollution control, energy saving and environmental protection measures are in place, and shall be accompanied with control and mitigation measures to minimize the impacts on the environment. During the construction stage, mitigation measures and controls to protect the ecosystem shall be strictly implemented and monitored.

2.3 Management of Proceeds

The Company will allocate, over time, an amount equal to the net proceeds to finance or refinance the Eligible Green Projects selected based on the evaluation and selection process outlined above.

The net proceeds from each GFT or an equivalent amount will be managed and allocated by the Company's finance team, deposited in general funding accounts, and exclusively used to finance or refinance Eligible Green Projects. The Company intends to allocate the net proceeds from each GFT or an equivalent amount to Eligible Green Projects within two years.

The Company will monitor the net proceeds of all outstanding GFTs, including tracking the proceeds in an appropriate manner, adjusting the balance of net proceeds and adjusting the allocation of the proceeds to match allocations to Eligible Green Projects. The balance of any proceeds unallocated to Eligible Green Projects will be held or invested in short-term deposits or short-term wealth management products. The Company will make known to investors the intended types of temporary placement for the balance of unallocated proceeds.

The Company's directors, supervisors and senior executives shall take reasonable care and procure the Company to regulate the use of proceeds and consciously maintain the security of the proceeds from GFTs, and shall not participate in, assist in or condone the Company's unauthorized or disguised changes to the use of proceeds. The Company undertakes not to invest the unallocated proceeds in any highly polluting activities or any projects that are in conflict with the eligibility criteria or fall within the exclusion criteria under the Framework.

If a designated Eligible Green Project no longer meets the eligibility criteria during the life of the issued GFIs, the net proceeds or an equivalent amount will be reasonably reallocated to an alternative Eligible Green Project that satisfies the eligibility criteria as soon as possible. The Company will strive to achieve a level of allocation for the Eligible Green Projects which is at least equal to the balance of net proceeds from all outstanding GFIs.

Additionally, in the event of any substantial and material controversies in relation to a specific project, the Company undertakes to replace that project with an alternative Eligible Green Project.

2.4 Reporting

The Company will provide information on the allocation of the net proceeds from each GFT or an equivalent amount and environmental impact reports on the official WeChat account or any other official platform of the Company. Such information will be provided on an annual basis until all the net proceeds or an equivalent amount have been fully allocated and in the event of any material changes prior to the maturity date. The Company’s environmental work group will review and approve allocation and impact reports.

The information disclosed will include, but not be limited to the following details:

2.4.1 Allocation Reporting

- The proportion of net proceeds allocated to financing vs. refinancing
- Details of each outstanding GFT (the aggregate amount of proceeds from each GFT that has been allocated to Eligible Green Projects, project category and geographical distribution)
- The balance of unallocated proceeds from each GFT and its temporary placement
- Summary of Eligible Green Projects to which the proceeds from each GFT have been allocated, including information necessary to determine the project’s alignment with the eligibility criteria, such as energy performance indicators (no such disclosure if the use of proceeds is to refinance the project)

2.4.2 Impact Reporting

The Company will provide reports on the environmental impacts resulting from Eligible Green Projects based on available project data, which will disclose the expected beneficial impacts as well as actual impacts on the environment with the following impact indicators.

Eligible Green Project Category	Impact Indicators
Circular Economy Products, Production Technologies and Processes	<ul style="list-style-type: none"> • Annual treatment of construction wastes (tonne) • Annual treatment of waterway sediments and wastes (tonne) • Annual treatment of new construction materials (aggregates) (tonne)
Sustainable Water and Wastewater Management . . .	<ul style="list-style-type: none"> • Length of waterways dredged (km) • Length of waterways desilted (km) • Volume of sand and gravel mined (tonne) • Annual water pollution avoided

Eligible Green Project Category	Impact Indicators
Environmentally Sustainable Management of Living Natural Resources and Land Use	<ul style="list-style-type: none"> • Area of afforestation (ha) • Number of trees/saplings/shrubs purchased from the Certified Forest Products Council (CFPC) • Increase in area under sustainable forest management (ha) • Expected absorption of fluoride (tonne) • Expected absorption of CO₂ (tonne)

The Company will adjust the impact indicators as appropriate to align them with the ICMA impact reporting framework.

2.4.3 External Review

The Company has engaged Sustainable Fitch and Lianhe Green as external reviewers to evaluate the appropriateness of the Framework and its alignment with the GBP and GLP. The assessment result document(s) will be made available on the official WeChat account or any other official platform of the Company.

USE OF PROCEEDS

The proceeds from the offering of the Bonds, before deducting the offering discount (if any) and before deducting selling commissions to be charged by the Joint Lead Managers and other estimated expenses to be payable by the Issuer relating to the offering of the Bonds, is expected to be CNY969 million. The Issuer intends to use the proceeds from the offering of the Bonds for project development and replenishment of working capital in accordance with the Green Finance Framework. See “*Green Finance Framework*” for more information.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the Issuer's consolidated capitalisation as at 31 December 2022 as adjusted to give effect to the issuance of the Bonds before deducting the underwriting fees and commissions and other estimated expenses payable in connection with this offering. The following table should be read in conjunction with the Issuer's consolidated financial information and related notes included in this Offering Circular.

	As at 31 December 2022	
	Actual	As adjusted
	(RMB)	(RMB)
	(in millions)	
	(audited)	(unaudited)
Current indebtedness:		
Short-term borrowings	749.89	749.89
Non-current liabilities due within one year	2,427.42	2,427.42
Total current indebtedness⁽¹⁾	3,177.31	3,177.31
Non-current indebtedness:		
Long-term borrowings	4,161.89	4,161.89
Bonds payable	425.57	425.57
Long-term payables	64.62	64.62
Other non-current liabilities	26.60	26.60
Bonds to be issued ⁽²⁾	–	969.00
Total non-current indebtedness⁽³⁾	4,678.68	5,647.68
Total indebtedness⁽⁴⁾	7,855.99	8,824.99
Totals owner's equity	12,118.81	12,118.81
Total capitalisation⁽⁵⁾	19,974.80	20,943.80

Notes:

- (1) Total current indebtedness used in this section represents the sum of short-term borrowings and non-current liabilities due within one year as shown in the above table.
- (2) The amount represents the aggregate principal amount of the Bonds to be issued, before deducting commissions and other estimated expenses payable in connection with the offering of the Bonds.
- (3) Total non-current indebtedness used in this section represents the sum of long-term borrowings, bonds payable, long-term payables, other non-current liabilities and bonds to be issued as shown in the above table.
- (4) Total indebtedness used in this section represents the sum of total current indebtedness and total non-current indebtedness as shown in the above table.
- (5) Total capitalisation used in this section represents the sum of total indebtedness as shown in the above table and total owner's equity.

Since 31 December 2022, the Group continued utilising external financing in the ordinary course of business to finance its operation. The Group may, from time to time, enter into bank loans and other financing arrangement and issue debt securities in the capital market in the ordinary course of business to finance its operations and to refinance existing debt. In particular:

- (i) the Group has obtained the following short-term borrowings since 31 December 2022: on 3 January 2023, the Group obtained a loan of RMB4.99 million at an annual interest rate of 7.50 per cent.; on 18 January 2023, the Group obtained a loan of RMB10.00 million at an annual interest rate of 7.00 per cent.; on 21 February 2023, the Group obtained a loan of RMB90.00 million at an annual interest rate of 6.96 per cent.; on 31 March 2023, the Group obtained a loan of RMB98.00 million at an annual interest rate of 6.96 per cent.; on 6 April 2023, the Group obtained a loan of RMB5.00 million at an annual interest rate of 5.47 per cent.; on 17 April 2023, the Group obtained a loan of RMB10.00 million at an annual interest rate of 5.47 per cent.; on 2 June 2023, the Group obtained a loan of RMB70.00 million at an annual interest rate of 4.50 per cent.; on 27 July 2023, the Group obtained a loan of RMB32.00 million at an annual interest rate of 6.96 per cent.; on 22 September 2023, the Group obtained a loan of RMB100.00 million at an annual interest rate of 6.50 per cent.; on 22 September 2023, the Group obtained another loan of RMB9.90 million at an annual interest rate of 4.50 per cent.; on 25 September 2023, the Group obtained a loan of RMB10.00 million at an annual interest rate of 6.00 per cent.; and on 28 September 2023, the Group obtained a loan of RMB160.00 million at an annual interest rate of 6.50 per cent.;
- (ii) the Group has incurred the following non-current liability due within one year since 31 December 2022: from 7 July 2023 to 16 August 2023 (both days inclusive), the Group obtained project finance in an aggregate amount of RMB729.11 million at an annual interest rate of 8.00 per cent.; and
- (iii) the Group has obtained the following long-term loans since 31 December 2022: on 1 January 2023, the Group obtained a loan of RMB80.00 million at an annual interest rate of 5.05 per cent.; on 11 January 2023, the Group obtained a loan of RMB102.00 million at an annual interest rate of 5.05 per cent.; on 27 February 2023, the Group obtained a loan of RMB130.00 million at an annual interest rate of 8.50 per cent.; on 15 March 2023, the Group obtained a loan of RMB100.00 million at an annual interest rate of 7.88 per cent.; on 16 May 2023, the Group obtained a loan of approximately RMB114.05 million at an annual interest rate of 5.05 per cent.; on 2 June 2023, the Group obtained a loan of approximately RMB130.34 million at an annual interest rate of 4.90 per cent.; on 15 June 2023, the Group obtained a loan of RMB20.00 million at an annual interest rate of 7.88 per cent.; on 21 June 2023, the Group obtained a loan of approximately RMB195.00 million at an annual interest rate of 6.50 per cent.; on 27 June 2023, the Group obtained a loan of RMB10.00 million at an annual interest rate of 5.50 per cent.; and on 18 September 2023, the Group obtained a loan of RMB500.00 million at an annual interest rate of 6.00 per cent.

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

TERMS AND CONDITIONS OF THE BONDS

The following, subject to modification and other than the words in italics, is the text of the Terms and Conditions of the Bonds which will be endorsed on the definitive certificates and referred to in the Global Certificate:

The issue of the CNY969,000,000 4.80 per cent. credit enhanced bonds due 2026 (the “**Bonds**”, which term shall include, unless the context requires otherwise, any further bonds issued in accordance with Condition 16 and to be consolidated and forming a single series therewith) was authorised by a resolution of the board of directors of Dujiangyan Urban and Rural Construction Group Co., Ltd. (都江堰市城鄉建設集團有限公司) (the “**Issuer**”) passed on 11 May 2023 and an approval from the shareholder of the Issuer dated 13 September 2023.

The Bonds are constituted by a trust deed dated 10 November 2023 (as amended, supplemented and/or replaced from time to time, the “**Trust Deed**”) between the Issuer and The Bank of New York Mellon, Hong Kong Branch (the “**Trustee**”, which expression shall, where the context so permits, include its successor(s) and all persons for the time being the trustee or trustees under the Trust Deed) as trustee for itself and the holders (as defined below) of the Bonds. These terms and conditions (these “**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 dated 10 November 2023 (as amended, supplemented and/or replaced from time to time, the “**Agency Agreement**”) relating to the Bonds between the Issuer, the Trustee, and The Bank of New York Mellon, Hong Kong Branch as registrar (the “**Registrar**”, which expression shall include any successor registrar appointed from time to time in connection with the Bonds) and as transfer agent (the “**Transfer Agent**”, which expression shall include any additional or successor transfer agent appointed from time to time in connection with the Bonds), The Bank of New York Mellon, Hong Kong Branch as CMU lodging and paying agent (the “**CMU Lodging and Paying Agent**”, which expression shall include any successor CMU lodging and paying agent appointed from time to time in connection with the Bonds), The Bank of New York Mellon, Hong Kong Branch as the account bank (in such capacity, the “**Pre-funding Account Bank**”, which expression shall include any successor pre-funding account bank appointed from time to time in connection with the Bonds) with which the Pre-funding Account (as defined below) is held and as the account bank (in such capacity, the “**LC Proceeds Account Bank**”, which expression shall include any successor LC proceeds account bank appointed from time to time in connection with the Bonds) with which the LC Proceeds Account (as defined below) is held and any other agents named in it. References herein to the “**Paying Agents**” include the CMU Lodging and Paying Agent together with any additional or successor paying agent appointed from time to time in connection with the Bonds, and the “**Agents**” means the CMU Lodging and Paying Agent, the Registrar, the Transfer Agent(s), the Paying 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 Bonds will have the benefit of an irrevocable standby letter of credit (the “**Irrevocable Standby Letter of Credit**”) dated on or about 9 November 2023 issued by Bank of Tianjin Co., Ltd. (the “**LC Bank**”) in favour of the Trustee on behalf of itself and the holders of the Bonds.

Copies of the Trust Deed, the Agency Agreement and the Irrevocable Standby Letter of Credit (i) are available for inspection by the Bondholders (as defined below) at all reasonable times during normal business hours (being between 9:00 a.m. to 3:00 p.m. from Monday to Friday (other than public holidays)) at the principal office for the time being of the Trustee (being at the Issue Date at Level 26, Three Pacific Place, 1 Queen’s Road East, Hong Kong) and at the specified office for the time being of the CMU Lodging and Paying Agent, in each case following prior written request and proof of holding and identity to the satisfaction of the Trustee or, as the case may be, the CMU Lodging and Paying Agent or (ii) may be provided by email to holders requesting a copy, upon prior written request and subject to satisfactory proof of holding and identity by such holders. 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 the Irrevocable Standby Letter of Credit and are deemed to have notice of those provisions of the Agency Agreement applicable to them.

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

1 FORM, SPECIFIED DENOMINATION AND TITLE

The Bonds are issued in the specified denomination of CNY1,000,000 and integral multiples of CNY10,000 in excess thereof (each a “**Specified Denomination**”).

The Bonds are represented by registered certificates (the “**Certificates**”) and, save as provided in Condition 2(a), each Certificate shall represent the entire holding of Bonds by the same holder (as defined below).

Title to the Bonds shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”), on which shall be entered the names and addresses of 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. Except as ordered by a court of competent jurisdiction or as otherwise required by law, the holder (as defined below) of any Bond shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on the Certificate (other than the endorsed form of transfer) representing it or the theft or loss of such Certificate and no person shall be liable for so treating the holder.

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

*Upon issue, the Bonds will be represented by a global certificate (the “**Global Certificate**”) registered in the name of, 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 represented by the Global Certificate. See “Summary of Provisions relating to the Bonds in Global Form”.*

2 TRANSFERS OF BONDS

- (a) **Transfer:** A holding of Bonds may, subject to Condition 2(b), Condition 2(e) and the Agency Agreement, be transferred in whole or in part upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate(s) representing such Bonds to be transferred (which shall be in the Specified Denomination), together with the form of transfer endorsed on such Certificate(s), duly completed and executed and any other evidence as the Registrar or the relevant Transfer Agent may require to prove the title and identity of the transferor and the authority of the individuals who have executed such form of transfer. In the case of a transfer of part only of a holding of Bonds represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred (which shall be in the Specified Denomination) and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor (which shall be in the Specified Denomination). In the case of a transfer of Bonds to a person who is already a holder of Bonds, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

- (b) **Regulations:** All transfers of Bonds and entries on the Register will be made in accordance with the detailed regulations concerning transfers and registration of Bonds, the initial form of which is scheduled to the Agency Agreement. No transfer of title to a Bond will be valid unless and until entered on the Register. The regulations may be changed from time to time by the Issuer, with the prior written approval of the Registrar and the Trustee, or by the Registrar with the prior written approval of the Trustee. A copy of the current regulations will be made available by the Registrar to any Bondholder upon prior written request and satisfactory proof of holding and identity, and will also be made available for inspection by any holder at the specified office of the Registrar at all reasonable times during usual business hours (being between 9:00 a.m. and 3:00 p.m. from Monday to Friday (other than public holidays)) upon prior written request and satisfactory proof of holding and identity.

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

- (c) **Delivery of New Certificates:** Each new Certificate to be issued upon transfer of Bonds pursuant to Condition 2(a) 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 of such form of transfer or surrender of 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 2(c), “**business day**” means a day, other than a Saturday or Sunday or public holiday, on which commercial banks are generally open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

Except in the limited circumstances described in the Global Certificate, owners of interests in the Bonds represented 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.

- (d) **Formalities Free of Charge:** Certificates, on transfer, shall be issued and registered without charge to the relevant Bondholder by or on behalf of the Issuer, the Registrar or any Transfer Agent, but upon (i) payment by the relevant Bondholder of any and all taxes, duties, assessments or other governmental charges that may be imposed in relation to any of them (or the giving of such indemnity and/or security and/or pre-funding as the Registrar or the relevant Transfer Agent may require in respect thereof); (ii) the Registrar or the relevant Transfer Agent being satisfied in its absolute discretion with the documents of title or identity of the person making the application; and (iii) the relevant Agent being satisfied in its absolute discretion that the regulations concerning transfer of Bonds have been complied with.
- (e) **Closed Periods:** No Bondholder may require the transfer of a Bond to be registered (i) during the period of 15 days ending on (and including) the due date for any payment of principal (or premium), or interest in respect of that Bond, (ii) after a Put Exercise Notice in respect of such Bond has been deposited pursuant to Condition 7(c), (iii) after a notice of

redemption has been given pursuant to Condition 7(b), or (iv) during the period of seven days ending on (and including) any Record Date (as defined in Condition 8(a)(ii)).

3 STATUS

The Bonds constitute direct, unsubordinated, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority 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 at all times, rank at least equally with all its other present and future unsecured and unsubordinated obligations.

4 IRREVOCABLE STANDBY LETTER OF CREDIT AND PRE-FUNDING

(a) Irrevocable Standby Letter of Credit

The Bonds will have the benefit of the Irrevocable Standby Letter of Credit issued in favour of the Trustee, on behalf of itself and the holders of the Bonds, by the LC Bank. The Irrevocable Standby Letter of Credit shall be drawable by the Trustee as beneficiary under the Irrevocable Standby Letter of Credit on behalf of itself and the holders of the Bonds upon the presentation of a demand by authenticated SWIFT (or by such method of communication otherwise as permitted under the Irrevocable Standby Letter of Credit) sent by or on behalf of the Trustee to the LC Bank in accordance with the Irrevocable Standby Letter of Credit (the “**Demand**”) stating that (i) the Issuer has failed to comply with Condition 4(b) in relation to pre-funding the amount that is required to be pre-funded under these Conditions and/or has failed to provide the Required Confirmations (as defined below) in accordance with Condition 4(b) or (ii) an Event of Default (as defined in Condition 10) has occurred and the Trustee has given notice to the Issuer that the Bonds are immediately due and payable in accordance with Condition 10.

Only one drawing is permitted under the Irrevocable Standby Letter of Credit.

Such drawing on the Irrevocable Standby Letter of Credit will be payable in Renminbi in immediately available cleared funds to or to the order of the Trustee at the time and to the account specified in the Demand presented to the LC Bank. Payment received by the Trustee in respect of the Demand will be deposited into the LC Proceeds Account.

The payment made under the Irrevocable Standby Letter of Credit in respect of any amount payable under these Conditions or in connection with the Bonds, the Trust Deed, the Agency Agreement, the Irrevocable Standby Letter of Credit and/or any other transaction document relating to the Bonds shall, to the extent of the drawing paid to or to the order of the Trustee, satisfy the obligations of the Issuer in respect of such amount payable under these Conditions or in connection with the Bonds, the Trust Deed, the Agency Agreement, the Irrevocable Standby Letter of Credit and/or any other transaction document relating to the Bonds.

The LC Bank’s aggregate liability under the Irrevocable Standby Letter of Credit shall be expressed and payable in Renminbi and shall not in any circumstances exceed CNY1,000,000,000 (the “**Maximum Limit**”). Unless otherwise specified in the Irrevocable Standby Letter of Credit, the Irrevocable Standby Letter of Credit takes effect from the Issue Date and shall remain valid and in full force until at 6:00 p.m. (Hong Kong time) on 10 December 2026.

See “Appendix A — Form of Irrevocable Standby Letter of Credit” for the form of the Irrevocable Standby Letter of Credit.

(b) **Pre-funding**

In order to provide for the payment of any amount in respect of the Bonds and under the Trust Deed (other than the amounts payable under Condition 7(d)) (the “**Relevant Amount**”) as the same shall become due, the Issuer shall, in accordance with the Agency Agreement, by the Business Day falling 13 Business Days (the “**Pre-funding Date**”) prior to the due date for such payment under these Conditions:

- (i) unconditionally pay or procure to be paid the Relevant Amount in immediately available cleared funds into the Pre-funding Account; and
- (ii) deliver to the Trustee and the CMU Lodging and Paying Agent by facsimile or by email (x) a Payment and Solvency Certificate signed by any Authorised Signatory, and (y) a copy of the irrevocable payment instruction from the Issuer to the Pre-funding Account Bank requesting the Pre-funding Account Bank to pay the Relevant Amount which was paid into the Pre-funding Account on the Pre-funding Date in full to the CMU Lodging and Paying Agent by no later than 10:00 a.m. (Hong Kong time) on the second Business Day preceding the due date for such payment (together, the “**Required Confirmations**”).

If the Relevant Amount has not been paid into the Pre-funding Account in full and the Pre-funding Account Bank has notified the Trustee of such failure, or the Trustee does not receive the Required Confirmations, in each case by 10:00 a.m. (Hong Kong time) on the Business Day immediately following the Pre-funding Date (a “**Pre-funding Failure**”), the Trustee shall:

- (A) send the notice substantially in the form set out in the Agency Agreement (the “**Pre-funding Failure Notice**”) to the Bondholders by the second Business Day immediately following the Pre-funding Date of (x) the Pre-funding Failure and (y) the redemption of the Bonds in accordance with Condition 7(d) to occur as a result of the Pre-funding Failure; and
- (B) by no later than 4:00 p.m. (Hong Kong time) on the second Business Day immediately following the Pre-funding Date issue a Demand to the LC Bank (which shall be presented by the Trustee in accordance with the Irrevocable Standby Letter of Credit) for the aggregate principal amount in respect of all of the Bonds then outstanding, together with interest accrued to but excluding the Mandatory Redemption Date (as defined in Condition 7(d)) and the fees, costs, expenses, indemnity payments and other amounts payable by the Issuer under or in connection with the Bonds, the Trust Deed, the Agency Agreement and/or any other transaction document relating to the Bonds, provided that, subject to and in accordance with the Irrevocable Standby Letter of Credit, the Trustee needs not physically present an original of the Demand under the Irrevocable Standby Letter of Credit to the LC Bank and shall be entitled to draw on the Irrevocable Standby Letter of Credit by way of the Demand by authenticated SWIFT to the LC Bank (provided that in the event that the SWIFT system is not available for any reason, the Trustee may instead present a Demand duly signed by the Trustee via facsimile transmission at +86-022-28405418). Following receipt by the LC Bank of such Demand on a Business Day, the LC Bank shall on or before 10:00 a.m. (Hong Kong time) on the fifth Business Day immediately following such Business Day (if the Demand is received by the LC Bank on or before 6:00 p.m. (Hong Kong time) on such Business Day) or on or before 10:00 a.m. (Hong Kong time) on the sixth Business Day immediately following such Business Day (if the Demand is received by the LC Bank after 6:00 p.m. (Hong Kong time) on such

Business Day), pay to or to the order of the Trustee the amount in Renminbi specified in the Demand in immediately available cleared funds to the LC Proceeds Account.

The Pre-funding Account Bank shall notify the Trustee and the CMU Lodging and Paying Agent as soon as reasonably practicable following the failure by the Issuer to pay the Relevant Amount into the Pre-funding Account in accordance with these Conditions.

For the purposes of these Conditions:

“**Authorised Signatory**” has the meaning set out in the Trust Deed;

“**Business Day**” means a day (other than a Saturday or a Sunday or a public holiday) on which banks and foreign exchange markets are open for business in Beijing and Hong Kong;

“**LC Proceeds Account**” means a non-interest bearing Renminbi account established in the name of the Trustee with the LC Proceeds Account Bank;

“**Payment and Solvency Certificate**” means a certificate in English substantially in the form set forth in the Agency Agreement stating the Relevant Amount in respect of the relevant due date in respect of the Bonds and confirming that (i) a payment for the Relevant Amount has been made by the Issuer to the Pre-funding Account in accordance with Condition 4(b) and (ii) the Issuer is solvent; and

“**Pre-funding Account**” means a non-interest bearing Renminbi account established in the name of the Issuer with the Pre-funding Account Bank and designated for the purposes specified above.

5 COVENANTS

- (a) **Notification to NDRC:** The Issuer undertakes that it will within the relevant prescribed timeframes after the Issue Date file or cause to be filed with the NDRC the requisite information and documents in respect of 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)) issued by the NDRC on 5 January 2023 which came into effect on 10 February 2023 (the “**NDRC Administrative Measures**”) and any implementation rules, reports, certificates, approvals or guidelines as issued by the NDRC from time to time, including but not limited to, the NDRC Post-Issue Filing.
- (b) **Undertakings relating to Foreign Debt Registration:** The Issuer undertakes that it will (i) within 15 Registration Business Days after the Issue Date, submit or cause to be submitted an application for registration of the Bonds with SAFE pursuant to the Administrative Measures for Foreign Debt Registration (外債登記管理辦法) and its operating guidelines, effective as of 13 May 2013 and if applicable, the Circular of the People’s Bank of China on Matters relating to the Macro-prudential Management of Full-covered Cross-border Financing (Yin Fa [2017] No. 9) (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知) (銀發[2017] 9號) issued by the People’s Bank of China which came into effect on 12 January 2017 (the “**Foreign Debt Registration**”), (ii) use its best endeavours to complete the Foreign Debt Registration and obtain a registration record or filing evidence from SAFE on or before the Registration Deadline, and (iii) comply with all applicable PRC laws and regulations in relation to the Bonds.

- (c) **Notification of Completion of the Foreign Debt Registration and the NDRC Post-Issue Filing:** The Issuer shall within ten Registration Business Days after the later of the submission of the NDRC Post-Issue Filing and the completion of the Foreign Debt Registration, provide the Trustee with (i) a certificate in English (substantially in the form set out in the Trust Deed) signed by an Authorised Signatory of the Issuer confirming (A) the completion of the Foreign Debt Registration and the NDRC Post-Issue Filing and (B) that no Relevant Event, Event of Default or any event or circumstance which could, with the giving of notice, lapse of time, the issuing of a certificate and/or fulfilment of any other requirement provided for in Condition 10 become an Event of Default has occurred; and (ii) copies of the relevant documents evidencing the Foreign Debt Registration and the NDRC Post-Issue Filing (if any), each certified in English by an Authorised Signatory of the Issuer as being a true and complete copy of the original (the items specified in (i) and (ii) together, the “**Registration Documents**”). In addition, the Issuer shall, within ten Registration Business Days after the Registration Documents are delivered to the Trustee, give notice to the Bondholders (in accordance with Condition 17) confirming the completion of the NDRC Post-Issue Filing and the Foreign Debt Registration.

The Trustee may rely conclusively on the Registration Documents and shall have no obligation or duty to monitor, assist with or ensure the completion of the Foreign Debt Registration on or before the Registration Deadline or to verify the accuracy, content, completeness, validity and/or genuineness of any Registration Documents or any other certificate, confirmation or other document, or to translate or procure the translation into English of any Registration Document or any other certificate, confirmation or other document, or to give notice to the Bondholders confirming the completion of the Foreign Debt Registration, and shall not be liable to the Bondholders or any other person for not doing so.

- (d) **Financial Statements:** So long as any Bond remains outstanding, the Issuer will furnish the Trustee with:
- (i) a Compliance Certificate within 150 days of the end of each Relevant Period and also within 14 calendar days of any written request therefor by the Trustee (and the Trustee shall be entitled to rely conclusively upon Compliance Certificates given as contemplated in these Conditions and in the Trust Deed, and shall not be liable to any Bondholder or any other person for so relying upon such certificates); and
 - (ii) (A) a copy of the relevant Audited Financial Reports prepared in the English language in accordance with PRC GAAP (audited by a nationally recognised firm of independent accountants) within 150 days of the end of each Relevant Period; and (B) a copy of the Unaudited Semi-Annual Financial Reports prepared in the English language on a basis consistent with the Audited Financial Reports within 120 days of the end of each Relevant Period.

- (e) **Definitions:** In these Conditions:

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

“**Compliance Certificate**” means a certificate (substantially in the form scheduled to the Trust Deed) in English signed by an Authorised Signatory of the Issuer 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 that:

- (i) no Event of Default (as defined in Condition 10) or Potential Event of Default (as defined in the Trust Deed) has 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 or, if any non-compliance had occurred, giving details of it;

“**Issue Date**” means 10 November 2023;

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

“**NDRC Post-Issue Filing**” means the filing with the NDRC of the requisite information and documents in respect of the issue of the Bonds within ten Registration Business Days after the Issue Date pursuant to the NDRC Administrative Measures;

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

“**PRC GAAP**” means the Accounting Standards for Business Enterprises in China issued by the Ministry of Finance of the PRC from time to time;

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

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

“**Relevant Period**” means, in relation to the Audited Financial Reports and Compliance Certificate, each period of 12 months ending on the last day of the Issuer’s financial year (being as at the Issue Date, 31 December of that financial year), and in relation to the Unaudited Semi-Annual Financial Reports, each period of six months ending on the last day of the first half of the Issuer’s financial year (being as at the Issue Date, 30 June of that financial year);

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

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

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

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

6 INTEREST

The Bonds bear interest on their outstanding principal amount from and including the Issue Date at the rate of 4.80 per cent. per annum, payable semi-annually in arrear on 10 May and 10 November in each year (each, subject to below adjustment, an “**Interest Payment Date**”), commencing on 10 May 2024. If any Interest Payment Date would otherwise fall on a day which is not a business day (as defined below), 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 representing such Bond, payment of principal or premium (if any) is improperly withheld or refused. In such event, it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (i) the date on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholder, and (ii) the date falling seven days after the Trustee or the CMU Lodging and Paying Agent has notified the Bondholders in accordance with Condition 17 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).

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 (as defined below) (or such other period) divided by 365, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

In this Condition 6, the expression “**business day**” means a day (other than a Saturday, Sunday or public holiday) upon which commercial banks are generally open for business and settlement of Renminbi payments in Hong Kong.

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**”.

7 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, 10 November 2026 (the “**Maturity Date**”). The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition 7.

- (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 to the Bondholders in accordance with Condition 17 (which notice shall be irrevocable) and in writing to the Trustee and the CMU Lodging and Paying Agent, at their principal amount (together with interest accrued up to, but excluding, the date fixed for redemption), if the Issuer satisfies the Trustee immediately prior to the giving of such notice that (i) it has or will become obliged to pay Additional Tax Amounts (as defined in Condition 9) as provided or referred to in Condition 9 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 3 November 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. Prior to the publication of any notice of redemption pursuant to this Condition 7(b), the Issuer shall deliver to the Trustee (A) a certificate in English signed by any Authorised Signatory of the Issuer stating that the obligation referred to in (i) above of this Condition 7(b) cannot be avoided by the Issuer taking reasonable measures available to it and (B) an opinion, addressed to and in form and substance satisfactory to the Trustee, of independent tax or legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such Additional Tax Amounts as a result of such change or amendment. The Trustee shall be entitled (but shall not be obliged) to accept and rely conclusively upon such certificate and opinion (without further investigation or enquiry and without liability to any Bondholder or any other person) as sufficient evidence of the satisfaction of the conditions precedent set out in (i) and (ii) above of this Condition 7(b), in which event the same shall be conclusive and binding on the Bondholders and the Trustee shall be protected and shall have no liability to the Issuer, any Bondholder or any other person for so accepting and relying on such certificate or opinion. All Bonds in respect of which any notice of redemption is given under this Condition 7(b) shall be redeemed on the date and in such manner as specified in such notice in accordance with this Condition 7(b).

Neither the Trustee nor any of the Agents or the Account Banks (as defined in the Agency Agreement) shall be responsible for monitoring or taking any steps to ascertain whether any of the circumstances mentioned in this Condition 7(b) has occurred or for calculating or verifying the calculations of any amount payable under any notice of redemption under this Condition 7(b) or any Put Exercise Notice under Condition 7(c) and none of them shall be liable to the Bondholders, the Issuer or any other person for not doing so.

- (c) **Redemption for Relevant Events:** At any time 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 that holder's Bonds on the Put Settlement Date (as defined below) at 100 per cent. of their principal amount, together with accrued interest up to but excluding such Put Settlement Date. In order 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, substantially in the form set out in the Agency Agreement, obtainable from the specified office of the CMU Lodging and Paying Agent or any other Paying Agent (a "**Put Exercise Notice**"), together with the Certificate evidencing the Bonds to be redeemed by not later than 30 days following a Relevant Event, or, if later, 30 days following the date upon which notice thereof is given to the Bondholders by the Issuer in accordance with Condition 17.

The “**Put Settlement Date**” shall be the fourteenth day after the expiry of such period of 30 days as referred to above.

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

The Issuer shall give notice in writing to the Bondholders in accordance with Condition 17 and to the Trustee and the CMU Lodging and Paying Agent in writing by not later than 14 days following the first day on which it becomes aware of the occurrence of a Relevant Event, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Bonds pursuant to this Condition 7(c).

Unless it has received notice from the Issuer pursuant to this Condition 7(c), the Trustee shall be entitled to assume that no Relevant Event has occurred. Neither the Agents, the Account Banks 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, content, completeness, validity and/or genuineness of any documents in relation to or connection with the Registration Conditions, or to translate or procure the translation into English of any documents in relation to or in connection with the Registration Conditions, and none of them shall be liable to the Bondholders, the Issuer, the LC Bank or any other person for not doing so.

In this Condition 7:

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

- (i) PRC Persons together cease to directly or indirectly hold or own at least 90 per cent. of the issued share capital of the Issuer; or
- (ii) the Issuer consolidates with or merges into or sells or transfers all or substantially all of its assets to any other person or persons, except where such person(s) (in the case of an asset sale or transfer) or the surviving entity (in the case of a consolidation or merger) is/are, directly or indirectly, at least 90 per cent. held or owned by the PRC Persons (whether singly or in combination);

“**PRC Persons**” means (i) the State-owned Assets Supervision and Administration Commission of the State Council or any successor entity thereto, (ii) Dujiangyan State-owned Asset Supervision, Administration and Finance Bureau (都江堰市國有資產監督管理和金融工作局) or its successor(s), and/or (iii) the Central People’s Government of the PRC, or (iv) any person or entity directly or indirectly wholly-owned by any of (i) to (iii);

a “**No Registration Event**” occurs when the Registration Conditions have not been satisfied in full on or before the Registration Deadline;

a “**person**” includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or, agency of a state (in each case whether or not being a separate legal entity);

“**Registration Conditions**” means the receipt by the Trustee of the Registration Documents relating to the Foreign Debt Registration in accordance with Condition 5(c); and

a “**Relevant Event**” means a Change of Control or a No Registration Event.

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

(d) **Mandatory Redemption upon Pre-funding Failure:**

The Bonds shall be redeemed in whole, but not in part, at their principal amount on the Interest Payment Date immediately falling after the date the Pre-funding Failure Notice is given to the Bondholders in accordance with Condition 4(b) (the “**Mandatory Redemption Date**”) (together with interest accrued to but excluding the Mandatory Redemption Date), provided that if the holder of any Bond shall have exercised its right to require the Issuer to redeem its Bonds pursuant to Condition 7(c) and a Pre-funding Failure Notice is given to the Bondholders in accordance with Condition 4(b) as a result of the Pre-funding Failure relating to the amount payable pursuant to such redemption, all the Bonds then outstanding shall be redeemed in whole, but not in part, at their principal amount in accordance with this Condition 7(d) on the Put Settlement Date, together with interest accrued to but excluding the Put Settlement Date, and the term “**Mandatory Redemption Date**” shall be construed accordingly.

- (e) **Notices of Redemption:** All Bonds in respect of which any notice of redemption is given under this Condition 7 shall be redeemed on the date, in such place and in such manner as specified in such notice in accordance with this Condition 7. 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 7(b) and any Put Exercise Notice given by a Bondholder pursuant to Condition 7(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 nor the Account Banks shall be responsible for calculating or verifying any calculations of any amounts payable under any notice of redemption or Put Exercise Notice or under Condition 7(d) or for verifying the accuracy, validity and/or genuineness of any document in relation to or in connection thereto, and none of them shall be liable to the Bondholders, the Issuer, the LC Bank or any other person for not doing so.
- (f) **Purchase:** The Issuer and its Subsidiaries as well as the LC Bank 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 such Subsidiary or the LC Bank or its Subsidiaries, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Conditions 10, 13(a) and 14.
- (g) **Cancellation:** All Certificates representing Bonds which are redeemed or purchased by or on behalf of any of the Issuer and its Subsidiaries shall be surrendered for cancellation to the Registrar and, upon surrender thereof, all such Bonds and Certificates shall be cancelled forthwith. Any Certificates so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Bonds shall be discharged.
- (h) **Calculations:** Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying the calculations of any amount payable under any notice of redemption or Put Exercise Notice or have a duty to verify the accuracy, content, completeness, validity and/or genuineness of any documents in relation to or in connection thereto, and shall not be liable to the Bondholders or any other person for not doing so.

8 PAYMENTS

(a) Method of Payment:

- (i) Payments of principal or 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 represented by such Certificates) in the manner provided in Condition 8(a)(ii) below.
- (ii) Interest on each Bond shall be paid on the due date 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 holder of such Bond. In this Condition 8, the “**registered account**” of a Bondholder means the Renminbi account maintained by or on behalf of such Bondholder with a bank in Hong Kong 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 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 close of business on the Clearing System Business Day immediately prior to the date of payment shown in the records of the Operator as the holder of a particular principal amount of Bonds (each an “**acountholder**”), where “**Clearing System Business Day**” means a day on which the CMU is operating and open for business. 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, and the Trustee, the CMU Lodging and Paying Agent, the other Agents and the Account Banks shall have no liability to the Bondholders, the Issuer, the Guarantor, the LC Bank, the CMU participants, acountholders, the indirect participants or any other person in respect of any such payment.*

- (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:** All payments will be subject in all cases to (i) any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 9 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 9) 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 the due date, or if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated on the due date for payment (or, if that date is not a Payment Business Day, on the first following day which is a Payment Business Day), or, in the case of payments of principal or premium (if any) where the relevant Certificate is required to be but 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 Agents, subject to the provisions of the Agency Agreement, act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Bondholder. The Issuer reserves the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of the CMU Lodging and Paying Agent, the Registrar, the Transfer Agent or any of the other Agents and to appoint additional or other agents in accordance with the Agency Agreement, provided that the Issuer shall at all times maintain (i) a CMU Lodging and Paying Agent, (ii) a Registrar, and (iii) a Transfer Agent, in each case as approved in writing by the Trustee.

Notice of any such termination or appointment or any change of any specified office of any Agent shall promptly be given by the Issuer to the Bondholders in accordance with Condition 17.

- (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).

In this Condition 8, “**Payment Business Day**” means a day (other than a Saturday or Sunday or public holiday) on which commercial banks and foreign exchange markets are generally open for business and settlement of Renminbi payments in Hong Kong and the place in which the specified office of the CMU Lodging and Paying Agent is located and (if presentation of the relevant Certificate is required) the relevant place of presentation.

9 TAXATION

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

Where such withholding or deduction is made for or on account of any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Issuer by or within the PRC at the rate of up to and including the aggregate rate applicable on 3 November 2023 (the “**Applicable Rate**”), the Issuer will increase the amounts paid by it to the extent required, so that the net amount received by the Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

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

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

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

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 9 or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed and the Bonds.

Neither the Trustee nor any Agent shall in any event be responsible for paying any tax, duty, assessments, governmental charges, withholding or other payment referred to in this Condition 9 or otherwise in connection with the Bonds or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, the Bondholders or the LC Bank or any other person to pay such tax, duty, assessments, governmental charges, withholding or other payment in any jurisdiction or be responsible to provide any notice or information to the Trustee or any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Bonds without deduction or withholding for or on account of any tax, duty, assessments, governmental charge, withholding or other payment imposed by or in any jurisdiction.

10 EVENTS OF DEFAULT

If any of the following events (each an “**Event of Default**”) occurs, the Trustee at its absolute discretion may, and if so requested in writing by holders of at least 25 per cent. of the aggregate principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution, shall (provided in any such case that the Trustee shall have been first indemnified and/or secured and/or pre-funded to its satisfaction), give written notice to the Issuer that the Bonds are due and payable. Upon any such notice being given to the Issuer, the Bonds shall immediately become due and payable at their principal amount together (if applicable) with accrued but unpaid interest:

- (a) **with respect to the Issuer:**
 - (i) **Non-Payment:** there has been a failure to pay (i) the principal of, premium (if any) on any of the Bonds when due or (ii) any interest on any of the Bonds when due and the default continues for a period of 14 days; or

- (ii) **Breach of Other Obligations:** the Issuer does not perform or comply with any one or more of its other obligations under or in respect of the Bonds or the Trust Deed (other than where such default gives rise to a right of redemption pursuant to Condition 7(c)) which default is, in the opinion of the Trustee, incapable of remedy or, if such default is, in the opinion of the Trustee, capable of remedy, such default is, not remedied within 60 days after notice in writing of such default shall have been given to the Issuer; provided that if there has been a breach by the Issuer of its obligations to pre-fund any amount in respect of the Bonds in accordance with Condition 4(b) and the mandatory redemption upon Pre-funding Failure has been triggered pursuant to Condition 7(d) followed by a drawing under the Irrevocable Standby Letter of Credit to or to the order of the Trustee and paid to the Bondholders, then such breach will not constitute an Event of Default under this Condition 10(a)(ii); or
- (iii) **Cross-Default:** (x) any other present or future indebtedness of the Issuer or 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 (y) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (z) the Issuer or any of its Subsidiaries fails to pay when due, or as the case may be, within any originally applicable grace period, any amount payable by it under any 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 10(a)(iii) have occurred in aggregate equals or exceeds U.S.\$20 million or its equivalent in any other currency (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this Condition 10(a)(iii) operates); or
- (iv) **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against the whole or any material part of the property, assets or revenues of the Issuer or any of its Principal Subsidiaries and is not discharged or stayed within 60 days; or
- (v) **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 in respect of all or a material part of its assets becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) and is not discharged or stayed with 60 days; or
- (vi) **Insolvency:** the Issuer or any of its Principal Subsidiaries is (or is deemed by law or a court of competent jurisdiction to be) insolvent or bankrupt or unable to pay its debts as and when such debts fall due, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or a material part of the debts of the Issuer or any of its Principal Subsidiaries; or
- (vii) **Winding-up:** an order is made by a court of competent jurisdiction or an effective resolution is passed for the winding-up or dissolution of the Issuer or any Principal Subsidiary, or the Issuer or any Principal Subsidiary ceases or threatens to cease to carry on all or substantially all of its business or operations, except for (i) the purpose of and followed by a solvent winding-up, dissolution, reconstruction, amalgamation,

reorganisation, merger or consolidation (A) on terms approved by an Extraordinary Resolution of the Bondholders, or (B) in the case of a Principal Subsidiary, whereby the undertaking and assets of such Subsidiary are transferred to or otherwise vested in the Issuer or any of its Subsidiaries, or (ii) a solvent winding up of any Principal Subsidiary, or (iii) a disposal or sale of any Principal Subsidiary to another person on an arm's length basis; or

- (viii) **Nationalisation:** (i) any step is taken by any person acting under the authority of any national, regional or local government with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the undertaking, assets and revenues of the Issuer or any of its Principal Subsidiaries or (ii) the Issuer or any of its Principal Subsidiaries is prevented by any such person from exercising normal control over all or a material part of its undertaking, assets and revenues; or
- (ix) **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
- (x) **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
- (xi) **Irrevocable Standby Letter of Credit:** the Irrevocable Standby Letter of Credit is not (or is claimed by the LC Bank not to be) enforceable, valid or in full force and effect;
- (xii) **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 10(a)(iv) to 10(a)(xi) (both inclusive).

In this Condition 10(a), "**Principal Subsidiary**" means any Subsidiary of the Issuer:

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

per cent. of the consolidated total assets of the Issuer and its Subsidiaries as shown by the latest published audited consolidated balance sheet of the Issuer and its Subsidiaries including, the investment of the Issuer in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Issuer and after adjustment for minority interests; or

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

provided that, in relation to paragraphs (A), (B) and (C) above of this definition:

- (i) in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest consolidated audited accounts of the Issuer relate, the reference to the then latest consolidated audited accounts of the Issuer for the purposes of the calculation above shall, until consolidated audited accounts of the Issuer for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are published be deemed to be a reference to the then latest consolidated audited accounts of the Issuer adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;
- (ii) if at any relevant time in relation to the Issuer or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, total revenue, net profit or total assets of the Issuer and/or any such Subsidiary shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by the Issuer;
- (iii) if at any relevant time in relation to any Subsidiary, no accounts are audited, its total revenue, net profit or total assets (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by the Issuer; and
- (iv) if the accounts of any Subsidiary (not being a Subsidiary referred to in proviso (i) above) are not consolidated with those of the Issuer, then the determination of whether or not such Subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Issuer.

(b) with respect to the LC Bank:

(i) Cross-Default:

- (A) any Public External Indebtedness of the LC Bank or any of its Subsidiaries is not paid when due or, as the case may be, within any originally applicable grace period; or
- (B) any such Public External Indebtedness becomes (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the

option of the LC Bank or (as the case may be) the relevant Subsidiary or (provided that no event of default, howsoever described, has occurred) any person entitled to such Public External Indebtedness

provided that the aggregate amount of Public External Indebtedness referred to in Conditions 10(b)(i)(A) or 10(b)(i)(B) above, exceeds U.S.\$20 million or its equivalent in any other currency (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this Condition 10(b)(i) operates); or

- (ii) **Security Enforced:** a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or any material part of the undertaking, assets and revenues of the LC Bank or any of its Material Subsidiaries; or
- (iii) **Insolvency:** the LC Bank or any of its Material Subsidiaries is insolvent or bankrupt or unable to pay its debts as and when such debts fall due, stops or suspends payment of all or a material part of its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all or a material part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of all or a material part of its debts or a moratorium is agreed or declared in respect of or affecting all or a material part of the debts of the LC Bank or any of its Material Subsidiaries; or
- (iv) **Winding-up:** an order of any court of competent jurisdiction is made or an effective resolution is passed for the winding up or dissolution of the LC Bank or any of its Material Subsidiaries, except for any voluntary solvent winding-up of any of the Material Subsidiaries; or
- (v) **Illegality:** it is or will become unlawful for the LC Bank to perform or comply with any one or more of its obligations under the Irrevocable Standby Letter of Credit; or
- (vi) **Analogous Events:** any event occurs which under the laws of the relevant jurisdiction has an analogous effect to any of the events referred to in any of Conditions 10(b)(i) to 10(b)(v) (both inclusive).

In this Condition 10(b):

“**Public External Indebtedness**” means any indebtedness of the LC Bank or any Material Subsidiary of the LC Bank, or any guarantee or indemnity by the LC Bank of indebtedness, for money borrowed which (A) is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is issued outside the PRC and is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market) outside the PRC (without regard, however, to whether or not such instruments are sold through public offerings or private placement); and (B) has an original maturity in excess of 365 days; and

“**Material Subsidiary**” means a Subsidiary of the LC Bank:

- (A) whose total revenue (consolidated in the case of a Subsidiary which itself has consolidated Subsidiaries), whose total assets (consolidated in the case of a Subsidiary which itself has consolidated Subsidiaries, and including the investment of the LC Bank and its consolidated Subsidiaries in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of the LC Bank and of

associated companies and after adjustment for minority interests) or whose net profit (consolidated in the case of a Subsidiary which itself has consolidated Subsidiaries, and including, for the avoidance of doubt, the LC Bank and its consolidated Subsidiaries' share of profits of Subsidiaries not consolidated and of associated entities and after adjustments for minority interests) represent not less than five per cent. of the consolidated total revenue, the consolidated total assets, or, as the case may be, the consolidated net profit of the LC Bank and its Subsidiaries taken as a whole, all as calculated respectively by reference to the latest audited or reviewed financial statements (consolidated or, as the case may be, unconsolidated) of the Subsidiary and the then latest audited or reviewed consolidated financial statements of the LC Bank, provided that:

- (I) in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited or reviewed consolidated financial statements of the LC Bank relate for the purpose of applying each of the foregoing tests, the reference to the LC Bank's latest audited or reviewed consolidated financial statements shall be deemed to be a reference to such audited or reviewed financial statements as if such Subsidiary had been shown therein by reference to its then latest relevant audited or reviewed financial statements, adjusted as deemed appropriate by the auditor for the time being, after consultation with the LC Bank;
 - (II) if at any relevant time in relation to the LC Bank or any Subsidiary no financial statements are prepared and audited, its total revenue, total assets and net profit (consolidated, if applicable) shall be determined on the basis of pro forma consolidated financial statements (consolidated, if applicable) prepared for this purpose; and
 - (III) if the financial statements of any Subsidiary (not being a Subsidiary referred to in proviso (I) above) are not consolidated with those of the LC Bank, then the determination of whether or not such Subsidiary is a Material Subsidiary shall be based on a pro forma consolidation of its financial statements (consolidated, if appropriate) with the consolidated financial statements (determined on the basis of the foregoing) of the LC Bank; or
- (B) to which is transferred all or substantially all of the business, undertaking and assets of another Subsidiary which immediately prior to such transfer is a Material Subsidiary, whereupon (I) in the case of a transfer by a Material Subsidiary, the transferor Material Subsidiary shall immediately cease to be a Material Subsidiary and (II) the transferee Subsidiary shall immediately become a Material Subsidiary, provided that on or after the date on which the relevant financial statements for the financial period current at the date of such transfer are published, whether such transferor Subsidiary or such transferee Subsidiary is or is not a Material Subsidiary shall be determined pursuant to the provisions of paragraph (A) of this definition above.

A certificate in English signed by an Authorised Signatory of the LC Bank that a Subsidiary is or is not or was or was not at any particular time or during any particular period a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Issuer, the Trustee and the Bondholders.

11 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.

12 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 such Transfer Agent as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to the Bondholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity, pre-funding and otherwise as the Issuer, the Registrar or the relevant Transfer Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

13 MEETINGS OF BONDHOLDERS, MODIFICATION AND ENTITLEMENTS

- (a) **Meetings of Bondholders:** The Trust Deed contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including, without limitation, the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed, the Agency Agreement or the Irrevocable Standby Letter of Credit. Such a meeting may be convened by the Issuer or the Trustee, and shall be convened by the Trustee if requested in writing by the Bondholders holding not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding and subject to it being indemnified and/or secured and/or pre-funded to its satisfaction against any 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 whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of certain proposals, inter alia, (i) to modify the maturity 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, (iv) to modify or release the Irrevocable Standby Letter of Credit (other than an amendment or supplement to, or a replacement of, the Irrevocable Standby Letter of Credit in connection with a further issue of bonds pursuant to Condition 16 or modification pursuant to Condition 13(b)), or (v) 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 meeting not less than 25 per cent., in aggregate principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on the 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 holders 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 or by Electronic Consent will be binding on all Bondholders whether or not they participated in such resolution.

So long as the Global Certificate is held on behalf of the Operator, or any other clearing system, a resolution may be passed by way of electronic consent through the electronic communication systems of the relevant clearing system in accordance with the Trust Deed

on behalf of Holders of not less than 90 per cent. in aggregate principal amount of the Bonds for the time being outstanding (“Electronic Consent”). An Electronic Consent shall take effect as an Extraordinary Resolution. An Electronic Consent will be binding on all Bondholders, whether or not they participated in such Electronic Consent and even if the relevant consent instruction proves defective.

- (b) **Modification and Waiver:** The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (i) any modification or waiver or authorisation of any breach or proposed breach of, or failure to comply with, any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement or the Irrevocable Standby Letter of Credit that, in its opinion, is of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of law, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement or the Irrevocable Standby Letter of Credit that is, in the opinion of the Trustee, not materially prejudicial to the interests of the Bondholders. Any such modification, authorisation or waiver shall be binding on the Bondholders and, unless the Trustee otherwise agrees, each such modification, authorisation or waiver shall be notified by the Issuer to the Bondholders as soon as practicable thereafter in accordance with Condition 17.
- (c) **Entitlement of the Trustee:** In connection with the performance and exercise of its functions, rights, powers and/or discretions (including but not limited to those referred to in this Condition 13) the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the interests of, or be responsible for, the consequences of such exercise for individual Bondholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Bondholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require on behalf of any Bondholder, nor shall any Bondholder be entitled to claim, from the Issuer or the Trustee any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

14 ENFORCEMENT

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

15 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 be indemnified, secured and/or pre-funded to its satisfaction and to be relieved from responsibility in certain circumstances including, without limitation, provisions relieving it from taking steps and/or actions and/or instituting proceedings to enforce its rights under the Trust Deed, the Agency Agreement, the Irrevocable Standby Letter of Credit and/or these Conditions and in respect of the Bonds and payment or taking other steps and/or actions and/or instituting other proceedings unless first indemnified and/or secured and/or pre-funded to its satisfaction and entitling the Trustee to be paid or reimbursed for any fees, costs, expenses, indemnity payments and for liabilities incurred by it, in priority to the claims of the Bondholders. The Trustee and its affiliates are entitled to enter into business transactions with the Issuer and its Subsidiaries, the LC Bank and its Subsidiaries and any entity (directly or indirectly) related to them without accounting for any profit.

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

Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Agency Agreement, the Irrevocable Standby Letter of Credit or these Conditions to exercise any discretion or power, take or refrain from taking any action, make any decision or give any direction, the Trustee is entitled, prior to its exercising any such discretion or power, taking or refraining from any taking such action, making any such decision, or giving any such direction, or clarification of any directions, to seek directions from the Bondholders by way of Extraordinary Resolution or given as otherwise contemplated or permitted by the Trust Deed and/or the Bonds, and shall have been indemnified and/or secured and/or pre-funded to its satisfaction against all action, proceedings, claims and demands to which it may be or become liable and all costs, charges, damages, expenses (including but not limited to legal expenses) and liabilities which may be incurred by it in connection therewith, and the Trustee shall not be responsible or liable for any loss or liability incurred by the Issuer, the Bondholders, the LC Bank or any other person as a result of any delay in it exercising such discretion or power, taking or refraining from such action, making such decision, or giving such direction as a result of seeking such direction where the Trustee is seeking such approval, directions, instructions or clarification of directions from the Bondholders or in the event that the approval, directions, instructions or clarification sought are not provided by the Bondholders. The Trustee and the Agents shall not be liable to any Bondholders, the Issuer, the LC Bank or any other person for any action taken by the Trustee or any Agent in accordance with the approval, directions or instructions of the Bondholders. The Trustee shall be entitled to rely on any approval, direction or instruction of the Bondholders holding the requisite principal amount of Bonds outstanding (whether given by Extraordinary Resolution or otherwise as contemplated or permitted by the Trust Deed and/or the Bonds).

None of the Trustee or any of the Agents or the Account Banks shall be responsible or liable for the performance by the Issuer, the LC Bank and/or any other person appointed by the Issuer and/or the LC Bank in relation to the Bonds of the duties and obligations on their part expressed in respect of the same and, unless it has written notice from the Issuer and/or the LC Bank to the contrary, the Trustee and each Agent shall be entitled to assume that the same are being duly performed. Neither the Trustee nor any of the Agents nor the Account Banks shall be under any obligation to monitor or ascertain whether any Event of Default, Potential Event of Default (as defined in the Trust Deed), Pre-funding Failure or Relevant Event has occurred or to monitor compliance by the Issuer and/or the LC Bank with the provisions of the Trust Deed, the Agency Agreement, the Irrevocable Standby Letter of Credit or these Conditions, and none of them shall be responsible or liable to the Issuer, the Bondholders, the LC Bank or any other person for not doing so. Each Bondholder shall be solely responsible for making and continuing to make its own independent appraisal of and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer and its Subsidiaries, the LC Bank and its Subsidiaries, and the Trustee shall not at any time have any responsibility or liability for the same and each Bondholder shall not rely on the Trustee in respect thereof.

16 FURTHER ISSUES

The Issuer may from time to time without the consent of the Bondholders create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date, the first payment of interest on them and the timing for complying with the Registration Conditions, for completing the NDRC Post-Issue Filing and the Foreign Debt Registration) and so that such further issue shall be consolidated and form a single series with the outstanding Bonds.

However, such further bonds may only be issued if a further or supplemental or replacement irrevocable standby letter of credit is issued by the LC Bank (or an amendment is made to the Irrevocable Standby Letter of Credit) on terms that are substantially similar to the Irrevocable Standby Letter of Credit (including that the stated amount of such further or supplemental irrevocable standby letter of credit represents an increase at least equal to the principal of and interest payments due on such further bonds (or such replacement irrevocable standby letter of credit increases the aggregate amount able to be drawn under such replacement irrevocable standby letter of credit by at least equal to the principal of and interest payments due on such further bonds) and, in each case, an amount acceptable to the Trustee in respect of any fees, costs, expenses, indemnity payments and all other amounts in connection with such further issue) and such supplemental documents are executed and further opinions are obtained as the Trustee may require, as further set out in the Trust Deed. References to the Irrevocable Standby Letter of Credit shall thereafter include such further, supplemental, replacement or amended irrevocable standby letter of credit. References to the Irrevocable Standby Letter of Credit shall thereafter include such further, supplemental, replacement or amended irrevocable standby letter of credit.

References in these Conditions to the Bonds include (unless the context requires otherwise) any further bonds issued pursuant to this Condition 16 and to be consolidated and forming a single series with the Bonds. Any further bonds consolidated into and forming a single series with the outstanding Bonds constituted by the Trust Deed or any deed supplemental to it shall be constituted by a deed supplemental to the Trust Deed.

17 NOTICES

Notices to the holders of Bonds shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday, a Sunday or a public holiday) after the date of mailing. 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 such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which such publication is made.

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held by or 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.

18 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of the Bonds or any provision of the Trust Deed 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 14.

19 GOVERNING LAW AND JURISDICTION

- (a) **Governing Law:** The Trust Deed, the Agency Agreement, the Irrevocable Standby Letter of Credit 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, the Agency Agreement or the Irrevocable Standby Letter of Credit and accordingly any legal action or proceedings arising out of or in connection with any Bonds, the Trust Deed, the Agency Agreement or the Irrevocable Standby Letter of Credit (“**Proceedings**”) may be brought in such courts. Each of the Issuer and the Trustee 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. The LC Bank has, in the Irrevocable Standby Letter of Credit, irrevocably submitted to the jurisdiction of such courts.
- (c) **Service of Process:** The Issuer irrevocably appoints Cogency Global (HK) Limited at Unit B, 1/F, Lippo Leighton Tower, 103 Leighton Road, Causeway Bay, Hong Kong as its authorised agent in Hong Kong in any Proceedings based on any of the Bonds, the Trust Deed or the Agency Agreement. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by the Issuer). If for any reason Cogency Global (HK) Limited ceases to be such an agent, the Issuer will promptly appoint a substitute process agent and shall deliver to the Trustee a copy of the agent’s acceptance of that appointment within 30 days of such cessation and shall notify the Bondholders and the Trustee of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.
- (d) **Waiver of Immunity:** The Issuer has waived any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence, and has irrevocably consented to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings.

DESCRIPTION OF THE GROUP

OVERVIEW

The Group is the main entity responsible for the construction of major urban infrastructure projects in Dujiangyan City. The Group's business consists of the following four business segments: (i) engineering construction, (ii) primary land development, (iii) sale of sand and gravel and (iv) other businesses. Below is an overview of each of the four business segments of the Group:

- **Engineering Construction:** The Group's engineering construction business primarily consists of construction of infrastructure facilities and resettlement housing in Dujiangyan City. It operates this business segment predominantly through its wholly-owned subsidiary New City Construction.
- **Primary Land Development:** The Group's primary land development business primarily involves primary land development projects in Qingchengshan Town (青城山鎮), Riverside New District (濱江新區), Xujia Town (胥家鎮) and Puyang Town (蒲陽鎮) of Dujiangyan City. It operates this business segment predominantly through New City Construction and New City Constructions' subsidiaries including Dujiangyan Construction and Chengheng Rural Revitalisation.
- **Sand and Gravel Sales:** The Group's sand and gravel sales business primarily consists of extraction, transportation and sales of sand and gravel resources in Dujiangyan City and its surrounding areas. It operates this business segment predominantly through its wholly-owned subsidiary, Runmao Industry.
- **Other Businesses:** The Group's other businesses primarily consist of rental services, property sales, grain, oil, meat and eggs sales, building materials sales, asset transfers, material processing and consulting services. It operates this business segment predominantly through its subsidiaries including Runxi Supply Chain, New City Constructions and Runmao Industry.

For the years ended 31 December 2020, 2021 and 2022, the Group's total revenue was RMB972.34 million, RMB1,095.42 million and RMB1,343.76 million, respectively. The Group's total assets as at 31 December 2020, 2021 and 2022 were RMB26,931.35 million, RMB26,730.44 million and RMB28,995.13 million, respectively.

As at the date of this Offering Circular, Dujiangyan SASAFB (formerly known as Dujiangyan State-owned Assets Supervision and Administration Committee (都江堰市國有資產監督管理委員會)) holds 100 per cent. of the equity interest of Dujiangyan Investment, which in turn holds 100 per cent. of the equity interest of the Issuer. For a detailed shareholding structure of the Issuer, see "*Description of the Group — Group Structure*".

HISTORY AND MILESTONE

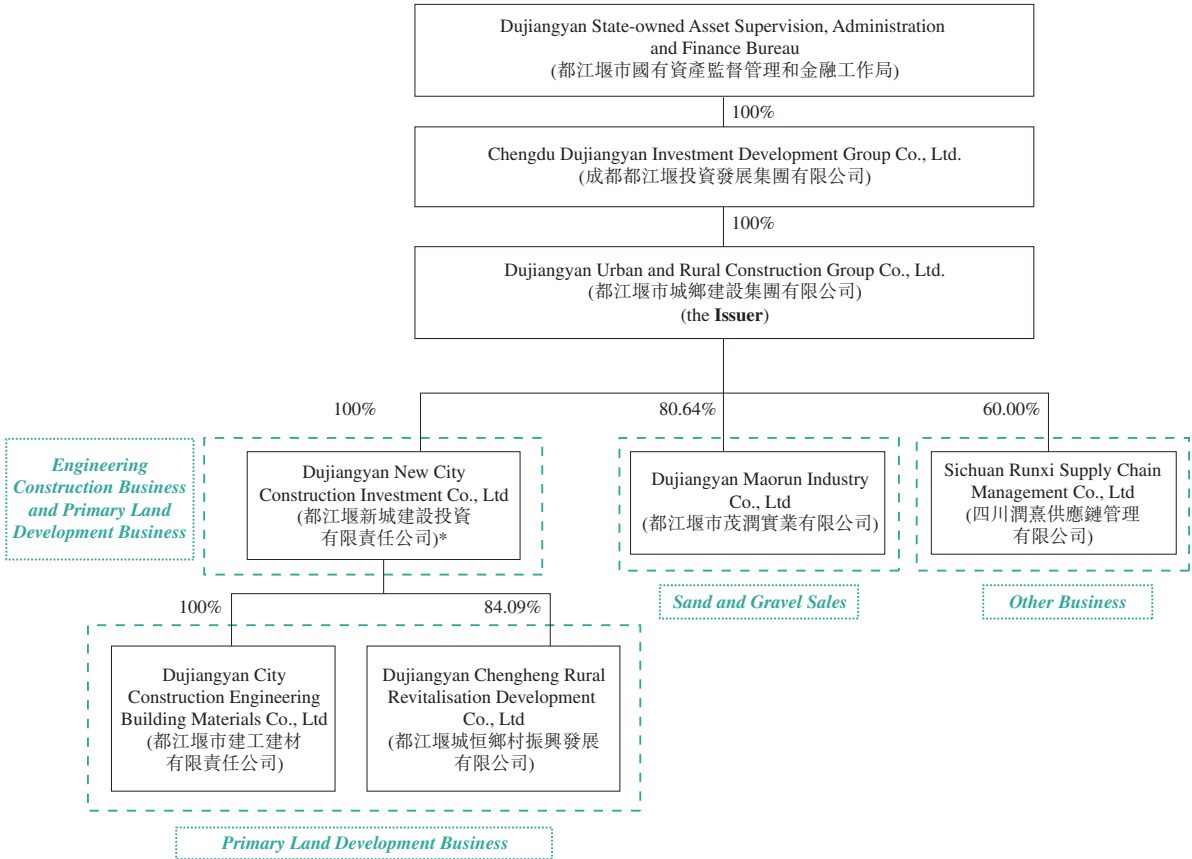
The following table sets out key corporate historical events and milestones of the Group's development over the years:

1993	On 2 June 1993, New City Construction was established.
1999	On 19 November 1999, Dujiangyan Construction was established.
2010	In September 2010, the Issuer (formerly known as Dujiangyan Jiju Agriculture Co., Ltd. (都江堰市集聚農業有限公司) and Dujiangyan Essence Runyuan Agricultural Investment Co., Ltd. (都江堰市精華潤源農業投資有限公司)) was established by Dujiangyan Modern Agriculture Development Investment Co., Ltd. (都江堰市現代農業發展投資有限責任公司) (“ Dujiangyan Modern Agriculture ”) with a registered capital of RMB10 million.
2013	In November 2013, Dujiangyan Modern Agriculture transferred 100 per cent. of the equity interests in the Issuer to Dujiangyan State-owned Assets Supervision and Administration Office (都江堰市國有資產監督管理辦公室) (“ Dujiangyan SASAO ”).
2017	On 5 December 2017, Chengheng Rural Revitalisation was established.
2018	In June 2018, in accordance with the Notice on Matters Concerning the Equity Transfer of State-owned Enterprises (Duguoizifa [2018] No. 48) (《關於國有企業股權劃轉有關事項的通知》(都國資發[2018]48號)) issued by Dujiangyan SASAO, Dujiangyan SASAO transferred 100 per cent. of the equity interests in the Issuer to Dujiangyan Modern Agriculture.
2019	On 9 September 2019, Runmao Industry was established. In August 2022 and September 2022, in accordance with the Notice on Matters Concerning the Equity Transfer of State-owned Enterprises (Duguoizifa [2019] No. 80) (《關於國有企業股權劃轉有關事項的通知》(都國資發[2019]80號)) and the Notice on Matters Concerning the Transfer of Equity State-owned Enterprises (Duguoizifa [2019] No. 86) (《關於國有企業股權劃轉有關事項的通知》(都國資發[2019]86號)) issued by Dujiangyan SASAFB, Dujiangyan Modern Agriculture transferred 100 per cent. of the equity interest in the Issuer to Dujiangyan SASAFB. The Issuer's name was also changed to Dujiangyan Essence Runyuan Agricultural Investment Co., Ltd. (都江堰市精華潤源農業投資有限公司).
2020	On 24 July 2020, Runxi Supply Chain was established. In December 2020, in accordance with the Reply on Matters Concerning the Transfer of Equity Interests in Dujiangyan Essence Runyuan Agricultural Investment Co., Ltd. (Duguoizifa [2020] No. 86) (《關於劃轉都江堰市精華潤源農業投資有限公司等股權有關事宜的批覆》(都國資發[2020]86號)) issued by Dujiangyan SASAFB, Dujiangyan SASAFB transferred 100 per cent. of the equity interests in the Issuer to New City Construction at nil consideration.

2022 In August 2022, in accordance with the Minutes of the 85th Meeting of the First Board of Directors (第一屆董事會第85次會議紀要) of Dujiangyan Investment, (i) New City Construction transferred 100 per cent. of the equity interests in the Issuer to Dujiangyan Investment at nil consideration (the “**New City Construction Transfer**”); and (ii) Dujiangyan Investment transferred 100 per cent. of the equity interests in New City Construction to the Issuer at nil consideration (the “**Dujiangyan Investment Transfer**”). The industrial and commercial registrations with respect to the New City Construction Transfer and the Dujiangyan Investment Transfer were completed on 25 October 2022 and 3 November 2022, respectively. After the Reorganisation, the Issuer became a direct wholly-owned subsidiary of Dujiangyan Investment and New City Construction became a direct wholly-owned subsidiary of the Issuer.

ORGANISATIONAL STRUCTURE

The chart below illustrates the simplified corporate structure of the Group and its material subsidiaries as at the date of this Offering Circular:



Note:

* Dujiangyan New City Construction and Investment Co., Ltd (都江堰新城建設投資有限責任公司) engages in both engineering construction business and primary land development business.

COMPETITIVE STRENGTHS

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

Excellent business and economic environment in Dujiangyan City

Dujiangyan City is a county-level city in Sichuan Province located at the northwest edge of the Chengdu Plain (成都平原) under the administration of Chengdu City (成都). Dujiangyan City connects Pengzhou City (彭州市), Pidu District (郫都區) and Wenjiang District (溫江區) to the east, Wenchuan County (汶川縣) to the west and north, and Chongzhou City (崇州市) to the south. As at 31 December 2022, it administrated an area of 1,208 square kilometers and a population of 717,400.

Dujiangyan City is a national famous historical and cultural city. Situated 48 kilometers from Chengdu, it is within the Chengdu Half-hour Economic Circle (成都半小時經濟圈) and it is the only city in the Chengdu-Chongqing Economic Circle (成渝經濟圈) which has three world-level heritages, i.e. the World Cultural Heritage (世界文化遺產), the World Natural Heritage (世界自然遺產) and the World Heritage of Irrigation Engineering (世界灌溉工程遺產). The excellent location of Dujiangyan makes it an important transportation hub in West Chengdu Plain connecting among several important highways, including National Highway 213 (Lanzhou-Kunming) (213國道(蘭州至昆明)), Chengdu-Guangzhou Expressway (Chengdu section of Rongchang Expressway) (成灌高速公路(蓉昌高速成都段)), Chengdu-Qingdao Tourism Expressway (成青旅遊快速通道), and Shaxi Line Extension (沙西線延伸段). Dujiangyan City also has quick access to domestic and international air transportation through Chengdu Shuangliu International Airport (成都雙流國際機場). Moreover, it has access to seas through the Dujiangyan-Chengdu-Beihai Land-sea Highspeed Corridor (都江堰—成都—北海高速出海通道) and Dujiangyan-Chengdu-Chongqing-Shanghai Land-sea Highspeed Corridor (都江堰—成都—重慶—上海高速出海通道).

In recent years, Dujiangyan City has experienced continuous and rapid economic development and its comprehensive competitiveness has been strengthened significantly. For the years ended 31 December 2020, 2021 and 2022, Dujiangyan City's gross domestic product ("GDP") amounted to approximately RMB44.17 billion, RMB48.43 billion and RMB48.37 billion, respectively. The excellent location and economic development potential of Dujiangyan City has driven the demand for municipal development, which has contributed to the growth of the Group's business operations.

Healthy relationship with banks and diversified financing channels of Dujiangyan Investment and strong support from Dujiangyan Investment in the Group's financing activities

Dujiangyan Investment, the Issuer's parent company, has established good and stable relationships with many financial institutions including Industrial Bank Co., Ltd., China Everbright Bank, China Guangfa Bank and Bank of Sichuan and has maintained diversified financing channels to meet its business needs. As one of the most important subsidiaries of Dujiangyan Investment, the Group undertakes a number of significant projects and has received strong support from Dujiangyan Investment in its financing activities including obtaining credit facilities and project financing. Dujiangyan Investment's healthy relationships with banks and diversified financing channels and its strong support towards the Group's financing activities have supported the Group's sustainable development and laid a solid foundation for the Group's future financing efforts.

Experienced management team and efficient management mechanism

The Issuer has a stable management team with in-depth understanding of the Issuer's business and rich experience in the management of state-owned enterprises operating in the same industries as the Issuer. Please see “*Directors, Supervisors and Senior Management of the Issuer*” for further information. The Issuer's senior management team is supported by a stable team of key employees who can implement its business development strategies. In addition, the Issuer has established a cost-effective, high-quality and efficient management mechanism, which helps the Issuer to better manage its operation cost and improve its profitability.

STRATEGIES

The Group intends to implement the following strategies to achieve its business objectives:

Construct major engineering construction projects in alignment with Dujiangyan City's development plan

The Group aims to continue aligning its engineering construction projects with Dujiangyan City's development plan. This includes the development of commercial complexes and urban infrastructure facilities. The Group's current key projects include the CBD Financial Center Project (CBD金融中心), Dujiangyan Mishiba Area Old City Renovation Project (都江堰市米市壩片區舊城改造), One Street Area Municipal Roads Project (一街區市政道路項), Technical School Construction Project (技工學校建設項目), Special Education School Construction Project (特殊教育學校建設項目) and Baisha River Flood Control Project (白沙河防洪治理項目). Leveraging on the national rural complex development layout (國家田園綜合體總體發展佈局), the Group intends to carry out the Irrigation Area Image Project (灌區印象), the Tianfu Original Town Project (天府原鄉) and another 22 key projects in Juyuan Town (聚源鎮) and Tianma Town (天馬鎮) improving the people's wellbeing with respect to high-quality farmland construction, forest planning and development, habitat environment improvement, highway construction, flood control.

Focus on its role as an integrated construction and investment platform in Dujiangyan City and diversify its business operations

The Group has established a diversified business model over the years covering areas such as engineering construction, primary land development, sand and gravel sales and other ancillary businesses. In striving to become an integrated construction and investment platform in Dujiangyan City with the ability to offer a full range of service across the green building materials supply chain, agricultural products supply chain and city-wide primary land development supply chain, the Group intends to establish a “3+3” business development system, i.e. to invest in the following six business areas: investment and financing, asset operation, urban and rural construction, land consolidation, green building materials and agricultural products supply chain.

Recent Development

Financial performance as at and for the six months ended 30 June 2023

As compared to its financial position as at 1 January 2023, as at 30 June 2023, the Group's short-term borrowings and long-term borrowings increased primarily due to the increases in the bank loans obtained by the Group and the Group's other payables increased primarily due to the increase in payables to Dujiangyan Investment in related party transactions, which resulted in the increase in financial expenses for the six months ended 30 June 2023, as compared to the same period in 2022. For the six months ended 30 June 2023, as compared to the same period in 2022, the Group's net cash flow from operating activities decreased primarily due to the increase in construction costs paid by the subsidiaries of the Group, which

resulted in the increase of cash paid for purchase of goods and services and the increase in cash paid to Dujianyan Investment in related party transactions, which resulted in the increase of cash paid relating to other operating activities.

Potential investors should note, in particular, that the Group's financial information as at and for the six months ended 30 June 2023 is derived from the Company's management accounts and has not been audited or reviewed by independent auditors. As such, the Group's financial information as at and for the six months ended 30 June 2023 has not been set out in detail in this Offering Circular and does not form part of this Offering Circular and potential investors should not rely on such financial information in their evaluation of the financial condition of the Group and in making their investment decisions. The aforementioned financial information as at and for the six months ended 30 June 2023 are not necessarily indicative of the results that may be expected for the year ending 31 December 2023 or any period thereafter. Consequently, potential investors must exercise caution when using such data to evaluate the Group's financial condition and results of operations. See "*Risk Factors — Risks Relating to the Group's Business The Issuer may publish periodical financial information in the PRC pursuant to applicable PRC regulatory rules. Investors should be cautious and not place any reliance on any financial information other than that disclosed in this Offering Circular*". None of the Joint Lead Managers, the Trustee or the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates or any person who controls any of them makes any representation or warranty, express or implied, regarding the accuracy of the Group's financial information as at and for the six months ended 30 June 2023 or the sufficiency of such financial information for an assessment of the Group's financial condition and results of operation.

Indebtedness incurred after 31 December 2022

Since 31 December 2022, the Group continued utilising external financing in the ordinary course of business to finance its operation. The Group may, from time to time, enter into bank loans and other financing arrangement and issue debt securities in the capital market in the ordinary course of business to finance its operations and to refinance existing debt. For details, please see descriptions under the "*Capitalisation and Indebtedness*".

Establishment of New Subsidiary

In July 2023, Dutou Lafarge, a 51 per cent. owned subsidiary of the Group, was incorporated. Upon commencement of operation, Dutou Lafarge will primarily produce prefabricated building materials and commercial ready mixed concrete and engage in the Group's building materials sales business under the Group's other business segment.

BUSINESS OPERATIONS

The Group's business operation consists of four segments: (i) engineering construction, (ii) primary land development, (iii) sale of sand and gravel and (iv) other businesses. The following table sets forth a breakdown of the Group's total revenue by business segment for the years indicated:

Business segments	For the years ended 31 December					
	2020		2021		2022	
	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total
	(pro forma)					
	(audited)		(audited)		(audited)	
		(RMB in million, except for percentages)				
Engineering Construction	247.02	25.40	186.21	17.00	227.33	16.92
Primary Land Development	328.14	33.75	349.21	31.88	434.35	32.32
Sand and Gravel Sales	64.24	6.61	158.00	14.42	312.53	23.26
Other Businesses	326.41	34.24	386.13	36.70	369.55	27.50
Total	972.34	100.00	1,095.42	100.00	1,343.76	100.00

Engineering Construction

Overview

The Group is a leading player in engineering construction in Dujiangyan City. The Group operates its engineering construction business primarily through its wholly-owned subsidiary New City Construction. The Group's engineering construction business mainly includes construction of infrastructure facilities and resettlement housing in Dujiangyan City. For the years ended 31 December 2020, 2021 and 2022, the revenue of the Group generated from its engineering construction business segment was RMB247.02 million, RMB186.21 million and RMB227.33 million, representing 25.40 per cent., 17.00 per cent. and 16.92 per cent. of the total revenue of the Group for the same years, respectively.

Business Model

The Group conducts its engineering construction business primarily through (i) the agency construction mode (委託代建模式) and (ii) self-construction and self-operating mode (自建自營模式).

Agency Construction Mode

Under the agency construction mode, New City Construction, as an agent, enters into agency construction agreements with government authorities including Dujiangyan Municipal People's Government (都江堰市人民政府), Dujiangyan Municipal Housing and Urban-Rural Development Bureau (都江堰市住房和城鄉建設局) ("Dujiangyan MHURDB"), Dujiangyan Municipal Bureau of Transportation (都江堰市交通局) ("Dujiangyan MBT"), as principals. Under the agency construction agreements, New City Construction is responsible for financing, project construction and project management for the construction projects. New City Construction finances such projects through its own funds, bank loans and government financial budget funds. After a project is completed and handed over to the relevant principal, the relevant principal would pay New City Construction the project construction cost incurred and a certain amount of profit as its service fee.

For example, (1) according to the agency construction agreement entered into between New City Construction and Dujiangyan MBT in 2020 with respect to the reform and upgrade of the tourism traffic management system in Dujiangyan City, Dujiangyan MBT would pay New City Construction the invested

amount of the project plus a reasonable profit, which equals to 18.0 per cent. of the project construction cost; and (2) according to the agency construction agreement entered into between New City Construction and Dujiangyan MHURDB in December 2020 with respect to municipal infrastructure projects including municipal roads, pipeline networks, parks, urban reforestation, sports centres, exhibition halls, administrative and office facilities, transport infrastructures and resettlement housing, after the relevant project is completed and handed over to Dujiangyan MHURDB within the specified time period, Dujiangyan MHURDB would pay New City Construction the investment amount of the project plus a reasonable profit, which equals 18.577 per cent. of the project construction cost.

The Group's major engineering construction projects under agency construction mode include the Extension of Outer North Street (外北街延伸段), the Post-disaster Reconstruction of Dujiangyan Section of the S106 Western Sichuan Tourism Loop (S106線川西旅遊環線都江堰段災後改建工程), North Neighborhood Project (北街坊項目), the Dujiangyan Old Cheng-A Highway Lingyan Mountain Tunnel Construction Project (都江堰市老成阿公路靈岩山隧道建設工程項目) and the Dujiangyan City Upstream Area (One Street Area) Infrastructure Construction Project (都江堰市上游片區(一街區)基礎設施建設工程項目). As at the date of this Offering Circular, the construction of the Extension of Outer North Street (外北街延伸段), the Post-disaster Reconstruction of Dujiangyan Section of the S106 Western Sichuan Tourism Loop (S106線川西旅遊環線都江堰段災後改建工程) and North Neighborhood Project (北街坊項目) has been completed and the construction of the Dujiangyan Old Cheng-A Highway Lingyan Mountain Tunnel Construction Project (都江堰市老成阿公路靈岩山隧道建設工程項目) and the Dujiangyan City Upstream Area (One Street Area) Infrastructure Construction Project (都江堰市上游片區(一街區)基礎設施建設工程項目) is still ongoing.

Self-construction and Self-operation Mode

Under the self-construction and self-operation mode, the Group finances the projects through its own funds and external financing activities, operates the projects on its own after completion and realises profit from such projects.

The Group's major engineering construction projects under self-construction and self-operating mode include the Dujiangyan City Rural Habitat Comprehensive Improvement Project (都江堰市鄉村人居環境綜合整治項目), the Comprehensive Improvement Project for Rivers including Baisha River and Longxi Gully in Dujiangyan City (都江堰市白沙河、龍溪溝等河道綜合整治工程項目) and the Green Industry Standardized Plant and New Building Materials Research and Development Center Project (綠色產業標準化廠房及新型建材研發中心項目). As at the date of this Offering Circular, the Dujiangyan City Rural Habitat Comprehensive Improvement Project (都江堰市鄉村人居環境綜合整治項目) is under construction and the Comprehensive Improvement Project for Rivers including Baisha River and Longxi Gully in Dujiangyan City (都江堰市白沙河、龍溪溝等河道綜合整治工程項目) and the Green Industry Standardized Plant and New Building Materials Research and Development Center Project (綠色產業標準化廠房及新型建材研發中心項目) are proposed to be constructed.

Primary Land Development

Overview

The Group operates its primary land development business through New City Construction and its subsidiaries including Dujiangyan Construction, Chengheng Rural Revitalisation. The Group's primary land development projects are mainly located in Qingchengshan Town (青城山鎮), Riverside New District (濱江新區), Xujia Town (胥家鎮) and Puyang Town (蒲陽鎮), with a total area of approximately 7,461.93 acres. For the years ended 31 December 2020, 2021 and 2022, the revenue of the Group generated from its primary land development business segment was RMB328.14 million, RMB349.21 million and RMB434.35 million, representing 33.75 per cent., 31.88 per cent. and 32.32 per cent. of the total revenue of the Group for the same years, respectively.

Business Model

The Group is mainly retained by Dujiangyan Land Reserve Center (都江堰市土地儲備中心) (“**Dujiangyan LRC**”) to carry out primary land development in Dujiangyan City. In accordance with the Land Consolidation and Pre-development Service Purchase Agreement (《土地整理及前期開發服務購買協定》) entered into between New City Construction and Dujiangyan LRC in October 2016, the New City Construction is responsible for the primary land development within in Riverside New District and Mangcheng Village (芒城村) and Yanjiang Villages (沿江村) of Qingchengshan Town, which includes land acquisition, land requisition, demolition of attachments on the lands, relocation and resettlement of residents of the lands and primary development of the lands (the “**Riverside New District and Qingchengshan Town Land Development Project**”). Dujiangyan LRC would pay New City Construction its expenses incurred in this project plus a certain amount of service fee, which is paid on a quarterly basis. In accordance with the Government Purchase Service Agreement (《政府購買服務協定》) entered into between Dujiangyan Construction and Dujiangyan LRC and in August 2017, Dujiangyan Construction is responsible for the Xujia Town and Puyang Town Land Project (胥家鎮、蒲陽鎮土地項目), which has a total investment amount of RMB800 million. Under the Government Purchase Service Agreement, Dujiangyan LRC would pay Dujiangyan Construction its investment amount in the Xujia Town and Puyang Town Land Project and a service fee of 7.22 per cent. of the total investment amount per annum on a quarterly basis. As at 31 December 2020, the Riverside New District and Qingchengshan Town Land Development Project and the Xujia Town and Puyang Town Land Project had been substantially completed. As at the date of this Offering Circular, the Group does not have any primary land development projects under construction or proposed to be constructed.

Sand and Gravel Sales

The Group started its sand and gravel sales business in 2020 primarily through its wholly-owned subsidiary, Runmao Industry. Runmao Industry extracts underground sand and gravel in river bed desilting and primary land development process. It adopts an integrated operation of extraction, transportation and sales and has an annual production capacity of approximately 2 million cubic meters. For the years ended 31 December 2020, 2021 and 2022, the revenue of the Group generated from its sale of sand and gravel business segment was RMB64.24 million, RMB158.00 million and RMB312.53 million, respectively, representing 6.61 per cent., 14.42 per cent. and 23.26 per cent. of the total revenue of the Group for the same years, respectively.

The Group’s major products in the sand and gravel sales business are mechanised sand (機制砂), natural sand (天然砂), rice stones (米石) and crushed stones with dimensions ranging from 16 millimeter to 31.5 millimeter (13石). Such products are primarily sold to customers in Dujiangyan City and its surrounding areas. The Group’s major customers in the sand and gravel sales business include China Railway High-tech Industry Co., Ltd. (中鐵高新工業股份有限公司), Dujiangyan Hengjun Yihao Building Materials Co., Ltd. (都江堰市恒俊逸皓建材公司), Chengdu Zhengyang Hongtai Building Materials Co., Ltd. (成都正洋宏泰建材有限公司), Sichuan Lvjing Trading Company Limited (四川綠景商貿有限公司) and Wenchuan Haihui Sand and Stone Co., Ltd. (汶川海輝砂石有限公司).

The Group expands its sand and gravel sales business over the years. In September 2022, Dujiangyan Municipal People’s Government transferred the operation rights of the sand and sandstone resources on certain planned construction land plots in Dagan Town (大觀鎮), Longchi Town (龍池鎮) and Shiyang Town (石羊鎮) in Dujiangyan City (the “**Sand and Sandstone Resources Operation Rights**”) to the Group at nil consideration. Such Sand and Sandstone Resources Operation Rights are valid for ten years and have an estimated value of RMB513 million. According to the survey report issued by an independent third party, the recoverable reserves of sand resources and sandstone resources on the planned construction land plots amounted to approximately 7.01 million cubic meters and 3.47 million cubic meters, respectively.

Other Businesses

The Group is also engaged in other businesses, including rental services, property sales, grain, oil, meat and eggs sales, building materials sales, asset transfers, material processing and consulting services. For

the years ended 31 December 2020, 2021 and 2022, the revenue of the Group generated from the other businesses segment was RMB326.41 million, RMB386.13 million and RMB369.55 million, respectively, representing 34.24 per cent., 36.70 per cent. and 27.50 per cent. of the total revenue of the Group for the same years, respectively.

Grain, Oil, Meat and Eggs Sales

The Group started its grain, oil, meat and eggs sales business in 2020 primarily through its subsidiary Runxi Supply Chain, which is 60 per cent. owned subsidiary of the Issuer. Ruxi Supply Chain is a comprehensive agricultural supply chain management entity and a professional supplier of all kinds of food products. Its business covers the procurement, storage and preservation of agricultural products, cold-chain logistics, distribution services and e-commerce. Ruxi Supply Chain mainly supplies food products such as grain, oil, meat and eggs to public schools and certain enterprises and institutions in Dujiangyan City.

Property Sales

The Group operates its property sales business primarily through its subsidiary New City Construction. The Group's revenue from the property sales business is mainly derived from (i) the sale of self-constructed commercial properties and (ii) the sale of the remaining resettlement housing which is sold as residential properties after the resettlement housing allocation process.

Asset transfer

The Group operates its asset transfer business primarily through its subsidiary New City Construction. The Group's revenue from the asset transfer business is mainly from the consideration paid by Dujiangyan LRC to the Group for the transfer of the Group's land use rights over certain commercial and residential land plots to Dujiangyan LRC pursuant to the State-owned Land Use Rights Acquisition Compensation Agreement (《國有土地使用權收儲補償合同》) entered into between the Group and Dujiangyan LRC.

Building Materials Sales

The Group operates its building materials sales business primarily through its subsidiary Runmao Industry. The Group purchases building materials and copper cathode from upstream suppliers and then sells such products to downstream merchants. The Group realises profit from the price difference between the procurement cost and the sales price of the products.

INSURANCE

The Group maintains insurance coverage in amounts that it believes are consistent with its risks of losses and with the customary practice in the relevant industry. The Group's insurance coverage in the PRC primarily consists of employee related insurance. The employee related insurance mainly consists of pension insurance, unemployment insurance, medical insurance, work-related injury insurance and maternity insurance in accordance with the relevant PRC laws and regulations. Consistent with customary practice in the PRC, the Group does not carry any third-party liability insurance to cover claims in respect of personal injury arising from accidents on its property or relating to its operations, nor does it carry any business interruption insurance or key-man life insurance on its key employees. Such insurances are not mandatory under the laws and regulations of the PRC and would impose material additional costs on the Group's operations, which would reduce its ability to compete in the PRC. The Group believes that it has sufficient insurance coverage in place and that the terms of its insurance policies are in line with industry practice in the PRC. However, no assurance can be given that the Group has sufficient insurance coverage for losses, damages and liabilities that may arise from its business operations.

ENVIRONMENTAL, HEALTH AND SAFETY 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 governmental authorities in the PRC. The Group believes that it is in compliance with all material aspects of applicable environmental laws and regulations. As at the date of this Offering Circular, the Issuer is not aware of any material environmental proceedings or investigations to which the Group is, or might become, a party. As at the date of this Offering Circular, the Group has not experienced any major pollution accident that has had a material adverse impact on the Group's production and operations.

The Group also regards occupational health and safety as one of its important social responsibilities. The Group's operations involve significant risks and hazards that are inherent in its activities. These risks and hazards could result in damage to, or destruction of, properties or production facilities, personal injury, environmental damage, business interruption and possible legal liability. As at the date of this Offering Circular, the Issuer is not aware of any material proceedings in relation to health and safety matters to which the Group is, or might become, a party. As at the date of this Offering Circular, the Group has not experienced any major health and safety accident that has had a material adverse impact on the Group's business operations.

EMPLOYEES

As at 31 December 2022, the Group had 100 employees. The Group has not previously experienced any work stoppages or strikes. In accordance with regulations applicable to enterprises and the relevant requirements of various local governments in areas in which the Group operates, the Group makes contributions to the pension contribution plan, employees' medical insurance, unemployment insurance, maternity insurance and workers' compensation injury insurance for such employees.

LITIGATION

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

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE ISSUER

BOARD OF DIRECTORS

The board of directors comprises three members (each a “**Director**”). As at the date of this Offering Circular, the Directors are as follows:

Name	Age	Position
Feng Xianyong (馮現勇)	39	Chairman of the Board of Directors
Kang Na (康娜)	41	Director and General Manager
Xiao Qiang (肖強)	53	Director

Mr. Feng Xianyong (馮現勇), aged 39, is the chairman of the board of directors of the Issuer. He is the Issuer’s Party Branch Secretary and a member of the Issuer’s Party Committee. He currently also serves as a director of New City Construction. He previously worked at Chuansu Dujiangyan Science and Technology Industrial Park (川蘇都江堰科技產業園), Dujiangyan Economic Development Zone Enterprise Service Centre (都江堰經濟開發區企業服務中心), the Statistics Division of the Comprehensive Office of the Administrative Committee of Dujiangyan Economic Development Zone (都江堰市經濟開發區管委會綜合處統計科), Dujiangyan Riverside Entertainment Investment Co., Ltd. (都江堰市濱江文娛投資有限責任公司). Mr. Feng graduated from Sichuan Agricultural University Department of Engineering Technology (四川農業大學工程技術系) and has obtained a bachelor’s degree.

Ms. Kang Na (康娜), aged 41, is a Director of the Issuer. She is a Chinese Communist Party (“**CCP**”) member. She currently also serves as a director of New City Construction. She previously worked at Dujiangyan Labor and Social Security Bureau (都江堰市勞動和社會保障局), Dujiangyan Human Resources and Social Security Bureau (都江堰市人力資源和社會保障局) and Chengdu Dujiangyan Culture and Tourism Group Co., Ltd. (成都市都江堰文旅集團有限責任公司). Ms. Kang Na has obtained a college degree.

Mr. Xiao Qiang (肖強), aged 53, is a Director and the chief financial officer of the Issuer. He currently also serves as a director and the chief financial officer of New City Construction. He previously worked at Ruorgai Meat Factory (若爾蓋肉聯廠), China Construction Bank Ngawa Tibetan and Qiang Autonomous Prefecture Nanping Branch (中國建設銀行阿壩州南坪支行), Dujiangyan Office of Chengdu Trust and Investment Company (成都市信託投資公司都江堰辦事處) and Dujiangyan Xingshi Investment Co., Ltd. (都江堰興市投資有限公司). Mr. Xiao has obtained a bachelor’s degree.

BOARD OF SUPERVISORS

The board of supervisors of the Issuer comprises five members (each a “**Supervisor**”). As at the date of this Offering Circular, the Supervisors are as follows:

Name	Age	Position
Tang Yan (唐燕)	49	Supervisor
Tang Yu (唐宇)	36	Supervisor
Yue Yangfan (岳洋帆)	36	Supervisor
Chen Xuemei (陳雪梅)	42	Supervisor
Zheng Wenkai (鄭文凱)	30	Supervisor

Ms. Tang Yan (唐燕), aged 49, is a Supervisor of the Issuer. She’s a medium-level certified public accountant. She currently also serves as the head of the financial management department of Dujiangyan Investment. She previously worked at Dujiangyan Weida Co., Ltd. (都江堰市偉達有限公司), Dujiangyan Modern Agriculture and Dujiangyan Xingshi Group Co., Ltd. (都江堰興市集團有限責任公司). Ms. Tang has obtained a college degree.

Mr. Tang Yu (唐宇), aged 36, is a Supervisor of the Issuer. He currently also serves as a staff in New City Construction. He previously worked at Dujiangyan Industrial Centralized Development Construction Investment Co., Ltd. (都江堰市工業集中發展建設投資有限責任公司), Dujiangyan Construction Engineering Co., Ltd. (都江堰建設工程有限責任公司) and Dujiangyan Modern Agriculture. Mr. Tang has obtained a college degree.

Mr. Yue Yangfan (岳洋帆), aged 36, is a Supervisor of the Issuer. She is a CCP member. She currently also serves as the head of the party and mass general affairs department of New City Construction. She previously worked at Dujiangyan Xingshi Water Industry Co., Ltd. (都江堰興市水業有限公司), Dujiangyan Xingshi Investment Co., Ltd. (都江堰興市投資有限公司), Dujiangyan Xingshi Group Co., Ltd. (都江堰興市集團有限責任公司) and Dujiangyan Investment. Ms. Yue has obtained a bachelor's degree.

Ms. Chen Xuemei (陳雪梅), aged 42, is a Supervisor of the Issuer. She is a CCP member. She currently also serves as the head of the investment and development department of New City Construction. She previously worked at Jinye Hotel (金葉賓館) in Dujiangyan City, Dujiangyan Wulingshanzhen (都江堰市武陵山珍), Dujiangyan Hydroelectric Tenth Bureau Base Management Office (都江堰市水電十局基地管理處), Dujiangyan Minjiang Investment and Management Co., Ltd. (都江堰市岷江投資經營有限責任公司), Dujiangyan Xingshi Group Co., Ltd. (都江堰興市集團有限責任公司) and Dujiangyan Essence Runyuan Agricultural Investment Co., Ltd. (都江堰市精華潤源農業投資有限公司). Ms. Chen has obtained a college degree.

Mr. Zheng Wenkai (鄭文凱), aged 30, is a Supervisor of the Group. He currently also serves as a staff of Dujiangyan Investment. He previously worked at Dujiangyan Municipal Taxation Bureau First Taxation Branch (都江堰市稅務局第一稅務分局). Mr. Zhang has obtained a bachelor's degree.

SENIOR MANAGEMENT

As at the date of this Offering Circular, the sole member of the senior management of the Issuer is as follows:

Name	Age	Position
Kang Na (康娜)	41	Director and General Manager

See “— *Board of Directors*” above for more details of the Issuer's General Manager, Ms. Kang Na.

DESCRIPTION OF THE LC BANK

The information included below is for information purposes only and is based on, or derived or extracted from, among other sources, publicly available information. Any information available from public sources that are referenced in this Offering Circular but is not separately included in this Offering Circular shall not be deemed to be incorporated by reference to this Offering Circular. The Issuer has taken reasonable care in the compilation and reproduction of the information. None of the Issuer, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them has independently verified such information. No representation or warranty, expressed or implied, is made or given by the Issuer, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them as to the accuracy, completeness or sufficiency of such information. Accordingly, such information should not be unduly relied upon. The Issuer confirms that the information included below has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from publicly available information, no facts have been omitted which would render the reproduced information inaccurate or misleading.

OVERVIEW

The Bank of Tianjin (formerly known as Tianjin City Cooperative Bank Co., Ltd.) was listed in the Hong Kong Stock Exchange since 2016 with the stock code of 1578. The Bank of Tianjin obtained a financial business certificate No. B0108H212000001 with the approval from the CBIRC (as defined below) and obtained a business license with unified credit record No. 911200001030702984 with the approval of Tianjin Market and Quality Supervision Administration. As at 31 December 2022, it had a total of 217 branches including Tianjin, Shanghai, Beijing, Shandong, Sichuan and Hebei.

As at 31 December 2022, the total asset of Bank of Tianjin stood at RMB761.08 billion, which represented a year-to-year increase of 5.70 per cent., and it recorded a net profit of RMB3,563.1 million for the year ended 31 December 2022, which represents a year-to-year increase of 10.90 per cent. In 2022, Bank of Tianjin adhered to the political and people-oriented nature of financial work, continued to promote the implementation of its “14th Five-Year Plan”, focused on its main responsibilities and business, rooted in local economy, served the national strategy, the real economy and people’s livelihood, strengthened comprehensive risk management, accelerated the construction of financial technology and digital transformation, and achieved steady growth in all types of business and overall operations.

Bank of Tianjin has obtained many honours and awards in 2022, including:

- Ranking 187th among “Top 1,000 World Banks” of 2022, up 7 places from the previous year
- Ranking 234th among “Top 500 World Bank Brand Value” of 2022
- Ranking 195th among “2022 Top 500 Service Enterprises in China”
- Ranking 33rd among “2022 China Banking Top 100”
- Ranking 23rd among “2022 Tianjin Entrepreneur Top 100”
- Ranking 9th among “Tianjin 2022 Service Enterprises Top 100”
- 2022 Excellent Urban Commercial Bank
- Listed as the “Local State-owned Enterprises Social Responsibility • Pioneer 100 Index”

- 2022 Social Responsibility Bank with Excellent Competitiveness
- Rated A on Wind ESG Rating List of 2022 Mainland China Listed Banks
- Best Foreign Currency Lending Membership, Best Foreign Currency Repurchase Member
- Top 20 Interbank Foreign Currency Markets 2022
- “2022 Annual Market Influence Award — Core Traders”
- “2022 Annual Market Influence Award — Money Market Traders”
- “Market Innovation Award — X-Repo”
- “Market Innovation Award — X-Lending”
- “Outstanding Underwriter” and “Innovation Award” of 2022 financial bonds
- “Best Innovative Cooperation Award” of 2022 financial bonds
- “2022 Financial Bond” Green Development Concept Promotion Award”
- 2022 Comprehensive Evaluation of China Bond Index Users “Innovation Leading Pioneer Institution”
- “Excellent Foreign Currency Repurchase Clearing Participant”
- “Annual Innovative Institution Commendation” award
- “Asset Support Notes Annual Outstanding Commendation” award
- The “Best Interbank Debt Financing Instrument Underwriter — Outstanding City Commercial Bank Award”
- The “Best Underwriter of Credit Bonds — Outstanding City Commercial Bank Award”
- The “Golden Bull Award for Wealth Management Products of Banks (City Commercial Bank)”
- The “Golden Bull Award for Wealth Management Products of Banks”
- The Outstanding Asset Management Award for City Commercial Bank
- The “Excellent Fixed-Income Banking Wealth Management Product”

PRINCIPAL BUSINESS ACTIVITIES

The Bank of Tianjin's principal lines of business consist of corporate banking business, personal banking business, treasury operations business and others.

(i) Corporate banking business

Corporate banking business is the Bank of Tianjin's main source of operating income and operating profit. The Bank of Tianjin offers corporate banking customers a broad array of products and services to support their business needs, including corporate loans, trade financing, deposit takings and other types of corporate intermediary services. The Bank of Tianjin's corporate banking customers primarily include fiscal and government agencies and institutions, state-owned enterprises, private enterprises, foreign invested enterprises and financial institutions.

In the year of 2022, the Bank of Tianjin focused closely on serving the real economy, insisted on returning to its origins, continued to strengthen its financial service capability and service level, fully utilized the role of finance in facilitating the circulation of the national economy, further improved its financial services in support of the prevention and control of the epidemic and the development the economy and society, and vigorously promoted a virtuous circulation of serving the real economy and realized its own high quality development. The Bank of Tianjin released credit through multiple channels, increased credit allocation, improved financial supply to national and regional major strategies, consolidated and enhanced the Bank of Tianjin's competitiveness and influence in the Beijing-Tianjin-Hebei region, accurately supported the production of medical supplies, daily necessities and living supplies of the public related to the prevention and control of the epidemic, and fully protected the transportation of supplies, the livelihood supply as well as small and micro enterprises, accommodation and catering, wholesale and retail, cultural tourism, foreign trade and foreign investment and other market entities seriously affected by the epidemic and also increased its support to areas such as science and technology innovation, green development, manufacturing industry and rural revitalization, and firmly fulfilled its responsibility and mission of "serving the real economy and empowering a better life".

(ii) Personal banking business

The Bank of Tianjin provides its personal banking customers a wide range of financial products and services, including personal loans, personal deposit, card business, personal wealth management services and other types of personal intermediary services.

In the year of 2022, in regards to its personal banking business, the Bank of Tianjin adopted the strategies of "focusing on products to build advantages", "focusing on revenue to make core profits", "focusing on service to provide excellent experience" and "focusing on reform to increase business vitality" in its retail business to build the brand image of "citizen's bank" and to promote development through innovation.

(iii) Treasury operations business

The goal of the Bank of Tianjin's treasury operation business is to meet its liquidity needs and, at the same time, maximize the return on its funds for non-lending activities by adopting various measures based on its profound knowledge of a broad range of financial products. The Bank of Tianjin strives to achieve balance between returns and risks in its investment portfolio by taking into account the market and macroeconomic conditions. The Bank of Tianjin's treasury operation business primarily includes money market, foreign exchange, precious metal and derivatives transactions, and debt instruments investments for its own accounts or on behalf of customers.

In the year of 2022, the Bank of Tianjin focused on key areas such as the coordinated development of Beijing, Tianjin and Hebei as well as green and environmental protection. At the same time, the Bank of Tianjin further enhanced quality and efficiency, deepened market analysis, constantly enhanced operating capability, and continuously improved the FICC (Fixed income, Currency & Commodity) product business system that integrates investment and financing and trading business. The Bank of Tianjin promoted the balanced development of financial market businesses including bond investments, interbank, notes, treasury transaction, foreign exchange and gold. With a diverse product business system, the Bank of Tianjin aspired to meet the multiple financing needs of the real economy, create multi-channel sources of profits and facilitate the high-quality development of treasury operations.

(iv) International business

In the year of 2022, the Bank of Tianjin resolutely implemented the policy deployment of the Party Central Committee and the State Council to stabilize the economy and foreign trade, and continuously increased its financial support to the foreign trade industry. The Bank of Tianjin also strived to explore the international business market through quality services and advantageous products, leading to faster business development.

SUMMARY OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM

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

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

The Bonds will initially be represented by beneficial interests in the Global Certificate in registered form which will be deposited with a sub-custodian for the Hong Kong Monetary Authority as operator of the CMU.

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

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

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 upon payment by the relevant Bondholder of any tax, duty or other governmental charges that may be imposed in relation to them (or the giving of such indemnity and/or security and/or pre-funding as the Registrar or the relevant Agent may require in respect thereof.

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

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

PAYMENT

In respect of a Global Certificate representing Bonds held through the CMU, any payments of principal, interest (if any) or any other amounts shall be made to the person(s) for whose account(s) interests in the Global Certificate are credited (as set out in the records of the CMU) at the close of business on the Clearing System Business Day immediately prior to the date for payment and, save in the case of final payment, no presentation of the Global Certificate shall be required for such purpose. For the purposes of this paragraph, “**Clearing System Business Day**” means a day on which the CMU is operating and open for business.

Notwithstanding the provisions of the preceding paragraph, payment of interest 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 and payment made in accordance thereof shall discharge the Issuer's obligations in respect of that payment. For these purposes, a notification from the CMU shall be conclusive evidence of 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.

CALCULATION OF INTEREST

So long as the Bonds are represented by the Global Certificate and such Global Certificate is held on behalf of a clearing system, the Issuer has promised, *inter alia*, to pay the amount payable upon redemption under the Terms and Conditions in respect of the Bonds represented by this Global Certificate and interest in respect of such Bonds from the Issue Date in arrear at the rates, on the dates for payment, and in accordance with the method of calculation provided for in the Terms and Conditions, save that the calculation will be made in respect of the total aggregate amount of the Bonds represented by such Global Certificate, together with such other sums and additional amounts (if any) as may be payable under the Terms and Conditions.

NOTICES

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of the CMU, notices to Bondholders shall be given by delivery of the relevant notice to the CMU in substitution for publication as required by the Terms and Conditions of the Bonds or by delivery of the relevant notice to the holder of the Global Certificate, and any such notice shall be deemed to have been given to the Bondholders on the day on which such notice is delivered to the CMU.

MEETINGS

For the purposes of any meeting of Bondholders, the holder of the Bonds represented by the Global Certificate shall (unless the Global Certificate represents only one Bond) be treated as two persons for the purposes of any quorum requirements of a meeting of Bondholders and as being entitled to one vote in respect of each integral currency unit of the currency of the Bonds.

BONDHOLDER'S REDEMPTION

The Bondholder's redemption options in Condition 7(c) 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.

ISSUER'S REDEMPTION

The option of the Issuer provided for in Condition 7(b) 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

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held by a sub-custodian of the CMU, transfers of beneficial interests in the Global Certificate will be effected only through records maintained by CMU and its participants in accordance with the rules and operating procedures of CMU and its participants.

CANCELLATION

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

TRUSTEE'S POWERS

In considering the interests of Bondholders while the Global Certificate is registered in the name of a nominee for a clearing system, the Trustee may, to the extent it considers it appropriate to do so in the circumstances, but without being 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.

PRC REGULATIONS

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

NDRC

According to the NDRC Circular, which was issued by the NDRC on 14 September 2015 and came into effect on the same day, if a PRC enterprise or an offshore enterprise controlled by a PRC enterprise wishes to issue bonds outside of the PRC with a maturity of one year or more than one year, such enterprise must in advance of issuing such bonds, file certain prescribed documents with the NDRC and procure a registration certificate from the NDRC in respect of such issue. The NDRC Administrative Measures, which was issued on 5 January 2023 and came into effect on 10 February 2023, replace the NDRC Circular. The NDRC Administrative Measures impose the following additional regulatory requirements:

- The enterprise for issuance of foreign debts, its controlling shareholders or de facto controlling persons (i) shall not have committed any crime relating to corruption, bribery, embezzlement or misappropriation of assets or other criminal offences that may impede the order of the socialist market economy, and (ii) shall not be under formal investigation for criminal offences or material breach of laws or regulations, in each case, within the past 3 years;
- Enterprises are required to undergo review and registration procedure to obtain the Certificate of Review and Registration of Enterprise Borrowing of Foreign Debts. Whilst a failure to register will not invalidate the foreign debt, The NDRC Administrative Measures provide that NDRC may take disciplinary measures against non-compliant enterprises and their main responsible persons, such as regulatory interview or public warning;
- Record-filing and registration materials to be submitted by an enterprise for the issuance of foreign debts shall include: application report for the issuance of foreign debts and issuance plan, including the currency, size, interest rate, and maturity of foreign debts, the purpose of the funds raised, back flow of funds, etc. The applicant shall be responsible for the authenticity, legality, and completeness of the application materials and information;
- Use of proceeds from foreign debt shall not threaten or be detrimental to information and data security, increase local government's hidden debts, or be used for speculative purposes. The NDRC Administrative Measures remove the restriction that the proceeds of foreign debt shall not be applied to make up the losses, and, in relation to onlending of proceeds, such arrangement is prohibited unless it has been disclosed in the application documents and approved by the NDRC;
- Enterprises are required to, among others, report on the status of the foreign debt within ten working days after the expiry of the relevant registration certificates, report on use of proceeds, principal and interest repayment status and arrangement and key business indicators within five working days prior to the end of January and July each year, and promptly report on any material event that may affect the due performance of their debt obligations;
- Enterprises and their main responsible persons may be subject to a public warning, if there is any concealment, false record, misleading statement or material omission in the application documents and information disclosed by such enterprises, or if they fail comply with certain reporting obligations.

Foreign Debt Registration

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

The Terms and Conditions provide that (i) within 15 Registration Business Days after the Issue Date, submit or cause to be submitted an application for registration of the Bonds with SAFE pursuant to the Administrative Measures for Foreign Debt Registration (《外債登記管理辦法》) and its operating guidelines, effective as of 13 May 2013 and if applicable, the Circular of the People's Bank of China on Matters relating to the Macro-prudential Management of Full-covered Cross-border Financing (Yin Fa [2017] No. 9) (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知) (銀發[2017]9號) issued by the People's Bank of China which came into effect on 12 January 2017. If the Issuer fails to complete the SAFE registration and (i) provide the Trustee with, among other things, the certificate confirming the completion the Foreign Debt Registration (as defined in the Terms and Conditions), and (ii) give notice to the Bondholders in accordance with Condition 17 of the Terms and Conditions before the Registration Deadline (being 120 Registration Business Days after the Issue Date), the Bondholders will have a put option to require the issuer to redeem the Bonds held by them at their principal amount together with accrued interest (see Condition 7(c) of the Terms and Conditions).

Regulation on Fiscal Debts of Local Governments

In accordance with the Announcement of the Ministry of Finance on Promulgation of the Capital Construction Project Cost Management Regulations issued on 6 July 2016 and effective on 1 September 2016, the construction agency established (or authorised to be established) by the government can be deemed as a department of the government and can directly prepare annual investment plan and annual budget for city infrastructure construction. In accordance with Guidance on Further Strengthening Adjustment of Credit Structure to Promote Fast and Smooth Development of National Economy (中國人民銀行、中國銀行業監督管理委員會關於進一步加強信貸結構調整促進國民經濟平穩較快發展的指導意見) issued jointly by the PBOC and CBRC in March 2009, local governments are encouraged to establish financing platforms to issue financing instruments such as enterprise bonds and medium-term notes. In order to strengthen the management of financing platforms and effectively prevent fiscal financial risks, Circular 19 and Circular 2881 were separately promulgated in June 2010 and November 2010, respectively. In accordance with Circular 19, all levels of local governments shall clear up the debts of their respective financing platform. In accordance with Circular 2881, indebtedness of local governments will impact financing platform's issuance of enterprise bonds.

On 21 September 2014, the Opinions of the State Council on Strengthening the Administration of Local Government Debts (“**Circular 43**”) was promulgated by the State Council. Circular 43 aims at regulating financing system of local government and the three channels are presented. In accordance with Circular 43, financing platforms shall no longer serve the fiscal financing functions nor incur new government debts. Public interest projects may be funded by the government through issuing government bonds, since the Budget Law of the PRC (the “**Budget Law**”), which took effect on 1 January 1995 and amended on 1 January 2015 and 29 December 2018, empowers local governments to issue government bonds, and public interest projects with income generated, such as city infrastructure construction, may be operated independently by social investors or jointly by the government and social investors through the establishment of special purpose companies. Social investors or such special purpose companies shall invest in accordance with market-oriented principles and may be funded by, among other market-oriented approaches, bank loans, enterprise 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 government shall not be liable for any of the social investors’ or special purpose companies’ debts. Circular 43 also sets forth the general principles of dealing with existing debts of financing platforms. Based on the auditing results of such debts run by the local governments, the existing debts that should be repaid by the local governments shall be identified, reported to State Council for approval, and then included in the budget plan of local governments.

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

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

- Support stock financing needs for projects under construction. Local governments at all levels and banking financial institutions shall ensure the orderly development of projects under construction. For the loans to the projects under construction of financing platform companies, if the loan contracts with legal effect have been signed before 31 December 2014 and the loans have been granted but the contracts have not yet expired, banking financial institutions shall, under the premise of fully controlling risks and implementing credit conditions, continue to grant loans as agreed in the contracts, and shall not blindly call in loans in advance, delay or suspend the granting of loans.
- Regulate increment financing for projects under construction. Local governments at all levels shall pay close attention to the increment financing needs which are expected to be given fiscal support for the projects under construction of the financing platform companies, and shall, under the premise of compliance with laws and regulations and standard administration, make overall arrangements for various kinds of capitals such as fiscal capital and social capital and ensure the continuation and completion of projects under construction. For the projects under construction of financing platform companies for which the loan amount in the contracts that have been signed fails to meet the construction needs, if it is suitable for them to adopt government and social capital cooperation mode, they shall prioritise such mode to make up the needs. And if they are in compliance with the relevant state provisions without any other funding sources for construction, but temporarily the government and social capital cooperation mode is not suitable, the increment financing needs shall be incorporated into government budget management and solved through issuing government bonds by local governments as required by laws and relevant regulations.

- Administer in an effective and proper manner follow-up financing for projects under construction. Banking financial institutions shall carefully check the destinations of the loans, and focus on supporting the projects under construction of financing platform companies in respects such as farmland water conservancy facilities, affordable housing projects and urban railway systems.
- Improve supporting measures. Under the premise of ensuring fiscal expenditure needs, in the regions where there are corresponding amount of government 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 efforts to effectively use the stock of fiscal funds in the previous years and use the surplus amount of the treasury for capital flow before government bond issuance, so as to address the time difference between the financing for projects under construction and government bonds issuance.

Land Use Rights

All land in the PRC is either state-owned or collectively-owned, depending on the location of the land. All land in the urban areas of a city or town is state-owned, and all land in the rural or suburban areas and all farm land are, unless otherwise specified by law, collectively owned.

The PRC Government has the right to resume its land ownership or the land use rights according to the relevant law if required for public interest (and compensation must be paid by the PRC Government).

Although all land in the PRC is owned by the PRC Government or by collectives, individuals and entities may obtain land use rights and hold such land use rights for development purposes. Individuals and entities may acquire land use rights in different ways. The two most important ways are land grants from local land authorities and land transfers from land users who have already obtained the land use rights.

Grant of Land Use Rights

Under the Interim Regulations of the People’s Republic of China on Assignment and Transfer of the State-owned Land Use Rights in Urban Areas (中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例) (the “**Interim Regulations on Assignment and Transfer**”) promulgated and enforced by the State Council on 19 May 1990 and amended on 29 November 2020, a system of assignment and transfer of the right to use state-owned land has been adopted. A land user shall pay a premium to the PRC Government as consideration for the assignment of land use rights within certain terms, and a land user may transfer, lease, and mortgage or otherwise commercially exploit the land use rights within the terms of use. Under the Interim Regulations on Assignment and Transfer and the Urban Real Estate Administration Law of the PRC (中華人民共和國城市房地產管理法) promulgated by the SCNPC on 5 July 1994 and amended on 27 August 2009 and 26 August 2019, the land administration authority under the local government of the relevant city or county shall enter into an assignment contract with the land user for an assignment of land use rights. The land user shall pay the assignment price as stipulated in the assignment contract. After paying the assignment price in full, the land user shall register with the land administration authority and obtain a land use rights certificate (the “**Land Use Rights Certificate**”). The Land Use Rights Certificate is an evidence of the acquisition of land use rights.

The grant of land use rights by way of competitive processes is subject to the Regulations on the Grant of State-owned Land Use Rights by Invitation of Tender, Auction or Listings-for-sale (招標拍賣掛牌出讓國有土地使用權規定) (the “**2007 Regulations**”), issued by the Ministry of Land and Resources of the PRC (“**MLR**”) on 9 May 2002 and revised on 28 September 2007 and the Rules on the Assignment of State-owned Land Use Right through Tenders, Auction and Putting up for Bidding (for Trial Implementation) (招標拍賣掛牌出讓國有土地使用權規範(試行)) promulgated by MLR on 31 May 2006. In addition, according to the Notice of the Ministry of Land and Resources and the Ministry of Supervision on Continuing the Implementation of the Law Enforcement and Supervision Work on the

Bid, Auction, and Listing of Commercial Land Use Rights (國土資源部、監察部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), the grant of land use rights must be made pursuant to auctions or listings at a land exchange and that no land use rights for commercial uses may be granted by way of agreement. The 2007 Regulations specifically provide that land to be used for industrial, commercial, tourism, entertainment or commodity residential purposes, or where there are two or more intended users for a certain piece of land, must be granted by way of competitive processes.

A number of measures are provided in the 2007 Regulations to ensure such grant of land use rights for commercial purposes is conducted openly and fairly. For instance, the relevant local land bureau must take into account various social, economic and planning considerations when deciding on the use of a certain piece of land, and its decision regarding land use designation is subject to approval of the city or provincial government. The grantee shall apply for land registration and obtain the state-owned land use rights certificate upon full payment of the land premium of the granted land according to the state-owned land use right granting contract. In the event that the land premium of the granted land is not paid in full, the grantee will not receive the land use rights certificate. In addition, the announcement of tender, auction or listing-forbidding must be made 20 days prior to the date on which such competitive process begins. Further, the 2007 Regulations also stipulated that for listing at a land exchange, the time period for accepting bids must not be less than ten working days. In the case of tender, the relevant local land bureau granting land use rights should examine the qualifications of intended bidders and inform those qualified to participate in the bidding processes by sending out tender invitations. Bidders are required to submit sealed bids and pay a security deposit.

When land use rights are granted by way of tender, a tender evaluation committee consisting of not less than five members (including a representative of the grantor and other experts), formed by the relevant local land bureau is responsible for opening the tenders and deciding on the successful bidder. The successful bidder will then sign the land grant contract with the relevant local land bureau and pay the balance of the land grant fee before obtaining the land use rights certificate.

Where land use rights are granted by way of auction, a public auction will be held by the relevant local land bureau. The land use rights are granted to the highest bidder. The successful bidder will then be asked to sign the land grant contract with the relevant local land bureau and pay the relevant land grant fee within a prescribed period.

Where land use rights are granted by way of listings-for-sale administered by the local government, a public notice will be issued by the relevant local land bureau to specify the location, area and purpose of use of land and the initial bidding price, period for receiving bids and terms and conditions upon which the land use rights are proposed to be granted. The land use rights are granted to the bidder with the highest bid who satisfies the terms and conditions. The successful bidder will enter into a land grant contract with the relevant local land bureau and pay the relevant land grant fee within a prescribed period.

Land use rights granted by way of bilateral agreement are subject to the Regulation Concerning the Grant of Land Use Right Through Bilateral Agreement (協議出讓國有土地使用權規定) promulgated by MLR, effective on 1 August 2003. It provides that only when the methods of tender or auction or listing for sale are not required by the laws, regulations and rules may land use rights be granted by bilateral agreement between the relevant land authority and the grantee party. The land grant fees carried out in agreement should not be lower than the minimum price set by the central government. For land in areas with standard land prices, the purchase price of land pursuant to any bilateral agreement should not be less than 70 per cent. of the standard land price of the relevant land category. If the price guidelines are not followed, the validity of the provision of land grant fees in the land grant contract may be deemed to be invalid. Only when there is only one prospective land user on the land to be granted may the land authority grant the land use rights through bilateral agreement, with the exception of land used for business, tourism, entertainment, commodity properties and others. After payment in full of the land grant fee, the land user may register with the land administration authority and obtain a Land Use Rights Certificate as evidence of the acquisition of the land use rights.

Environmental Protection Management

Major laws and regulations on environmental protection during the project construction process include the Environmental Protection Law of the People's Republic of China (中華人民共和國環境保護法) amended by SCNPC on 24 April 2014 which became effective on 1 January 2015, Law on Environmental Impact Assessment of the People's Republic of China (中華人民共和國環境影響評價法) promulgated by SCNPC on 28 October 2002 which became effective on 1 September 2003 and amended on 2 July 2016 and 29 December 2018, Administrative Regulations on Environmental Protection of Construction Projects (建設項目環境保護管理條例) issued by State Council on 29 November 1998 which became effective on the same date and amended on 16 July 2017 which amendment became effective on 1 October 2017, and Interim Measures for Environmental Protection Acceptance of Construction Projects upon Completion (建設項目竣工環境保護驗收暫行辦法) promulgated by SEPA on 20 November 2017 which became effective on the same date.

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

Construction Projects

The Environmental Impact Appraisal Law (環境影響評價法), promulgated by the Standing Committee of the National People's Congress on 28 October 2002, which became effective on 1 September 2003 and amended on 2 July 2016 and 29 December 2018 and the Administration Rules on Environmental Protection of Construction Projects (建設項目環境保護管理條例), promulgated by the State Council on 16 July 2017, which became effective on 1 October 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.

Employment Contracts

The PRC Labour Contract Law, promulgated by the Standing Committee of the National People's Congress on 29 June 2007, which became effective on 1 January 2008 and was amended on 28 December 2012 and became effective on 1 July 2013, governs the relationship between employers and employees and provides for specific provisions in relation to the terms and conditions of an employee contract. The PRC Labour Contract Law stipulates that employee contracts shall be in writing and signed. It imposes more stringent requirements on employers in relation to entering into fixed-term employment contracts, hiring of temporary employees and dismissal of employees. Pursuant to the PRC Labour Contract Law, employment contracts lawfully concluded prior to the implementation of the PRC Labour Contract Law and continuing as at the date of its implementation shall continue to be performed. Where an employment relationship was established prior to the implementation of the PRC Labour Contract Law, but no written employment contract was concluded, a contract shall be concluded within one month after its implementation.

Employee Funds

Under applicable PRC laws, regulations and rules, including the Social Insurance Law of the People's Republic of China (中華人民共和國社會保險法), promulgated by the Standing Committee of the

National People's Congress on 28 October 2010, which became effective on 1 July 2011 and was later amended on 29 December 2018, 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 on 24 March 2019, and Administrative Regulations on the Housing Provident Fund (住房公積金管理條例), promulgated by the State Council on 3 April 1999, which became effective on 3 April 1999 and as amended on 24 March 2002 and 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.

TAXATION

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

Hong Kong

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Bonds.

Stamp Duty

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

PRC

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

Pursuant to the Enterprise Income Tax Law effective on 1 January 2008 (amended on 29 December 2018) and the PRC Individual Income Tax Law effective on 1 January 2019, and their respective implementation regulations, an income tax is imposed on payments of interest by way of withholding in respect of the Bonds, made by the Issuer (if the Issuer is regarded as a PRC enterprise under the Enterprises Income Tax Law and/or the Individual Income Tax Law) to non-resident Bondholders, including non-resident enterprises and non-resident individuals. The current rates of such income tax are 20 per cent. (for non-resident individuals) and 10 per cent. (for non-resident enterprises) of the gross amount of the interest. If the relevant PRC tax authorities decide, in accordance with applicable tax rules and regulations, that the “de facto management bodies” of the Issuer are within the territory of the PRC, the Issuer may be held to be a PRC tax resident enterprise for the purpose of the Enterprise Income Tax Law and be subject to enterprise income tax at the rate of 25% in respect of its income sourced from both within and outside PRC. If the Issuer is regarded as a PRC tax resident enterprise, such enterprise income tax shall be withheld by the Issuer that is acting as the obligatory withholder and it shall withhold the tax amount from each payment due.

However, the tax so charged on interests paid on the Bonds to non-resident Bondholders who or which are residents of Hong Kong (including enterprise holders and individual holders) as defined under the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the

Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) which was promulgated on 21 August 2006 (the “**Tax Arrangement**”) for the purpose of the avoidance of double taxation will be 7 per cent. of the gross amount of the interest pursuant to the Tax Arrangement and relevant interpretation of the Tax Arrangement formulated by the State Administration of Taxation of China.

Under the Enterprise Income Tax Law and its implementation rules, any gains realised on the transfer of the Bonds by holders who are deemed under the Enterprise Income Tax 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 Enterprise Income Tax 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. In addition, there is uncertainty as to whether gains realised on the transfer of the Bonds by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax. If such gains are subject to PRC income tax, the 10 per cent. enterprise income tax rate and 20 per cent. individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Bonds minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. According to the Tax Arrangement, Bondholders who are Hong Kong residents, including both enterprise holders and individual holders, may be exempted from PRC income tax on capital gains derived from a sale or exchange of the Bonds.

In addition, pursuant to Circular 36 which took effect on 1 May 2016, entities and individuals providing services within the PRC are subject to VAT. The services are treated as being sold within the PRC where either the service provider or the service recipient is located in the PRC. The services subject to VAT include the provision of financial services such as the provision of loans. Circular 36 further clarifies that “loans” refer to the activity of lending capital for another’s use and receiving interest income thereon. Based on the definition of “loans” under Circular 36, the issuance of the Bonds is likely to be treated as a “loan” provided by the Bondholders to the Issuer, which thus shall be regarded as financial services for VAT purposes. In general, the income derived from the provision of loans will not be subject to VAT in the PRC if none of the Issuer, or the Bondholders is within the PRC. However, it is uncertain whether a foreign incorporated company which is deemed to be a PRC resident enterprise would be regarded as being within the PRC. In the event that the Issuer is deemed to be a PRC resident enterprise and is deemed to be within the PRC by the PRC tax authorities, the Bondholders may be deemed to be providing financial services to the Issuer within the PRC and consequently, the amount of interest on the Bonds payable by the Issuer to any non-resident Bondholders may be subject to withholding VAT at the rate of 6 per cent. plus related surcharges.

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

The interpretation and enforcement of Circular 36 and other applicable laws and regulations pertaining to PRC VAT involve uncertainties, and the above statements may be subject to further change upon the issuance of further clarification rules and/or different interpretation by the competent tax authority. There is uncertainty as to the application of Circular 36.

Pursuant to the Enterprise Income Tax Law, the PRC Individual Income Tax Law and the VAT reform detailed above, if the Issuer is regarded as a PRC tax resident enterprise, it shall withhold income tax (should such tax apply) from the payments of interest in respect of the Bonds for any non-resident

Bondholder and the Issuer shall withhold VAT (should such tax apply) from the payments of interest in respect of the Bonds for any Bondholder located outside of the PRC. However, in the event that the Issuer is required to make such a deduction or withholding (whether by way of income tax, VAT or otherwise), the Issuer have agreed to pay such additional amounts as will result in receipt by the Bondholders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required, as further set out in the “*Terms and Conditions of the Bonds*”.

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

SUBSCRIPTION AND SALE

The Issuer have entered into a subscription agreement with the Joint Lead Managers dated 3 November 2023 (the “**Subscription Agreement**”), pursuant to which and subject to certain conditions contained in the Subscription Agreement, the Issuer has agreed to issue and the Joint Lead Managers have severally and not jointly agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the principal amount of the Bonds as set forth opposite their names in the following table.

Joint Lead Managers	Principal amount of the Bonds to be subscribed
	(CNY)
China International Capital Corporation Hong Kong Securities Limited	50,000,000
Hung Sing Securities Limited	50,000,000
Huatai Financial Holdings (Hong Kong) Limited	50,000,000
Industrial Bank Co., Ltd. Hong Kong Branch	169,000,000
SunRiver International Securities Group Limited	50,000,000
BOCOM International Securities Limited	50,000,000
CNI SECURITIES GROUP LIMITED	50,000,000
SPDB International Capital Limited	50,000,000
Zheshang International Financial Holdings Co., Limited	50,000,000
China Galaxy International Securities (Hong Kong) Co., Limited	50,000,000
China Industrial Securities International Brokerage Limited	50,000,000
CNCB (Hong Kong) Capital Limited	50,000,000
ABCI Capital Limited	50,000,000
CEB International Capital Corporation Limited	50,000,000
Orient Securities (Hong Kong) Limited	50,000,000
Dongxing Securities (Hong Kong) Company Limited	50,000,000
China CITIC Bank International Limited	50,000,000
Total	969,000,000

The Subscription Agreement provides that the Issuer will indemnify the Joint Lead Managers and their affiliates against certain liabilities in connection with the offer and sale of the Bonds. The Subscription Agreement provides that the obligations of the 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.

STABILISATION

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

OTHER RELATIONSHIPS

In connection with the offering of the Bonds, each of the Joint Lead Managers and/or their affiliates, or affiliates of the Issuer, may act as investors and place orders, receive allocations and purchase the Bonds for their own account and enter into transactions, including, without limitation, credit derivatives, including asset swaps, repackaging and credit default swaps relating to the Bonds or the securities of the

Issuer and its subsidiaries or associates and the other members of the Group 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 purchaser of the Bonds). Such orders, allocations, trading of the Bonds and transactions may be material. Each Joint Lead Manager and/or its affiliate(s), or affiliates of the Issuer may purchase Bonds and be allocated Bonds for asset management and/or proprietary purposes, acting as investor for their own accounts and not with a view to distribution, and may in that capacity may retain, purchase or sell for its own account such securities and any securities of the Issuer or related investments 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, acting in such capacity. Such entities are not expected to disclose such transactions or the extent of any such investment or transactions otherwise than in accordance with any applicable legal or regulatory obligation to do so. If such transactions occur, the trading price and liquidity of the Bonds may be impacted. Furthermore, it is possible that only a limited number of investors may subscribe for a significant proportion of the Bonds. If this is the case, the trading price and liquidity of trading in the Bonds may be constrained (see “*Risk Factors — Risks Relating to the Bonds and the Irrevocable Standby Letter of Credit — The liquidity and price of the Bonds following the offering may be volatile*”). The Issuer and the Joint Lead Managers are under no obligation to disclose the extent of the distribution of the Bonds amongst individual investors, otherwise than in accordance with any applicable legal or regulatory requirements.

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

The Joint Lead Managers and their affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities (the “**Banking Services or Transactions**”). The Joint Lead Managers and their affiliates may have engaged in, and may in the future engage in, various Banking Services or Transactions in the ordinary course of business with the Issuer or its subsidiaries, jointly controlled entities or associates or other members of the Group from time to time, for which they have received, or will receive, fees and expenses. They have received, and may in the future receive, customary fees and commissions for these transactions. In addition to the transactions noted above, the Joint Lead Managers and their affiliates may, from time to time, engage in other transactions with, and perform services for, the Issuer or its subsidiaries, jointly controlled entities or associates or other members of the Group in the ordinary course of their business. In addition, the Joint Lead Managers and certain of their respective subsidiaries and affiliates may hold shares or other securities in the Issuer as beneficial owners, on behalf of clients or in the capacity of investment advisers.

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

This notice to CMI (including private banks) is a summary of certain obligations the SFC Code imposes on CMI, which require the attention and cooperation of other CMI (including private banks). Certain CMI may also be acting as 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 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 Joint Lead Managers accordingly.

CMIs are informed that the marketing and investor targeting strategy for this 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 Joint Lead 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 Joint Lead 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); and
- Whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus order should be sent to: IB_TianfuSource@cicc.com.cn, team.syndicate@hungsinggroup.com, cm1@sris.com.hk, dcmgroup@cnigroup.com.hk, DCM@chinastock.com.hk, dcm@xyzq.com.hk, abcic.dcm@abci.com.hk and dcm@dxzq.com.hk.

To the extent information being disclosed by CMI 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 Joint Lead 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 Joint Lead Manager with such evidence within the timeline requested.

SELLING RESTRICTIONS TO THE OFFERING

General

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

No action has been or will be taken in any jurisdiction by the Issuer 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.

United States

The Bonds have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States.

The Bonds are being offered and sold outside of the United States in reliance on Regulation S.

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

United Kingdom

Each Joint Lead Manager 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.

PRC

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

Hong Kong

Each Joint Lead Manager has represented, warranted 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 Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

Singapore

Each Joint Lead Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented 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 or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

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

Japan

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**Financial Instruments and Exchange Act**”). Accordingly, each Joint Lead Manager has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Bonds in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

SUMMARY OF CERTAIN DIFFERENCES BETWEEN PRC GAAP AND IFRS

The Issuer's Audited Financial Statements 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.

Provision for Future Development Fund and Work Safety Cost

Under PRC GAAP, in accordance with relevant regulations of the Chinese authorities, the Group has to accrue special reserves such as future development funds, which are presented as cost of expenses of the period and the amount that has been accrued but not used are presented in special reserve of owner's equity. Work safety cost, which belongs to cost of expenses, directly offset the special reserves. The accrued work safety cost, which is used by enterprises and used to form fixed assets, shall be charged as "construction in progress", and recognised as a fixed asset upon the project being completed and reaching the expected operational standard. Meanwhile, the special reserves are offset in accordance with the cost of fixed asset formation, while the equivalent amount of accumulated depreciation is recorded. The fixed asset so formed shall cease to accrue depreciation in the following periods.

Pursuant to the IFRS, these expenditures should be recognised when incurred. Relevant capital expenditures are recognised as part of cost of non-current assets when they are incurred and depreciated according to the respective depreciation policy. The differences between the abovementioned standards give rise to differences in deferred tax.

Government Grant

Under PRC GAAP, an assets-related government grant is only required to be recognised as deferred income, and evenly amortised to profit or loss over the useful life of the related asset. However, under IFRS, such assets-related government grants are allowed to be presented in the statement of financial position either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

Under PRC GAAP, the relocation compensation for public interests is required to be recognised as special payables. The income from compensation attributable to losses of fixed assets and intangible assets, related expenses, losses from production suspension incurred during the relocation and reconstruction period and purchases of assets after the relocation shall be transferred from special payables to deferred income and accounted for in accordance with the government grants standard. The surplus reached after deducting the amount transferred to deferred income shall be recognised in capital reserve. Under IFRS, if an entity relocates for reasons of public interests, the compensation received shall be recognised in profit and loss.

Reversal of an Impairment Loss

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

Related Party Disclosures

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

Under IFRS, government-related entities are still treated as related parties.

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 the CMU under Common Code of 271505183, ISIN Code of HK0000963584, and CMU Instrument Number of BNYHFN23174.
2. **Legal Entity Identifier:** The Legal Entity Identifier of the Issuer is 8368000N9H1MEVNKM283.
3. **Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the Bonds, the Trust Deed and the Agency Agreement. The issue of the Bonds was authorised by a resolution of the board of directors of the Issuer dated 11 May 2023 and the approval from the shareholder of the Issuer dated 13 September 2023. PRC counsel to the Issuer and PRC counsel to the Joint Lead Managers have advised that no other approvals or consents are required from any regulatory authorities or other relevant authorities in the PRC for the Issuer to issue the Bonds except for (i) the submission of the Bonds for registration with SAFE within 15 Registration Business Days after the Issue Date and (ii) the filing of the requisite information and documents with the NDRC within 10 Registration Business Days after the Issue Date.
4. **NDRC Pre-issuance Registration:** Pursuant to the Administrative Measures for Examination and Registration of Medium and Long-term Foreign Debt 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 Administrative Measures**”), the Issuer has registered the issuance of the Bonds with the NDRC and has obtained a certificate from the NDRC on 28 July 2023 evidencing such registration which as at the date of this Offering Circular, remain in full force and effect.
5. **No Material Adverse Change:** There has been no material adverse change, or any development likely to involve an prospective change (nor any development or event involving a prospective change), in the condition (financial or other), business, prospects, results of operations, general affairs, properties or profitability of the Issuer or of the Group, which is material and adverse in the context of the issue and offering of the Bonds since 31 December 2022.
6. **Litigation:** Neither the Issuer nor any other member of the Group is involved in any litigation or arbitration proceedings that the Issuer believes are material in the context of the Bonds nor is the Issuer aware that any such proceedings are pending or threatened.
7. **Available Documents:** Copies of the Trust Deed, the Agency Agreement and the Irrevocable Standby Letter of Credit will be made available for inspection by Bondholders from the Issue Date, following prior written request and proof of holding and identity to the satisfaction of the Trustee or, as the case may be, the CMU Lodging and Paying Agent, at all reasonable times during normal business hours in Hong Kong (being between 9:00 a.m. to 3:00 p.m. from Monday to Friday (other than public holidays)) at the principal office for the time being of the Trustee (being at the Issue Date at Level 26, Three Pacific Place, 1 Queen’s Road East, Hong Kong) and at the specified office for the time being of the CMU Lodging and Paying Agent, so long as any Bond is outstanding.
8. **Audited Financial Statements:** The Audited Financial Statements prepared in accordance with the PRC GAAP, which are included elsewhere in this Offering Circular, have been audited by Tianheng, as stated in its reports appearing herein.
9. **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. Such permission is expected to become effective on or about 13 November 2023.

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Note: Due to translation and formatting issues, references to "Dujiangyan Urban and Rural Construction Group Co., LTD" and "Dujiangyan Urban-Rural Construction Group Co., LTD" in F-1 to F-206 are to "Dujiangyan Urban and Rural Construction Group Co., Ltd. (都江堰市城鄉建設集團有限公司)".

Dujiangyan urban and rural construction Group Co., LTD
Consolidated Financial Statements and Auditor's Report

For the year ended 31 December 2022

Report No.Talent (shen) (2023) 01582

Talent Certified Public Accountants
(Special General partnership)

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Auditor's Report

To all Shareholders of Dujiangyan Urban and Rural Construction Group Co., LTD:

1、Opinion

We have audited the financial statements of Dujiangyan Urban and Rural Construction Group Co., LTD. ("Urban and Rural Construction Group"), which comprise the consolidated and company balance sheet as at 31 December 2022, the consolidated and parent company income statements, the consolidated and parent company cash flow statements, the consolidated and parent company statements of changes in shareholders' equity, as well as the notes to the financial statements for the year 2022.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of Urban and Rural Construction Group, as at December 31, 2022, and the consolidated results of operations and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises ("ASBEs").

2、Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing ("CSAs"). Our responsibilities under those standards are further elaborated in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of Urban and Rural Construction Group, Ltd. in accordance with China Code of Ethics for Certified Public Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3、Other Information

The management of Urban and Rural Construction Group (hereinafter referred to as the "Management") is responsible for other information. Other information includes information

covered in Urban and Rural Construction Group's 2022 annual report, but excludes the financial statements and our auditor's reports.

Our audit opinion on the financial statements does not include other information, nor do we express any form of forensic conclusion on other information.

In conjunction with our audit of the financial statements, it is our responsibility to read the other information, and consider whether the other information is materially inconsistent with or appears to be materially misstated from the financial statements or what we have learned during the audit.

Based on the work we have performed, if we conclude that other information is materially misstated, we should report that fact. We do not have anything to report in this regard.

4、 Responsibilities of the Management and those Charged with Governance for the Financial Statements

The management is responsible for the preparation and fair presentation of the financial statements in accordance with ASBEs, and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing Urban and Rural Construction Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern assumption unless management either intends to liquidate Rural Construction Group or to cease operations, or has no realistic alternative but to do so.

Those who charged with governance is responsible for overseeing the financial reporting process of Urban and Rural Construction Group.

5、 Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with China

Standards on Auditing ("CSAs") will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

(1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.

(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

(4) Conclude on the appropriateness of the management's use of the going concern assumption and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Urban and Rural Construction Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required by CSAs to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Urban and Rural Construction Group to cease to continue as a going concern.

(5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Urban and Rural Construction Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Nanjing, China

25 April, 2023

Chinese Certified Public Accountants:
Lai Yong



Chinese Certified Public Accountants:
Li Yingxi



Consolidated Balance Sheet

31 December 2022

Prepared by: Dujianyan Urban and Rural Construction Group Co., LTD

unit:RMB


Items	Notes	31 December 2022	31 December 2021
CURRENT ASSETS:			
Cash and bank balance	7.1	271,132,758.75	156,347,022.62
Financial assets held for trading			
Derivative financial assets			
Notes receivable			
Accounts receivable	7.2	2,814,146,080.13	2,945,027,311.16
Accounts receivable financing			
Prepayments	7.3	293,739,115.30	466,773,336.11
Other receivables	7.4	4,361,910,581.38	3,713,270,680.50
Including Interest receivable			
Dividend receivable			
Inventories	7.5	17,368,528,587.23	16,401,737,597.90
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets	7.6	16,414,746.85	44,389,351.58
Total current assets		25,115,871,869.64	23,727,545,299.87
NON-CURRENT ASSETS:			
Available-for-sale financial assets			
Debt investment			
Other debt investment			
Long-term receivables	7.7	-	10,648,333.24
Long-term equity investments	7.8	21,926,261.24	23,162,623.75
Investment in other equity instruments	7.9	407,362,745.56	407,362,745.56
Other non-current financial assets	7.10	724,874,028.51	724,375,000.00
Investment properties	7.11	1,566,783,570.38	1,232,179,907.08
Fixed assets	7.12	234,298,332.84	242,170,488.97
Construction in progress	7.13	219,274.50	360,997,763.96
Productive biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets	7.14	513,524,126.24	693,311.72
Development expenditure			
Goodwill			
Long-term deferred expenses	7.15	1,597,438.38	584,296.41
Deferred tax assets	7.16	265,977.43	275,025.69
Other non-current assets	7.17	348,408,319.77	448,261.28
Total non-current assets		3,879,260,074.85	3,002,897,757.66
Total Assets		28,995,131,944.49	26,730,443,057.53

Legal Representative:

Chief Accountant:

Head of Accounting Department:





Consolidated Balance Sheet (Continued)

31 December 2022

Prepared by: Dujianyan Urban and Rural Construction Group Co., LTD

unit: RMB

Items	Notes	31 December 2022	31 December 2021
CURRENT LIABILITIES:			
Short-term borrowings	7.18	749,890,000.00	681,870,000.00
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable	7.19	22,701,454.45	14,414,791.96
Accounts payable	7.20	410,773,258.31	337,703,028.61
Receipts in advance			
Contract liabilities	7.21	4,836,301.77	141,137,039.44
Payroll and employee benefits payable	7.22	778,279.38	477,859.26
Taxes payable	7.23	691,566,332.18	749,152,564.75
Other payables	7.24	6,983,175,864.19	4,204,489,160.46
Including: Interest payable			
Dividends payable			
Liabilities classified as held for sale			
Non-current liabilities due within one year	7.25	2,427,417,729.82	3,588,755,914.69
Other current liabilities	7.26	395,327.56	7,864,513.72
Total Current Liabilities		11,291,534,547.66	9,725,864,872.88
NON-CURRENT LIABILITIES:			
Long-term borrowings	7.27	4,161,888,703.11	3,229,815,941.21
Bonds payable	7.28	425,571,084.71	744,201,978.30
Including: Preference share			
Perpetual debt			
Lease liability			
Long-term payables	7.29	774,356,434.13	1,043,312,583.65
Accrued liabilities			
Deferred income			
Deferred tax liabilities	7.16	196,376,121.40	197,779,512.98
Other non-current liabilities	7.30	26,600,000.00	376,238,962.71
Total non-current liabilities		5,584,792,343.35	5,591,348,978.85
Total liabilities		16,876,326,891.01	15,317,213,851.74
SHAREHOLDERS' EQUITY:			
Paid-in capital	7.31	227,000,000.00	27,000,000.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserves	7.32	6,005,671,820.27	5,555,259,110.38
Less: Treasury shares			
Other comprehensive income	7.33	619,356,218.79	619,356,218.79
Special reserve			
Surplus reserve			
Undistributed profits	7.34	1,900,930,782.58	1,747,478,460.60
The equity of owner's attributable to parent company		8,752,958,821.64	7,949,693,789.77
Minority interest		3,365,846,231.84	3,464,135,416.02
Total shareholders' equity		12,118,805,053.48	11,413,229,205.79
Total liabilities and shareholders' equity		28,995,131,944.49	26,730,443,057.53

Legal Representative:

Chief Accountant:

Head of Accounting Department:

Consolidated Income Statement

For the period January to 31 December 2022

Prepared by: Bujiangya Urban and Rural Construction Group Co., LTD

unit: RMB

Items	Notes	2022	2021
1. Total revenue		1,343,783,366.77	1,395,421,764.57
Including: Operating revenue	7.35	1,343,783,366.77	1,095,421,764.57
2. Total cost of sales		1,162,068,995.57	989,390,645.54
Including: Operating costs	7.35	1,092,960,434.84	894,308,650.52
Taxes and surcharges	7.36	12,218,737.25	8,910,642.82
Selling expenses	7.37	5,469,402.22	3,445,193.46
Administrative expenses	7.38	20,349,815.12	17,771,433.92
Research and development expenses			
Finance expenses	7.39	30,482,606.14	44,956,525.82
Including: Interest expenses		28,699,104.52	38,824,757.17
Interest income		1,379,428.92	448,865.21
Add: Other income	7.40	104,179,094.06	139,860,529.69
Investment income (losses expressed with "-")	7.41	51,297,537.49	25,257,000.00
Including: Share of profit or loss of associates and joint ventures		-1,236,362.51	-
Discontinued recognition gains on financial assets measured at amortised cost (losses expressed with "-")			
Net exposure to hedging gains (loss expressed with "-")			
Gain from fair value changes (loss expressed with "-")	7.42	-5,612,065.33	1,131,855.45
Credit impairment loss (loss expressed with "-")	7.43	497,812.31	-632,429.57
Asset impairment losses (losses expressed with "-")			
Gain on disposal of assets (loss expressed with "-")	7.44	5,137.58	1,883.16
3. Operating profit		332,658,486.41	292,999,797.18
Add: Non-operating income	7.45	125,463.16	236,917.56
Less: Non-operating Expenses	7.46	14,294,318.02	13,915,175.61
4. Profit(loss) before tax		317,789,631.55	279,321,499.11
Less: Income tax expense	7.47	70,419,885.86	89,851,555.23
5. Net profit (loss)		247,369,745.69	189,469,943.88
5.1 Categorized by operation continuity			
(1) Net profit from continuing operations (net loss expressed with "-")		247,369,745.69	189,469,943.88
(2) Net profit from discontinued operations (net loss expressed with "-")			
5.2 Categorized by ownership			
(1) Net profit attributable to owners of the parent company		191,452,321.98	156,535,810.42
(2) Net profit attributable to minority interests		55,917,423.71	32,934,133.46
6. Other comprehensive income, net of tax		-	-
Net of other comprehensive income attributable to the owner of the parent company		-	-
6.1 Other comprehensive income that cannot be reclassified into profit or loss			
(1) Remeasurement of changes in defined benefit pension schemes			
(2) Share of other comprehensive income of investees that cannot be reclassified into profit or loss under the equity method			
(3) Changes in fair value of investments in other equity instruments			
(4) Changes in fair value of the enterprise's credit risk			
(5) Others			
6.2 Other comprehensive income to be reclassified to profit or loss			
(1) Other comprehensive income that can be transferred to profit or loss under the equity method			
(2) Changes in fair value of other debt investments			
(3) The amount of financial assets reclassification into other comprehensive income			
(4) Provision for credit impairment of other debt investments			
(5) Effective gains/loss Cash flow hedges			
(6) Differences arising from translation of foreign currency-denominated financial statements			
(7) Others			
Other comprehensive income, net of tax, attributable to non-controlling interests			
7. Total comprehensive income		247,369,745.69	189,469,943.88
Total comprehensive income attributable to owners of the parent company		191,452,321.98	156,535,810.42
Total comprehensive income attributable to minority interests		55,917,423.71	32,934,133.46
8. Earnings per share			
(1) Basic earnings per share			
(2) Diluted earnings per share			

Legal Representative:

Chief Accountant:

Head of Accounting Department:

Consolidated Cash Flow Statement

For the period 1 January to 31 December 2022

Prepared by: Dujiangyan Urban and Rural Construction Group Co., LTD

unit: RMB

Items	Notes	2022	2021
1. CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from commodities and rendering of services		509,070,927.96	830,093,388.27
Tax rebates		11,428,313.74	-
Cash generated from other operating activities		9,695,459,347.15	11,822,312,281.68
Subtotal of cash inflows from operating activities		10,215,958,588.85	12,652,405,679.95
Payments for commodities and services		1,160,621,156.16	237,112,693.59
Cash paid to and for employees		13,376,333.56	12,440,251.62
All taxes paid		38,140,712.86	98,260,208.14
Cash paid relating to operating activities		6,847,910,044.90	11,177,275,133.48
Subtotal of cash outflow from operating activities		8,968,048,247.48	11,525,088,286.83
Net cash flows from operating activities		2,155,910,341.37	1,127,317,393.12
2. CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disinvestment		124,375,000.00	-
Investment income		52,534,000.00	26,267,000.00
Net proceeds on disposal of fixed assets, intangible assets and other long-term assets		5,137.68	-
Net proceeds on disposal of subsidiaries and other business units			
Cash generate from other investment activities		-	2,017,356.48
Subtotal of cash inflows from investment activities		176,914,137.68	28,284,356.48
Purchase of fixed assets, intangible assets and other long-term assets, and expenditure in product development		328,974,813.11	242,792,323.04
Purchase of trading investments		194,674,028.51	-
Acquisition of subsidiaries and other business units			
Cash used in other investment activities			
Subtotal cash outflow from investment activities		523,648,841.62	242,792,323.04
Net cash flows from investing activities		-346,934,703.94	-214,507,966.56
3. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash receipts from investments		400,000,000.00	159,000,000.00
Including: the cash receipts from subsidiaries' investments from minority interests		200,000,000.00	-
Increase in borrowings obtained		2,624,136,121.90	1,926,923,751.10
Proceeds on issue of bonds		934,770,000.00	551,175,001.00
Cash generated from other financing activities		89,061,088.81	-
Subtotal of cash inflows from financing activities		4,047,967,210.71	2,637,098,752.10
Repayments of borrowings		4,387,111,403.16	2,689,646,586.35
Dividends paid, interest paid and profit distribution		628,262,781.28	822,771,101.17
Including: dividends and profits paid by subsidiaries to minority interests		2,400,000.00	-
Cash used in other financing activities		587,284,382.02	75,310,000.00
Subtotal cash outflows from financing activities		5,702,658,566.46	3,587,727,687.52
Net cash flows from financing activities		-1,654,691,355.75	-950,628,935.42
4. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
5. NET INCREASE IN CASH AND CASH EQUIVALENTS			
		154,284,281.68	-37,819,508.86
Add: Cash and cash equivalents at the beginning of period		81,037,022.62	118,856,531.48
6. CASH AND CASH EQUIVALENTS AT THE END OF YEAR			
		235,321,304.30	81,037,022.62

Legal Representative:

Chief Accountant:

Head of Accounting Department:





Consolidated Statement of Changes in Shareholders' Equity

For the period 1 January to 31 December 2022

Items	2022											
	Equity attributable to owners of the parent											
	Preference shares		Other equity instruments		Capital reserves		Less: Treasury shares		Other Comprehensive Income		Minority interest	Total owners' equity
Subtotal	Others	Prepaid debt	Others	Reserves	Surplus	Special reserves	Surplus reserves	Undistributed profit	Subtotal			
1. Balance at the end of prior year	27,000,000.00				5,555,259,110.26				619,356,218.79		3,464,135,416.02	11,413,228,985.79
1.1 Adjustments for changed accounting policies												
1.2 Adjustments for corrections of previous errors												
1.3 Adjustments for business combination under common control												
1.4 Others												
2. Balance at the beginning of the year	27,000,000.00				5,555,259,110.26				619,356,218.79		3,464,135,416.02	11,413,228,985.79
3. Increase/decrease in the current year ("+" for decrease)	200,000,000.00				450,412,769.89						-99,293,194.18	785,573,847.88
3.1 Total comprehensive income												
3.2 Capital increased and decreased by issues and capital transactions	200,000,000.00				450,412,769.89							247,269,847.88
(1) Capital contributed by owners	200,000,000.00				37,802,440.52							498,658,206.04
(2) Capital contributed by other equity instruments holders												
(3) The amount of share-based payments included in owners'												
(4) Others												
3.3 Profit distribution												
(1) Appropriation to surplus reserve												
(2) Appropriation to the general risk reserve												
(3) Profit distributed to owners' (or shareholders)												
(4) others												
3.4 Transfer within the owners' equity												
(1) Increase in capital from capital reserve												
(2) Increase in capital from surplus reserve												
(3) Recovery of losses by surplus reserve												
(4) Changes in defined benefit pension schemes that transferred into related earnings												
(5) Other comprehensive income that transferred into retained												
(6) others												
3.5 Special reserves												
(1) Increase in the period												
(2) Used in the period (expressed with "-")												
3.6 Others												
4. Balance at the end of the year	27,000,000.00				6,005,671,880.27				619,356,218.79		3,364,842,221.84	12,118,855,833.48

Chief Accountant: *AKS*

Head of Accounting Department: *Edum*



Consolidated Statement of Changes in Shareholders' Equity (Continued)

For the period 1 January to 31 December 2021

Item	Equity attributable to owners of the parent						Monthly interest	Total owners' equity				
	Paid-up capital (capital stock)	Preference shares	Other equity instruments	Capital reserves	Less: Treasury shares	Other Comprehensive Income			Special reserve	Surplus reserve	Undistributed profit	subtotal
1. Balance at the end of prior year	10,070,000.00	-	-	5,124,945,995.38	-	819,256,218.79	-	-	1,819,832,850.20	7,374,134,854.37	3,704,050,580.93	11,078,185,435.30
1.1 Adjustments for changed accounting policy	-	-	-	-	-	-	-	-	-	-	-	-
1.2 Adjustments for corrections of previous errors	-	-	-	-	-	-	-	-	-	-	-	-
1.3 Adjustments for business combinations under common control	-	-	-	-	-	-	-	-	-	-	-	-
1.4 Others	-	-	-	-	-	-	-	-	-	-	-	-
2. Balance at the beginning of the year	10,070,000.00	-	-	5,124,945,995.38	-	819,256,218.79	-	-	1,819,832,850.20	7,374,134,854.37	3,704,050,580.93	11,078,185,435.30
3. Increase/decrease in the current year ("+" for increase)	17,000,000.00	-	-	430,313,125.00	-	-	-	-	127,645,810.42	574,658,925.40	238,915,164.91	235,643,776.40
3.1 Total comprehensive income	-	-	-	-	-	-	-	-	158,535,910.42	158,535,910.42	32,534,132.48	191,070,042.90
3.2 Capital increase and decrease by issues and capital increases	17,000,000.00	-	-	430,313,125.00	-	-	-	-	-	447,313,125.00	272,449,298.29	174,863,326.81
(1) Capital contributed by owners	-	-	-	-	-	-	-	-	-	17,000,000.00	-	-
(2) Capital contributed by other equity instruments holders	-	-	-	-	-	-	-	-	-	-	-	-
(3) The amount of share-based payments included in owners' equity	-	-	-	-	-	-	-	-	-	-	-	-
(4) Others	-	-	-	-	-	-	-	-	-	-	-	-
3.3 Profit distribution	-	-	-	430,313,125.00	-	-	-	-	-36,890,000.00	-36,890,000.00	-272,449,298.29	-17,000,000.00
(1) Appropriation to surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-
(2) Appropriation to the general risk reserve	-	-	-	-	-	-	-	-	-	-	-	-
(3) Profit distributed to owners' (or shareholders)	-	-	-	-	-	-	-	-	-	-	-	-
(4) others	-	-	-	-	-	-	-	-	-	-	-	-
3.4 Transfer within the owners' equity	-	-	-	-	-	-	-	-	-	-	-	-
(1) Increase in capital from capital reserves	-	-	-	-	-	-	-	-	-	-	-	-
(2) Increase in capital from surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-
(3) Recovery of losses by surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-
(4) Changes in defined benefit pensions schemes that transferred into retained earnings	-	-	-	-	-	-	-	-	-	-	-	-
(5) Other comprehensive income that transferred into retained earnings	-	-	-	-	-	-	-	-	-	-	-	-
(6) others	-	-	-	-	-	-	-	-	-	-	-	-
3.5 Special reserves	-	-	-	-	-	-	-	-	-	-	-	-
(1) Increase in the period	-	-	-	-	-	-	-	-	-	-	-	-
(2) Used in the period ("expressed with -")	-	-	-	-	-	-	-	-	-	-	-	-
3.6 Others	-	-	-	-	-	-	-	-	-	-	-	-
4. Balance at the end of the year	27,070,000.00	-	-	5,555,259,120.38	-	819,256,218.79	-	-	1,947,478,660.62	7,949,093,789.77	3,942,469,779.22	11,411,228,255.79

Legal Representative:  Chief Accountant:  Head of Accounting Department: 

Parent Company Balance Sheet

31 December 2022

Prepared by: Dujiangyan Urban and Rural Construction Group Co., LTD

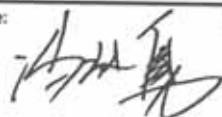
unit:RMB

Items	Note	31 December 2022	31 December 2021
CURRENT ASSETS:			
Cash and bank balance		191,511,080.42	21,393,817.89
Financial assets held for trading			
Derivative financial assets			
Notes receivable			
Accounts receivable	14.1	105,912,941.70	61,111,717.39
Accounts receivable financing			
Prepayments		138,010.36	129,717.18
Other receivables	14.2	2,787,981,721.48	976,690,787.56
Including: Interest receivable			
Dividend receivable			
Inventories		258,028,155.25	15,522,939.00
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets		-	572,575.72
Total current assets		3,343,571,909.21	1,075,421,554.74
NON-CURRENT ASSETS:			
Available-for-sale financial assets			
Debt investment			
Other debt investment			
Long-term receivables			
Long-term equity investments	14.3	7,974,915,745.25	80,000,000.00
Investment in other equity instruments			
Other non-current financial assets			
Investment properties		323,292,670.38	-
Fixed assets		218,588,410.11	225,540,766.72
Construction in progress		-	12,818,430.97
Productive biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets		512,849,300.00	-
Development expenditure			
Goodwill			
Long-term deferred expenses			
Deferred tax assets			
Other non-current assets			
Total non-current assets		9,029,646,125.74	318,359,197.69
Total Assets		12,373,218,034.95	1,393,780,752.43

Legal Representative:

Chief Accountant:

Head of Accounting Department:





Parent Company Balance Sheet (Continued)

31 December 2022

Prepared by: Dujiangyan Urban and Rural Construction Group Co., LTD

unit:RMB

	Notes	31 December 2022	31 December 2021
CURRENT LIABILITIES:			
Short-term borrowings		562,000,000.00	431,990,000.00
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable			
Accounts payable		31,721,824.99	10,032,222.66
Receipts in advance			
Contract liabilities		206,349.21	206,349.21
Payroll and employee benefits payable		223,873.87	76,914.30
Taxes payable		5,347,795.80	1,670,643.37
Other payables		1,071,762,352.30	537,484,727.46
Including: Interest payable			
Dividends payable			
Liabilities classified as held for sale			
Non-current liabilities due within one year		241,528,315.37	7,500,000.00
Other current liabilities		10,317.46	10,317.46
Total Current Liabilities		1,912,800,829.00	988,971,174.46
NON-CURRENT LIABILITIES:			
Long-term borrowings		1,520,253,033.11	259,856,911.21
Bonds payable			
Including: Preference share			
Perpetual debt			
Lease liability			
Long-term payables		113,402,106.94	17,749,990.00
Accrued liabilities			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		1,633,655,140.05	277,606,901.21
Total liabilities		3,546,455,969.05	1,266,578,075.67
SHAREHOLDERS' EQUITY:			
Paid-in capital		227,000,000.00	27,000,000.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserves		8,843,122,445.25	344,600,500.00
Less: Treasury shares			
Other comprehensive income			
Special reserve			
Surplus reserve			
Undistributed profits		-243,360,379.35	-244,397,823.24
Total shareholders' equity		8,826,762,065.90	127,202,676.76
Total liabilities and shareholders' equity		12,373,218,034.95	1,393,780,752.43

Legal Representative:

Chief Accountant:

Head of Accounting Department:

Parent Company Income Statement

For the period 1 January to 31 December 2022

Prepared by: Dujiangyan Urban and Rural Construction Group Co., LTD

unit: RMB

Item	Notes	2022	2021
1. Total revenue	14.4	68,151,788.83	59,813,876.71
Including: Operating revenue	14.4	53,909,260.16	73,768,567.25
2. Total cost of sales		979,975.95	250,773.41
Including: Operating costs			
Taxes and surcharges		5,332,844.00	5,272,616.39
Selling expenses			
Administrative expenses		8,950,630.84	26,363,052.67
Research and development expenses		9,315,446.22	22,572,356.60
Finance expenses		769,418.82	268,650.60
Including: Interest expenses		13,602.28	184,329.69
Interest income	14.5	1,600,000.03	-
Add: Other income			
Investment income (losses expressed with "-")			
Including: Share of profit or loss of associates and joint ventures			
Discontinued recognition gains on financial assets measured at amortised cost (losses expressed with "-")			
Net exposure to hedging gains (loss expressed with "-")		451,619.27	-675,721.74
Gain from fair value changes (loss expressed with "-")			
Credit impairment loss (loss expressed with "-")			
Asset impairment losses (losses expressed with "-")		1,044,279.43	-47,132,545.06
Gain on disposal of assets (loss expressed with "-")		8,469.66	33,003.75
3. Operating profit		15,305.20	-
Add: Non-operating income		1,037,443.89	-47,099,541.31
Less: Non-operating Expenses		-	-
4. Profit(loss) before tax		1,037,443.89	-47,099,541.31
Net profit from continuing operations (net loss expressed with "-")		1,037,443.89	-47,099,541.31
Net profit from discontinued operations (net loss expressed with "-")			
5. Other comprehensive income, net of tax		-	-
5.1 Other comprehensive income that cannot be reclassified into profit or loss		-	-
(1) Remeasurement of changes in defined benefit pension schemes			
(2) Share of other comprehensive income of investees that cannot be reclassified into profit or loss under the equity method			
(3) Changes in fair value of investments in other equity instruments			
(4) Changes in fair value of the enterprise's credit risk			
(5) Others			
5.2 Other comprehensive income to be reclassified to profit or loss		-	-
(1) Other comprehensive income that can be transferred to profit or loss under the equity method			
(2) Changes in fair value of other debt investments			
(3) The amount of financial assets reclassification into other comprehensive income			
(4) Provision for credit impairment of other debt investments			
(5) Effective gains/loss Cash flow hedges			
(6) Differences arising from translation of foreign currency-denominated financial statements			
(7) Others			
5. Total comprehensive income		1,037,443.89	-47,099,541.31
7. Earnings per share			
(1) Basic earnings per share			
(2) Diluted earnings per share			

Legal Representative:

Chief Accountant:

Head of Accounting Department:

Parent company Cash Flow Statement

For the period from January to 31 December 2022

Prepared by: Dujiangyan Urban and Rural Construction Group Co., LTD

unit:RMB

Items	Notes	2022	2021
1. CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from commodities and rendering of services		31,688,745.38	7,277,982.36
Tax rebates			
Cash generated from other operating activities		5,408,561,656.50	2,924,746,813.76
Subtotal of cash inflows from operating activities		5,440,250,401.88	2,932,024,796.12
Payments for commodities and services		26,283,185.91	71,300,416.46
Cash paid to and for employees		2,860,453.91	3,629,124.32
All taxes paid		8,965,627.54	2,182,835.89
Cash paid relating to operating activities		5,605,291,994.34	3,324,218,860.33
Subtotal of cash outflow from operating activities		6,643,401,261.70	3,401,331,237.00
Net cash flows from operating activities		-1,203,150,859.82	-469,306,440.88
2. CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disinvestment			
Investment income		1,600,000.00	-
Net proceeds on disposal of fixed assets, intangible assets and other long-term assets			
Net proceeds on disposal of subsidiaries and other business units			
Cash generated from other investment activities			
Subtotal of cash inflows from investment activities		1,600,000.00	-
Purchase of fixed assets, intangible assets and other long-term assets, and expenditure in products development		321,006,117.91	17,152,577.17
Purchase of trading investments		120,000,000.00	30,000,000.00
Acquisition of subsidiaries and other business units			
Cash used in other investment activities			
Subtotal cash outflow from investment activities		441,006,117.91	47,152,577.17
Net cash flows from investing activities		-439,406,117.91	-47,152,577.17
3. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash receipts from investments		200,000,000.00	17,000,000.00
Increase in borrowings obtained		2,184,546,121.90	682,113,751.10
Proceeds on issue of bonds			
Cash generated from other financing activities			
Subtotal of cash inflows from financing activities		2,384,546,121.90	699,113,751.10
Repayments of borrowings		495,490,000.00	225,718,208.25
Dividends paid, interest paid and profit distribution		76,381,881.64	22,572,356.60
Cash used in other financing activities			
Subtotal cash outflows from financing activities		571,871,881.64	248,290,564.85
Net cash flows from financing activities		1,812,674,240.26	450,823,186.25
4. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
5. NET INCREASE IN CASH AND CASH EQUIVALENTS		170,117,262.53	-65,635,831.80
Add: Cash and cash equivalents at the beginning of period		21,393,817.89	87,029,649.69
6. CASH AND CASH EQUIVALENTS AT THE END OF YEAR		191,511,080.42	21,393,817.89

Legal Representative:



Chief Accountant:

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Head of Accounting Department:



Parent Company Statement of Changes In Shareholders' Equity

Prepared by: Dejiangnan Urban and Rural Construction Group Co., LTD

For the period 1 January to 31 December 2022

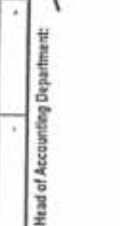
2022

Unit: RMB

Items	Paid-up capital (capital stock)	Other equity instruments			Capital reserves	Less: Treasury shares	Other Comprehensive Income	Special reserve	Surplus reserve	Undistributed profit	Total owners' equity
		Preference share	Perpetual debt	Others							
1. Balance at the end of prior year	27,000,000.00	-	-	-	344,500,500.00	-	-	-	-	-244,357,823.24	127,202,676.76
1.1 Adjustments for changed accounting policies											
1.2 Adjustments for correction of previous errors											
1.3 Adjustments for Business combinations under common control											
1.4 Others											
2. Balance at the beginning of the year	27,000,000.00	-	-	-	344,500,500.00	-	-	-	-	-244,357,823.24	127,202,676.76
3. Increase/decrease in the current year ("+" for increase, "-" for decrease)	200,000,000.00	-	-	-	8,498,521,945.25	-	-	-	-	1,037,443.89	8,696,559,388.14
3.1 Total comprehensive income											
3.1.1 Capital increased and decreased by owners and capital decreases	200,000,000.00	-	-	-	8,498,521,945.25	-	-	-	-	1,037,443.89	1,037,443.89
(1) Capital contributed by owners	200,000,000.00	-	-	-							
(2) Capital contributed by other equity instruments holders											
(3) The amount of share-based payments included in owner's equity											
(4) Others											
3.1.2 Profit distribution											
(1) Appropriation to surplus reserve											
(2) Appropriation of the general risk reserve											
(3) Profit distributed to owners' (or shareholders)											
(4) Others											
3.4 Transfer within the owners' equity											
(1) Increase in capital from capital reserve											
(2) Increase in capital from surplus reserve											
(3) Recovery of losses by surplus reserve											
(4) Changes in defined benefit pensions schemes that transferred into defined contribution											
(5) Other comprehensive income that transferred into retained earnings											
(6) Others											
3.5 Special reserves											
(1) Increase in the period											
(2) Used in the period (expressed with "-")											
3.6 Others											
4. Balance at the end of the year	27,000,000.00	-	-	-	8,843,122,445.25	-	-	-	-	-343,360,379.35	8,826,762,065.90

Legal Representative: 

Chief Accountant: 

Head of Accounting Department: 

Parent Company Statement of Changes in Shareholders' Equity

Prepared by: Dujiangnan Urban and Rural Construction Group Co., LTD

For the period 1 January to 31 December 2021

unit:RMB

Items	Paid-up capital (capital stock)	Other equity instruments			Capital reserves	Less: Treasury shares	Other Comprehensive Income	Special reserve	Surplus reserve	Undistributed profit	Total owners' equity
		Preference share	Perpetual debt	Others							
1. Balance at the end of prior year	10,000,000.00	-	-	-	344,600,500.00	-	-	-	-	-107,298,281.93	157,302,218.07
1.1 Adjustments for changed accounting policies											
1.2 Adjustments for corrections of previous errors											
1.3 Adjustments for business combination under common control											
1.4 Others											
2. Balance at the beginning of the year	10,000,000.00	-	-	-	344,600,500.00	-	-	-	-	-107,298,281.93	157,302,218.07
3. Increase/decrease in the current year (** for decrease)	17,000,000.00	-	-	-	-	-	-	-	-	-47,099,541.31	-30,099,541.31
3.1 Total comprehensive income										-47,099,541.31	-47,099,541.31
3.2 Capital increased and decreased by owners and capital increases	17,000,000.00										17,000,000.00
(1) Capital contributed by owners	17,000,000.00										17,000,000.00
(2) Capital contributed by other equity instruments holders											
(3) The amount of share-based payments included in owner's interests											
(4) Others											
3.3 Profit distribution											
(1) Appropriation to surplus reserve											
(2) Appropriation of the general risk reserve											
(3) Profit distributed to owners' (or shareholders)											
(4) others											
3.4 Transfer within the owners' equity											
(1) Increase in capital from capital reserve											
(2) Increase in capital from surplus reserve											
(3) Recovery of losses by surplus reserve											
(4) Changes in defined benefit pensions schemes that transferred											
(5) Other comprehensive income that transferred into retained earnings											
(6) others											
3.5 Special reserves											
(1) Increase in the period											
(2) Used in the period (expressed with "-")											
3.6 Others											
4. Balance at the end of the year	27,000,000.00	-	-	-	344,600,500.00	-	-	-	-	-244,397,823.24	127,202,676.76

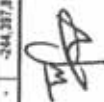
Legal Representative:



Chief Accountant:



Head of Accounting Department:



Dujiangyan urban and rural construction Group Co., LTD

Notes to the consolidated financial statements

for the period from 1 Jan.2022 to 31 Dec. 2022

1. Basic Information about the company

1.1 Company's profile

Dujiangyan Urban and Rural Construction Group Co., LTD. (formerly Dujiangyan Cluster Agriculture Co., LTD., Dujiangyan Essence Runyuan Agricultural Investment Co., LTD., hereinafter referred to as the "Company"), was established on 9 September 2010, with a registered capital of RMB 10 million yuan. Including, Dujiangyan Modern Agriculture Development Investment Co., Ltd. subscribed to contribute RMB 10 million yuan. The above-mentioned investment was examined by Sichuan Ruiyan Accounting Firm and issued RuiHuiShi (2010) YZ No. 072 capital verification report.

In November 2013, Dujiangyan Modern Agriculture Development Investment Co., Ltd. transferred 100% of the company's equity to Dujiangyan State-owned Assets Supervision and Administration Office.

On 6 June 2018, in accordance with the Notice of the State-owned Assets Supervision and Administration Office of Dujiangyan on Matters related to Equity Transfer of State-owned Enterprises (No. [2018]48 of Dujiangyan State Assets Supervision and Administration Office), the State-owned Assets Supervision and Administration Office of Dujiangyan transferred 100% of the company's equity to Dujiangyan Modern Agriculture Development Investment Co., LTD.

On 26 August 2019, according to the Notice on Matters Related to the Equity Transfer of State-owned Enterprises of Dujiangyan State Assets Supervision and Administration and Financial Work Bureau (No. [2019]80 of Dujiangyan); On 5 September 2019, according to the Notice of Dujiangyan State-owned Assets Supervision and Administration and Financial Work Bureau on Matters Related to Equity Transfer of State-owned Enterprises (Dujiangyan State-owned Assets Development [2019]86), Transfer 100% of the company's equity held by Dujiangyan Modern Agriculture Development Investment Co., Ltd. to Dujiangyan State-owned Assets Supervision and Administration and Financial Work Bureau; At the same time, the company's name changed to Dujiangyan Essence Runyuan Agricultural Investment Co., LTD.

On 24 December 2020, according to the Reply of the State-owned Assets Supervision and Administration and Financial Work Bureau of Dujiangyan City on Matters related to the transfer of equity of Dujiangyan City Essence Runyuan Agricultural Investment Co., LTD. (No. [2020]86 of Dujiangyan State Assets Development), The State-owned Assets Supervision and Administration and Financial Work Bureau of Dujiangyan transferred 100% of the company's equity to Dujiangyan New City Construction Investment Co., LTD.

According to the minutes of the 85th Meeting of the First Session of the Board of Directors of Chengdu Dujiangyan Investment and Development Group Co., Ltd. on 19 August 2022, the 100% equity of the company formerly held by Dujiangyan New City Construction and Investment Co., Ltd. is transferred to Chengdu

Dujiangyan urban and rural construction Group Co., LTD
Notes to the consolidated financial statements for the year ended 31 December 2022

Dujiangyan Investment and Development Group Co., LTD., without compensation. The industrial and commercial change has been completed on 25 October 2022.

According to the minutes of the 85th Meeting of the First Session of the Board of Directors of Chengdu Dujiangyan Investment and Development Group Co., Ltd. On 19 August 2022, the 100% equity of Dujiangyan New City Construction Investment Co., LTD., which was formerly held by Chengdu Dujiangyan Investment and Development Group Co., Ltd., was transferred to the company without compensation. The industrial and commercial transformation was completed on 3 November 2022.

As of 31 December 2022, the company had a registered capital of RMB 1,000,000,000 yuan and a paid-in capital of RMB 22,700,000 yuan. The unified Social credit code is 915101815620145198.

Legal representative: Feng Xianyong.

Company registered address: No. 231 Kuiguang Road, Kuiguangta Community, Kuiguangta Street, Dujiangyan City, Chengdu, Sichuan Province.

1.2 Scope of consolidated financial statements for the year

The total number of subsidiaries of the company included in the scope of consolidation in 2022 is 7, as detailed in this note 9, "Interests in other entities". The consolidated scope of the company for the current year increased by 5 over the previous year, as detailed in this note 8, "Changes in the Consolidated Scope".

1.3 The company's business nature and main operation activities

The company's business scope: construction engineering construction; Construction engineering design; Aquaculture; Food sales; Forest tree seed production and management. (For projects subject to approval according to law, business activities can only be carried out after the approval of relevant departments. Specific business projects shall be subject to the approval documents or license certificates of relevant departments.) General projects: project management services; Contracting projects to foreign countries; Landscaping engineering construction; Flood control and waterlogging control facilities management; Municipal facilities management; House demolition service; Asset management services for self-owned capital investment; Non-residential property leasing; Land use right lease; Machinery and equipment lease; Park management services; Vegetable planting; Fruit growing; Gardening products growing; Sales of agricultural and sideline products; Sales of building materials; Sales of concrete structure members; Building block sales; Asbestos cement products sales; Domestic trade agent; Trade broker; Import and export agent; Sales agent; Technical service, technical development, technical consultation, technical exchange, technology transfer, technology popularization; Land improvement services. (Except for projects subject to approval according to law, independently carry out business activities according to law with business license)

1.4 Name of the parent company and the headquarters of the Group

The parent company of the company is Chengdu Dujiangyan Investment and Development Group Co., LTD.

1.5 Financial statements are submitted for approval

Dujiangyan urban and rural construction Group Co., LTD
Notes to the consolidated financial statements for the year ended 31 December 2022

These financial statements were approved and presented by the board of directors of the company on 25 April 2023.

1.6 Operation period

The operating period of the company is from 9 September 2010 to no fixed period.

2. Basis of preparation of financial statements

2.1 Basis of preparation

The company prepares financial statements on the basis of continuing operations, in accordance with actual transactions and events, and in accordance with the Accounting Standards for Business Enterprises -- Basic Standards and specific Accounting standards for Business Enterprises, Application Guidelines for Accounting Standards for Business Enterprises, interpretation of Accounting Standards for Business Enterprises and other relevant provisions promulgated by the Ministry of Finance.

2.2 Going concern

The company has evaluated its ability to continue as a going concern for the 12 months from the end of the reporting period and has not identified matters or circumstances that raise significant doubt about its ability to continue as a going concern. Accordingly, these financial statements have been prepared on the basis of going concern assumption.

3. Declaration on compliance with the accounting standards for business enterprises

The financial statements have been prepared in compliance with the Accounting Standards for Business enterprises and relevant financial accounting systems, and truly and completely reflect the company's financial position as of 31 December 2022, and its operating results, and cash flows and other relevant information for the year ended 31 December 2022.

4. The company's significant accounting policies and accounting estimates

4.1 Accounting period

The company has adopted the calendar year as its accounting year, i.e. from 1 January to 31 December. The accounting period for the financial information contained in this financial statement is from 1 January 2022 to 31 December 2022.

4.2 Functional currency

The company's functional currency is Renminbi (hereafter referred to as "RMB").

4.3 Basis of bookkeeping and pricing principles

The company's accounting is based on the accrual basis. The company generally adopts historical cost when measuring accounting elements. When the amount of accounting elements determined meets the requirements of accounting standards for enterprises and can be obtained and measured reliably, replacement cost, net realizable value, present value and fair value can be measured.

Dujiangyan urban and rural construction Group Co., LTD
Notes to the consolidated financial statements for the year ended 31 December 2022

4.4 The accounting treatment of business combinations involving entities under common control and not under common control

4.4.1 Business combinations involving entities under common control

It is a business combinations involving enterprises under common control if all parties involved in the merger are ultimately controlled by the same party or the same parties before and after the merger and such control is not temporary. The assets and liabilities acquired by the merging party in the business combination shall be accounted for on the basis of the carrying value of the assets and liabilities of the merged party (including the goodwill formed by the acquisition of the merged party by the ultimate controlling party) in the consolidated financial statements of the ultimate controlling party. The difference between the book value of the net assets acquired by the merging party and the book value of the merger consideration paid (or the total par value of the shares issued) is adjusted against share premium in the capital reserve, with any excess adjusted against retained earnings. The combination date shall be the date on which the merging party actually acquires control over the merged party.

In a Business combinations involving enterprises under common control achieved step by step through multiple transactions, the relevant changes in profit and loss, other comprehensive income and other owners' equity of the long-term equity investment held by the merging party before it acquired control of the merged party have been recognized between the date of acquisition of the original equity and the date on which the merging party and the merged party are ultimately controlled by the same party and the merger date is adjusted for the beginning retained earnings or the current profit or loss of the comparative statement period, respectively.

4.4.2 Business combinations involving entities not under common control

A business combinations not involving enterprises under common control is a business combination in which the parties involved are not ultimately controlled by the same party or the same parties before and after the merger. The merger cost paid by the purchaser is the sum of the fair value of the assets paid, liabilities incurred or assumed and equity securities issued to acquire control of the purchaser at the purchase date. The difference between the fair value of the paid asset and its carrying value is included in the current profit or loss. The purchase date refers to the date on which the purchaser actually acquires the right of control over the purchaser.

On the Purchase Date, the Purchaser allocates the combined costs and recognizes the fair value of the acquired identifiable assets, liabilities and contingent liabilities of the Purchaser. The difference between the merger cost and the acquired purchaser's share of the fair value of identifiable net assets is recognized as goodwill; The difference of the merger cost less than the purchaser's share of the fair value of the identifiable net assets obtained in the merger is recognized in the current profit or loss.

For a business combinations involving enterprises not under common control and realized step by step through multiple transactions, the equity held by the purchaser 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 carrying value shall be included in the current investment income; If the equity held by the purchaser before

Dujiangyan urban and rural construction Group Co., LTD
Notes to the consolidated financial statements for the year ended 31 December 2022

the purchase date involves other comprehensive income and other changes in owners' equity, the related other comprehensive income and other changes in owners' equity will be converted into the current investment income of the purchase date, except for other comprehensive income generated by the investee's remeasurement of net liabilities or changes in net assets of the benefit plan.

4.5 The preparation method of consolidated financial statements

The scope of the consolidated financial statements is determined on a control basis, including the company and the company's subsidiaries (refers to the entities controlled by the company, including enterprises, divisible parts of the investee units, and structured entities controlled by the enterprise, etc.). The results of operations and financial position of the subsidiaries are included in the consolidated financial statements from the start date of control to the end date of control.

The subsidiaries acquired by the company through a business combination under the same control, when preparing the consolidated financial statements for the current period, are deemed to be included in the scope of consolidation when the company's ultimate controlling party exercises control over them, and the opening number of the consolidated financial statements and the comparative statements of the previous period are adjusted accordingly.

The company shall, when preparing the consolidated financial statements of the subsidiaries acquired through business combination not under the same control, adjust the financial statements of the subsidiaries on the basis of the fair value of the identifiable assets and liabilities determined on the date of purchase, and incorporate the consolidated subsidiaries into the scope of consolidation as of the date of purchase.

When the accounting period or accounting policy adopted by the subsidiary is inconsistent with that of the company, the financial statements of the subsidiary shall be adjusted as necessary in accordance with the accounting period or accounting policy of the company at the time of preparing the consolidated financial statements. All significant transactions, balances, and unrealized gains and losses between businesses within the scope of the merger are offset in the consolidated financial statements. An unrealized loss arising from an internal transaction does not offset if there is evidence that the loss is an impairment loss of an asset.

The equity and profit and loss attributable to minority shareholders of a subsidiary are shown separately in the consolidated balance sheet under the shareholders' equity item and in the consolidated income statement under the net profit item.

If the loss of the current period shared by the minority shareholders of the subsidiary exceeds the minority shareholders' share in the initial owner's equity of the subsidiary, the balance shall be charged to the shareholders' equity.

Where the control over the original subsidiary is lost due to the disposal of part of the equity investment or for other reasons, the remaining equity shall be remeasured according to the fair value on the date on which the control over the subsidiary is lost. The sum of the consideration obtained from the disposal of the equity and the fair value of the remaining equity, minus the difference between the share that should have enjoyed the net assets of the original subsidiary continuously calculated from the acquisition date based on the original

Dujiangyan urban and rural construction Group Co., LTD
Notes to the consolidated financial statements for the year ended 31 December 2022

shareholding ratio, shall be included in the investment income of the period of loss of control, and goodwill shall be written down. Other comprehensive income and changes in other owners' equity related to the equity investment of the original subsidiary shall be converted into current investment income when the right of control is lost, except for other comprehensive income arising from the remeasurement of the net liabilities or changes in the net assets of the benefit plan of the investor.

If the equity investment of the subsidiary is disposed of step by step through multiple transactions until the control is lost, it is necessary to consider whether each transaction constitutes a package transaction. The terms, conditions and economic impact of each transaction disposing of the equity investment of the subsidiary meet one or more of the following circumstances, indicating that multiple transactions should be accounted for as a package transaction: (1) these transactions are entered into at the same time or in consideration of their impact on each other; (2) the transactions as a whole are necessary to achieve a complete business result; (3) the occurrence of one transaction depends on the occurrence of at least one other transaction; And (4) a transaction is uneconomic in isolation, but economic when taken together with other transactions.

Where a transaction is not part of a package transaction, each of these transactions shall be accounted for separately in accordance with the foregoing; If each transaction is a package transaction, each transaction is accounted for as one transaction of disposal of a subsidiary and loss of control; However, the difference between the disposal price of each transaction and the share of the subsidiary's net assets corresponding to the disposal investment prior to the loss of control is recognized as other comprehensive income in the consolidated financial statements and transferred to profit or loss in the period when control is lost.

4.6 Classification of joint arrangement and accounting treatment method of joint operation

The company classifies joint arrangements into joint operations and joint ventures based on factors such as the structure and legal form of the joint arrangement, the terms agreed in the joint arrangement and other relevant facts and circumstances.

Joint arrangements are divided into joint operations and joint ventures. A joint operation is a joint arrangement whereby the joint operators have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the joint investors have rights to the net assets of the arrangement.

A joint operation shall recognize the following items related to its interests in the joint operation and account for them with the relevant accounting standards for enterprises:

- (1) Recognize its solely-held assets, and its share of any assets held jointly;
- (2) Recognize its solely-assumed liabilities, and its share of any liabilities assumed jointly;
- (3) Recognize its revenue from the sale of its share of the output arising from the joint operation;
- (4) Recognize its share of the revenue from the sale of its share of the output by the joint operation; and
- (5) Recognize its solely-incurred expenses and its share of any expense incurred jointly.

Where a joint party invests or sells assets or other assets to the joint operations (except where the assets constitute a business), before the assets or other assets are sold by the joint operations to a third party, it shall

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recognize only the part of the profit or loss arising from the transaction that is attributable to the other participants in the joint operations. If the invested or sold assets suffer impairment losses in accordance with the provisions of Accounting Standards for Enterprises No. 8 -- Asset Impairment, etc., the joint venture shall recognize the losses in full.

If a joint party purchases an asset, etc. from the joint operations (except where the asset constitutes a business), it shall, before selling the asset, etc. to a third party, recognize only the portion of the profit or loss arising from the transaction attributable to the other participants in the joint operations. In case of asset impairment losses in accordance with Accounting Standards for Enterprises No. 8 -- Asset Impairment or other provisions of the purchased assets, the joint party shall recognize such losses in accordance with its share.

If a participant in a joint operation does not have joint control and enjoys the assets related to the joint operation and bears the liabilities related to the joint operation, it shall be accounted for in accordance with the above-mentioned provisions.

4.7 Recognition criteria of cash and cash equivalents

Cash comprises cash in hand and deposits that can be readily withdrawn on demand. Cash equivalents are short-term (generally maturing within three months from the date of purchase), highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

4.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one party and a financial liability or an equity instrument of another party.

4.8.1 Recognition and derecognition of financial instruments

Recognition of a financial asset or financial liability when the company becomes a party to a contract for a financial instrument.

The financial asset shall be terminated if one of the following conditions is met: 1) The right of the contract to receive the cash flows of financial assets terminates; 2) The financial asset has been transferred, and is in accordance with the following conditions for derecognition.

If the obligations of financial liability have been discharged in total or in part, derecognize all or part of it. If the company (debtor) makes an agreement with the creditor to replace the current financial liability of assuming new financial liability which contract provisions are different in substance, derecognize the current financial liability and meanwhile recognize as the new financial liability.

If the current obligation of a financial liability (or part thereof) has been discharged, the recognition of the financial liability (or part thereof) shall be terminated.

If the financial assets are traded in regular ways, they are recognized and derecognized at the transaction date.

4.8.2 Classification and measurement of financial assets

Financial assets are classified into three categories depends on the company's business model of managing financial assets and the cash flow characteristics of financial assets: financial assets measured at

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amortized cost, financial assets measured at fair value through other comprehensive income; financial assets measured at fair value through profit or loss.

1) Initial measurement of financial assets

Financial assets are measured at fair value at initial recognition. For financial assets measured at fair value through profit or loss, the related transaction expenses are recorded directly in profit or loss for the current period; for other categories of financial assets, related transaction expenses are included in the initial recognition amount. Receivables arising from the sale of products or the provision of services that do not include or take into account a significant financing component are initially measured according to the consideration the company is expected to be entitled to collect.

2) Subsequent measurement of financial assets

① Investment in debt instruments measured at amortized cost

The contractual cash flow characteristics of financial assets are consistent with basic borrowing arrangements, that is, cash flows generated on a specific date are only payments of principal and interest based on the outstanding principal amount, and the company classifies such financial assets as financial assets measured at amortized cost if the company's business model for managing such financial assets is aimed at collecting contractual cash flows. The financial asset is subsequently measured at amortized cost using the effective interest rate method, and gains or losses arising from amortization, impairment and termination of recognition are recognized in profit or loss for the current period.

② Investments in debt instruments measured at fair value through other comprehensive income

The contractual cash flow characteristics of financial assets are consistent with the basic borrowing arrangement, that is, the cash flows generated on a particular date are only payments of principal and interest based on the outstanding principal amount, and the company's business model for managing such financial assets is both to collect the contractual cash flows and to sell them, The company classifies them as financial assets that are measured at fair value and whose changes are included in other comprehensive income. The interest income, impairment loss and exchange difference recognized using the effective interest rate method for this financial asset are recognized as profit or loss for the current period, and the remaining fair value changes are recognized as other comprehensive income. Upon termination of recognition, the accumulated gains or losses previously recognized in other comprehensive income are transferred out of other comprehensive income and recognized in current profit or loss.

③ Investments in equity instruments that are designated as measured at fair value through other comprehensive income

At initial recognition, the company designates certain investments in non-trading equity instruments as financial assets that are measured at fair value through other comprehensive income. The company recognizes its related dividend income in profit or loss for the current period and its fair value changes in other comprehensive income. Upon the termination of recognition of the financial asset, the accumulated gains or losses previously included in other comprehensive income will be transferred from other comprehensive

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income to retained earnings and will not be included in current period profit or loss.

④ Financial assets that are measured at fair value through profit or loss

Including: financial assets classified as measured at fair value through profit or loss and financial assets designated as measured at fair value through profit or loss.

The company classifies financial assets held that are not classified as measured at amortized cost and financial assets that are measured at fair value through other comprehensive income as financial assets that are measured at fair value through profit or loss.

At initial recognition, in order to eliminate or significantly reduce accounting misalignments, the company may designate financial assets as financial assets that are measured at fair value through profit or loss for the current period.

4.8.3 The basis for the recognition and measurement of the transfer of financial assets

If the company has transferred almost all the risks and rewards in the ownership of the financial asset to the transferring party, the recognition of the financial asset shall be terminated; If the company retains almost all the risks and rewards in the ownership of the financial asset, the recognition of the financial asset shall not be terminated.

Where the company neither transfers nor retains almost all risks and rewards in the ownership of the financial asset and retains no control over the financial asset, the company shall terminate the recognition of the financial asset and separately recognize the rights and obligations arising from or retained in the transfer as assets or liabilities; If the company retains control of the financial asset, it shall continue to recognize the relevant financial asset in accordance with the extent of its continued involvement in the transferred financial asset, and recognize the relevant liability accordingly.

4.8.4 Classification and measurement of financial liabilities

Financial liabilities are classified at initial recognition as financial liabilities and other financial liabilities measured at fair value and whose changes are recognised in profit or loss for the period.

1) Initial measurement of financial liabilities

Financial liabilities are measured at fair value at initial recognition. For financial liabilities that are measured at fair value and whose changes are recorded in current profit or loss, the related transaction expenses are recorded directly in current profit or loss; For financial liabilities measured at amortized cost, related transaction expenses are included in the initial recognized amount.

2) Subsequent measurement of financial liabilities

① Financial liabilities measured at fair value through profit or loss for the current period

Including: trading financial liabilities (including derivatives that are financial liabilities) and financial liabilities that are initially recognized as measured at fair value through profit or loss.

Trading financial liabilities (including derivatives that are financial liabilities) are subsequently measured at fair value through profit or loss for the current period, except in connection with hedge accounting.

For financial liabilities designated as measured at fair value through profit or loss, changes in fair value caused by changes in the company's own credit risk are included in other comprehensive income; Upon

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termination of recognition, accumulated gains or losses previously included in other comprehensive income are transferred from other comprehensive income into retained earnings. The remaining fair value changes are recognized in profit or loss for the period. If the above accounting treatment causes or expands the accounting mismatch in profit or loss, the entire gain or loss of the financial liability (including the amount affected by the change in the enterprise's own credit risk) is recognized in the current period profit or loss.

② Other financial liabilities

Financial liabilities other than financial liabilities and financial guarantee contracts formed by the transfer of financial assets that do not meet the conditions for termination of recognition or continue to be involved in the transferred financial assets are classified as financial liabilities measured at amortized cost, which are subsequently measured at amortized cost, and the gains or losses resulting from the termination of recognition or amortization are included in current profit or loss.

4.8.5 Offsetting of financial assets and financial liabilities

If the following conditions are met at the same time, the financial assets and financial liabilities are shown in the balance sheet as net offsetting amounts: have a legal right to offset the recognized amount, and such legal right is currently enforceable; Plans to settle on a net basis, or realize the financial asset and settle the financial liability at the same time.

4.8.6 Fair value of the financial instrument

For financial instruments in which there is an active market, the fair value is determined by the quotation in the active market. For financial instruments that do not have an active market, valuation techniques are used to determine their fair value. In valuation, the company adopts valuation techniques that are applicable under the current circumstances and supported by sufficient available data and other information, selects input values that are consistent with the characteristics of the asset or liability considered by market participants in the transaction of the relevant asset or liability, and gives priority to the relevant observable input values as far as possible. The unobservable input is used when the relevant observable input is not available or is not practicable to obtain.

4.8.7 Impairment of financial instruments (excluding receivables)

On the basis of expected credit losses, the company makes an impairment provision and recognizes credit impairment losses for financial assets measured at amortized cost, investments in debt instruments measured at fair value through other comprehensive income, financial guarantee contracts, etc.

The company considers all reasonable and evidence-based information, including forward-looking information, when evaluating expected credit losses.

At each balance sheet date, the company assesses whether the credit risk of financial instruments has increased significantly since the initial recognition, and if the probability of default of a financial instrument during the estimated duration determined at the balance sheet date is significantly higher than the probability of default during the estimated duration determined at the initial recognition, it indicates that the credit risk of the financial instrument has increased significantly.

If the credit risk has not increased significantly since the initial recognition, which is in the first stage, the

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company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses; If the credit risk has increased significantly since the initial recognition but no credit impairment has occurred, which is in the second stage, the company measures the loss allowance at an amount equal to the lifetime expected credit loss; If credit impairment has occurred since the initial recognition of the financial instrument, which is in the third stage, the company measures the loss allowance at an amount equal to the lifetime expected credit loss.

For financial instruments with lower credit risk at the balance sheet date, the company measures the loss allowance based on 12-month expected credit losses, assuming that their credit risk has not increased significantly since initial recognition.

4.9 Receivables

Receivables of the company mainly include notes receivable, accounts receivable, receivables financing, other receivables, investments in claims, other investments in claims and long-term receivables.

For receivables arising from the sale of products or the provision of services and lease receivables, the company measures the loss allowance at the amount equal to the lifetime expected credit losses.

For other categories of receivables, the company assesses at each balance sheet date whether the credit risk of the financial instrument has increased significantly since the initial recognition, and if the probability of default for a financial instrument during the estimated duration determined at the balance sheet date is significantly higher than the probability of default during the estimated duration determined at the initial recognition, It indicates that the credit risk of the financial instrument has significantly increased. Normally, if the receivable is more than 30 days overdue, it indicates that the credit risk of the receivables has increased significantly.

If the credit risk has not increased significantly since the initial recognition, which is in the first stage, the company measures the loss allowance at an amount equal to 12-month expected credit losses; If the credit risk has increased significantly since the initial recognition but no credit impairment has occurred, which is in the second stage, the company measures the loss allowance at an amount equal to the lifetime expected credit loss; If credit impairment has occurred since the initial recognition of receivables, which is in the third stage, the company measures the loss allowance at an amount equal to the lifetime expected credit loss.

For receivables that have a lower credit risk at the balance sheet date, the company measures the loss allowance based on 12-month expected credit losses, assuming that their credit risk has not increased significantly since initial recognition.

With the exception of receivables for which credit risk is assessed separately, the company classifies other receivables into a number of combinations based on credit risk characteristics and calculates expected credit losses on the basis of the combination:

Receivables that are assessed separately for credit risk, such as: receivables that are in dispute with the other party or involved in litigation or arbitration; Receivables where there are clear indications that the debtor is likely to be unable to meet its repayment obligations.

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In addition to receivables that are individually assessed for credit risk, the company classifies receivables into different groups based on common risk characteristics and assesses credit risk on a portfolio basis. Different combinations are determined on the basis of:

Basis for determining portfolios	
Portfolio 1: Ageing portfolio	The portfolio is divided into credit risk characteristics based on the ageing nature of receivables
Portfolio 2: Government receivables portfolio	The portfolio is divided into credit risk characteristics based on the customer nature of the receivables portfolio
Portfolio 3: Related party portfolio	The portfolio is divided into credit risk characteristics based on the customer nature portfolio of receivables
Portfolio 4: Employee loan and deposit bond portfolio	The portfolio is divided into credit risk characteristics based on the money nature portfolio of receivables
Portfolio 5: Other portfolios	Divide the portfolio by the monies nature of the receivables portfolio for the credit risk characteristics
Calculation method of doubtful debts allowance on portfolio basis	
Portfolio 1: Ageing portfolio	Ageing analysis
Portfolio 2: Government receivables portfolio	According to the nature of the receivables customer, the possibility of bad debts is analyzed and the provision for bad debts is made
Portfolio 3: Related party portfolio	Provision for bad debts after analyzing the possibility of bad debts according to the nature of customers of receivables
Portfolio 4: Employee loan and deposit deposit portfolio	According to the nature of the receivables, the possibility of bad debts is analyzed and the provision for bad debts is made
Portfolio 5: Other Combination s	Provision for bad debts shall be made after analyzing the possibility of bad debts according to the nature of customers of receivables

For the receivables divided into ageing portfolios, the company makes reference to the historical credit loss experience, combined with the current situation and the forecast of future economic conditions, and prepares a comparison table of the expected credit loss rate for the ageing of receivables and the entire duration of receivables to calculate the expected credit loss.

Ageing	Allowance percentage for receivables (%)
Within 6 months (including 6 months)	0.00
6 months to 1 year (including 1 year)	5.00
1 to 2 years (including 2 years)	10.00
2 to 3 years (including 3 years)	20.00
3 to 4 years (including 4 years)	30.00
4 to 5 years (including 5 years)	50.00
More than 5 years	100.00

In the combination, the provision for bad debts by other methods is as follows

Portfolio name	Method Instructions
Portfolio 2: Government receivables portfolio	No provision
Portfolio 3: Related party portfolio	No provision
Portfolio 4: Employee loan and security deposit portfolio	No provision
Portfolio 5: Other portfolio	Not counted

Due to the extremely low possibility of bad debts, the company does not have provisions in the

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government receivables, account receivables of related party, account receivables of employee loans and security deposit.

4.10 Financing receivables

For notes and accounts receivable whose contractual cash flow characteristics are consistent with the underlying lending arrangements and whose business model for managing such financial assets is both to collect contractual cash flows and to sell them, the company classifies them as receivables financing, which is measured at fair value through other comprehensive income. Interest income, impairment losses and exchange differences recognized using the effective interest rate method for receivables financing are recognized as profit or loss for the current period, and the remaining fair value changes are recognized as other comprehensive income. Upon termination of recognition, the accumulated gains or losses previously recognized in other comprehensive income are transferred out of other comprehensive income and recognized in current profit or loss.

4.11 Inventories

4.11.1 Categories of inventories

Inventory mainly includes raw materials, work in progress, finished goods, revolving materials, goods in stock, development costs, land to be developed, contract performance costs, etc.

4.11.2 Valuation method for inventory acquisition and issuance

Inventory is valued at actual cost at the time of acquisition, and inventory costs include procurement costs, construction costs, and other costs. It is priced by the weighted average method at the time of acquisition and issuance.

4.11.3 Inventory count system

The company adopts the perpetual inventory system.

4.11.4 Amortization methods of low-value consumables and packaging materials

- (1) Low-value consumables are amortized in one go at the time of receipt;
- (2) The packaging shall adopt the single amortization method at the time of receipt;
- (3) Other revolving materials are amortized in one pass at the time of use.

4.11.5 The basis for determining the net realizable value of inventories and the method for preparing for the decline in the value of inventories

After the inventory is comprehensively checked at the end of the period, the inventory decline price allowance shall be drawn or adjusted according to the lower of the cost of the inventory and the net realizable value of the inventory. To be prepared. The net realizable value of the inventory of goods directly used for sale, such as finished goods, goods in stock and materials used for sale, is determined in the normal course of production and business at the estimated selling price of the inventory less the estimated selling expenses and related taxes; For the inventory of materials that need to be processed, in the normal course of production and business, its net realizable value shall be determined by the estimated selling price of the finished goods produced less the estimated cost to be incurred at the time of completion, estimated selling expenses and

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related taxes; The net realizable value of the inventory held for the execution of the sales contract or the labor contract shall be calculated on the basis of the contract price. If the quantity of the inventory held is more than the quantity ordered under the sales contract, the net realizable value of the excess inventory shall be calculated on the basis of the general sales price.

At the end of the period, provisions for inventory decline prices shall be made on the basis of individual inventory items; However, for inventories with a large quantity and a lower unit price, the reserve for inventory decline shall be calculated according to the type of inventory; For inventories related to product series produced and sold in the same region, having the same or similar end use or purpose, and difficult to measure separately from other items, the reserve for inventory decline in price shall be consolidated.

Where the factors affecting the previous write-down of the value of inventories have disappeared, the amount of write-down shall be restored, and the amount of write-down shall be reversed within the amount of the original reserve for inventory depreciation, and the amount of reversal shall be included in the current profit or loss.

4.12 Contract assets

A contract asset is a right to receive consideration for goods or services that the company has transferred to a customer, and that right depends on factors other than the passage of time. The right we have to collect consideration from the customer without conditions (that is, depending only on the passage of time) is shown separately as receivables.

The method for determining and accounting for expected credit losses on contract assets is the same as the method for determining and accounting for expected credit losses on receivables in Notes 4, (4.9).

4.13 Assets held for sale

4.13.1 Classification as held for sale confirmation criteria

The company recognizes as held for sale components non-current assets or disposal groups that meet both of the following conditions:

(1) in accordance with the practice of selling such assets or groups of disposals in similar transactions, it can be sold immediately under current conditions;

(2) the sale is highly likely to occur, that is, the company has resolved and secured a firm commitment to purchase in respect of a planned sale, which is expected to be completed within one year. Where the relevant provisions require the approval of the relevant authority or regulatory authority of the company before the sale can be made, the approval has been obtained.

4.13.2 Accounting method of holding for sale

If the company does not provide for depreciation or amortization of the non-current assets held for sale or the disposal group, and its carrying value is higher than the net amount after the fair value is less than the selling expense, it shall write down the carrying value to the net amount after the fair value is less than the selling expense, and the amount of the written down is recognized as the asset impairment loss and included in the current profit and loss, and at the same time, it shall provide for the impairment of the assets held for

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sale.

4.14 Long-term equity investments

4.14.1 Significant influence, common control criteria for judgment

(1) The company shall comprehensively consider whether it has a significant impact on the investee in the light of the following circumstances: whether it has a representative on the board of directors of the investee or a similar authority; Whether it participates in the process of formulating financial and operational policies of the investee; Whether it has any important transactions with the investee; Whether managers have been assigned to the investee; Whether it provides key technical data to the investee.

(2) If the company and other participants are bound by a joint venture arrangement, and no one participant can control the arrangement alone, and any participant can prevent other participants or combinations of participants from controlling the arrangement alone, the company judges that it has joint control over the joint venture arrangement.

4.14.2 Determination of investment cost

(1) For long-term equity investment formed by business merger, the investment cost shall be determined according to the following methods:

A. For an investment in a subsidiary formed by a business combination under the same control, the share of the owner's equity of the merged party in the book value of the consolidated financial statements of the ultimate controlling party on the merger date shall be taken as the investment cost of the long-term equity investment.

For a business combination under the same control realized by steps, the initial investment cost of long-term equity investment is determined on the merger date according to the share of the consolidated party's net assets in the book value of the consolidated financial statements of the ultimate controlling party; The difference between the initial investment cost and the book value of the long-term equity investment before reaching the merger plus the book value of the newly paid consideration for further shares acquired on the merger date, the capital reserve (capital/equity premium) shall be adjusted, and the retained earnings shall be deducted if the capital reserve is insufficient to be deducted. For equity investments held before the merger date, other comprehensive income recognized by using the equity method of accounting or financial instruments recognition and measurement standards will not be accounted for until the investment is disposed of on the same basis as the investment unit's direct disposal of the relevant assets or liabilities; Other changes in owner's equity other than net profit and loss, other comprehensive income and profit distribution in the net assets of the investore recognized by the equity method are temporarily not accounted for until they are transferred to the current profit and loss when the investment is disposed of. Including, if the remaining equity after disposal is accounted for by the cost method or the equity method in accordance with this Standard, other comprehensive income and other owners' equity shall be carried forward in proportion; if the remaining equity after disposal is accounted for in accordance with the financial instruments recognition and measurement standards, other comprehensive income and other owners' equity shall be carried forward in full.

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B. For an investment in a subsidiary formed by an enterprise merger that is not under the same control, the cost of the enterprise merger shall be taken as the investment cost.

If the additional investment can control the investee that is not under the same control, the sum of the book value of the equity investment held by the purchaser before the purchase date and the new investment cost on the purchase date shall be used as the initial investment cost calculated according to the cost method; Other comprehensive income of the equity investment held by the purchaser before the purchase date and recognized by the equity method shall be accounted for on the same basis as the direct disposal of the relevant assets or liabilities by the investee when disposing of the investment. If the equity investment held before the purchase date is accounted for in accordance with the relevant provisions of Accounting Standard for Business Enterprises No. 22 -- Recognition and Measurement of Financial Instruments, the accumulated fair value changes originally included in other comprehensive income shall be transferred to retained earnings when accounting by the cost method.

(2) In addition to long-term equity investment formed by enterprise merger, long-term equity investment obtained by other means, the investment cost shall be determined according to the following methods:

A. For long-term equity investment obtained by cash payment, the actual purchase price paid shall be regarded as the investment cost.

B. For long-term equity investments obtained by issuing equity securities, the fair value of the equity securities issued shall be taken as the investment cost.

(3) Due to additional investment and other reasons, can exert significant influence on the investee or implement joint control but does not constitute control, should be in accordance with the Accounting Standards for Enterprises No. 22 -- Recognition and measurement of financial instruments determined by the fair value of the original equity plus the sum of new investment costs, as the equity method of accounting for the initial cost of investment. Where the equity investment originally held is classified as an investment in other equity instruments, the difference between its fair value and carrying value, as well as the cumulative fair value change originally included in other comprehensive income, shall be transferred to retained earnings accounted for by the equity method.

4.14.3 Subsequent measurement and recognition of profit or loss

(1) Investment in subsidiaries

In the consolidated financial statements, investments in subsidiaries are treated in accordance with notes 4 ,(4.4).

In the financial statements of the parent company, the investment of the subsidiary is accounted for by the cost method, and the investment income is recognized when the investee declares the distributed cash dividend or profit.

(2) Investment in joint ventures and investment in associates

Investment in joint ventures and investments in associates shall be accounted for by the equity method, and specific accounting treatment shall include:

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If the initial investment cost is greater than the fair value share of the identifiable net assets of the investee, the difference is included in the cost of long-term equity investment; If the initial investment cost is less than the investment, the investee should enjoy its share of the fair value of the identifiable net assets of the investee, the difference is included in the current profit or loss, and the long-term equity investment cost is adjusted at the same time.

After obtaining the investment in the joint venture and the investment in the associated enterprise, the profit and loss of the investment and other comprehensive income shall be recognized respectively and the book value of the long-term equity investment shall be adjusted according to the share of the net profit and loss and other comprehensive income realized by the invested entity which shall be entitled to or contributed to; The book value of long-term equity investment shall be reduced accordingly according to the share of cash dividends or profits declared and distributed by the investee.

When calculating the share of the net profit or loss realized by the investee to be enjoyed or contributed, it shall be determined on the basis of the fair value of the investee's identifiable net assets at the time of acquisition of the investment. If the accounting policy or accounting period of the investee is different from that of the company, necessary adjustments shall be made to the financial statements of the investee in accordance with the accounting policy or accounting period of the company when accounting by the equity method. The unrealized gains and losses arising from internal transactions with the joint venture and associated enterprise that are attributable to the company as calculated in proportion to the shares of the company shall be offset in the equity method of accounting. For an unrealized loss arising from an insider transaction, where there is evidence that the loss is an impairment loss of the related asset, the loss is fully recognized.

For the net loss incurred by a joint venture or associated enterprise, the carrying value of the long-term equity investment and other long-term interests that substantially constitute the net investment in the invested unit shall be reduced to zero, except for the obligation of the company to bear additional losses. If the invested enterprise realizes net profit later, the amount of income sharing shall be recognized again after the amount of income sharing has made up the amount of unrecognized loss sharing.

For changes in owners' equity other than net profit and loss, other comprehensive income and profit distribution of the investee, the book value of long-term equity investment shall be adjusted and included in the capital reserve. When the investment is disposed of, the part originally included in the capital reserve shall be transferred to the current profit or loss in the corresponding proportion.

(3) When disposing of long-term equity investment, the difference between the carrying value and the actual purchase price shall be included in the current profit or loss. For long-term equity investment accounted for by the equity method, the same basis shall be adopted when disposing of the relevant assets or liabilities, and the part originally included in other comprehensive income shall be accounted for according to the corresponding proportion.

Due to the disposal of part of the equity investment and other reasons to lose common control or significant impact on the invested unit, the remaining equity after disposal in accordance with the accounting Standards for Business Enterprises No. 22 -- Recognition and measurement of financial instruments

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accounting, the loss of common control or significant impact on the date of the fair value and book value between the difference is included in the current profit and loss. Other comprehensive income recognized by the original equity investment due to the use of the equity method shall be accounted for on the same basis as the direct disposal of related assets or liabilities by the investee when the equity method is terminated.

If it loses control of the investee due to the disposal of part of the equity investment or other reasons, when preparing individual financial statements, the remaining equity after disposal can exercise common control or have a significant impact on the investee, it shall be accounted for according to the equity method, and the remaining equity shall be accounted for by the equity method when it is regarded as self-acquired. If the remaining equity after disposal cannot jointly control or significantly affect the invested entity, it shall be accounted for in accordance with the relevant provisions of Accounting Standards for Enterprises No. 22 -- Recognition and Measurement of Financial Instruments, and the difference between the fair value and the carrying value on the date of loss of control shall be included in the current profit or loss.

4.15 Investment properties

Investment property is property held either to earn rental income or for capital appreciation, or for both. It includes leased land use rights and leased buildings and construction and land use rights held for resale after appreciation (including buildings that are leased after completion of self-construction or development activities, and buildings that are under construction or development and will be leased in the future); In addition, vacant buildings held by the company for operational rental are also regarded as investment property if it is clear that they can be used for operational rental and the intention to hold them will not change in the short term.

The company adopts the fair value model for subsequent measurement of Investment property.

(1) The basis for selecting the fair value model measurement

When a company adopts the fair value model to measure investment property, it shall simultaneously meet the following two conditions:

- ① Where the investment property is located, there is an active property trading market;
- ② the company can obtain the market price of similar or similar property and other relevant information from the property trading market, so as to make a reasonable estimate of the fair value of the investment property.

Through inquiries and other investigations of property market transactions, the company can obtain similar or similar property market prices and other relevant information from the property market. At the end of the accounting period, the fair value of investment property can be reasonably estimated by employing professional appraisers with professional qualifications to issue evaluation reports for valuation. It is feasible to use fair value for subsequent measurement of investment property.

(2) Key assumptions and major uncertainties used by the company in estimating the fair value of investment property

- ① Assuming that the investment property is traded on the open market and will continue to be used for

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its current purpose;

② there will be no significant changes in the future of national macroeconomic policies and local socio-economic environment, tax policies, credit interest rates, exchange rates, etc.;

③ Other force majeure and unforeseeable factors that may have a significant impact on the operation of the enterprise.

When determining the fair value of investment properties, reference should be made to the prevailing market price of the same or similar property in an active market; Where the current market price of the same or similar property is not available, a reasonable estimate of the fair value of the investment property shall be made with reference to the recent transaction price of the same or class or similar property in the active market, taking into account the transaction situation, transaction date, location and other factors; Or determine its fair value based on the present value of the rental income expected to be obtained in the future and the relevant cash flows.

(3) The end-of-period recognition and accounting procedures for the fair value of investment property

If the fair value model is adopted, no depreciation or amortization shall be made for investment property. The carrying value is adjusted on the basis of the fair value of the investment property at the balance sheet date, and the difference between the fair value and the original carrying value is included in the current profit or loss, taking into account the effect of deferred income tax or deferred income tax liabilities.

When the company has solid evidence that the use of property has changed, when the self-use property or inventory is converted into investment property, the valuation is based on the fair value on the conversion date. If the fair value on the conversion date is less than the original carrying value, the difference is recorded in the current profit or loss; If the fair value on the conversion date is greater than the original carrying value, the difference is recognized as other comprehensive income. When the investment property is converted into self-use property, the fair value on the conversion date is taken as the carrying value of the self-use property, and the difference between the fair value and the original carrying value is recognized in the current profit or loss.

When the investment property is disposed of or permanently retired from use and it is expected that no economic benefits can be obtained from its disposal, the recognition of the investment property shall cease. The disposal income from the sale, transfer, scrapping or damage of the investment property shall be included in the current profit or loss after deducting its carrying value and related taxes.

4.16 Fixed assets

4.16.1 Recognition criteria for fixed assets

Fixed assets refers to tangible assets held for the purpose of producing commodities, services rendering, renting or business administration with useful lives exceeding one accounting year. Fixed assets can be recognized when the following criteria are met: a) It is probable that the economic benefits relating to the fixed assets will flow into the company; and b) The costs of the fixed assets can be measured reliably. Fixed assets are initially measured at cost taking into account the impact of the anticipated disposal expense factor.

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4.16.2 Classification, valuation method and depreciation method of fixed assets

Depreciation of fixed assets is provided for during the expected service life after the recorded value is deducted from the estimated net residual value. For fixed assets for which an impairment provision is made, the depreciation amount shall be determined in the future period according to the book value after deducting the impairment provision and the useful life; The fixed assets that have been fully depreciated and are still in use shall not be depreciated.

The company adopts the straight-line method to calculate the depreciation of fixed assets. The service life, estimated net salvage value rate and annual depreciation rate of various types of fixed assets are as follows:

Category	Depreciation period (years)	Residual rate (%)	Annual depreciation rate (%)
Houses and buildings	20.00-70.00	5.00	1.36-4.75
Machinery and Equipment	8.00	3.00	12.13
Transportation vehicles	4.00-10.00	5.00	9.50-23.75
Electronic equipment and others	3.00-5.00	3.00	19.40-32.33

The estimated net salvage value is the amount the company currently receives from the disposal of such asset, net of the estimated disposal costs, assuming that the fixed asset has reached its expected useful life and is in its expected state at the end of its useful life.

4.16.3 Method of testing for impairment of fixed assets and method of preparing for impairment

The method of testing for impairment of fixed assets and the method of preparing for impairment of fixed assets are detailed in Note 4, (4.21) .

4.16.4 Recognition and measurement of fixed assets leased in under finance leases

Financial leasing is a lease that essentially transfers all risks and rewards related to asset ownership, and its ownership may or may not be transferred in the end. The fixed assets leased under financial leasing shall be depreciated according to the same policy as the owned fixed assets. If the ownership of the leased asset can be reasonably determined at the end of the lease term, depreciation shall be calculated during the service life of the leased asset; If the ownership of the leased asset can not be reasonably ascertained at the end of the lease term, depreciation shall be accrued during the shorter of the lease term and the service life of the leased asset.

4.16.5 Other Instructions

Subsequent expenditures related to a fixed asset where the economic benefits related to that fixed asset are likely to flow in and its cost can be reliably measured are included in the cost of the fixed asset and the carrying value of the portion being replaced is terminated. Other subsequent expenditures other than these are included in current profit or loss when incurred.

When a fixed asset is in the state of disposal or no economic benefit is expected to be generated from its use or disposal, the recognition of the fixed asset shall be terminated. The difference between the disposal income from the sale, transfer, scrapping or damage of the fixed assets after deducting its carrying value and

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related taxes and fees is included in the current profit or loss.

The company shall review the useful life, estimated net salvage value and depreciation method of fixed assets at least at the end of the year, and any change shall be treated as a change in accounting estimate.

4.17 Construction in progress

The cost of construction in progress shall be determined according to the actual project expenditure, including the project expenditure and other related expenses incurred during the construction period. The construction in progress shall be transferred to fixed assets after it reaches the predetermined usable state.

If the products or by-products produced before reaching the predetermined usable status are sold to other countries, the revenues and costs related to the trial operation sales shall be accounted for in accordance with the provisions of Accounting Standards for Enterprises No. 14 -- Revenue and Accounting Standards for Enterprises No. 1 -- Inventory, etc., and shall be recorded in the current profit and loss.

4.18 Borrowing costs

4.18.1 Recognition criteria for capitalization of borrowing costs

Borrowing costs include interest on loans, amortization of discounts or premiums, auxiliary expenses and exchange differences arising from foreign currency borrowings.

If the borrowing expenses incurred by a company can be directly attributable to the purchase, construction or production of assets eligible for capitalization, they shall be capitalized and included in the cost of the relevant assets; Other borrowing expenses, when incurred, are recognized as expenses according to the amount incurred, and are included in current profit or loss.

Assets eligible for capitalization refer to fixed assets, investment property, inventory and other assets that need to be purchased and constructed or produced for a considerable period of time before they can be used or sold.

The capitalization of borrowing expenses begins when the following conditions are met:

(1) Asset expenditures have been incurred, including expenditures in the form of cash payments, transfer of non-cash assets or assumption of interest-bearing debts for the purchase, construction or production of assets eligible for capitalization;

(2) the borrowing cost has been incurred;

(3) the purchase, construction, or production of the assets necessary to bring them to their intended usable or saleable state has begun.

4.18.2 Period during which borrowing costs are capitalized

Capitalization period refers to the period from the point at which the borrowing cost begins to be capitalized to the point at which the borrowing cost ceases to be capitalized, excluding the period during which the borrowing cost ceases to be capitalized.

When the purchase, construction or production of assets eligible for capitalization reaches a predetermined useable or saleable state, the capitalization of the borrowing cost shall cease.

When part of the purchase, construction or production of assets eligible for capitalization is completed

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separately and can be used separately, the borrowing cost of that part of assets ceases to be capitalized.

Where each part of the purchased or produced asset is completed separately, but can only be used or sold to other countries after the completion of the whole asset, the capitalization of the borrowing cost ceases upon the completion of the whole asset.

4.18.3 Period of suspension of capitalization

If the assets that meet the conditions for capitalization are abnormally interrupted in the process of purchase and construction or production, and the interruption time exceeds 3 consecutive months, the capitalization of borrowing costs will be suspended; The interruption shall continue to be capitalized if the purchased, built or produced assets conforming to the capitalization conditions reach the predetermined usable state or saleable state. Borrowing costs incurred during the interruption period are recognized as profit or loss for the period and continue to be capitalized until the purchase, construction or production of the asset restarts.

4.18.4 Method for calculating the capitalized amount of borrowing costs

For a special loan borrowed for the purchase, construction or production of assets eligible for capitalization, the capitalized amount of the loan expense shall be determined by the amount of the loan expense actually incurred during the period of the special loan, minus the amount of interest income derived from the deposit of the loan funds that have not yet been used in the bank or the investment income derived from the temporary investment.

For general loans used for the purchase, construction or production of assets eligible for capitalization, the amount of borrowing costs to be capitalized for general loans shall be determined by multiplying the weighted average amount of the accumulated asset expenditures exceeding the portion of the special loans by the capitalization rate of the general loans used. The capitalization rate is calculated and determined on the basis of the weighted average interest rate of general loans.

4.19 Right-of-use assets

The right to use the leased asset refers to the right of the lessee to use the leased asset during the lease term.

The company makes the initial measurement of the right to use assets according to the cost, which includes: (1) the initial measurement amount of the lease liability; (2) the amount of the lease payment paid on or before the commencement date of the lease term, if there is a lease incentive, less the amount related to the lease incentive already enjoyed; (3) initial direct expenses incurred by the lessee; And (4) the estimated costs incurred by Lessee to demolish and remove the leased asset, rehabilitate the premises where the leased Asset is located, or restore the leased asset to its condition as stipulated in the terms of the lease.

The company shall, in accordance with the relevant depreciation provisions of Accounting Standard for Business Enterprises No. 4 -- Fixed Assets, depreciate the right to use the assets. If the ownership of the leased asset can be reasonably determined at the end of the lease term, depreciation shall be calculated during the remaining useful life of the leased asset. If it cannot be reasonably ascertained that the ownership of the leased asset can be acquired at the end of the lease term, depreciation shall be accrued during the

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shorter of the lease term and the remaining useful life of the leased asset.

When the company remeasures the lease liability according to the present value of the changed lease payment amount and adjusts the book value of the right to use asset accordingly, if the book value of the right to use asset has been reduced to zero, but the lease liability still needs to be further reduced, the remaining amount will be included in the current profit or loss.

4.20 Intangible assets

Intangible assets refer to identifiable non-monetary assets without physical form owned or controlled by the company.

4.20.1 The initial measurement of intangible assets

The cost of an purchased intangible asset, including the purchase price, related taxes, and other expenses incurred that are directly attributable to bringing the asset to a predetermined level. If the purchase price of intangible assets exceeds the normal credit terms and is deferred, and is essentially financing in nature, the cost of intangible assets is determined on the basis of the present value of the purchase price.

4.20.2 Service life and amortization of intangible assets

For intangible assets with limited useful life, the original value minus the estimated net salvage value and the accumulated amount of provision for impairment shall be amortized in equal stages by straight-line method over the expected useful life from the time they become available for use. Intangible assets with uncertain service life shall not be amortized.

At the end of the period, the useful life and amortization methods of intangible assets with limited useful life are reviewed, and if any change occurs, it will be treated as a change in accounting estimate. In addition, the useful life of intangible assets with uncertain useful life is reviewed, and its useful life is estimated and amortized in accordance with the amortization policy for intangible assets with limited useful life if there is evidence that the intangible asset brings economic benefits to the enterprise for a foreseeable period of time.

4.20.3 Research and development expenditures

The company's internal research and development expenditures are divided into research phase expenditures and development phase expenditures.

Expenditures in the research phase are recorded in the current profit or loss when incurred.

Expenditures in the development stage are recognized as intangible assets if they meet the following conditions at the same time. Expenditures in the development stage that cannot meet the following conditions are recognized in the current profit or loss:

- (1) It is technically feasible to complete the intangible asset so that it can be used or sold;
- (2) having the intention to complete the intangible asset and use or sell it;
- (3) the way in which the intangible asset generates economic benefits, including proving that there is a market for products produced by the intangible asset or a market for the intangible asset itself, and that the intangible asset will be used internally, proving its usefulness;
- (4) have sufficient technical, financial and other resources to support the completion of the development

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of the intangible asset and have the ability to use or sell the intangible asset;

(5) the expenditures attributable to the development phase of the intangible asset can be measured reliably.

If the products or by-products produced in the process of research and development are sold to other countries, the revenues and costs related to the trial operation sales shall be accounted for in accordance with the provisions of Accounting Standards for Enterprises No. 14 -- Revenue and Accounting Standards for Enterprises No. 1 -- Inventory, etc., and shall be included in the current profit and loss.

4.21 Impairment of long-term assets

At the balance sheet date, the company shall, based on internal and external information, determine whether there are indicators of impairment of long-term equity investments, investment property measured by cost model, fixed assets, construction in progress, productive biological assets measured by cost model, oil and gas assets, use rights assets, intangible assets and other long-term assets. If any indication exists, the recoverable amount of the asset is estimated. In addition, the company conducts impairment tests to estimate the recoverable amount of goodwill, intangible assets with indefinite useful life and intangible assets not ready for use at each year-end, irrespective of whether there is any indication of impairment.

The recoverable amount of an asset (or asset group, asset group combination, the same below) refers to the higher of its fair value less cost to sell and its present value of expected future cash flows.

If the recoverable amount of an asset indicates that the recoverable amount of the long-term asset is lower than its carrying value, its carrying value will be written down to the recoverable amount, and the amount written-down will be recognized as an impairment loss of the asset and recognized in the current profit and loss, and a provision of impairment is recognized accordingly.

An asset group is the smallest asset group that can be identified and generates cash inflows that are essentially independent of other assets or groups of assets. An asset group consists of the assets associated with generating cash inflows. When determining an asset group, it mainly considers whether the asset group can generate cash inflow independently, as well as the management mode of production and operation activities, as well as the decision-making mode of asset use or disposal.

The net amount of the fair value of an asset less cost to sell is determined by the price that market participants can receive or transfer a liability from the sale of an asset in the orderly transaction occurring on the measurement date, minus the amount that can be directly attributable to the disposal cost of the asset. The present value of an asset's estimated future cash flows is determined by the amount discounted after selecting an appropriate pre-tax discount rate based on the estimated future cash flows arising from the asset's continued use and final disposal.

The impairment loss related to an asset group or asset group combination shall be first offset against the carrying value of goodwill allocated to the asset group or asset group combination, and then offset against the carrying value of other assets in proportion to the carrying value of the asset group or asset group combination other than goodwill. The carrying value of each asset after deduction shall not be less than the highest of the

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fair value of the asset less cost to sell (if ascertainable), the present value of the asset's estimated future cash flows (if ascertainable) and zero.

The impairment losses of assets will not be reversed in subsequent periods once they are recognized.

4.22 Long-term deferred expenses

Long-term deferred expenses refer to expenses that have been paid but their benefit period is more than one year (excluding one year). Long-term deferred expenses will be amortized in the benefit periods. If one long-term deferred expense can't benefit the company in the subsequent periods, the remaining balance of the long-term deferred expense shall be recognized as expense in profit or loss for the current period.

4.23 Contractual Liabilities

The company recognizes as contractual liabilities the portion of its obligation to transfer goods or services to customers for which consideration has been received or received from customers. If the customer has paid the contract consideration or the company has obtained the unconditional right of collection before the company transfers the goods to the customer, the company shall show the received or receivable as a contractual liability at the earlier time of the actual payment by the Customer and the payment due by the customer. Contract assets and contract liabilities under the same contract are shown on a net basis, and contract assets and contract liabilities under different contracts are not set off.

4.24 Employee benefits

The company's employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

Short-term benefits mainly includes wages, bonuses, allowances and subsidies, employee welfare expenses, medical insurance premiums, maternity insurance premiums, work-related injury insurance premiums, housing provident funds, union funds and employee education funds, non-monetary benefits, etc. In the accounting period in which employees have rendered services, the company recognizes the employee benefits as liability, and charges to profit or loss for the current period or included in the cost of relevant assets when incurred. Welfare benefit in non-monetary forms is measured at fair value.

Post-employment benefits mainly include basic pension insurance, unemployment insurance and so on. The post-employment benefits also includes defined contribution plans and defined benefit plans. Where a defined contribution plan is adopted, the corresponding contribution amount is credited to the relevant asset cost or current profit or loss when incurred.

If the company is unable to unilaterally withdraw the termination benefits provided by the termination plan or the reduction proposal, or if the company recognizes the costs associated with the reorganization involving the payment of the termination benefits, Recognize employee compensation liabilities arising from termination benefits and recognize them in profit or loss for the current period. However, if the dismissal benefits cannot be fully paid within 12 months after the end of the annual reporting period, they shall be treated as other long-term employee salaries.

The employee retirement plan shall be handled in the same principle as the above-mentioned dismissal

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benefits. The company will record the salary and social insurance contributions of the internal retirees to be paid during the period from the date of the employee's cessation of service to the normal retirement date into the profit and loss of the current period (termination benefits) when the conditions for the recognition of projected liabilities are met.

Other long-term employee benefits provided by the company to employees, which meet the conditions of the defined contribution plan, shall be accounted for in accordance with the defined contribution plan. In addition, they shall be accounted for in accordance with the defined benefit plan.

4.25 Lease liability

At the commencement date of the lease term, the company recognizes the present value of outstanding lease payments as a lease liability (other than short-term leases and leases of low-value assets). When calculating the present value of the lease payment amount, the inherent interest rate of the lease is used as the discount rate; if the inherent interest rate of the lease cannot be determined, the incremental borrowing rate of the lessee is used as the discount rate. The difference between the amount of the lease payment and its present value is regarded as an unrecognized financing expense, and the interest expense is recognized at the discount rate at which the present value of the lease payment is recognized during each period of the lease term and recorded in the current profit or loss. Variable lease payments that are not included in the measurement of lease liabilities are recognized in current profit or loss when actually incurred.

The company calculates the interest expense of the lease liability during the lease term according to the fixed cyclical interest rate and includes it in the profit and loss of the current period. If it should be included in the relevant asset cost according to other standards, such provisions shall apply. Variable lease payments that are not included in the measurement of lease liabilities are included in the profit and loss of the current period when they actually occur, and should be included in the cost of related assets according to other standards, from the provisions.

After the beginning of the lease term, if there is any change in the evaluation result or actual exercise of the renewal option, termination option or purchase option, the lease payment amount shall be re-determined and the lease liability shall be re-measured at the present value of the changed lease payment amount and the revised discount rate.

If, after the commencement of the lease term, there is a change in the amount expected to be payable based on the value of the guarantee balance, or a change in the amount of future lease payments due to a change in the index or ratio used to determine the amount of lease payments, the lease liability is remeasured at the present value of the amount of lease payments after the change.

When the lease liability is remeasured for any of the above reasons or due to changes in the actual fixed payment amount, the carrying value of the right to use asset shall be adjusted accordingly. If the carrying value of the right to use asset has been reduced to zero, but the lease liability still needs to be further reduced, the remaining amount shall be included in the current profit or loss.

4.26 Provisions

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4.26.1 Criteria for the recognition of Provisions

Obligations relating to contingencies are recognized as provisions by the company when the following conditions are met:

- (1) The obligation is a current obligation undertaken by the company;
- (2) The performance of the obligation is likely to result in the outflow of economic benefits from the company;
- (3) The amount of the obligation can be measured reliably.

4.26.2 The measurement of provisions

The company expects liabilities to be initially measured at the best estimate of the expenditure required to meet the relevant current obligations.

In determining the best estimate, the company takes into account factors such as risks, uncertainties and the time value of money associated with contingencies. Where the time value of money is materially affected, the best estimate is determined by discounting the relevant future cash outflows.

4.27 Revenue

When the company has fulfilled its performance obligations under the contract, that is, when the customer has acquired control of the relevant goods or services, revenue is recognized at the transaction price allocated to the performance obligation.

If the contract contains two or more performance obligations, the company shall, on the commencement date of the contract, apportion the transaction price to each individual performance obligation in proportion to the individual selling price of the goods or services promised by each individual performance obligation. For sales with a quality assurance clause, if the quality assurance provides a separate service in addition to the assurance to the customer that the goods or services sold meet the established standards, the quality assurance constitutes a single performance obligation. Otherwise, the company accounts for the quality assurance liability in accordance with Accounting Standard for Business Enterprises 13 -- Contingencies.

Transaction price refers to the amount of consideration that the company expects to be entitled to receive as a result of the transfer of goods or services to a customer, but does not include amounts received on behalf of third parties and amounts that the company expects to be refunded to the customer. Where variable consideration exists in the contract, the company determines the best estimate of the variable consideration based on the expected amount or the amount most likely to occur. Where variable consideration is included, the transaction price does not exceed an amount that is highly unlikely to result in a material reversal of cumulative recognized revenue upon the elimination of the relevant uncertainty. Where there is consideration payable to a customer in the contract, unless the consideration is for the purpose of obtaining other clearly distinguishable goods or services from the customer, the company will write off the consideration payable to the transaction price and write off the current revenue at the time when the relevant revenue is recognized later than the payment (or commitment to pay) of the customer consideration. If there is a significant financing component in the contract, the company will adjust the transaction price according to the financing component

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in the contract; If the interval between the transfer of control and the payment of the price by the customer is less than one year, the company will not take into account the financing component.

Whether the company is the principal responsible person or the agent in a transaction is determined by whether the company has control of the goods or services before the transfer to the customer. If the company is able to control the goods or services before the transfer of the goods or services to the customer, the company is the main responsible person, and the revenue is recognized on the basis of the total consideration received or receivable; Otherwise, the company, as an agent, recognizes revenue on the basis of the amount of the commission or handling fee it is expected to be entitled to receive, which is determined on the net of the total amount of consideration received or receivable after deducting the price payable to other interested parties.

4.28 Contract costs

4.28.1 The cost of obtaining the contract

Incremental costs incurred by the company to obtain a contract (i.e., costs that would not have been incurred without obtaining a contract) that the company expects to recover are recognized as an asset and marketed on the same basis as revenue from goods or services related to the asset is recognized and recognized in current profit or loss. If the amortization period of the asset does not exceed one year, it is recognized in the profit or loss of the current period when it occurs. Other expenses incurred by the company to obtain the contract are recorded in current profit or loss when incurred, except those expressly borne by the customer.

4.28.2 The cost of performing the contract

The cost incurred by the company to perform a contract is recognized as an asset if it does not fall within the scope of accounting standards for enterprises other than the revenue standard and meets the following conditions: ① The cost is directly related to a current or expected contract; ② the cost increases the company's resources for fulfilling performance obligations in the future; ③ the cost is expected to be recovered. Assets recognised are amortised on the same basis as revenues from goods or services associated with the asset are recognised and recognised in profit or loss for the period.

4.28.3 Impairment of contract costs

If the carrying value of the contract cost is higher than the difference between the following two items, an impairment provision shall be made and recognized as an asset impairment loss: ① the remaining consideration expected to be obtained due to the transfer of commodities related to the asset; ② estimate the cost to be incurred for the transfer of the related commodity.

If the factors of impairment in the previous period change after the change, so that the difference between ① and ② of the preceding paragraph is higher than the carrying value of the contract cost, it shall revert to the original asset impairment provision and be included in the profit or loss of the current period, provided that the carrying value of the contract cost after the reversal shall not exceed the carrying value of the asset at the date of reversal if no impairment provision is assumed.

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4.29 Government grants

Government grants refers to the monetary assets and non-monetary assets obtained by the company from the government free of charge, excluding the capital invested by the government as an investor and enjoying the corresponding owner's equity. Government grants are divided into asset-related government grants and revenue-related government subsidies.

Government grants obtained by the company for the purchase, construction or other forms of long-term assets are defined as asset-related government subsidies; The remaining government grants are defined as revenue-related government grants. If the government documents do not specify who is receiving the grant, the grant is divided into revenue-related government grants and asset-related government grants in the following way: (1) If the government documents specify the specific project for which the subsidy is targeted, the division shall be made according to the relative proportion of the expenditure amount forming the asset and the expenditure amount included in the expense amount in the budget of the specific project. The division proportion shall be reviewed at each balance sheet date and changed if necessary; (2) Where the purpose of the government document is only a general expression and no specific project is specified, it shall be regarded as a revenue-related government subsidy.

If the government grants is a monetary asset, it shall be measured according to the amount received or receivable. Where government grants are non-monetary assets, they shall be measured at fair value; Where the fair value cannot be reliably obtained, it shall be measured at the nominal amount. Government grants measured at nominal amounts are directly credited to current profit or loss.

The company usually recognizes and measures the government grants according to the amount actually received when it is actually received. However, at the end of the period, if there is solid evidence that the relevant conditions stipulated in the financial support policy can be met, the financial support funds are expected to be received, and the amount is measured according to the receivable amount. Government grants measured in accordance with the amount receivable should also meet the following conditions: (1) the amount of subsidies receivable has been confirmed by the competent government departments, or can be reasonably calculated according to the relevant provisions of the officially issued measures for the management of financial funds, and there is no significant uncertainty in the amount expected; (2) Based on the local financial department officially issued and in accordance with the provisions of the regulations on the disclosure of government Information to take the initiative to disclose the financial support project and its financial fund management measures, and the management measures should be inclusive (any enterprise that meets the prescribed conditions can apply), rather than specifically formulated for specific enterprises; (3) the relevant grant approval document has clearly promised the disbursement period, and the disbursement of the money is guaranteed by the corresponding financial budget, so it can be reasonably guaranteed that it can be received within the specified period.

Government grants related to assets are recognized as deferred income, and are recognised in profit and loss in a reasonable and systematic way during the useful life of the relevant assets. Government grants related to income, which are used to compensate related cost expenses or losses in subsequent periods, are

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recognized as deferred income and are recognized in current profit or loss during the period in which the related cost expenses or losses are recognized; Those that are used to compensate the related cost expenses or losses that have already been incurred are directly recognized in the current profit or loss.

At the same time, it includes government subsidies related to assets and income, and accounting shall be carried out separately for different parts; If it is difficult to distinguish, it should be classified as a whole government subsidy related to income.

Government subsidies related to the daily activities of the company shall be recognized in other income or deducted from related costs according to the essence of economic business; Government subsidies not related to daily activities shall be recognized in non-operating income and expenditure.

When the recognized government subsidies need to be returned, if there is a balance of relevant deferred income, the carrying balance of relevant deferred income shall be written off, and the excess part shall be included in current profit or loss; Under other circumstances, it shall be directly included in the current profit or loss.

4.30 Deferred tax assets and deferred tax liabilities

Deferred income tax assets and deferred income tax liabilities are calculated and recognized based on the difference (temporary difference) between the tax basis of the asset and liability and their carrying value. At the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured at the tax rates applicable during the period during which the asset is expected to be recovered or the liability to be settled.

4.30.1 The basis for recognizing the deferred tax asset

The company recognizes deferred income tax assets arising from deductible temporary differences to the extent that taxable income is likely to be obtained to offset deductible temporary differences, deductible losses and tax credits that can be carried forward to subsequent years. However, deferred income tax assets arising from the initial recognition of assets or liabilities in transactions with the following characteristics are not recognized: (1) the transaction is not a business combination; (2) neither accounting profit nor taxable income or deductible loss is affected at the time of the transaction.

A deferred tax asset is recognized for a deductible temporary difference related to an investment in an associate if the following conditions are met: the temporary difference is likely to be reversed in the foreseeable future, and taxable income is likely to be obtained in the future to offset the deductible temporary difference.

4.30.2 The basis for recognizing deferred income tax liabilities

The company recognizes as a deferred income tax liability the taxable temporary differences due and unpaid between the current period and prior periods. Excluding, however:

- (1) temporary differences arising from the initial recognition of goodwill;
- (2) a transaction or event that is not a business combination and does not affect accounting profit or taxable income (or deductible loss) at the time of the transaction or event;
- (3) For taxable temporary differences related to investments in subsidiaries or associates, the timing of

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the reversal of the temporary difference can be controlled and the temporary difference is likely not to be reversed in the foreseeable future.

4.30.3 Deferred income tax assets and deferred income tax liabilities are shown net of offset when the following conditions are met

(1) The enterprise has the legal right to net settlement of current income tax assets and current income tax liabilities;

(2) The deferred income tax assets and deferred income tax liabilities are related to the income tax levied by the same tax administration on the same tax payer or to different tax payers, but during the period in which each future material deferred income tax asset and deferred income tax liability is reverted, The taxable entity involved intends to net the current income tax asset and current income tax liability or to acquire the asset and settle the debt at the same time.

4.31 Leases

4.31.1 Identification of the lease

On the commencement date of the contract, the company assesses whether the contract is a lease or includes a lease if one of the parties to the contract cedes the right to control the use of one or more of the identified assets for a certain period of time in exchange for consideration. In order to determine whether the contract cedes the right to control the use of the identified asset for a certain period of time, the company assesses whether the customer in the contract is entitled to receive virtually all of the economic benefits arising from the use of the identified asset during the term of use and to direct the use of the identified asset during the term of use.

4.31.2 Lease Term

The lease term is the irrevocable period during which the company has the right to use the leased assets. The lease term also includes the period covered by the renewal option, which is the right to choose to renew the lease of the asset, where it is reasonably certain that the option will be exercised. Where the company has a termination option, that is, the right to elect to terminate the lease of the asset, but is reasonably certain that the option will not be exercised, the lease term includes the period covered by the termination option. In the event of a material event or change within the company's control that affects whether it is reasonably certain that the corresponding option will be exercised, the company shall reassess whether it is reasonably certain that the lease renewal option will be exercised, the purchase option will be exercised or the lease termination option will not be exercised.

4.31.3 Lease Change

A lease modification is a change in the lease scope, lease consideration, or lease term beyond the terms of the original contract, including increasing or terminating the right to use one or more leased assets, extending or shortening the lease term specified in the contract, etc.

The lease change is accounted for as a separate lease if the lease is changed and the following conditions are met at the same time:

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(1) The lease change expands the scope of the lease by adding the right to use one or more leased assets;

(2) the increased consideration is equivalent to the separate price of the expanded portion of the lease, adjusted for the circumstances of that contract.

If the lease change is not accounted for as a separate lease, on the effective date of the lease change, the lease term is redetermined and the altered lease payment is discounted at the revised discount rate for the purpose of remeasuring the lease liability.

Where the lease change causes the lease scope to be reduced or the lease term to be shortened, the carrying value of the right to use assets shall be adjusted accordingly, and the gains or losses related to the partial or complete termination of the lease shall be included in the current profit or loss. Where any other lease change causes the lease liability to be remeasured, the lessee shall adjust the carrying value of the right to use asset accordingly.

4.31.4 Accounting treatment of lessee

The company recognizes as short-term leases on the commencement date of the lease term for a period not exceeding 12 months and which do not include a purchase option; And leases that have a lower value when the individual leased asset is a brand new asset are deemed to be low-value asset leases. Where a leased asset is subleased or expected to be subleased, the original lease is not recognized as a low-value asset lease. The company chooses not to recognize the right of use assets and lease liabilities for short-term leases and low-value asset leases. The relevant asset cost or current profit or loss is recognized on a straight-line basis during each period of the lease term.

In addition to short-term leases and low-value asset leases, which are simplified as described above, the company recognizes the use right assets and lease liabilities for the identified leases. The initial and subsequent measurement of the right to use assets and lease liabilities is shown in Notes 4, (4.19) and Notes 4, (4.25).

4.31.5 Accounting treatment of lessors

The company divides leases into finance leases and operating leases on the commencement date.

A finance lease is a lease that substantially transfers virtually all of the risks and rewards associated with ownership of the leased asset. The ownership may or may not ultimately transfer. Operating leases refer to leases other than finance leases. When the company acts as a sublease, subleases are classified based on the right of use assets generated by the original lease. However, if the original lease is a short-term lease and the sublessor simplifies the original lease, the company classifies the sublease as an operating lease.

On the beginning date of the lease term, the company shall recognize the financial lease payment receivable for the financial lease and terminate the recognition of the financial lease assets. In the initial measurement of the finance lease receivable, the net lease investment is taken as the recorded value of the finance lease receivable. The net lease investment is the sum of the unguaranteed balance value and the present value of the unreceived lease proceeds discounted at the intrinsic interest rate of the lease at the beginning date of the lease term. Unrealized financing income is calculated at a fixed periodic interest rate

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during the lease term to recognize current interest income. Variable lease payments obtained that are not included in the measurement of net lease investment are recognised in current profit or loss when actually incurred.

During each period of the lease term, the company uses the straight-line method to recognize lease receipts from operating leases as rental income. Variable lease payments obtained that are not included in lease receipts are recognised in current profit or loss when actually incurred.

5. Significant changes of accounting policies and accounting estimates

5.1 Significant changes of accounting policies

5.1.1 Changes in accounting policies resulting from implementation of Interpretation of Accounting Standards for Business Enterprises No. 15

The Ministry of Finance issued the Interpretation of Accounting Standards for Enterprises No. 15 in December 2021, requiring enterprises to no longer deduct the cost of fixed assets or research and development expenditures from the net offset of the sales revenue of trial operation, and stipulating that when enterprises measure loss-making contracts, the cost of performing the contract includes the amount of the incremental cost of performing the contract and other costs directly related to the performance of the contract. The foregoing provisions have not had a material impact on the company's financial report.

5.1.2 Changes in accounting policies resulting from the implementation of Interpretation of Accounting Standards for Business Enterprises No. 16

The Ministry of Finance issued Interpretation of Accounting Standards for Business Enterprises No. 16 in November 2022, ①which deals with the accounting treatment that deferred income tax related to assets and liabilities arising from single transactions does not apply to the initial recognition exemption; ②Accounting for the income tax impact of dividends related to financial instruments that are classified by issuers as equity instruments; ③ accounting for the modification of cash settled share payments by the enterprise to equity settled share payments; Which ① shall take effect on 1 January 2023, may also choose to take effect from the year of promulgation, ②, ③ from the date of promulgation. The foregoing provisions have not had a material impact on the financial report of the company.

5.2 significant changes of accounting estimates

During the reporting period, the company had no significant changes of accounting estimates.

6. Taxes

The main applicable tax and rate to the company as follows:

6.1 Main taxes categories and tax rates

Tax of Category	Basis of tax computation	Tax rate
Value added tax	Selling goods or providing taxable services	3.00%, 5.00%, 9.00%, 13.00%

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Tax of Category	Basis of tax computation	Tax rate
Urban maintenance and construction tax	Turnover tax paid	7.00%
Educational surcharges	Turnover tax paid	3.00%
Local educational surcharges	Turnover tax paid	2.00%
Corporate income tax	Taxable income	25.00%

6.2 tax incentives and approval

There are no preferential tax policies during the reporting period.

7. Description of significant items in the consolidated financial statements

Unless otherwise indicated, the amount of the following items is in RMB yuan; The term "period" refers to 31 December 2022, the term "beginning" refers to 1 January 2022, the term "current period" refers to the year 2022 and the term "previous period" refers to the year 2021.

7.1 Cash and bank balance

Item	31/12/2022	31/12/2021
Cash on hand	55,905.70	35,926.20
Cash at bank	250,575,398.60	156,311,096.42
Other monetary funds	20,501,454.45	-
Total	271,132,758.75	156,347,022.62
Including: The total amount of money held abroad	-	-

The restricted monetary funds breakdown is as follows:

Item	31/12/2022	31/12/2021
Time deposits for pledge purposes	15,310,000.00	75,310,000.00
Banker's acceptance deposit	20,501,454.45	-
Total	35,811,454.45	75,310,000.00

Note 1: As of 31 December 2022, the use of restricted monetary funds due to loan certificates of deposit pledged was RMB 15,310,000.00 yuan.

Note 2: As of 31 December 2022, the restricted use of monetary funds due to deposit of bank acceptance deposits was RMB 20,501,454.45 yuan.

7.2 Accounts receivable

7.2.1 Presentation by ageing

Ageing	31/12/2022
Within 1 year (including 1 years)	222,663,579.74
1 to 2 years (including 2 years)	202,845,028.24
2 to 3 years (including 3 years)	275,771,260.81

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Ageing	31/12/2022
3 to 4 years (including 4 years)	214,797,258.67
4 to 5 years (including 5 years)	296,357,585.47
More than 5 years	1,610,066,893.98
Subtotal	2,822,501,606.91
Less: Bad debt provision	8,355,526.78
Total	2,814,146,080.13

7.2.2 Classification of accounts receivable

Category	31/12/2022			
	Book balance		Bad debt provision	
	Amount	Percentage (%)	amount	Percentage (%)
Provision for doubtful accounts on an individual basis	7,195,408.19	0.25	7,195,408.19	100.00
Provision for doubtful accounts on a portfolio basis	2,815,306,198.72	99.75	1,160,118.59	0.04
Total	2,822,501,606.91	100.00	8,355,526.78	0.30

Continued:

Category	31/12/2021			
	Book balance		Bad debt provision	
	Amount	Percentage (%)	Amount	Percentage (%)
Provision for doubtful accounts on an individual basis	7,729,853.39	0.26	7,729,853.39	100.00
Provision for doubtful accounts on a portfolio basis	2,946,189,134.96	99.74	1,161,823.80	0.04
Total	2,953,918,988.35	100.00	8,891,677.19	0.30

(1) Accounts receivable with an individual provision for doubtful accounts

Company name	31/12/2022			
	Book balance	Bad debt provision	Provision ratio (%)	Reason for provision
Dujiangyan Wanhe fruit industry Co., LTD	4,390,469.47	4,390,469.47	100.00	Legal action, no subject matter of enforcement
Sichuan Aiswo Agricultural Technology Co., LTD	2,177,848.00	2,177,848.00	100.00	Legal action, no subject matter of enforcement
Sichuan Dujiangyan Xinhe Industrial Co., LTD	627,090.72	627,090.72	100.00	Legal action, no subject matter of enforcement
Total	7,195,408.19	7,195,408.19	—	-

Continued:

Company name	31/12/2021			
	Book balance	Bad debt provision	Provision ratio (%)	Reason for provision
Dujiangyan Wanhe Fruit Industry Co., LTD	4,875,740.67	4,875,740.67	100.00	Legal action, no subject matter of enforcement
Sichuan Aiswo Agricultural Technology Co.,	2,227,022.00	2,227,022.00	100.00	Legal action, no subject

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LTD				matter of enforcement
Sichuan Dujiangyan Xinhe Industrial Co., LTD	627,090.72	627,090.72	100.00	Legal action, no subject matter of enforcement
Total	7,729,853.39	7,729,853.39	-	-

(2) Accounts receivable on a combined basis for provision for doubtful accounts

① In the portfolio, accounts receivable are set aside for bad debts according to the ageing portfolio

Ageing	31/12/2022			31/12/2021		
	Book balance	Provision ratio (%)	Bad debt provision	Book balance	Provision ratio (%)	Bad debt provision
Within 6 months (including 6 months)	762,065.87	-	-	403,138.08	-	-
6 months to 1 year (including 1 year)	188,863.98	5.00	9,443.20	-	5.00	-
1 to 2 years (including 2 years)	-	10.00	-	654,462.53	10.00	65,446.26
2 to 3 years (including 3 years)	250,292.18	20.00	50,058.44	159,769.16	20.00	31,953.83
3 to 4 years (including 4 years)	122,357.49	30.00	36,707.24	1,713.33	30.00	514.00
4 to 5 years (including 5 years)	-	50.00	-	-	50.00	-
More than 5 years	1,063,909.71	100.00	1,063,909.71	1,063,909.71	100.00	1,063,909.71
Total	2,387,489.23	—	1,160,118.59	2,282,992.81	—	1,161,823.80

② In Portfolio, accounts receivable for which provision is made for doubtful accounts in other Portfolio

Portfolio name	31/12/2022		31/12/2021	
	Book balance	Bad debt provision	Book balance	Bad debt provision
Portfolio 2: Government receivables portfolio	2,632,714,162.43	-	2,937,164,137.14	-
Portfolio 3: Related party Portfolio	-	-	565,760.28	-
Portfolio 5: Other Portfolios	180,204,547.06	-	6,176,244.73	-
Total	2,812,918,709.49	-	2,943,906,142.15	-

7.2.3 Top 5 account receivables as of period end

Name of debt unit	Book balance	Percentage of total accounts receivable (%)	Bad debt provision
Dujiangyan Finance Bureau	2,267,571,686.63	80.34	-
Dujiangyan Housing and Urban-Rural Development Bureau	275,691,868.91	9.77	-
Sichuan Green View Trading Co., LTD	143,900,000.00	5.10	-
Dujiangyan Water Bureau	51,709,560.52	1.83	-
Dujiangyan Modern Agriculture Development Investment Co., LTD	33,700,775.53	1.19	-
Total	2,772,573,891.59	98.23	-

7.3 Prepayments

7.3.1 Prepayments by ageing

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Ageing	31/12/2022		31/12/2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year (including 1 years)	20,350,541.10	7.17	14,375,794.42	3.08
1 to 2 years (including 2 years)	1,461,867.56	0.52	18,255,884.96	3.91
2 to 3 years (including 3 years)	1,505,524.27	0.53	19,144,645.26	4.10
More than 3 years	260,421,182.37	91.78	414,997,011.47	88.91
Total	283,739,115.30	100.00	466,773,336.11	100.00

7.3.2 Top five prepayments as of period end

Name of debt unit	31/12/2022	Percentage of total prepayments (%)
Dujiangyan Finance Bureau	111,271,647.86	39.22
Sichuan Hongye Electric Power Group Co., LTD Dujiangyan branc	46,953,377.13	16.55
Sichuan Huahai Construction Group Co LTD	26,332,767.44	9.28
Zhongtai Lighting Group Co. LTD	10,960,321.29	3.86
Sichuan Xinliyuan Construction Engineering Co., LTD	7,947,002.00	2.80
Total	203,465,115.72	71.71

7.4 Other receivables

Item	31/12/2022	31/12/2021
Interest receivable	-	-
Dividends receivable	-	-
Other receivables	4,361,910,581.38	3,713,270,680.50
Total	4,361,910,581.38	3,713,270,680.50

7.4.1 Presented by ageing

Ageing	31/12/2022
Within 1 year (including 1 years)	1,500,853,287.82
1 to 2 years (including 2 years)	1,200,502,666.75
2 to 3 years (including 3 years)	423,226,774.96
3 to 4 years (including 4 years)	413,799,339.98
4 to 5 years (including 5 years)	534,485,346.52
More than 5 years	289,828,164.03
Subtotal	4,362,695,580.06
Less: Bad debt provision	784,998.68
Total	4,361,910,581.38

7.4.2 Classification of other receivables disclosed

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Category	31/12/2022			
	Book balance		Bad debt provision	
	Amount	Percentage (%)	Amount	Percentage (%)
Provision for doubtful accounts on an individual basis	739,905.28	0.02	739,905.28	100.00
Provision for doubtful accounts on a portfolio basis	4,361,955,674.78	99.98	45,093.40	-
Total	4,362,695,580.06	100.00	784,998.68	0.02

Continued:

Category	31/12/2021			
	Book balance		Bad debt provision	
	Amount	Percentage (%)	Amount	Percentage (%)
Provision for bad debts on an individual basis	692,176.48	0.02	692,176.48	100.00
Provision for bad debts on a portfolio basis	3,713,315,164.60	99.98	44,484.10	-
Total	3,714,007,341.08	100.00	736,660.58	0.02

(1) Other receivables for which provision for bad debts is made individually

Company name	31/12/2022			
	Book balance	Bad debt provision	Provision ratio (%)	Reason for provision
Dujiangyan Chitian Youpin Investment Co., LTD	739,905.28	739,905.28	100.00	Filing for bankruptcy
Total	739,905.28	739,905.28	100.00	-

Continued:

Company name	31/12/2021			
	Book balance	Bad debt provision	Provision ratio (%)	Reason for provision
Dujiangyan Chitian Youpin Investment Co., LTD	692,176.48	692,176.48	100.00	Filing for bankruptcy
Total	692,176.48	692,176.48	100.00	-

(2) Other receivables set aside for bad debts on a combined basis

① Other receivables for which provision for bad debts is made in combination with ageing

Ageing	31/12/2022			31/12/2021		
	Book balance	Provision ratio (%)	Bad debt provision	Book balance	Provision ratio (%)	Bad debt provision
Within 6 months (including 6 months)	-	-	-	-	-	-
6 months to 1 year (including 1 year)	-	5.00	-	-	5.00	-
1 to 2 years (including 2 years)	-	10.00	-	-	10.00	-
2 to 3 years (including 3 years)	-	20.00	-	6,093.00	20.00	1,218.60
3 to 4 years (including 4 years)	6,093.00	30.00	1,827.90	-	30.00	-
4 to 5 years (including 5 years)	-	50.00	-	-	50.00	-
More than 5 years	43,265.50	100.00	43,265.50	43,265.50	100.00	43,265.50

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Ageing	31/12/2022			31/12/2021		
	Book balance	Provision ratio (%)	Bad debt provision	Book balance	Provision ratio (%)	Bad debt provision
Total	49,358.50	—	45,093.40	49,358.50	—	44,484.10

② Other receivables for which provision for bad debts is made in other combinations

Portfolio name	31/12/2022		31/12/2021	
	Book balance	Bad debt provision	Book balance	Bad debt provision
Portfolio 2: Government receivables portfolio	1,074,730,671.36	-	652,704,329.98	-
Portfolio 3: Related party Portfolio	2,499,322,669.57	-	2,091,477,533.21	-
Portfolio 4: Employee loan and deposit bond Portfolio	33,838,899.07	-	37,161,886.85	-
Combo 5: Other Portfolios	754,014,076.28	-	931,922,056.06	-
Total	4,361,906,316.28	-	3,713,265,806.10	-

7.4.3 Top 5 other receivables as of 31 December 2022

Name of the debt unit	Book balance	Percentage of total other receivables (%)	Bad debt provision
Dujiangyan State Investment Urban Construction Co., LTD	1,157,055,769.65	26.52	-
Dujiangyan Modern Agriculture Development Investment Co., LTD	708,722,133.46	16.25	-
Dujiangyan Finance Bureau	666,043,196.97	15.27	-
Dujiangyan Smart City Operation, Construction and Development Group Co. LTD	470,960,821.98	10.80	-
Dujiangyan Xingyan Investment Co. LTD	355,433,647.03	8.15	-
Total	3,358,215,569.09	76.99	-

7.5 Inventories

7.5.1 Inventory classification

Item	31/12/2022			31/12/2021		
	Book balance	Reserve for declines	Book value	Book balance	Reserve for declines	Book value
Development costs	17,355,386,678.48	-	17,355,386,678.48	16,383,913,905.57	-	16,383,913,905.57
Raw material	6,450,290.06	-	6,450,290.06	-	-	-
Inventory goods (finished goods)	6,418,555.76	-	6,418,555.76	17,307,288.25	-	17,307,288.25
Turnover material	273,062.93	-	273,062.93	516,404.08	-	516,404.08
Total	17,368,528,587.23	-	17,368,528,587.23	16,401,737,597.90	-	16,401,737,597.90

Note: Inventory subject to ownership restrictions such as mortgages is detailed in note 7 ,(7.49) Assets of restricted ownership or use rights as of 31 December 2022.

7.6 Other Current assets

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Item	31/12/2022	31/12/2021
Pre-paid taxes	15,281,215.69	44,389,351.58
Input VAT	1,133,531.16	-
Total	16,414,746.85	44,389,351.58

7.7 Long-term receivables

Item	31/12/2022	31/12/2021
Principal of finance lease payments	-	12,000,000.00
Unrealized financing gains	-	-1,351,666.76
Total	-	10,648,333.24

7.8 Long-term equity investments

7.8.1 Classification of long-term equity investments

Item	31/12/2021	Increase for the current period	Decrease in the current period	31/12/2022
Investments in subsidiaries	-	-	-	-
Investment in a joint venture	-	-	-	-
Investing in associates	23,162,623.75	-	1,236,362.51	21,926,261.24
Subtotal	23,162,623.75	-	1,236,362.51	21,926,261.24
Less: Provision for impairment of long-term equity investments	-	-	-	-
Total	23,162,623.75	-	1,236,362.51	21,926,261.24

7.8.2 Breakdown of long-term equity investments

Investee	Percentage of ownership (%)	31/12/2021	Increase or decrease in 2022			
			Additional Investment	Reduce investment	Investment gains or losses recognized under the equity method	Other comprehensive income adjustments
1. Subsidiaries	-	-	-	-	-	-
2. Joint venture	-	-	-	-	-	-
3. Associated enterprises	-	-	-	-	-	-
Dujiangyan Treasure Bottle Tourism Development Co. LTD	49.00	-	-	-	-	-
Dujiangyan Xinchengzi Tourism Investment Management Co., LTD	49.00	14,792,623.75	-	-	-60,765.49	-
Sichuan Province Dujiangyan Fengnian Tourism Culture Co. LTD	25.00	-	-	-	-	-
Dujiangyan Xinyuan Tourism Development Co., LTD	33.00	6,600,000.00	-	-	198,910.10	-
Dujiangyan Shengyuan Water Industry Co. LTD	15.00	1,770,000.00	-	-	-1,374,507.12	-
Dujiangyan Township with Agricultural Tourism	30.00	-	-	-	-	-

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Investee	Percentage of ownership (%)	31/12/2021	Increase or decrease in 2022			
			Additional Investment	Reduce investment	Investment gains or losses recognized under the equity method	Other comprehensive income adjustments
1. Subsidiaries	-	-	-	-	-	-
Development Co., LTD						
Subtotal	-	23,162,623.75	-	-	-1,236,362.51	-
Total	-	23,162,623.75	-	-	-1,236,362.51	-

Continued:

Investee	Increase or decrease in 2022				31/12/2022	Balance of ending impairment reserve
	Other changes in equity	Declaration of cash dividends or profits	Provision for impairment	Other		
1. Subsidiaries	-	-	-	-	-	-
2. Joint venture	-	-	-	-	-	-
3. Associated enterprises	-	-	-	-	-	-
Dujiangyan Treasure Bottle Tourism Development Co. LTD	-	-	-	-	-	-
Dujiangyan Xinchengzi Tourism Investment Management Co., LTD	-	-	-	-	14,731,858.26	-
Sichuan Province Dujiangyan Fengnian Tourism Culture Co. LTD	-	-	-	-	-	-
Dujiangyan City new source tourism development Co., LTD	-	-	-	-	6,798,910.10	-
Dujiangyan Shengyuan Water Industry Co., LTD	-	-	-	-	395,492.88	-
Dujiangyan Township with Agricultural Tourism Development Co., LTD	-	-	-	-	-	-
Subtotal	-	-	-	-	21,926,261.24	-
Total	-	-	-	-	21,926,261.24	-

Note 1: Dujiangyan New City Construction Investment Co., Ltd. holds 49.00% equity of Dujiangyan Baoan Tourism Development Co., LTD. (Capital contribution of 4.94 million yuan). Since Dujiangyan Baoan Tourism Development Co., Ltd. has ceased operations at the end of 2019, the company recognizes the investment loss in full based on the capital contribution.

Note 2: Dujiangyan New City Construction Investment Co., Ltd. holds 25.00% equity of Sichuan Dujiangyan Fengnian Tourism Culture Co., LTD. (with an investment amount of 8.25 million yuan). In view of the fact that Sichuan Dujiangyan Fengnian Tourism Culture Co., Ltd. ceased operations at the end of 2019, the company recognizes the investment loss in full based on the amount of capital contribution.

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Note 3: On 18 December 2019, the company, Yili Township Bian Tourism Culture Development Co., Ltd. and Xianhe Community Joint Stock Economic Cooperative of Tianma Town Dujiangyan jointly funded the establishment of Dujiangyan Township Bian Agricultural Tourism Development Co., LTD. The company holds 30.00% (no investment for the time being), and Dujiangyan Township Bian Agricultural Tourism Development Co., LTD has not been in production and operation.

Note 4: In 2021, according to the document of Dujiangyan State-owned Assets Supervision and Administration and Financial Work Bureau (Duguo Capital Development (2021) No. 113), agreed to transfer 33.00% equity of Dujiangyan Xinyuan Tourism Development Co., Ltd. and 15.00% equity of Dujiangyan Shengyuan Water Industry Co., Ltd. held by Chengdu Dujiangyan Tourism Group Co., Ltd. to Dujiangyan New City Construction Investment Co., LTD.

7.9 Investment in other equity instruments

Item	31/12/2022			31/12/2021		
	Book balance	Impairment provisions	Book value	Book balance	Impairment provisions	Book value
Investments in other equity instruments	407,362,745.56	-	407,362,745.56	407,362,745.56	-	407,362,745.56
Including: unlisted equity investments	407,362,745.56	-	407,362,745.56	407,362,745.56	-	407,362,745.56
Total	407,362,745.56	-	407,362,745.56	407,362,745.56	-	407,362,745.56

7.9.1 Other equity instrument investment breakdown

Investee	Book balance	Percentage of ownership (%)
Dujiangyan Jindu Rural Bank Co., LTD	14,962,500.00	7.513
Chengdu Dujiangyan Tourism Group Co. LTD	109,678,340.30	3.8418
Dujiangyan Lafarge Cement Co. LTD	282,721,905.26	13.1355
Total	407,362,745.56	-

7.10 Other non-current financial assets

Item	31/12/2022	31/12/2021
Classification of financial assets measured at fair value and whose changes are recognised in profit or loss for the period	-	-
Including: Investing in debt instruments	-	-
Dujiangyan Puxin Asset Management Center (Limited partnership)	600,000,000.00	600,000,000.00
Dujiangyan Ruidu Asset Management Center (Limited Partnership)	-	124,375,000.00
Dujiangyan Hongye Rural Development Equity Investment Fund Partnership (Limited Partnership)	194,874,028.51	-
Total	794,874,028.51	724,375,000.00

7.11 Investment properties

1. Investment property that adopts the fair value measurement model

Dujiangyan urban and rural construction Group Co., LTD
Notes to the consolidated financial statements for the year ended 31 December 2022

Item	Houses, and Buildings	Total
1. 31/12/2021	1,232,179,907.08	1,232,179,907.08
2. Changes in the current period	330,217,229.63	330,217,229.63
Plus: Outsource	330,217,229.63	330,217,229.63
Inventory \ fixed assets \ construction in progress transferred	-	-
Business consolidation increases	-	-
Minus: Disposal	-	-
Other roll-out	-	-
Gain or loss on changes in fair value	-5,613,566.33	-5,613,566.33
3.31/12/2022	1,556,783,570.38	1,556,783,570.38

Note: For Investment property subject to ownership restrictions such as mortgages, see Note 7 ,(7. 49)
Assets of restricted ownership or use rights as of 31 December 2022.

7.12 Fixed Assets

Item	31/12/2022	31/12/2021
Fixed assets	234,298,332.84	242,170,488.97
Liquidation of fixed assets	-	-
Total	234,298,332.84	242,170,488.97

7.12.1 Status

Item	Houses and buildings	Transportation vehicles	Electronic equipment and others	Mechanical equipment	Total
1. Original book value					
(1) 31/12/2021	359,029,673.94	10,238,524.01	2,165,318.06	532,222.21	371,965,738.22
(2) Amount increased for this period	-	5,137.68	360,429.61	-	365,567.29
Purchase	-	5,137.68	360,429.61	-	365,567.29
Other transfers	-	-	-	-	-
(3) Amount reduced for this period	-	531,211.00	77,580.00	-	608,791.00
Disposal or scrapping	-	531,211.00	77,580.00	-	608,791.00
Other spin out	-	-	-	-	-
(4) 31/12/2022	359,029,673.94	9,712,450.69	2,448,167.67	532,222.21	371,722,514.51
2. Accumulate depreciation					
(1) 31/12/2021	123,721,889.28	4,146,737.72	1,506,646.17	419,976.08	129,795,249.25
(2) Amount increased for this period	7,369,416.16	630,663.61	198,229.76	14,271.84	8,212,581.37
accrual	7,369,416.16	630,663.61	198,229.76	14,271.84	8,212,581.37
Other transfers	-	-	-	-	-
(3) Amount reduced for this period	-	509,787.95	73,861.00	-	583,648.95
Disposal or scrapping	-	509,787.95	73,861.00	-	583,648.95

Dujiangyan urban and rural construction Group Co., LTD
Notes to the consolidated financial statements for the year ended 31 December 2022

Item	Houses and buildings	Transportation vehicles	Electronic equipment and others	Mechanical equipment	Total
Other spin out	-	-	-	-	-
(4) 31/12/2022	131,091,305.44	4,267,613.38	1,631,014.93	434,247.92	137,424,181.67
3. Provision for impairment					
(1) 31/12/2021	-	-	-	-	-
(2) Amount increased for this period	-	-	-	-	-
(3) Amount reduced for this period	-	-	-	-	-
(4) 31/12/2022	-	-	-	-	-
4. Total book value					
(1) Ending book value	227,938,368.50	5,444,837.31	817,152.74	97,974.29	234,298,332.84
(2) Opening book value	235,307,784.66	6,091,786.29	658,671.89	112,246.13	242,170,488.97

Note: Inventory subject to ownership restrictions such as mortgages is detailed in note 7 ,(7.49) ownership or using rights of assets subject to restriction as of 31/12/2022.

7.13 Construction in Progress

Item	31/12/2022	31/12/2021
Construction in progress	219,274.50	360,997,763.96
Less: Provision for impairment of construction in progress	-	-
Engineering supplies	-	-
Less: provision for impairment of construction materials	-	-
Total	219,274.50	360,997,763.96

7.13.1 Details of Construction in Progress

Item	31/12/2022	31/12/2021
Zipingpuchang Township infrastructure	-	3,371,723.19
Emergency shelter	-	8,604,118.89
Xudu old landfill site closure and renovation project II	-	15,991,787.23
Sewage treatment plant B sewage network engineering	-	20,079,229.56
Restoration and reconstruction works at the Heritage Administration	-	22,975,057.89
Lingyan Mountain ditch levee renovation project	-	9,357,022.19
Lingam Mountain ditch dike road comprehensive reconstruction project	-	13,523,130.74
Procuratorate office case handling and professional and technical housing projects	-	7,900,000.00
Dujiangyan farmers market system restoration and reconstruction project	-	16,066,802.50
Baishahe area road comprehensive reconstruction project	-	12,760,836.72
Baisha River levee regulation project	-	31,054,093.68
One block landscape greening Phase II project	-	32,396,721.36

Dujiangyan urban and rural construction Group Co., LTD
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Item	31/12/2022	31/12/2021
1 block node landscape greening construction project	-	14,938,358.65
1 block infrastructure supporting construction phase I project	-	31,854,729.44
Village house Wutong Guanwen Road sidewalk streetlight project	-	217,099.17
Dongjiawan sandstone Mine	219,274.50	219,274.50
Post-disaster reconstruction project of Dujiangyan section of Chuanxi Tourism Ring Line S106	-	106,869,449.88
Tianma Town Travel Guide	-	1,333,086.14
Tenma Ideal Village	-	8,049,570.68
Small town construction project in Juyuan Town	-	2,692,848.72
Juyuan town essence irrigation District cultural and creative tourism town	-	742,822.83
Total	219,274.50	360,997,763.96

7.13.2 Changes in significant projects under construction during the year

Project name	Budget (ten thousand yuan)	31/12/2021	Amount added	Transfer fixed asset amount	Other reduced amounts	31/12/2022
Post-disaster reconstruction project of Dujiangyan section of Chuanxi Tourism Ring Line S106	19,689.59	106,869,449.88	-	-	106,869,449.88	-
Baisha River levee improvement project	3,505.20	31,054,093.68	-	-	31,054,093.68	-
One block landscape greening phase II project	3,260.00	32,396,721.36	-	-	32,396,721.36	-
The first phase of one block infrastructure supporting construction project	3,746.00	31,854,729.44	-	-	31,854,729.44	-
Sewage treatment plant B sewage network management project	4,500.00	20,079,229.56	-	-	20,079,229.56	-
Restoration and reconstruction works of cultural relics administration	4,600.00	22,975,057.89	-	-	22,975,057.89	-
Total	—	245,229,281.81	-	-	245,229,281.81	-

Note: The other decrease in construction in the current period is the adjustment of the above-mentioned municipal and other public welfare projects to other non-current assets accounting.

7.14 Intangible assets

7.14.1 Status

Item	Land-use rights	Software system	Sand and gravel resource management rights	Total
I. Original book value				
1. 31/12/2021	1,627,906.96	4,353.98	-	1,632,260.94
2. Increase the amount for the current period	-	47,026.55	512,849,300.00	512,896,326.55
(1) Purchase	-	47,026.55	-	47,026.55
(2) In-house research and development	-	-	-	-

Dujiangyan urban and rural construction Group Co., LTD
Notes to the consolidated financial statements for the year ended 31 December 2022

Item	Land-use rights	Software system	Sand and gravel resource management rights	Total
(3) Increased business mergers	-	-	-	-
(4) Transfer into	-	-	512,849,300.00	512,849,300.00
3. Reduce the amount in the current period	-	-	-	-
(1) Disposal	-	-	-	-
4. 31/12/2022	1,627,906.96	51,380.53	512,849,300.00	514,528,587.49
II. Cumulative amortization				
1. 31/12/2021	936,046.50	2,902.72	-	938,949.22
2. Increase the amount for the current period	54,263.57	11,248.46	-	65,512.03
(1) Accrual	54,263.57	11,248.46	-	65,512.03
3. Reduce the amount for the current period	-	-	-	-
(1) Disposal	-	-	-	-
4. 31/12/2022	990,310.07	14,151.18	-	1,004,461.25
III. Provision for impairment				
1. 31/12/2021	-	-	-	-
2. Increase the amount for this period	-	-	-	-
(1) Provision	-	-	-	-
3. Reduce the amount for the current period	-	-	-	-
(1) Disposal	-	-	-	-
4. 31/12/2022	-	-	-	-
IV. Book value				
1. Ending book value	637,596.89	37,229.35	512,849,300.00	513,524,126.24
2. Opening book value	691,860.46	1,451.26	-	693,311.72

Note: Inventory subject to ownership restrictions such as mortgages is detailed in note 7 ,(7.49) ownership or using rights of assets subject to restriction.

7.15 Long-term deferred expenses

Item	31/12/2021	Addition	Amortization for the current period	Others	31/12/2022	Other reasons for the decrease
Infrastructure development	386,275.41	382,748.94	328,004.84	-	441,019.51	-
Rent	198,021.00	661,490.00	695,063.00	-	164,448.00	-
Office renovations	-	991,970.87	-	-	991,970.87	-
Total	584,296.41	2,036,209.81	1,023,067.84	-	1,597,438.38	-

7.16 Deferred tax assets and deferred tax liabilities

Dujiangyan urban and rural construction Group Co., LTD
Notes to the consolidated financial statements for the year ended 31 December 2022

7.16.1 Deferred income tax assets and deferred income tax liabilities are not shown as net of offsetting

Item	31/12/2022		31/12/2021	
	Deductible/taxable temporary difference	Deferred tax assets/liabilities	Deductible/taxable temporary differences	Deferred tax assets/liabilities
1. Deferred tax assets	1,063,909.71	265,977.43	1,100,102.75	275,025.69
Provision for asset impairment	1,063,909.71	265,977.43	1,100,102.75	275,025.69
2. Deferred tax liabilities	785,504,485.60	196,376,121.40	791,118,051.93	197,779,512.98
Change in fair value of investment property	785,504,485.60	196,376,121.40	791,118,051.93	197,779,512.98

7.17 Other non-current assets

Item	31/12/2022	31/12/2021
Du 'an Driving School	448,261.28	448,261.28
Public welfare assets such as municipal works	347,960,058.49	-
Total	348,408,319.77	448,261.28

7.18 Short-term borrowings

7.18.1 Classification of Short-term borrowings

Item	31/12/2022	31/12/2021
Guarantee borrowings	374,890,000.00	226,870,000.00
Credit borrowings	95,000,000.00	70,000,000.00
Pledge borrowings	10,000,000.00	10,000,000.00
Pledge + guarantee the borrowings	-	120,000,000.00
Mortgage + guarantee borrowings	270,000,000.00	255,000,000.00
Total	749,890,000.00	681,870,000.00

7.18.2 Details of short-term borrowings

(1) Guarantee borrowings

Loan unit	31/12/2022	Guarantor
Dujiangyan Jindu Rural Bank Co., LTD	4,990,000.00	Dujiangyan Property Rights Transfer Financing Guarantee Co., LTD., Dujiangyan Industrial Concentrated Development and Construction Investment Co., LTD
Dujiangyan Branch of Chengdu Rural Commercial Bank Co., LTD	10,000,000.00	Dujiangyan Property Rights Transfer Financing Guarantee Co., LTD
Suining Bank Co., LTD. Chengdu branch	10,000,000.00	Chengdu Dujiangyan Investment and Development Group Co. LTD
Bank of Sichuan Co., Ltd. Chengdu Qingyang branch	10,000,000.00	Chengdu Dujiangyan Investment and Development Group Co. LTD
Dujiangyan Jindu Village Bank Co., LTD	15,000,000.00	Chengdu Dujiangyan Investment Development Group Co., LTD
Industrial Bank Co., LTD. Chengdu Dujiangyan branch	32,000,000.00	Chengdu Dujiangyan Investment and Development Group Co. LTD
Chengdu Dujiangyan Branch of Bank of Guiyang Co., LTD	100,000,000.00	Dujiangyan Xingshi Group Co., LTD., Chengdu Dujiangyan Investment Development Group Co., LTD

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Loan unit	31/12/2022	Guarantor
Chengdu Tianfu Branch of China Everbright Bank Co., LTD	70,000,000.00	Chengdu Tianfu New District Investment Group Co., LTD
Chengdu Qingyang Branch, Bank of Sichuan Co., LTD	10,000,000.00	Chengdu Dujiangyan Investment and Development Group Co. LTD
Suining Bank Co., LTD. Chengdu Branch	10,000,000.00	Chengdu Dujiangyan Investment and Development Group Co. LTD
Chengdu branch of Guangfa Bank Co., LTD	55,000,000.00	Dujiangyan Minjiang Investment & Operation Co., LTD., Chengdu Dujiangyan Investment & Development Group Co., LTD
Dujiangyan Branch of Chengdu Bank Co., LTD	10,000,000.00	Chengdu Small Business Financing Guarantee Co., LTD
Chengdu Tianfu Branch of China Everbright Bank Co., LTD	9,900,000.00	Chengdu Tianfu New District Investment Group Co., LTD
Dujiangyan Branch of Chengdu Rural Commercial Bank Co., LTD	10,000,000.00	Dujiangyan urban and rural construction Group Co., LTD
Dujiangyan Branch of Bank of China Limited	8,000,000.00	Dujiangyan Urban and Rural Construction Group Co., LTD
Dujiangyan Branch of Bank of China Limited	10,000,000.00	Dujiangyan Urban and Rural Construction Group Co., LTD., Chengdu Yinong Agricultural Development Co., LTD
Total	374,890,000.00	-

(2) Credit borrowings

Loan unit	31/12/2022	Credit
China Development Bank Sichuan Branch	95,000,000.00	Loans on credit, free of guarantee
Total	95,000,000.00	-

(3) Pledge borrowings

Loan unit	31/12/2022	Pledge
Chengdu Dujiangyan Branch of Bank of Guiyang Co., LTD	10,000,000.00	Dujiangyan Runmao Industrial Co., Ltd. pledged RMB 10,310,000 yuan in certificates of deposit
Total	10,000,000.00	-

(4) Mortgage + Guarantee borrowings

Loan unit	31/12/2022	Mortgage/Guarantor
Dujiangyan branch of Agricultural Bank of China Co., LTD	250,000,000.00	Dujiangyan New City Construction Investment Co., Ltd. to its Liujie Town commercial land, Puyang Town upstream village Shuanghuai Village commercial land National Use (2013) No. 13061 to provide mortgage; Dujiangyan City State Investment Urban Construction Co., Ltd. to provide joint liability guarantee
Chengdu Dujiangyan Branch of Bank of Guiyang Co., LTD	20,000,000.00	Dujiangyan New City Construction Investment Co., Ltd. to Guanhua Road Chengbei Shanshui Phase 276 No. 0376958, No. 0376962 as collateral; Dujiangyan Xingyan Investment Co., Ltd. took Sichuan (2019) Dujiangyan City property No. 0005489 as mortgage; Dujiangyan New City Construction Investment Co., Ltd. shall provide joint liability guarantee
Total	270,000,000.00	-

7.19 Notes payable

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Item	31/12/2022	31/12/2021
Banker's acceptance	20,501,454.45	-
Commercial acceptance	2,200,000.00	14,414,791.96
Total	22,701,454.45	14,414,791.96

7.20 Accounts payable

7.20.1 Accounts payable are shown by age

Ageing	31/12/2022	31/12/2021
Within 1 year (including 1 years)	173,749,108.60	160,273,652.11
1 to 2 years (including 2 years)	137,698,749.01	93,923,927.50
2 to 3 years (including 3 years)	34,138,551.81	81,827,624.18
More than 3 years	65,186,848.89	1,677,824.82
Total	410,773,258.31	337,703,028.61

7.20.2 Top 5 accounts payable at 31 December 2022

Name of creditor	31/12/2022	Reasons for outstanding balances
Sichuan Shudian Group Co. LTD	64,793,440.49	Unliquidated
Sichuan Qianhengrui Enterprise Service Co. LTD	63,450,000.00	Unliquidated
Dujiangyan Tianfuyuan Building Materials Co., LTD	55,763,521.16	Unliquidated
Dujiangyan Modern Agriculture Development Investment Co., LTD	31,504,610.00	Unliquidated
Chengdu Construction Industrial Equipment Installation Co., LTD	30,295,738.78	Unliquidated
Total	245,807,310.43	-

7.21 Contract liabilities

Item	31/12/2022	31/12/2021
Contractual liabilities related to sales contracts	4,836,301.77	141,137,039.44
Total	4,836,301.77	141,137,039.44

7.22 Employee benefits payable

7.22.1 Details of employee benefits payable

Item	31/12/2021	Accrued	Decrease	31/12/2022
1. Short-term employee benefits	477,859.26	12,005,955.66	11,714,140.90	769,674.02
2. Post-employment benefits - defined contribution plans	-	1,874,533.52	1,865,928.16	8,605.36
Total	477,859.26	13,880,489.18	13,580,069.06	778,279.38

7.22.2 Short-term employee benefits

Item	31/12/2021	Accrued	Decrease	31/12/2022
1. Salaries, bonuses, perks, and	465,392.10	9,382,035.14	9,112,174.28	735,252.96

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Item	31/12/2021	Accrued	Decrease	31/12/2022
allowances				
Staff welfare	10,115.16	705,404.47	715,519.63	-
Social insurances	-	725,224.79	724,704.13	520.66
Including: Medical insurance	-	681,632.12	681,632.12	-
Work-related injury insurance	-	20,197.59	19,676.93	520.66
Maternity insurance	-	9,832.28	9,832.28	-
Supplemental medical insurance	-	13,562.80	13,562.80	-
2. Housing fund	2,352.00	887,876.34	890,228.34	-
3. Labor union funds and employee education fee	-	305,414.92	271,514.52	33,900.40
Total	477,859.26	12,005,955.66	11,714,140.90	769,674.02

7.22.3 Defined contribution plans

Item	31/12/2021	Accrued	Decrease	31/12/2022
1. Basic pension insurance	-	1,347,761.57	1,347,761.57	-
2. Unemployment insurance	-	53,146.99	53,146.99	-
3. Annuity	-	473,624.96	465,019.60	8,605.36
Total	-	1,874,533.52	1,865,928.16	8,605.36

7.23 Taxes payable

Item	31/12/2022	31/12/2021
Value added tax	136,986,682.75	97,368,152.33
Business tax	-	141,823,928.77
Corporate income tax	489,481,023.71	430,625,382.26
Urban maintenance and construction tax	17,248,470.26	14,222,093.39
Educational surcharges	7,425,236.02	6,128,166.88
Local educational surcharges	4,965,555.39	4,100,843.05
Property tax	1,104,817.26	151,321.18
Individual income tax	28,499.75	2,658.28
Stamp Duty	5,826.96	299,038.18
Land value added tax	24,654,275.37	24,386,700.28
Land use tax	9,347,675.41	29,726,010.85
Deed Tax	318,269.30	318,269.30
Total	691,566,332.18	749,152,564.75

7.24 Other payables

Dujiangyan urban and rural construction Group Co., LTD
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Item	31/12/2022	31/12/2021
Interest payable	-	-
Dividends payable	-	-
Other payables	6,983,175,864.19	4,204,489,160.46
Total	6,983,175,864.19	4,204,489,160.46

7.24.1 Presented by ageing

Ageing	31/12/2022	31/12/2021
Within 1 year (including 1 years)	4,958,278,032.44	1,613,476,983.61
1 to 2 years (including 2 years)	1,173,420,367.82	1,923,899,180.10
2 to 3 years (including 3 years)	188,205,128.51	328,891,093.00
More than 3 years	663,272,335.42	338,221,903.75
Total	6,983,175,864.19	4,204,489,160.46

7.24.2 Top five Other payables as of 31 December 2022

Name of creditor unit	Nature of payment	31/12/2022	Percentage of other payables combined (%)
Chengdu Dujiangyan Investment Development Group Co., LTD	Current and current funds	4,586,384,959.33	65.68
Dujiangyan Land Reserve Center	Current and current funds	609,223,519.39	8.72
Dujiangyan Tianfuyuan Building Materials Co., LTD	Current and current funds	434,024,550.00	6.22
Dujiangyan Xingshi Group Co. LTD	Current and current Funds	335,789,615.91	4.81
Dujiangyan Municipal Engineering Co., LTD	Current and current funds	215,962,000.00	3.09
Total	-	6,181,384,644.63	88.52

7.25 Non-current liabilities due within one year

Item	31/12/2022	31/12/2021
Long-term borrowings due within one year (Note 27)	753,756,260.00	401,662,360.00
Bonds payable due within one year (Note 28)	1,174,880,243.97	1,339,234,202.32
Long-term payables due within one year (Note 29)	156,781,225.85	124,327,895.48
Other non-current liabilities due within one year (Note 30)	342,000,000.00	1,723,531,456.89
Total	2,427,417,729.82	3,588,755,914.69

7.25.1 A breakdown of long-term borrowings due within one year

Loan unit	Loan start date	Loan termination date	31/12/2022	Types of loan
Chengdu Qingyang Branch of Huishang Bank Co., LTD	2022-07-28	2027-06-30	2,900,000.00	Mortgage + Guarantee
Chengdu Qingyang Branch of Huishang Bank Co., LTD	2022-01-26	2025-01-26	10,000,000.00	Guarantee

Dujiangyan urban and rural construction Group Co., LTD
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Loan unit	Loan start date	Loan termination date	31/12/2022	Types of loan
Dujiangyan branch of Agricultural Development Bank of China	2020-12-30	2032-12-07	18,000,000.00	Guarantee
Dujiangyan branch of Chengdu Rural Commercial Bank Co., LTD	2022-12-27	2024-12-26	10,000,000.00	Guarantee
Dujiangyan branch of Agricultural Development Bank of China	2022-03-17	2037-03-13	4,000,000.00	Guarantee
Chengdu branch of Leshan City Commercial Bank Co., LTD	2021-09-29	2023-09-28	125,000,000.00	Guarantee
Chengdu branch of Bank of Chongqing Co., LTD	2022-06-29	2025-06-28	2,000,000.00	Guarantee
Dujiangyan Branch of Chengdu Rural Commercial Bank Co., LTD	2021-01-18	2023-01-17	9,250,000.00	Credit
Chengdu branch of Mianyang City Commercial Bank Co., LTD	2021-03-05	2024-03-05	30,000.00	Pledge
Chengdu branch of Mianyang City Commercial Bank Co., LTD	2022-12-22	2024-12-22	20,000.00	Mortgage + Guarantee
Chengdu branch of Great Wall West China Bank Co. LTD	2021-06-29	2023-06-27	197,000,000.00	Mortgage + Guarantee
China Development Bank Sichuan branch	2011-12-30	2024-02-26	100,000,000.00	Mortgage
Chengdu Dujiangyan branch of Industrial Bank Co. LTD	2017-06-13	2026-12-20	40,994,800.00	Pledge + Guarantee
Dujiangyan branch of Industrial and Commercial Bank of China LTD	2018-01-01	2027-12-06	70,000,000.00	Guarantee
Dujiangyan Branch of Industrial and Commercial Bank of China LTD	2018-01-01	2027-11-24	74,500,000.00	Guarantee
Chengdu branch of Bank of Chongqing Co., LTD	2018-06-27	2028-06-26	36,211,460.00	Pledge + Guarantee
Dujiangyan branch of Chengdu Rural Commercial Bank Co., LTD	2016-08-05	2026-08-04	40,000,000.00	Guarantee
Dujiangyan Branch of Chengdu Rural Commercial Bank Co., LTD	2020-03-30	2028-03-20	3,500,000.00	Guarantee
Chengdu branch of Mianyang City Commercial Bank Co., LTD	2021-03-30	2023-03-30	9,850,000.00	Guarantee
Dujiangyan branch of Chengdu Rural Commercial Bank Co., LTD	2022-12-22	2024-12-21	500,000.00	Guarantee
Total	-	-	753,756,260.00	-

Continued:

Loan unit	Mortgage/pledge/guarantee
Chengdu Qingyang Branch of Huishang Bank Co., LTD	Dujiangyan New City Construction Investment Co., Ltd. provides mortgage to Chuan (2020) Dujiangyan property Rights No. 006187, Chuan (2020) Dujiangyan property rights No. 6189, Chuan (2020) Dujiangyan property rights No. 6191; Chengdu Dujiangyan Investment and Development Group Co., Ltd. provides joint liability guarantee
Huishang Bank Co., LTD. Chengdu Qingyang branch	Chengdu Dujiangyan Investment and Development Group Co., Ltd. provides joint liability guarantee
Dujiangyan Branch, Agricultural Development Bank of China	Dujiangyan Minjiang Water Group Co., Ltd. provides joint liability guarantee
Dujiangyan Branch of Chengdu Rural Commercial Bank Co., LTD	Chengdu Dujiangyan Investment and Development Group Co., Ltd. provides joint liability guarantee
Dujiangyan Branch, Agricultural Development Bank of China	Dujiangyan New City Construction Investment Co., Ltd. and Chengdu Dujiangyan Investment Development Group Co., Ltd. provide joint liability guarantee
Leshan City Commercial Bank Co., LTD. Chengdu branch	Chengdu Dujiangyan Investment and Development Group Co., Ltd. provides joint liability guarantee
Bank of Chongqing Co., LTD. Chengdu Branch	Chengdu Dujiangyan Investment and Development Group Co., Ltd. provides joint liability guarantee

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Loan unit	Mortgage/pledge/guarantee
Dujiangyan Branch of Chengdu Rural Commercial Bank Co., LTD	Loans on credit, free of guarantee
Mianyang City Commercial Bank Co., LTD. Chengdu branch	Dujiangyan Runmao Industrial Co., Ltd. provided a pledge guarantee with a time deposit certificate of 500.00 million yuan
Chengdu Branch of Mianyang City Commercial Bank Co., LTD	Dujiangyan Xingshi Group Co., LTD., the commercial property Minming Jingyuan 1011, 11 Unit 0, 1 floor 7, 1011, 15 Unit 0, 1 floor 3, 1011, 11 Unit 0, 1 floor 2, 1011, 15 Unit 0, 1 floor 4, 1011, 15 Unit 0, 1 floor 7, 1011, 11 Unit 0, 1 floor 1, 1 No. 4, 1 / F, Unit 0, Building 11, 011; No. 5, 1st Floor, Building 6, No. 729 Minmingya Yuan, Commercial property; 1F, 1F, Building 4, No.112 Mingrui Yuan, Commercial property to provide mortgage; Chengdu Dujiangyan Investment and Development Group Co., Ltd. and Dujiangyan Xingshi Group Co., Ltd. provide joint liability guarantee
Chengdu Branch of Great Wall West China Bank Co., LTD	Dujiangyan New City Construction Investment Co., Ltd. takes the land use right No. 12082 of Group 4 and 5 Duguo Use (2009), Gaogeng Village, Guankou Town, Dujiangyan City as collateral, and Chengdu Dujiangyan Investment and Development Group Co., Ltd. provides the guarantee
Sichuan Branch of China Development Bank	Dujiangyan New City Construction Investment Co., Ltd. is located in Dujiangyan City, Shuangkui village, Puyang Town, Dujiangyan City, Dukui village, Group four (2010) No. 1378, Dujiangyan City, Puyang Town, Dujiangyan City, Shuangkui village, Group six (2010) No. 1384, Dujiangyan City, Puyang Town, Dujiangyan City, Shuangkui village, group three (20 10) No. 1385 land use right as mortgage
Industrial Bank Co., LTD. Chengdu Dujiangyan branch	Dujiangyan New City Construction Investment Co., Ltd. pledged the receivables of RMB 671,7322,200 yuan in the Government Purchase Service Agreement on the Improvement of the drainage pipe network system in the 2.5 Ring of Dujiangyan Urban Area and the management project of the Lower River Outlet by Dujiangyan Municipal Water Resources Bureau; Dujiangyan Xingyan Investment Co., Ltd. shall provide joint liability guarantee
Dujiangyan Branch of Industrial and Commercial Bank of China Limited	Chengdu Dujiangyan Tourism Group Co., Ltd. provides joint liability guarantee
Dujiangyan Branch of Industrial and Commercial Bank of China Limited	Chengdu Dujiangyan Tourism Group Co., Ltd. provides joint liability guarantee
Bank of Chongqing Co., LTD. Chengdu Branch	Dujiangyan New City Construction Investment Co., Ltd. pledged the accounts receivable of the total value of 1,260,000,000yuan for the shantytown renovation project in Zhangyesiao Area, Dujiangyan; Dujiangyan Xingyan Investment Co., Ltd. shall provide joint liability guarantee
Dujiangyan Branch of Chengdu Rural Commercial Bank Co., LTD	Dujiangyan Xingyan Investment Co., Ltd. provides joint liability guarantee
Dujiangyan Branch of Chengdu Rural Commercial Bank Co., LTD	Dujiangyan New City Construction Investment Co., Ltd. and Dujiangyan Xingshi Group Co., Ltd. provide joint liability guarantee
Mianyang City Commercial Bank Co., LTD. Chengdu branch	Chengdu Financial Holding Financing Guarantee Co., Ltd. provides joint liability guarantee
Dujiangyan Branch of Chengdu Rural Commercial Bank Co., LTD	Dujiangyan Urban and Rural Construction Group Co., Ltd. provides joint liability guarantee

7.25.2 The details of the bonds payable due within one year

Bond name	31/12/2022	Mortgage/pledge/guarantee
17 DuXinCheng 01 (Wanlian Securities NO1)	122,584,855.47	Credit borrowings, free of guarantee
18 DuXinCheng 01 (Wanlian Securities NO2)	68,839,996.37	Credit borrowings, free of guarantee
18 DuXinCheng 02 (Wanlian Securities NO3)	62,341,030.50	Credit borrowings, free of guarantee
2021 Tianfu Stock Exchange (Huachuang Securities)	50,452,054.79	Dujiangyan Xingyan Investment Co., Ltd. mortgaged 46 property, Dujiangyan Guotou Urban Construction Co., LTD., No. 222, Gaoqiao Community, Yixujia Town, Chuan (2021) Dujiangyan property Rights No. 0028526, 28521, 28524, 28527, 28528, 28529,

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Bond name	31/12/2022	Mortgage/pledge/guarantee
		28525, 28520, 28522, No. 28519, 28523, 28531 property as collateral, Dujiangyan Industrial Concentrated Development and Construction Investment Co., Ltd. and Dujiangyan Xingyan Investment Co., Ltd. provide joint liability guarantee
2022 Asset usufruct transfer project phase 1	501,135,310.68	Dujiangyan New City Construction Investment Co., Ltd. pledged its claims on Dujiangyan SDIC Urban Construction Co., LTD. 's 520 million yuan receivables
2022 Tianfu Stock Exchange (Convertible bond)	696,065.75	The name of Dujiangyan Xingyan Investment Co., Ltd. is: Taiping Street, Dujiangyan City Chuan (2018) Dujiangyan City property rights No. 0011930, 11931, 11925, 11922, 11927, 11921, Chuan (2019) Dujiangyan City property rights No. 18919, 18920, 18921, 18922, 18923, 18924, 18925, 18926, 18927, 18928, 18929, 18930, 18931, 18932, 19338, 19351, 19354, 19359, 19362, 19364, 19365, 19368, 19369, 19370, 19371, 19372, 19373, 19374, 19375, 19376, 19377, 19378, 19379, 19380, 19381, 19382, 1938387, 18933, 18934, 18935, 18936, 18937, 1 8938, 32792, 10853, 10856 property mortgage, Dujiangyan Xing City Group Co., LTD. To No. 0028219 property mortgage of Chuan (2021) Dujiangyan property Right, No. 200 Maocaoyan Road, Yutang Town, Dujiangyan Guotou Urban Construction Co., Ltd. to Xujia town Batiaohe North Road lower section of Gaoqiao B1 Gaoqiao Xinyu house title word No. 0419944, Puyang Town Shuanglin Road Gaoqiao Community B-7 Gaoqiao green house rights certificate supervision word No. 0361219 as mortgage; Dujiangyan New City Construction Investment Co., Ltd. pledged its debt of 150 million yuan to Chengdu Dujiangyan Investment Development Group Co., LTD.; Chengdu Dujiangyan Investment and Development Group Co., Ltd. provides joint liability guarantee
2022 Asset usufruct transfer project t phase 2	300,723,287.67	Dujiangyan New City Construction Investment Co., Ltd. pledged its claims on Dujiangyan SDIC Urban Construction Co., LTD. 's 580 million yuan receivables
2022 Asset usufruct transfer project phase 3	68,107,642.74	Dujiangyan New City Construction Investment Co., Ltd. pledged its claims on Dujiangyan SDIC Urban Construction Co., LTD. 's 580 million yuan receivables
Total	1,174,880,243.97	

7.25.3 A breakdown of long-term payables due within one year

Loan unit	Loan start date	Loan termination date	31/12/2022	Loan type
Chengdu Industrial Investment Financial Leasing Co., LTD	2022-12-15	2024-12-14	60,378,315.37	Guarantee
Pudong Financial Leasing Co., LTD	2016-11-18	2023-05-21	9,400,000.00	Mortgage + Guarantee
Pudong Financial Leasing Co. LTD	2018-05-31	2023-05-21	52,763,947.77	Mortgage + pledge + Guarantee
Far East International Financial Leasing Co. LTD	2018-01-08	2023-01-08	34,238,962.71	Mortgage + Guarantee
Total	-	-	156,781,225.85	-

Continued:

Loan unit	Mortgage/pledge/guarantee
Chengdu Industrial Investment Financial Leasing Co., LTD	Chengdu Dujiangyan Investment and Development Group Co., Ltd. provides joint liability guarantee
Pudong Financial Leasing Co., LTD	Dujiangyan State Investment Urban Construction Co., LTD., located in Dujiangyan Xuefu Road Section 2, a total of 11 property title certificates as collateral; Dujiangyan Xingshi Group Co., Ltd. provides joint and several liability guarantee
Puyin Financial Leasing Co., LTD	Dujiangyan State Investment Urban Construction Co., LTD., located in Dujiangyan Xuefu Road Section 2, a total of 11 property title certificates as collateral;

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Loan unit	Mortgage/pledge/guarantee
	Dujiangyan New City Construction Investment Co., Ltd. and Dujiangyan dilapidated house Reconstruction center signed the "Dujiangyan City Happiness Road area Phase I shantytown renovation project government purchase service Agreement" generated by the accounts receivable of 1.20 billion yuan as collateral; Dujiangyan Xingshi Group Co., Ltd. shall provide joint liability guarantee
Far East International Financial Leasing Co., LTD	Dujiangyan Xingyan Investment Co., Ltd. is located in Huimin Yaju property, Xujia Town, Rainbow Avenue North Section, No. (2019) 0005481, 5476, 5468, 5494, 5483, 5485 property, Xingyan Town, Rainbow Avenue south section, Xingyan Yiyuan Chuan (2019) 0005488, Happiness Town, Happiness Town, the second phase of Happiness Home, Ludu Jiayuanchuan (2019) 0005490, 5491, 5492, 5493, 5495 property mortgage; Dujiangyan Xingyan Investment Co., Ltd. and Dujiangyan New City Construction Investment Co., Ltd. provide joint liability guarantee

7.25.4 Details of other non-current liabilities due within one year are as follows

Lending unit	Loan start date	Loan termination date	31/12/2022	Types of Loan
Cedar International Trust Inc	2021-11-05	2024-03-25	50,400,000.00	Mortgage + Guarantee
Minmetals International Trust Co LTD	2021-04-30	2023-06-30	291,600,000.00	Pledge + Guarantee
Total	-	-	342,000,000.00	-

Continued:

Loan unit	Mortgage/pledge/guarantee
Cedar International Trust Inc	Dujiangyan Xingyan Investment Co., LTD., Dujiangyan Small Town Construction Investment Co., LTD., Dujiangyan Xingyan Group Co., LTD., use property as collateral; Chengdu Dujiangyan Investment and Development Group Co., Ltd. provides joint liability guarantee
Minmetals International Trust Co. LTD	Dujiangyan New City Construction Investment Co., Ltd. is entitled to pledge the creditor's rights of Dujiangyan State Investment Urban Construction Co., LTD. 601,000,000.00 yuan, Dujiangyan Xingyan Investment Co., Ltd. and Chengdu Dujiangyan Investment Development Group Co., Ltd. to provide joint liability guarantee

7.26 Other current liabilities

Item	31/12/2022	31/12/2021
Tax on items to be resold	395,327.56	7,864,513.72
Total	395,327.56	7,864,513.72

7.27 Long-term borrowings

Item	31/12/2022	31/12/2021
Guarantee borrowings	3,415,764,533.11	2,261,118,411.21
Credit borrowings	9,250,000.00	9,750,000.00
Mortgage borrowings	200,000,000.00	300,000,000.00
Pledge borrowings	4,730,000.00	266,650,000.00
Mortgage + guarantee borrowings	555,000,000.00	199,000,000.00
Pledge + guarantee borrowings	730,900,430.00	594,959,890.00
Subtotal	4,915,644,963.11	3,631,478,301.21

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Item	31/12/2022	31/12/2021
Less: Non-current liabilities due within one year	753,756,260.00	401,662,360.00
Total	4,161,888,703.11	3,229,815,941.21

7.27.1 Long-term borrowing details

Loan unit	Loan terms	31/12/2022	Mortgage/pledge/guarantee
Chengdu Qingyang Branch of Huishang Bank Co., LTD	Mortgage + Guarantee	128,000,000.00	Dujiangyan New City Construction Investment Co., Ltd. is mortgaged by Chuan (2020) Dujiangyan property Rights No. 006187, Chuan (2020) Dujiangyan property rights No. 6189, Chuan (2020) Dujiangyan property rights No. 6191; Chengdu Dujiangyan Investment and Development Group Co., Ltd. provides joint liability guarantee
Huishang Bank Co., LTD. Chengdu Qingyang branch	Guarantee	195,000,000.00	Chengdu Dujiangyan Investment and Development Group Co., Ltd. provides joint liability guarantee
Dujiangyan Branch, Agricultural Development Bank of China	Guarantee	127,106,911.21	Dujiangyan Minjiang Water Group Co., Ltd. provides a joint liability guarantee
Huishang Bank Co., LTD. Chengdu Qingyang branch	Mortgage + Guarantee	225,000,000.00	Dujiangyan New City Construction Investment Co., Ltd. is mortgaged by Chuan (2020) Dujiangyan property Rights No. 006187, Chuan (2020) Dujiangyan property rights No. 6189, Chuan (2020) Dujiangyan property rights No. 6191; Chengdu Dujiangyan Investment and Development Group Co., Ltd. provides joint liability guarantee
Dujiangyan Branch of Chengdu Bank Co., LTD	Guarantee	500,000,000.00	Chengdu Dujiangyan Investment Development Group Co., Ltd. provides joint liability guarantee
Dujiangyan Branch of Chengdu Rural Commercial Bank Co., LTD	Guarantee	150,000,000.00	Chengdu Dujiangyan Investment and Development Group Co., Ltd. provides joint liability guarantee
Dujiangyan Branch, Agricultural Development Bank of China	Guarantee	213,046,121.90	Dujiangyan New City Construction Investment Co., Ltd. and Chengdu Dujiangyan Investment Development Group Co., Ltd. provide joint liability guarantee
Leshan City Commercial Bank Co., LTD. Chengdu branch	Guarantee	125,000,000.00	Chengdu Dujiangyan Investment and Development Group Co., Ltd. provides joint liability guarantee
Bank of Chongqing Co., LTD. Chengdu Branch	Guarantee	29,000,000.00	Chengdu Dujiangyan Investment Development Group Co., Ltd. provides joint liability guarantee
Dujiangyan Branch of Chengdu Rural Commercial Bank Co., LTD	Credit	9,250,000.00	Borrowing on credit, free of guarantee
Mianyang City Commercial Bank Co., LTD. Chengdu branch	Pledge	4,730,000.00	Dujiangyan Runmao Industrial Co., Ltd. offered a pledge guarantee of RMB 500.00 million yuan in certificates of deposit
Chengdu Branch of Mianyang City Commercial Bank Co., LTD	Mortgage + Guarantee	5,000,000.00	Dujiangyan Xingshi Group Co., LTD., the commercial property Minming Jingyuan 1011, 11 Unit 0, 1 floor 7, 1011, 15 Unit 0, 1 floor 3, 1011, 11 Unit 0, 1 floor 2, 1011, 15 Unit 0, 1 floor 4, 1011, 15 Unit 0, 1 floor 7, 1011, 11 Unit 0, 1 floor 1, 1 No. 4, 1 / F, Unit 0, Building 11, 011; No. 5, 1st Floor, Building 6, No. 729 Minmingya Yuan, Commercial property; 1F, 1F, Building 4, No.112 Mingrui Yuan, Commercial property to provide mortgage; Chengdu Dujiangyan Investment and Development Group Co., Ltd. and Dujiangyan Xingshi Group Co., Ltd. provide joint liability guarantee
Chengdu Branch of Great Wall West China Bank Co., LTD	Mortgage + Guarantee	197,000,000.00	Dujiangyan New City Construction Investment Co., LTD., located in Gaogeng Village, Guankou Town, Dujiangyan City, Group 4, Group 5 DuGuouse (2009) No. 12082 land use right as collateral, Chengdu Dujiangyan Investment

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Loan unit	Loan terms	31/12/2022	Mortgage/pledge/guarantee
			Development Group Co., Ltd. to provide joint liability guarantee
Sichuan Branch of China Development Bank	Mortgage	200,000,000.00	Dujiangyan New City Construction Investment Co., Ltd. is located in Dujiangyan City, Shuangkui village, Puyang Town, Dujiangyan City, Dukui village, Group 4 (2010) No. 1378, Dujiangyan City, Puyang Town, Dujiangyan City, Shuangkui village, Group 6 (2010) No. 1384, Dujiangyan City, Puyang Town, Dujiangyan City, Shuangkui village, Group 3 (20) 10) No. 1385 land use right as mortgage
Industrial Bank Co., LTD. Chengdu Dujiangyan branch	Pledge Guarantee +	168,052,000.00	Dujiangyan New City Construction Investment Co., Ltd. pledged the receivables of RMB 671,732,200 yuan for the Government Purchase Service Agreement on the Improvement of drainage pipe network system in the 2.5 Ring of Dujiangyan Urban Area and the management project of Xiahe Drainage Outlet by Dujiangyan Municipal Water Resources Bureau; Dujiangyan Xingyan Investment Co., Ltd. shall provide joint liability guarantee
Dujiangyan branch of Industrial and Commercial Bank of China Limited	Guarantee	522,500,000.00	Chengdu Dujiangyan Tourism Group Co., Ltd. provides joint liability guarantee
Dujiangyan Branch of Industrial and Commercial Bank of China Limited	Guarantee	372,500,000.00	Chengdu Dujiangyan Tourism Group Co., Ltd. provides joint liability guarantee
Bank of Chongqing Co., LTD. Chengdu Branch	Pledge Guarantee +	562,848,430.00	Dujiangyan New City Construction Investment Co., Ltd. pledges the receivables of Dujiangyan Zhangye Temple Area shantytown renovation project with a total value of 1,260,000,000yuan, and Dujiangyan Xingyan Investment Co., Ltd. provides guarantee guarantee
Dujiangyan Branch of Chengdu Rural Commercial Bank Co., LTD	Guarantee	212,561,500.00	Dujiangyan Xingyan Investment Co., Ltd. provides a joint liability guarantee guarantee
Dujiangyan branch of Chengdu Rural Commercial Bank Co., LTD	Guarantee	744,000,000.00	Dujiangyan New City Construction Investment Co., Ltd. and Dujiangyan Xingshi Group Co., Ltd. shall provide joint liability guarantee
Mianyang City Commercial Bank Co., LTD. Chengdu branch	Guarantee	9,850,000.00	Chengdu Financial Holding Financing Guarantee Co., Ltd. provides joint liability guarantee
Agricultural Bank of China Co., LTD. Sichuan branch Business Department	Guarantee	145,000,000.00	Chengdu Dujiangyan Investment and Development Group Co., LTD., Chengdu Dujiangyan City Management Group Co., LTD., Dujiangyan City State Investment Urban Construction Co., LTD., provide joint liability guarantee
Agricultural Bank of China Co., LTD. Sichuan Branch Business Department	Guarantee	50,200,000.00	Chengdu Dujiangyan Investment and Development Group Co., LTD., Chengdu Dujiangyan City Management Group Co., LTD., Dujiangyan City State Investment Urban Construction Co., LTD., to provide joint liability guarantee
Agricultural Bank of China Co., Ltd. Sichuan branch business department	Guarantee	10,000,000.00	Chengdu Dujiangyan Investment and Development Group Co., LTD., Chengdu Dujiangyan City Management Group Co., LTD., Dujiangyan City State Investment Urban Construction Co., LTD., to provide joint liability guarantee
Dujiangyan Branch of Chengdu Rural Commercial Bank Co., LTD	Guarantee	10,000,000.00	Dujiangyan Urban and Rural Construction Group Co., Ltd. provides joint liability guarantee
Subtotal	-	4,915,644,963.11	-
Minus: part due within one year	-	753,756,260.00	-

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Loan unit	Loan terms	31/12/2022	Mortgage/pledge/guarantee
Total	-	4,161,888,703.11	-

7.28 Bonds payable

Item	31/12/2022	31/12/2021
17 DuXinCheng 01	238,940,294.13	357,845,318.36
18 DuXinCheng 01	179,182,771.28	238,537,414.45
18 DuXinCheng 02	178,477,463.28	237,462,825.53
Shanghai Shenting Asset Management Co. LTD	-	18,770,000.00
Zhongbo Fund Management Co. LTD	-	15,870,000.00
Manqian (Xiamen) Asset Management Co. LTD	-	15,299,980.02
Tianfu Stock Exchange Center convertible bond project	-	100,000,000.00
Tianfu Stock Exchange Center convertible bond project	-	100,000,000.00
2020 Asset usufruct transfer project	-	425,500,000.11
2021 Asset usufruct transfer project	-	499,970,001.00
2021 Tianfu Stock Exchange (Huachuang Securities)	50,000,000.00	50,000,000.00
2022 Asset usufruct transfer project phase 1	499,930,000.00	-
2022 Tianfu stock Exchange	67,000,000.00	-
2022 Asset usufruct transfer project t phase 2	300,000,000.00	-
2022 Asset usufruct transfer project phase 3	67,840,000.00	-
Subtotal	1,581,370,528.69	2,059,255,539.47
Plus: Corporate bond interest	19,080,799.99	24,180,641.15
Minus: Part due within one year	1,174,880,243.97	1,339,234,202.32
Total	425,571,084.71	744,201,978.30

7.28.1 Change in increase or decrease in bonds payable

Bond name	Face value (in ten thousand yuan)	Date of issue	Bond term	Amount issued	31/12/2021
17 DuXinCheng 01	60,000.00	2017-10-20	7 years	591,000,000.00	357,845,318.36
18 DuXinCheng 01	30,000.00	2018-05-03	7 Years	295,500,000.00	238,537,414.45
18 DuXinCheng 02	30,000.00	2018-10-12	7 Years	293,662,000.00	237,462,825.53
Shanghai Shenting Asset Management Co. LTD	4,612.00	2018-11-30	2 years	46,120,000.00	18,770,000.00
Zhongbo Fund Management Co. LTD	2,637.00	2019-07-26	1-2 years	26,370,000.00	15,870,000.00
Manqian (Xiamen) Asset Management Co. LTD	4,196.00	2019-08-30	1-2 years	41,960,000.00	15,299,980.02
Tianfu Stock Exchange Center convertible bond project	10,000.00	2020-03-27	2 years	100,000,000.00	100,000,000.00
Tianfu Stock Exchange Center convertible bond project	10,000.00	2020-07-24	2 years	100,000,000.00	100,000,000.00

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Bond name	Face value (in ten thousand yuan)	Date of issue	Bond term	Amount issued	31/12/2021
2020 Asset usufruct transfer project	42,520.00	2020-12-17	2 years	425,200,000.00	425,500,000.11
2021 Asset usufruct transfer project	50,057.50	2021-07-09	1 year	500,575,000.00	499,970,001.00
2021 Tianfu Stock Exchange (Huachuang Securities)	5,000.00	2021-12-15	2 years	50,000,000.00	50,000,000.00
2022 Asset usufruct transfer project phase 1	49,993.00	2022-05-13	1 year	499,930,000.00	-
2022 Tianfu stock Exchange	6,700.00	2022-05-18	2 years	67,000,000.00	-
2022 Asset usufruct transfer project t phase 2	30,000.00	2022-07-29	1 year	300,000,000.00	-
2022 Asset usufruct transfer project phase 3	6,784.00	2022-12-13	1 year	67,840,000.00	-
Total	342,499.50	-	-	3,405,157,000.00	2,059,255,539.47

Continued:

Bond name	Current issue	Interest is charged at par	Amortization of excess or discount	Current repayments	31/12/2022
17 DuXinCheng 01	-	23,184,000.00	1,094,975.77	120,000,000.00	238,940,294.13
18 DuXinCheng 01	-	15,617,095.89	645,356.83	60,000,000.00	179,182,771.28
18 DuXinCheng 02	-	17,681,424.66	1,014,637.75	60,000,000.00	178,477,463.28
Shanghai Shenting Asset Management Co. LTD	-	717,903.87	-	18,770,000.00	-
Zhongbo Fund Management Co. LTD	-	481,779.12	-	15,870,000.00	-
Manqian (Xiamen) Asset Management Co. LTD	-	342,003.45	-	15,299,980.02	-
Tianfu Stock Exchange Center convertible bond project	-	3,246,530.47	-	100,000,000.00	-
Tianfu Stock Exchange Center convertible bond project	-	5,929,551.74	-	100,000,000.00	-
2020 Asset usufruct transfer project	-	32,409,177.31	-	425,500,000.11	-
2021 Asset usufruct transfer project	-	23,088,527.78	-	499,970,001.00	-
2021 Tianfu Stock Exchange (Huachuang Securities)	-	3,846,986.35	-	-	50,000,000.00
2022 Asset usufruct transfer project phase 1	499,930,000.00	19,345,252.01	-	-	499,930,000.00
2022 Tianfu stock Exchange	67,000,000.00	3,216,287.63	-	-	67,000,000.00
2022 Asset usufruct transfer project t phase 2	300,000,000.00	9,197,189.19	-	-	300,000,000.00
2022 Asset usufruct transfer project phase 3	67,840,000.00	267,642.74	-	-	67,840,000.00
Total	934,770,000.00	158,571,352.21	2,754,970.35	1,415,409,981.13	1,581,370,528.69

7.29 Long-term payables**7.29.1 Categories of Long-term payables**

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Item	31/12/2022	31/12/2021
Long-term payables	64,621,684.63	65,656,557.43
Special payables	709,734,749.50	977,656,026.22
Total	774,356,434.13	1,043,312,583.65

7.29.2 Details of long-term payables

Item	31/12/2022	Hypothecation-hypothecation-guarantee
Chengdu Industrial Investment Financial Leasing Co., LTD	125,000,000.00	Chengdu Dujiangyan Investment and Development Group Co., Ltd. provides joint liability guarantee
Pudong Financial Leasing Co., LTD	9,400,000.00	Dujiangyan City State Investment Urban Construction Co., LTD., located in Dujiangyan Xuefu Road Section 2, a total of 11 property title certificates as collateral; Dujiangyan Xingshi Group Co., Ltd. provides joint and several liability guarantee
Puyin Financial Leasing Co., LTD	52,763,947.77	Dujiangyan State Investment Urban Construction Co., LTD., located in Dujiangyan Xuefu Road Section 2, a total of 11 property title certificates as collateral; Dujiangyan New City Construction Investment Co., Ltd. and Dujiangyan dilapidated house Reconstruction center signed the "Dujiangyan City Happiness Road area Phase I shantytown renovation project government purchase service Agreement" generated by the accounts receivable of 1.20 billion yuan as collateral; Dujiangyan Xingshi Group Co., Ltd. shall provide joint liability guarantee
Far East International Financial Leasing Co., LTD	34,238,962.71	Dujiangyan Xingyan Investment Co., Ltd. is located in Huimin Yaju property, Xujia Town, Rainbow Avenue North Section, No. (2019) 0005481, 5476, 5468, 5494, 5483, 5485 property, Xingyan Town, Rainbow Avenue south section, Xingyan Yiyuan Chuan (2019) 0005488, Happiness Town, the second phase of Happiness Home, Baolian Road, Happiness Town, Ludu Jiayuanchuan (2019) 0005490, 5491, 5492, 5493, 5495 property mortgage; Dujiangyan Xingyan Investment Co., Ltd. and Dujiangyan New City Construction Investment Co., Ltd. provide joint liability guarantee
Subtotal	221,402,910.48	-
Minus: Part due within one year	156,781,225.85	-
Total	64,621,684.63	-

7.29.3 Details of special payables

Item list	31/12/2022	31/12/2021
Sewage treatment plant B sewage network engineering	23,594,375.00	23,594,375.00
Lingyan Mountain ditch levee renovation project	10,000,000.00	10,000,000.00
Lingyan Mountain ditch embankment road comprehensive reconstruction project	34,400,000.00	34,400,000.00
Restoration and reconstruction works of Heritage Administration	26,620,000.00	26,620,000.00
Dujiangyan farmers market system restoration and reconstruction project	19,000,000.00	19,000,000.00
Baisha River levee remediation project	27,000,000.00	27,000,000.00
Emergency shelter	8,000,000.00	8,000,000.00
Procuratorate office case handling and professional and technical housing project	7,900,000.00	7,900,000.00
Zipingpuchang Town Infrastructure	2,860,000.00	2,860,000.00
Xudu old landfill site closure and renovation project	16,245,700.00	16,245,700.00

Dujiangyan urban and rural construction Group Co., LTD
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Item list	31/12/2022	31/12/2021
1 block infrastructure supporting construction phase I project	31,844,498.56	31,844,498.56
Phase II landscape greening project of One Block	44,087,703.24	44,087,703.24
1 block node landscape greening construction project	14,885,609.40	14,885,609.40
Headquarters of post-disaster reconstruction project, Dujiangyan Municipal Transportation Bureau	106,781,850.00	106,781,850.00
Municipal Construction Bureau 2015 small city satellite city construction subsidy funds	12,000,000.00	13,620,000.00
Three around the North Pole pipeline ten standard weak current (communication) line temporary relocation fee	1,331,521.00	1,331,521.00
Water environment improvement and Puyang River Greenway construction project in Zoumahe District	15,000,000.00	15,000,000.00
Deyang to Dujiangyan section construction project of Chengdu Economic Zone Loop Expressway (Dujiangyan North section) Relocation of communication lines	7,138,892.80	7,138,892.80
Chengdu Economic Zone Loop highway Deyang to Dujiangyan section construction project (Dujiangyan North section) 110KV and below power lines	76,238,377.00	75,833,176.60
Chengdu Economic Zone loop expressway Deyang to Dujiangyan section construction project (Dujiangyan North section) line relocation	118,494,038.30	118,494,038.30
Flood relief works of Jinma River in Hongxiang Community and Jixiang Community section, Liujie Town	637,500.00	637,500.00
Liujie Town Shunjiang community 16 section Jinma River flood dike rescue project	525,000.00	525,000.00
Qingcheng Shan Town Shagou River Yongyi Community 2 section flood embankment rescue project	360,000.00	360,000.00
New Union Farmers Market renovation project	150,000.00	150,000.00
Fang phase I disaster relocation house A area general flat improvement project	1,300,000.00	1,300,000.00
Soil storage Project	4,783,973.87	4,442,171.32
Pro bono projects	-	347,854,000.00
Tianma Town Tourism Guide project funds	920,000.00	920,000.00
Juyuan Town Juyuan characteristic block construction funds	8,260,000.00	6,940,000.00
Juyuan Small Town construction funds	3,440,000.00	-
Water Authority 2020 Jinma River flood damage restoration project	3,341,400.00	2,048,200.00
Juyuan Town Essence Irrigation District cultural and creative tourism town project special fund	3,837,200.00	2,100,000.00
Water Bureau 2020 drainage channel clearing and widening project	927,600.00	927,600.00
Water Bureau Tangjiagou small watershed comprehensive water and soil loss control project	12,074.55	1,514,190.00
Finance Bureau Tianma Ideal Village Project	3,300,000.00	3,300,000.00
2020 highway water damage remediation project	4,403,843.76	-
Jinma River Shiyang Town Fengle community river channel to implement an emergency dredging project	338,304.00	-
Baisha River Longchi section flood control project	10,000,000.00	-
Juqing Road Pengqing Road IT Avenue road safety hidden danger rectification project	10,000,000.00	-
Wanda holds the property power equipment cable installation project	34,510,000.00	-
Dujiangyan Special Education School new teaching building project	1,920,382.00	-
Shude Middle School Dujiangyan Foreign Language experimental school sports stadium renovation project	564,906.02	-

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Item list	31/12/2022	31/12/2021
Qingcheng Qianshan scenic spot Yuecheng Lake trestle road maintenance project	100,000.00	-
Dujiangyan Mangcheng district land parcel power relocation	12,680,000.00	-
Total	709,734,749.50	977,656,026.22

7.30 Other non-current liabilities

Item	31/12/2022	31/12/2021
Guarantee borrowings	24,000,000.00	226,666,666.68
Credit borrowings	-	600,000,000.00
Mortgage + guarantee borrowings	53,000,000.00	777,803,752.92
Pledge +guarantee borrowings	291,600,000.00	495,300,000.00
Subtotal	368,600,000.00	2,099,770,419.60
Minus: Part due within one year	342,000,000.00	1,723,531,456.89
Total	26,600,000.00	376,238,962.71

7.30.1 Breakdown of other non-current liabilities

Items	31/12/2022	Mortgage - Pledge - Guarantee
Xuesong International Trust Corporation	53,000,000.00	Dujiangyan Xingyan Investment Co., LTD., Dujiangyan Small Town Construction Investment Co., LTD., Dujiangyan Xingshi Group Co., LTD., using property as collateral; Chengdu Dujiangyan Investment and Development Group Co., Ltd. provides joint liability guarantee
Wukuang International Trust Company Limited	291,600,000.00	Dujiangyan New City Construction Investment Co., Ltd. is entitled to pledge the creditor's rights of Dujiangyan State Investment Urban Construction Co., Ltd. of RMB 601,000,000.00 yuan, and Dujiangyan Xingyan Investment Co., Ltd. and Chengdu Dujiangyan Investment Development Group Co., Ltd. provide joint liability guarantee
Chengdu Jinrong Small loan limited liability company	24,000,000.00	Chengdu Dujiangyan Investment Development Group Co., Ltd. provides joint liability guarantee
Subtotal	368,600,000.00	-
Minus: part due within one year	342,000,000.00	-
Total	26,600,000.00	-

7.31 Paid-in capital

Investor name	31/12/2021		Increase	Decrease	31/12/2022	
	Investment amount	Percentage (%)			Amount invested	Percentage (%)
Dujiangyan New City Construction Investment Co., LTD	27,000,000.00	100.00	-	27,000,000.00	-	-
Chengdu Dujiangyan Investment and Development Group Co. LTD	-	-	227,000,000.00	-	227,000,000.00	100.00
Total	27,000,000.00	100.00	227,000,000.00	27,000,000.00	227,000,000.00	100.00

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Note 1: According to the minutes of the 85th Meeting of the First Session of the Board of Directors of Chengdu Dujiangyan Investment and Development Group Co., Ltd. on August 19, 2022, 100.00% of the Company's equity held by the former Dujiangyan New City Construction Investment Co., Ltd. is transferred to Chengdu Dujiangyan Investment and Development Group Co., Ltd. free of charge.

Note 2: On 16 November 2022, the Company received a capital increase of RMB 100,000,000.00 yuan transferred by Chengdu Dujiangyan Investment and Development Group Co., LTD.

Note 3: On 9 December 2022, the Company received a capital increase of RMB 20,000,000.00 yuan transferred by Chengdu Dujiangyan Investment and Development Group Co., LTD.

Note 4: On 12 December 2022, the Company received a capital increase of RMB 80,000,000.00 yuan transferred from Chengdu Dujiangyan Investment and Development Group Co., LTD.

7.32 Capital reserves

Item	31/12/2021	Increase	Decrease	31/12/2022
1. Capital (equity) premium	-	-	-	-
2. Other capital reserves	5,555,259,110.38	761,408,640.52	310,995,930.63	6,005,671,820.27
Total	5,555,259,110.38	761,408,640.52	310,995,930.63	6,005,671,820.27
Including: state-owned exclusive capital reserve	-	-	-	-

Note 1: On 30 September 2022, the State-owned Assets Supervision and Administration and Financial Work Bureau of Dujiangyan issued a notice (Du Guozi (2022) No. 36) on the valuation of construction sand, stone and sandstone resource management rights in the planned construction land area of Dagan Town, Longchi Town and Shiyang Town, Dujiangyan City. The management rights of Dujiangyan Urban and Rural Construction Group Co., Ltd. for the construction of underground sand, stone and sandstone resources in Dujiangyan City are assessed at market value, and the assessed value of the assets is used as state-owned assets. The above assets were issued by Sichuan Zhongshun Zhengde property Land Asset Evaluation Co., LTD. Chuanzhong Shunzi Evaluation [2022] No. 59 asset evaluation report, sand and stone resource management right evaluation account increased capital reserves of RMB 512,849,300.00 yuan.

Note 2: On 30 September 2022, the State-owned Assets Supervision, Administration and Financial Work Bureau of Dujiangyan issued a notice on the transfer of part of the state-owned land assets of Dujiangyan Modern Agriculture Development and Investment Co., LTD. (DuGuozi Fa [2022] No. 89), which assessed part of the state-owned land assets of Dujiangyan Modern Agriculture Development and Investment Co., Ltd. at market value. And inject the assessed value of the assets into Dujiangyan Urban and Rural Construction Group Co., LTD as state-owned assets. The above assets are issued by Sichuan Zhongshun Zhengde property Land Asset Evaluation Co., LTD. Chuanzhong Shunzi Evaluation No. 58 asset evaluation report [2022], and the land use right evaluation account increases the capital reserve of RMB 210,756,900.00 yuan.

Note 3: Dujiangyan Hongye Rural Development Equity Investment Fund Partnership (Limited partnership) increased the capital of Dujiangyan Runmao Industrial Co., LTD., resulting in an increase in capital reserves

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of RMB 33,362,455.08 yuan in 2022.

Note 4: In 2022, Dujiangyan Hongye Rural Development Equity Investment Fund Partnership (limited partnership) increased capital to Dujiangyan Chengheng Rural Revitalization Investment and Development Co., LTD., resulting in an increase in capital reserves of RMB 4,439,985.44 yuan.

Note 5: In 2022, Dujiangyan Ruidu Asset Management Center (Limited partnership) transferred 48.80% equity of Dujiangyan Chengrui Land Consolidation Co., Ltd. to Dujiangyan New City Construction Investment Co., LTD., resulting in a decrease in capital reserves of RMB 310,995,930.63 yuan.

7.33 Other comprehensive income

Item	31/12/2022	31/12/2021
Fair value differences from the conversion of self-use property or inventory etc. into investment properties	619,356,218.79	619,356,218.79

7.34 Undistributed profits

Item	31/12/2022	31/12/2021
31 December 2021	1,747,478,460.60	1,619,832,650.20
Increase for the current period	191,452,321.98	156,535,810.40
Including: current net profit transfer	191,452,321.98	156,535,810.40
Decrease for the current period	38,000,000.00	28,890,000.00
Including: Surplus reserve drawn	-	-
Common stock dividends payable	38,000,000.00	28,890,000.00
31 December 2022	1,900,930,782.58	1,747,478,460.60

7.35 Operating revenue and Operating costs

item	2022		2021	
	Revenue	Costs	Revenue	Costs
1. Main business subtotal	1,338,209,867.81	1,081,247,526.60	1,079,547,966.10	877,562,650.35
Revenue from engineering projects	227,334,071.93	185,124,954.80	186,210,686.44	151,636,948.29
Rentals and other businesses	18,851,384.35	3,340,984.11	17,513,032.37	3,232,438.69
Property Sales	14,009,759.76	12,993,908.93	20,521,956.63	13,447,103.71
Land consolidation business	434,349,035.09	358,988,243.05	349,207,530.94	293,647,072.00
Grain, oil, meat and egg sales	69,623,121.83	57,455,554.48	70,814,628.66	61,260,751.36
Sand and stone sales	312,526,565.65	226,297,712.54	158,000,869.32	117,861,024.03
Building materials Sales	88,515,929.20	88,323,008.85	-	-
Asset transfer	173,000,000.00	148,723,159.84	257,000,000.00	218,108,848.92
Processing of incoming materials	-	-	18,769,827.78	18,368,463.35
Consulting Services	-	-	1,509,433.96	-
2. Other business subtotals	5,553,498.96	11,712,908.24	15,873,798.87	16,744,000.17

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item	2022		2021	
	Revenue	Costs	Revenue	Costs
Total	1,343,763,366.77	1,092,960,434.84	1,095,421,764.97	894,306,650.52

7.36 Taxes and surcharges

Item	2022	2021
Urban maintenance and construction tax	3,372,873.47	2,428,584.55
Stamp Duty	2,206,673.44	511,768.84
Property tax	2,024,062.30	1,601,083.28
Land use tax	1,680,928.81	1,684,580.53
Education fee surcharges	1,518,039.78	1,013,506.40
Local education fee surcharges	879,742.13	675,670.94
Land value added tax	536,417.32	995,648.28
Total	12,218,737.25	8,910,842.82

7.37 Selling expenses

Item	2022	2021
Salary	2,218,157.00	1,011,045.45
Depreciation charges	899,112.08	833,887.38
Labour charges	679,674.57	523,184.40
Bidding fee	522,077.00	34,716.12
Premium	448,819.66	447,854.15
Gas bill	230,351.03	155,939.57
Low value consumables	139,684.36	76,647.94
Repairs	69,414.87	36,219.67
Administrative expenses	65,190.92	24,406.36
Consulting fee	59,947.82	1,600.00
Renovation fee	40,169.00	-
Advertising fees	32,008.11	27,628.65
Travel Expenses	24,205.29	14,216.30
Testing fee	19,680.00	19,188.30
Food safety liability insurance	11,509.43	7,887.40
Business hospitality	8,646.08	199,727.24
Car other expenses	755.00	30,620.00
Repairs	-	424.53
Total	5,469,402.22	3,445,193.46

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7.38 Administrative expenses

Item	2022	2021
Salary	11,605,172.96	10,173,414.92
Management service charge	2,000,000.00	-
Consulting fee	1,917,244.17	956,360.82
Agency fees	1,003,794.12	1,010,360.71
Other expenses	957,182.71	1,518,768.27
Rent	670,015.67	991,017.12
Security premium	578,947.18	1,278,071.00
Office expenses	544,361.84	496,982.27
Depreciation charges	530,247.22	473,604.04
Business entertainment	301,497.52	237,157.24
Vehicle operating fees	280,606.62	197,704.65
Water and electric charges	273,550.36	153,429.38
Property management fee	106,216.00	87,705.67
Repairs	74,257.56	57,827.91
Union funds	47,262.56	18,105.72
Communication charges	16,749.71	11,484.82
Travel Expenses	14,775.84	22,717.67
Low value consumables	11,710.51	3,756.18
Training fee	8,043.57	5,926.55
Funds for party building work	5,850.00	50,060.75
Recruitment fee	1,650.00	1,500.00
Labor protection money	679.00	25,478.23
Total	20,949,815.12	17,771,433.92

7.39 Finance expenses

Item	2022	2021
Interest expense	29,699,104.52	38,824,757.17
Minus: Interest income	1,379,426.92	448,865.31
Net interest expense	28,319,677.60	38,375,891.86
Others	2,142,928.54	6,580,633.96
Total	30,462,606.14	44,956,525.82

7.40 Other income

Item	2022	2021
Operating subsidies	100,000,000.00	134,675,000.00
Interactive Award Supplement Funds	4,056,000.00	5,000,000.00

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Item	2022	2021
Financing Rewards	100,000.00	-
Stable job subsidy	20,820.80	183,026.00
tax reduction and exemption	1,152.30	-
Individual income tax fee refund	1,120.96	1,303.69
Unemployment Dynamic monitoring funds	-	1,200.00
Total	104,179,094.06	139,860,529.69

7.41 Investment income

Item	2022	2021
Income from long-term equity investments accounted by the equity method	-1,236,362.51	-
Investment gains made during the holding period	52,534,000.00	26,267,000.00
Investment income arising from disposal of long-term equity investments	-	-
Total	51,297,637.49	26,267,000.00

7.42 Gain from fair value changes

Item	2022	2021
Investment property measured by fair value	-5,613,566.33	1,131,655.45
Total	-5,613,566.33	1,131,655.45

7.43 Credit impairment loss

Item	2022	2021
Bad debt provisions	487,812.31	-692,429.57
Total	487,812.31	-692,429.57

7.44 Gains on assets disposal

Item	2022	2021
Gains on disposal of fixed assets	5,137.68	1,883.16
Total	5,137.68	1,883.16

7.45 Non-operating income

Item	2022	2021
Compensation for breach of contract	100,000.00	26,935.70
Fine	16,767.86	22,719.10
Others	8,697.30	187,262.76
Total	125,465.16	236,917.56

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7.46 Non-operating expenses

Item	2022	2021
Late fees	14,351,693.39	13,914,559.16
Donation	25,022.04	-
Loss from non-current assets scrap	15,305.20	-
Others	2,297.39	616.45
Total	14,394,318.02	13,915,175.61

7.47 Income tax expense

Item	2022	2021
Current income tax expense	71,814,329.18	89,572,818.33
Deferred income tax expense	-1,394,343.32	278,736.90
Total	70,419,985.86	89,851,555.23

7.48 Supplemental information to the statement of cash flows

7.48.1 Supplementary information to the Statement of cash flows

Supplementary information	2022	2021
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	247,369,647.69	189,069,943.88
Add: Credit impairment loss	-487,812.31	692,429.57
Add: Provision for asset impairment	-	-
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets	8,212,581.37	8,152,461.67
Amortization of intangible assets	65,512.03	56,440.61
Amortization of long-term pending expenses	1,023,067.84	832,428.68
Loss on disposal of fixed assets, intangible assets and other long-term assets (gain marked with "-")	-5,137.68	-1,883.16
Loss on scrap of fixed assets (gain marked with "-")	15,305.20	-
Loss on changes in fair value (gain marked with "-")	5,613,566.33	-1,131,655.45
Finance expenses (Return marked with "-")	31,737,691.95	38,824,757.17
Investment losses (Fill in gains with "-")	-51,297,637.49	-26,267,000.00
Decrease in deferred tax assets (increase marked with "-")	9,048.26	-4,176.96
Increase in deferred income tax liabilities (decrease marked with "-")	-1,403,391.58	282,913.86
Reduction in inventory (increase marked with "-")	-401,424,310.46	210,172,386.30
Decrease in operating receivables (increase marked with "-")	-823,149,163.53	88,830,517.80
Increase in operating payables (decrease marked with "-")	3,139,631,373.75	617,807,829.15
Other	-	-
Net cash flows from operating activities	2,155,910,341.37	1,127,317,393.12
2. Significant investments or financing activities not involving		

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Supplementary information	2022	2021
cash:		
Debt converted to capital	-	-
Convertible debts mature within one year	-	-
New right-of-use assets	-	-
3. Net changes in cash and cash equivalents:		
Cash at the end of year	235,321,304.30	81,037,022.62
Less: Cash at the beginning of year	81,037,022.62	118,856,531.48
Add: Cash equivalents at the end of year	-	-
Less: Cash equivalents at the beginning of year	-	-
Net increase in cash and cash equivalents	154,284,281.68	-37,819,508.86

7.48.2 Composition of cash and cash equivalents

Item	2022	2021
1. Cash	235,321,304.30	81,037,022.62
Including: Cash on hand	55,905.70	35,926.20
Bank deposits available for payment at any time	235,265,398.60	81,001,096.42
Other monetary funds available for payment at any time	-	-
Deposited central bank money that can be used for payments	-	-
Deposit of trade money	-	-
Call interbank money	-	-
2. Cash equivalents	-	-
Including: Bond investment due within three months	-	-
Balance of cash and cash equivalents at the end of the period	235,321,304.30	81,037,022.62
Including: The parent company or intra-group subsidiaries use restricted cash and cash equivalents	-	-

7.49 Assets of restricted ownership or use rights as of 31 December 2022

Item	Carrying amount as at 31 Dec 2022	The reason for the restriction
Monetary funds	35,811,454.45	Pledge borrowings by certificates of deposit
Accounts receivable	51,709,560.52	Pledge borrowings
Other receivables	1,157,055,769.65	Pledge borrowings
Inventory	929,633,517.77	Mortgage borrowings
Investment property	849,765,800.00	Mortgage borrowings
Fixed assets	2,119,651.82	Mortgage borrowings
Intangible assets	637,596.89	Mortgage borrowings
Total	3,026,733,351.10	-

8. Change of the scope of the merger

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8.1 Business combinations not involving enterprises under common control

Business combinations not involving enterprises under common control didn't occurring in the current period.

8.2 Business combinations involving enterprises under common control

(1) Business combinations involving enterprises under common control occurring in the current period

Name of the merged party	The percentage of interest acquired in the business combination	A transaction forms the basis for a business combination under common control	Merger Date	The basis for determining the merger date
Dujiangyan New City Construction Investment Co., LTD	100.00%	The final controlling party is Chengdu Dujiangyan Investment and Development Group Co., LTD	2022-08-19	Board meeting minutes
Dujiangyan Chengheng Rural Revitalization Investment and Development Co., LTD	84.091%		2022-08-19	Board meeting minutes
Dujiangyan City Chengrui Land Consolidation Co., LTD	100.00%		2022-08-19	Board meeting minutes
Dujiangyan City Chengsheng Land Consolidation Co., LTD	0.50%		2022-08-19	Board meeting minutes
Dujiangyan City construction construction materials Co., LTD	100.00%		2022-08-19	Board meeting minutes

Continued:

Name of the merged party	Revenue of the merged party from the beginning of the year to the date of the merger	Consolidate the net profit of the merged party from the beginning of the current year to the date of merger	Compare the revenue of the merged party during the period	Net profit of the merged party during the comparison period
Dujiangyan New City Construction Investment Co., LTD	356,671,085.94	40,147,039.77	483,512,156.59	168,861,708.72
Dujiangyan Chengheng Rural Revitalization Investment and Development Co., LTD	1,334,328.10	-755,846.13	17,206,871.29	1,256,648.56
Dujiangyan Chengrui Land Consolidation Co., LTD	-	1,173.90	-	-2,981.01
Dujiangyan Chengsheng Land Consolidation Co., LTD	-	3,451.74	193,169,811.32	31,450,709.75
Dujiangyan Construction & Building Materials Co., LTD	89,478,219.52	26,115,492.57	156,037,719.62	27,457,554.19

In accordance with the minutes of the 85th Meeting of the First Session of the Board of Directors of Chengdu Dujiangyan Investment and Development Group Co., Ltd. on August 19, 2022, the 100.00% equity interest of Dujiangyan New City Construction Investment Co., LTD., formerly held by Chengdu Dujiangyan Investment and Development Group Co., Ltd. was transferred to the company without compensation. During the reporting period, Dujiangyan New City Construction Investment Co., Ltd. and its subsidiaries, Dujiangyan Chengheng Rural Revitalization Investment Development Co., LTD., Dujiangyan Chengrui Land Consolidation Co., LTD., Dujiangyan Chengsheng Land Consolidation Co., LTD., and Dujiangyan Construction Construction Materials Co., LTD., were newly included in the scope of merger, and the scope of merger increased by 5 during the current period.

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8.3 Reverse purchase

There were not reverse purchases during the year.

8.4 Disposal of subsidiaries

There were not disposals of subsidiaries during the year.

8.5 Changes in the scope of consolidation for other reasons

There were not changes in the scope of consolidation for other reasons during the year.

9. Interests in other entities

9.1 Interests in Subsidiaries

Serial Number	Business name	Rank	Shareholding ratio (%)	Voting rights (%)	Method of acquisition
1	Dujiangyan Runmao Industrial Co., LTD	2	80.6427	80.6427	Investment establishment
2	Sichuan Runxi Supply Chain Management Co. LTD	2	60.00	60.00	Investment establishment
3	Dujiangyan New City construction Investment limited liability company	2	100.00	100.00	Equity Transfer
3-1	Dujiangyan Chengheng Rural Revitalization Investment and Development Co. LTD	3	84.091	84.091	Investment establishment
3-2	Dujiangyan Chengrui Land Consolidation Co., LTD	3	100.00	100.00	Investment establishment
3-3	Dujiangyan Chengsheng Land Consolidation Co., LTD	3	0.50	100.00	Investment establishment
3-4	Dujiangyan Construction and Building Materials Co., LTD	3	100.00	100.00	Investment establishment

Note: On 17 October 2016, Dujiangyan Puxin Asset Management Center (Limited partnership) and the company jointly funded the establishment of Dujiangyan Chengsheng Land Consolidation Co., LTD., holding 0.50% of the shares according to the actual capital company, Dujiangyan Puxin Asset Management Center (limited partnership) entrusted all voting rights corresponding to the shares held by the company. Therefore, the company incorporated Dujiangyan Chengsheng Land Consolidation Co., Ltd. into the scope of merger.

9.2 Interests in joint ventures or associates

Interests in joint ventures or associates is detailed in note "7, (7.8) Long-term equity investments".

10. Related party relationships and transactions

10.1 Related party relationships

(1) Information about the company's parent company

Name of parent company	Registered address	Nature of business	Registered capital (ten thousand yuan)	Shareholding ratio (%)	Voting rights (%)
Chengdu Dujiangyan Investment Development Group Co., LTD	Dujiangyan City	Limited liability company (wholly state-owned)	500,000.00	100.00	100.00

Dujiangyan urban and rural construction Group Co., LTD
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(2) Information about the subsidiary is detailed in note "9, (9.1) Interests in Subsidiaries " to this note.

(3) The company's joint ventures and associates are detailed in Note 7 ,(7.8) long-term equity investments.

(4) Information on other related parties

Names of other related parties	The relationship of the other related party to the company
Dujiangyan Xingshi Group Co., LTD	Companies controlled by the same group company
Chengdu Dujiangyan Tourism Group Co. LTD	Companies controlled by the same group company
Chengdu Qingcheng Sandu Jiangyan Tourism Co., LTD	Companies controlled by the same group company
Dujiangyan Guyan Imageing Co., LTD	Companies controlled by the same group company
Chengdu Qingdu Cultural Development Co., LTD	Companies controlled by the same group company
Dujiangyan Xinglv Commercial Management Co., LTD	Companies controlled by the same group company
Dujiangyan Minjiang Water Group Co. LTD	Companies controlled by the same group company
Dujiangyan Xing Sewage Treatment Co., LTD	Companies controlled by the same group company
Dujiangyan Xing Municipal Facilities Management Co., LTD	Companies controlled by the same group company
Dujiangyan Minshui Construction and Installation Engineering Co., LTD	Companies controlled by the same group company
Dujiangyan Tianfuyuan Building Materials Co., LTD	Companies controlled by the same group company
Dujiangyan Minjiang Investment and Operation Co., LTD	Companies controlled by the same group company
Chengdu Bidu Industrial Co., LTD	Companies controlled by the same group company
Chengdu Dujiangyan Cultural Tourism Group Co. LTD	Companies controlled by the same group company
Chengdu Daily Dujiangyan Culture Communication Co., LTD	Companies controlled by the same group company
Dujiangyan Sunshine Tourism Development Co., LTD	Companies controlled by the same group company
Chengdu Dujiangyan International Travel Service Co., LTD	Companies controlled by the same group company
Dujiangyan Dujiangyan Tourism Business Co., LTD	Companies controlled by the same group company
Dujiangyan Antai Tourism Project Investment Co., LTD	Companies controlled by the same group company
Dujiangyan Binjiang Entertainment Investment Co., LTD	Companies controlled by the same group company
Dujiangyan City Chengying Management Service Co., LTD	Companies controlled by the same group company
Dujiangyan Smart City Operation Construction Development Group Co., LTD	Companies controlled by the same group company
Dujiangyan Small Town Construction Investment Co., LTD	Companies controlled by the same group company
Dujiangyan Xingyan Investment Co., LTD	Companies controlled by the same group company
Dujiangyan Yipo Parking Management Co., LTD	Companies controlled by the same group company
Chengdu Xingyan Tourism Investment Co., LTD	Companies controlled by the same group company
Dujiangyan City Urban Construction Investment Development Co., LTD	Companies controlled by the same group company
Dujiangyan City Industrial Group Co., LTD	Companies controlled by the same group company
Dujiangyan State Investment Urban Construction Co., LTD	Companies controlled by the same group company
Chengdu Scenic Hotel Co., LTD	Companies controlled by the same group company
Dujiangyan Chengyun Development and Construction Co., LTD	Companies controlled by the same group company

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Names of other related parties	The relationship of the other related party to the company
Dujiangyan Zhengfeng Human Resources Service Co., LTD	Companies controlled by the same group company
Dujiangyan Ziqi Donglai City Management Co., LTD	Companies controlled by the same group company
Dujiangyan Xincheng Happiness Construction Co., LTD	Companies controlled by the same group company
Dujiangyan Industrial Concentrated Development and Construction Investment Co., LTD	Companies controlled by the same group company
Dujiangyan Jinxin Financing Guarantee Co., LTD	Companies controlled by the same group company
Chengdu Dujiangyan Zhongkang Supply Chain Management Co. LTD	Companies controlled by the same group company

10.2 Related party transactions

(1) Related parties that providing guarantee for the company

The guarantor	The secured party	Commencement date of guarantee	The date the guarantee expires	Guaranteed balance
Chengdu Dujiangyan Investment and Development Group Co. LTD	Dujiangyan Urban and Rural Construction Group Co., LTD	2022-01-26	2023-01-23	15,000,000.00
Chengdu Dujiangyan Investment Development Group Co., LTD	Dujiangyan Urban and Rural Construction Group Co., LTD	2022-07-28	2023-07-27	32,000,000.00
Dujiangyan State Investment Urban Construction Co., LTD., Dujiangyan New City Construction Investment Co., LTD	Dujiangyan Urban and Rural Construction Group Co., LTD	2022-12-13	2023-12-08	250,000,000.00
Dujiangyan Xingshi Group Co., LTD., Chengdu Dujiangyan Investment and Development Group Co., LTD	Dujiangyan Urban and Rural Construction Group Co., LTD	2022-09-28	2023-09-28	100,000,000.00
Chengdu Dujiangyan Investment Development Group Co., LTD., Dujiangyan New City Construction Investment Co., LTD	Dujiangyan Urban and Rural Construction Group Co., LTD	2022-07-28	2027-06-30	128,000,000.00
Chengdu Dujiangyan Investment and Development Group Co. LTD	Dujiangyan Urban and Rural Construction Group Co., LTD	2022-01-26	2025-01-26	195,000,000.00
Dujiangyan Minjiang Water Group Co. LTD	Dujiangyan Urban-Rural Construction Group Co., LTD	2020-12-30	2032-12-07	127,106,911.21
Chengdu Dujiangyan Investment and Development Group Co., LTD., and Dujiangyan New City Construction Investment Co., LTD	Dujiangyan Urban and Rural Construction Group Co., LTD	2022-10-08	2027-09-20	225,000,000.00
Chengdu Dujiangyan Investment Development Group Co., LTD	Dujiangyan Urban and Rural Construction Group Co., LTD	2022-11-29	2024-11-27	500,000,000.00
Chengdu Dujiangyan Investment Development Group Co., LTD	Dujiangyan Urban and Rural Construction Group Co., LTD	2022-12-27	2024-12-26	150,000,000.00
Chengdu Dujiangyan Investment and Development Group Co., LTD., Dujiangyan New City Construction	Dujiangyan Urban and Rural Construction	2022-03-17	2037-03-13	213,046,121.90

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The guarantor	The secured party	Commencement date of guarantee	The date the guarantee expires	Guaranteed balance
Investment Co., LTD	Group Co., LTD			
Chengdu Dujiangyan Investment and Development Group Co. LTD	Dujiangyan urban and rural construction Group Co., LTD	2021-09-29	2023-09-28	125,000,000.00
Chengdu Dujiangyan Investment and Development Group Co. LTD	Dujiangyan Urban and Rural Construction Group Co., LTD	2022-06-29	2025-06-28	29,000,000.00
Chengdu Dujiangyan Investment Development Group Co., LTD	Dujiangyan Urban and Rural Construction Group Co., LTD	2022-12-15	2024-12-14	125,000,000.00
Chengdu Dujiangyan Investment and Development Group Co. LTD	Dujiangyan Runmao Industrial Co., LTD	2022-06-15	2023-06-15	10,000,000.00
Chengdu Dujiangyan Investment and Development Group Co. LTD	Dujiangyan Runmao Industrial Co., LTD	2022-06-28	2023-06-28	10,000,000.00
Dujiangyan Minjiang Investment and Operation Co., LTD., Chengdu Dujiangyan Investment and Development Group Co., LTD	Dujiangyan Runmao Industrial Co., LTD	2022-10-09	2023-10-08	55,000,000.00
Chengdu Dujiangyan Investment and Development Group Co., LTD., Dujiangyan Xingshi Group Co., LTD	Dujiangyan Runmao Industrial Co., LTD	2022-12-22	2024-12-22	5,000,000.00
Chengdu Dujiangyan Investment Development Group Co., LTD	Dujiangyan New City Construction Investment Co., LTD	2021-06-29	2023-06-27	197,000,000.00
Dujiangyan Xingyan Investment Co., LTD	Dujiangyan New City Construction Investment Co., LTD	2017-06-13	2026-12-20	168,052,000.00
Chengdu Dujiangyan Tourism Group Co. LTD	Dujiangyan New City Construction Investment Co., LTD	2018-01-01	2027-12-06	522,500,000.00
Chengdu Dujiangyan Tourism Group Co. LTD	Dujiangyan New City Construction Investment Co., LTD	2018-01-01	2027-11-24	372,500,000.00
Dujiangyan Xingyan Investment Co., LTD	Dujiangyan New City Construction Investment Co., LTD	2018-06-27	2028-06-26	562,848,430.00
Dujiangyan Xingyan Investment Co., LTD	Dujiangyan New City Construction Investment Co., LTD	2016-08-05	2026-08-04	212,561,500.00
Chengdu Dujiangyan Investment Development Group Co., LTD., Dujiangyan Xingyan Investment Co., LTD., Dujiangyan Small Town Construction Investment Co., LTD., Dujiangyan Xingyan Group Co., LTD	Dujiangyan New Town Construction Investment Co., LTD	2021-11-05	2024-03-25	53,000,000.00

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The guarantor	The secured party	Commencement date of guarantee	The date the guarantee expires	Guaranteed balance
Dujiangyan Xingyan Investment Co., LTD., Chengdu Dujiangyan Investment Development Group Co., LTD	Dujiangyan New City Construction Investment Co., LTD	2021-04-30	2023-06-30	291,600,000.00
Chengdu Dujiangyan Investment and Development Group Co. LTD	Dujiangyan New City Construction Investment Co., LTD	2022-01-19	2024-01-18	24,000,000.00
Dujiangyan Xingshi Group Co., LTD., Dujiangyan State Investment Urban Construction Co., LTD	Dujiangyan New City construction Investment limited liability company	2016-11-18	2023-05-21	9,400,000.00
Dujiangyan Xingshi Group Co., LTD., Dujiangyan State Investment Urban Construction Co., LTD	Dujiangyan New City Construction Investment Co., LTD	2018-05-31	2023-05-21	52,763,947.77
Dujiangyan Industrial Concentrated Development and Construction Investment Co., LTD., Dujiangyan Xingyan Investment Co., LTD., Dujiangyan SDIC Urban Construction Co., LTD	Dujiangyan New City Construction Investment Co., LTD	2021-12-15	2023-12-15	50,452,054.79
Chengdu Dujiangyan Investment and Development Group Co., LTD., Dujiangyan Xingyan Investment Co., LTD., Dujiangyan Xingshi Group Co., LTD., Dujiangyan SDIC Urban Construction Co., LTD	Dujiangyan New City Construction Investment Co., LTD	2022-05-18	2024-05-18	67,696,065.75
Dujiangyan Industrial Concentrated Development and Construction Investment Co., LTD	Dujiangyan Construction Engineering and Building Materials Co., LTD	2022-03-03	2023-03-01	4,990,000.00
Dujiangyan New City Construction Investment Co., LTD., Dujiangyan Xingyan Investment Co., LTD	Dujiangyan Construction Engineering and Building Materials Co., LTD	2022-09-29	2023-09-28	20,000,000.00
Dujiangyan New City Construction Investment Co., LTD., Dujiangyan Xingyan Investment Co., LTD	Dujiangyan Construction Engineering and Building Materials Co., LTD	2018-01-08	2023-01-08	34,238,962.71
Dujiangyan New City Construction Investment Co., LTD., Dujiangyan Xingshi Group Co., LTD	Dujiangyan Construction Engineering and Building Materials Co., LTD	2020-03-30	2028-03-20	744,000,000.00
Chengdu Dujiangyan Investment and Development Group Co. LTD	Dujiangyan Chengheng Rural Revitalization Investment and Development Co., LTD	2022-06-28	2023-06-28	10,000,000.00
Chengdu Dujiangyan Investment and Development Group Co. LTD	Dujiangyan Chengheng Rural Revitalization Investment and Development Co., LTD	2022-12-02	2023-12-02	10,000,000.00

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The guarantor	The secured party	Commencement date of guarantee	The date the guarantee expires	Guaranteed balance
	LTD			
Chengdu Dujiangyan Investment and Development Group Co., LTD., Dujiangyan City SDIC Urban Construction Co., LTD	Dujiangyan Chengheng Rural Revitalization Investment and Development Co., LTD	2022-12-05	2041-10-20	145,000,000.00
Chengdu Dujiangyan Investment and Development Group Co., LTD., Dujiangyan City SDIC Urban Construction Co., LTD	Dujiangyan Chengheng Rural Revitalization Investment and Development Co., LTD	2022-10-21	2041-10-20	50,200,000.00
Chengdu Dujiangyan Investment and Development Group Co., LTD., Dujiangyan City SDIC Urban Construction Co., LTD	Dujiangyan Chengheng Rural Revitalization Investment and Development Co., LTD	2022-12-29	2041-10-20	10,000,000.00
Dujiangyan urban and rural construction Group Co., LTD	Dujiangyan Chengrui Land Consolidation Co., LTD	2022-12-22	2024-12-21	10,000,000.00

(2) The company providing guarantees for related parties

The guarantor	The secured party	Commencement date of guarantee	The date the guarantee expires	Guaranteed balance
Dujiangyan Urban and Rural Construction Group Co. LTD	Chengdu Dujiangyan Investment and Development Group Co., LTD	2022-12-23	2023-12-23	100,000,000.00
Dujiangyan urban and rural construction Group Co., LTD	Dujiangyan City Industrial Group Co., LTD	2022-11-28	2024-11-27	10,000,000.00
Dujiangyan New City Construction Investment Co., LTD	Chengdu Dujiangyan Investment and Development Group Co., LTD	2022-04-01	2025-03-31	598,000,000.00
Dujiangyan New City Construction Investment Co., LTD	Chengdu Dujiangyan Investment and Development Group Co., LTD	2022-11-16	2024-11-15	199,500,000.00
Dujiangyan New City Construction Investment Co., LTD	Chengdu Dujiangyan Investment Development Group Co., LTD	2022-04-02	2023-04-02	300,000,000.00
Dujiangyan New City Construction Investment Co., LTD	Chengdu Dujiangyan Investment and Development Group Co., LTD	2022-10-11	2023-10-11	400,000,000.00
Dujiangyan New City Construction Investment Co., LTD	Chengdu Dujiangyan Investment and Development Group Co., LTD	2022-06-16	2023-06-15	200,000,000.00
Dujiangyan New City Construction Investment Co., LTD	Chengdu Dujiangyan Investment and Development Group Co., LTD	2022-09-23	2023-09-19	160,000,000.00

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The guarantor	The secured party	Commencement date of guarantee	The date the guarantee expires	Guaranteed balance
Dujiangyan New City Construction Investment Co., LTD	Dujiangyan Smart City Operation Construction Development Group Co., LTD	2022-03-09	2024-03-23	150,000,000.00
Dujiangyan New City Construction Investment Co., LTD	Dujiangyan Smart City Operation Construction Development Group Co., LTD	2021-12-30	2031-12-27	189,000,000.00
Dujiangyan New City Construction Investment Co., LTD	Dujiangyan Smart City Operation Construction Development Group Co., LTD	2022-12-07	2023-12-06	300,000,000.00
Dujiangyan New City Construction Investment Co., LTD	Dujiangyan Industrial Concentrated Development and Construction Investment Co., LTD	2016-08-25	2026-08-24	134,848,227.78
Dujiangyan New City Construction Investment Co., LTD	Dujiangyan Industrial Concentrated Development and Construction Investment Co., LTD	2016-09-28	2026-08-24	200,000,000.00
Dujiangyan New City Construction Investment Co., LTD	Dujiangyan Industrial Concentrated Development and Construction Investment Co., LTD	2016-12-16	2026-08-24	15,151,772.22
Dujiangyan New City Construction Investment Co., LTD	Dujiangyan Industrial Concentrated Development and Construction Investment Co., LTD	2021-04-30	2024-04-30	88,000,000.00
Dujiangyan New City Construction Investment Co., LTD	Dujiangyan State Investment City Construction Co., LTD	2016-12-16	2026-12-15	573,400,000.00
Dujiangyan New City Construction Investment Co., LTD	Chengdu Dujiangyan Tourism Group Co., LTD	2017-08-30	2032-08-16	605,500,000.00
Dujiangyan New City Construction Investment Co., LTD	Chengdu Dujiangyan Tourism Group Co., LTD	2018-06-01	2023-06-01	32,060,799.42
Dujiangyan New City Construction Investment Co., LTD	Chengdu Dujiangyan Tourism Group Co., LTD	2018-03-20	2023-03-19	500,000,000.00
Dujiangyan New City Construction Investment Co., LTD	Dujiangyan Xingyan Investment Co., LTD	2017-08-18	2027-08-17	75,000,000.00
Dujiangyan New City construction Investment limited liability company	Dujiangyan Xingyan Investment Co., LTD	2019-10-31	2026-11-01	566,328,767.12
Dujiangyan New City Construction Investment Co., LTD	Dujiangyan Tianfuyuan Building Materials Co., LTD	2022-09-26	2023-09-19	20,000,000.00
Dujiangyan New City Construction Investment Co., LTD	Dujiangyan Minjiang Water Group Co., LTD	2021-04-30	2024-04-30	78,740,928.18
Dujiangyan New City Construction Investment Co., LTD	Dujiangyan Minjiang Water Group Co., LTD	2021-06-28	2024-06-28	26,246,976.06
Dujiangyan New City Construction Investment Co., LTD	Dujiangyan Minjiang Water Group Co., LTD	2022-09-26	2023-09-19	20,000,000.00
Dujiangyan New City Construction Investment Co., LTD	Dujiangyan Xingshi Group Co., LTD	2022-01-04	2024-05-27	278,300,000.00
Dujiangyan New City Construction Investment Co., LTD	Dujiangyan Xingshi Group Co., LTD	2021-01-20	2024-01-19	400,000,000.00

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The guarantor	The secured party	Commencement date of guarantee	The date the guarantee expires	Guaranteed balance
Dujiangyan New City Construction Investment Co., LTD	Dujiangyan Xingshi Group Co., LTD	2021-03-19	2024-03-18	100,000,000.00
Dujiangyan New City Construction Investment Co., LTD	Dujiangyan Xingshi Group Co., LTD	2021-03-30	2024-03-29	1,000,000,000.00
Dujiangyan New City Construction Investment Co., LTD	Dujiangyan Xingshi Group Co., LTD	2021-11-30	2023-11-30	65,000,000.00
Dujiangyan New City Construction Investment Co., LTD	Dujiangyan Xingshi Group Co., LTD	2021-06-25	2023-08-26	30,800,000.00
Dujiangyan New City Construction Investment Co., LTD	Dujiangyan Xingshi Group Co., LTD	2017-03-22	2023-03-19	485,500,000.00
Dujiangyan New City Construction Investment Co., LTD	Dujiangyan Xingshi Group Co., LTD	2021-02-26	2024-03-01	335,000,000.00
Dujiangyan New City Construction Investment Co., LTD	Dujiangyan Xingshi Group Co., LTD	2016-06-29	2026-05-29	182,730,000.00
Dujiangyan New City Construction Investment Co., LTD	Dujiangyan Xingshi Group Co., LTD	2017-01-12	2031-12-31	244,000,000.00
Dujiangyan Chengheng Rural Revitalization Investment and Development Co., LTD	Chengdu Dujiangyan Investment and Development Group Co., LTD	2022-10-27	2023-10-26	100,000,000.00
Dujiangyan Chengheng Rural revitalization Investment development Co., LTD	Chengdu Dujiangyan Investment and Development Group Co., LTD	2022-12-29	2023-12-28	300,000,000.00
Dujiangyan Chengheng Rural Revitalization Investment and Development Co., LTD	Chengdu Dujiangyan Investment and Development Group Co., LTD	2020-09-16	2023-09-15	168,000,000.00
Dujiangyan Chengheng Rural Revitalization Investment and Development Co., LTD	Chengdu Dujiangyan Investment and Development Group Co., LTD	2020-09-30	2023-09-29	83,000,000.00
Dujiangyan Chengheng Rural Revitalization Investment and Development Co., LTD	Chengdu Dujiangyan Investment Development Group Co., LTD	2021-03-25	2024-03-24	84,000,000.00
Dujiangyan Chengheng Rural Revitalization Investment and Development Co., LTD	Chengdu Dujiangyan Tourism Group Co., LTD	2022-05-13	2024-11-13	300,000,000.00

10.3 Receivables from and payables to related parties

(1) Receivables from related parties

Item name	Related Parties	31/12/2022
Other receivables	Chengdu Dujiangyan Tourism Group Co. LTD	56,500,000.00
Other receivables	Chengdu Dujiangyan Investment and Development Group Co. LTD	292,914,647.83
Other receivables	Chengdu Xingyan Tourism Investment Co. LTD	1,968.62
Other receivables	Dujiangyan Chengcheng Industrial Group Co., LTD	880,252.72
Other receivables	Dujiangyan Chengyun Development and Construction Co., LTD	53,892,555.69
Other receivables	Dujiangyan Minjiang Water Group Co. LTD	10,524,455.96
Other receivables	Dujiangyan City Construction Investment Development Co., LTD	15,000.00
Other receivables	Dujiangyan Industrial Concentrated Development and Construction Investment Co., LTD	4,972,007.30

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Notes to the consolidated financial statements for the year ended 31 December 2022

Item name	Related Parties	31/12/2022
Other receivables	Chengdu Dujiangyan Tourism Group Co. LTD	56,500,000.00
Other receivables	Chengdu Dujiangyan Investment and Development Group Co. LTD	292,914,647.83
Other receivables	Chengdu Xingyan Tourism Investment Co. LTD	1,968.62
Other receivables	Dujiangyan Chengcheng Industrial Group Co., LTD	880,252.72
Other receivables	Dujiangyan Chengyun Development and Construction Co., LTD	53,892,555.69
Other receivables	Dujiangyan Minjiang Water Group Co. LTD	10,524,455.96
Other receivables	Dujiangyan State Investment Urban Construction Co., LTD	1,157,055,769.65
Other receivables	Dujiangyan Tianfuyuan Building Materials Co., LTD	43,340,984.94
Other receivables	Dujiangyan Small Town Construction Investment Co., LTD	43,561,409.34
Other receivables	Dujiangyan City easy parking management Co., LTD	12,500.00
Other receivables	Dujiangyan Xinchengzi Tourism Investment Management Co., LTD	42,500.00
Other receivables	Dujiangyan Xincheng Happiness Construction Co., LTD	9,175,400.00
Other receivables	Dujiangyan Xingshi Group Co., LTD	38,748.51
Other receivables	Dujiangyan Xingyan Investment Co. LTD	355,433,647.03
Other receivables	Dujiangyan Smart City Operation Construction Development Group Co., LTD	470,960,821.98
Total	-	2,499,322,669.57

(2) Payables to related parties

Item name	Related Parties	31/12/2022
Other payables	Chengdu Dujiangyan Investment and Development Group Co. LTD	4,586,384,959.33
Other payables	Chengdu Scenic Hotel Co. LTD	4,690,956.83
Other payables	Chengdu Dujiangyan Cultural Tourism Group Co. LTD	49,766,666.67
Other payables	Dujiangyan City Construction Investment Development Co., LTD	73,025.59
Other payables	Dujiangyan Industrial Concentrated Development and Construction Investment Co., LTD	979,169.73
Other payables	Dujiangyan State Investment Urban Construction Co., LTD	287,322.32
Other payables	Dujiangyan Tianfuyuan Building Materials Co., LTD	434,024,550.00
Other payables	Dujiangyan Small Town Construction Investment Co., LTD	100,000.00
Other payables	Dujiangyan Yipo Parking Management Co., LTD	30,636,894.02
Other payables	Dujiangyan Xingshi Group Co., LTD	335,789,615.91
Other payables	Dujiangyan Xingyan Investment Co., LTD	917,518.25
Total	-	5,443,650,678.65

11. Contingencies

10.1 Contingent liabilities

(1) Contingent liabilities arising from providing security for debts of other units

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Notes to the consolidated financial statements for the year ended 31 December 2022

As of 31 December 2022, the company provided guarantees for loans to the following units:

surety	The secured party	Commencement date of guarantee	The date the guarantee expires	Guaranteed balance
Dujiangyan Urban and Rural Construction Group Co. LTD	Dujiangyan Liangyuan Trade Co., LTD	2021-06-29	2023-06-23	4,872,000.00
Dujiangyan Urban and Rural Construction Group Co., LTD	Dujiangyan Liangyuan Trade Co., LTD	2022-07-27	2023-07-11	363,200.00
Dujiangyan New City Construction Investment Co., LTD	Dujiangyan Second People's Hospital	2022-12-05	2023-12-04	60,000,000.00
Dujiangyan New City Construction Investment Co., LTD	The Second People's Hospital of Dujiangyan	2022-06-20	2023-06-19	20,000,000.00
Dujiangyan New City Construction Investment Co., LTD	Dujiangyan Maternal and Child Health Hospital	2022-02-11	2023-02-10	25,000,000.00
Dujiangyan New City Construction Investment Co., LTD	Chengdu Puhui Industrial Co., LTD	2022-01-25	2023-01-24	4,990,000.00
Dujiangyan New City Construction Investment Co., LTD	Chengdu Puhui Industrial Co., LTD	2022-03-17	2023-03-17	5,000,000.00
Dujiangyan New City Construction Investment Co., LTD	Dujiangyan Green Forest Bamboo Industry Co., LTD	2022-01-12	2023-01-11	4,900,000.00

Note: The guarantee provided by the Unit for related parties is detailed in this note "10, (10.2), Related Party Transactions".

Apart from the above, the company has no major contingencies that need to be disclosed.

12. Post balance sheet events

As of the date of approval of the financial report, the company has not post-balance sheet events that need to be disclosed.

13. Other Important Matters

As of 31 December 2022, the company has no other important matters that need to be disclosed.

14. Notes to major financial statement items of the parent company

14.1 Accounts receivable

14.1.1 Ageing disclosure

Ageing	31/12/2022
Within 1 year (including 1 years)	44,925,390.14
1 to 2 years (including 2 years)	60,272,381.64
2 to 3 years (including 3 years)	250,292.18
3 to 4 years (including 4 years)	145,766.49
4 to 5 years (including 5 years)	4,584,489.47
More than 5 years	3,026,238.85
Subtotal	113,204,558.77
Less: Bad debt provision	7,291,617.07
Total	105,912,941.70

Dujiangyan urban and rural construction Group Co., LTD
Notes to the consolidated financial statements for the year ended 31 December 2022

14.1.2 Classification of accounts receivable

Category	31/12/2022			
	Book balance		Bad debt provision	
	Amount	Proportion (%)	Amount	Percentage (%)
Provision for doubtful accounts on an individual basis	7,195,408.19	6.36	7,195,408.19	100.00
Provision for doubtful accounts on a portfolio basis	106,009,150.58	93.64	96,208.88	0.09
Total	113,204,558.77	100.00	7,291,617.07	6.44

Continued:

Category	31/12/2021			
	Book balance		Bad debt provision	
	Amount	Percentage (%)	Amount	Percentage (%)
Provision for doubtful accounts on an individual basis	7,729,853.39	11.22	7,729,853.39	100.00
Provision for bad debts on a portfolio basis	61,173,438.44	88.78	61,721.05	0.10
Total	68,903,291.83	100.00	7,791,574.44	11.31

(1) Accounts receivable with an individual provision for doubtful accounts

Name of unit	31/12/2022			
	Book balance	Bad debt provision	Provision ratio (%)	Reason for provision
Dujiangyan Wanhe Fruit Industry Co., LTD	4,390,469.47	4,390,469.47	100.00	Legal action, no subject matter of enforcement
Sichuan Aiswo Agricultural Technology Co., LTD	2,177,848.00	2,177,848.00	100.00	Legal action, no subject matter of enforcement
Sichuan Dujiangyan Xinhe Industrial Co., LTD	627,090.72	627,090.72	100.00	Legal action, no subject matter of enforcement
Total	7,195,408.19	7,195,408.19	—	-

Continued:

Unit name	31/12/2021			
	Book balance	Bad debt provision	Provision ratio (%)	Reason for provision
Dujiangyan Wanhe Fruit Industry Co., LTD	4,875,740.67	4,875,740.67	100.00	Legal action, no object of execution
Sichuan Aiswo Agricultural Technology Co., LTD	2,227,022.00	2,227,022.00	100.00	Legal action, no subject matter of enforcement
Sichuan Dujiangyan Xinhe Industrial Co., LTD	627,090.72	627,090.72	100.00	Legal action, no subject matter of enforcement
Total	7,729,853.39	7,729,853.39	-	-

(2) Accounts receivable on a combined basis for provision for doubtful accounts

① In the portfolio, accounts receivable are set aside for bad debts according to the ageing portfolio

Dujiangyan urban and rural construction Group Co., LTD
Notes to the consolidated financial statements for the year ended 31 December 2022

Ageing	31/12/2022			31/12/2021		
	Book balance	Provision ratio (%)	Bad debt provision	Book balance	Provision ratio (%)	Bad debt provision
Within 6 months (including 6 months)	-	-	-	-	-	-
6 months to 1 year (including 1 year)	188,863.98	5.00	9,443.20	-	5.00	-
1 to 2 years (including 2 years)	-	10.00	-	292,532.18	10.00	29,253.22
2 to 3 years (including 3 years)	250,292.18	20.00	50,058.44	159,769.16	20.00	31,953.83
3 to 4 years (including 4 years)	122,357.49	30.00	36,707.24	1,713.33	30.00	514.00
4 to 5 years (including 5 years)	-	50.00	-	-	50.00	-
More than 5 years	-	100.00	-	-	100.00	-
Total	561,513.65	—	96,208.88	454,014.67	—	61,721.05

②In Portfolio, accounts receivable for which provision is made for doubtful accounts in other Portfolio

Portfolio name	31/12/2022		31/12/2021	
	Book balance	Bad debt provision	Book balance	Bad debt provision
Portfolio 2: Government receivables portfolio	-	-	-	-
Portfolio 3: Related party Portfolio	104,548,907.80	-	59,812,381.64	-
Portfolio 5: Other Portfolios	898,729.13	-	907,042.13	-
Total	105,447,636.93	-	60,719,423.77	-

14.1.3 Top 5 account receivables

Name of debt unit	Book balance	Percentage of total accounts receivable (%)	Bad debt provision
Dujiangyan Runmao Industrial Co., LTD	104,548,907.80	92.35	-
Dujiangyan Wanhe Fruit Industry Co. LTD	4,390,469.47	3.88	4,390,469.47
Sichuan Aiswo Agricultural Technology Co. LTD	2,177,848.00	1.92	2,177,848.00
Sichuan Dujiangyan Xinhe Industrial Co., LTD	627,090.72	0.55	627,090.72
Dujiangyan Superstar Pig Industry Technology Co., LTD	460,000.00	0.41	-
Total	112,204,315.99	99.11	7,195,408.19

14.2 Other receivables

Item	31/12/2022	31/12/2021
Interest receivable	-	-
Dividends receivable	-	-
Other receivables	2,787,981,721.48	976,690,787.56
Total	2,787,981,721.48	976,690,787.56

14.2.1 Ageing disclosure

Ageing	31/12/2022
Within 1 year (including 1 years)	2,288,452,866.91

Dujiangyan urban and rural construction Group Co., LTD
Notes to the consolidated financial statements for the year ended 31 December 2022

Ageing	31/12/2022
1 to 2 years (including 2 years)	482,100,155.09
2 to 3 years (including 3 years)	-
3 to 4 years (including 4 years)	6,093.00
4 to 5 years (including 5 years)	-
More than 5 years	18,207,605.16
Subtotal	2,788,766,720.16
Less: Bad debt provision	784,998.68
Total	2,787,981,721.48

14.2.2 Classification of other receivables

Category	31/12/2022			
	Book balance		Bad debt provision	
	Amount	Percentage (%)	Amount	Percentage (%)
Provision for doubtful accounts on an individual basis	739,905.28	0.03	739,905.28	100.00
Provision for doubtful accounts on a portfolio basis	2,788,026,814.88	99.97	45,093.40	-
Total	2,788,766,720.16	100.00	784,998.68	0.03

Continued:

Category	31/12/2021			
	Book balance		Bad debt reserve	
	Amount	Percentage (%)	Amount	Percentage (%)
Provision for doubtful accounts on an individual basis	692,176.48	0.07	692,176.48	100.00
Provision for doubtful accounts on a portfolio basis	976,735,271.66	99.93	44,484.10	-
Total	977,427,448.14	100.00	736,660.58	0.08

(1) Other receivables for which provision for bad debts is made individually

Company name	31/12/2022			
	Book balance	Bad debt provision	Provision ratio (%)	Reason for provision
Dujiangyan Chitian Youpin Investment Co., LTD	739,905.28	739,905.28	100.00	Filing for bankruptcy
Total	739,905.28	739,905.28	100.00	-

Continued:

Company name	31/12/2021			
	Book balance	Bad debt provision	Provision ratio (%)	Reason for provision
Dujiangyan Chitian Youpin Investment Co., LTD	692,176.48	692,176.48	100.00	File for bankruptcy
Total	692,176.48	692,176.48	100.00	-

Dujiangyan urban and rural construction Group Co., LTD
Notes to the consolidated financial statements for the year ended 31 December 2022

(2) Other receivables set aside for bad debts on a combined basis

① Other receivables for which provision for bad debts is made in combination with ageing

Ageing	31/12/2022			31/12/2021		
	Book balance	Provision ratio (%)	Bad debt provision	Book balance	Provision ratio (%)	Bad debt provision
Within 6 months (including 6 months)	-	-	-	-	-	-
6 months to 1 year (including 1 year)	-	5.00	-	-	5.00	-
1 to 2 years (including 2 years)	-	10.00	-	-	10.00	-
2 to 3 years (including 3 years)	-	20.00	-	6,093.00	20.00	1,218.60
3 to 4 years (including 4 years)	6,093.00	30.00	1,827.90	-	30.00	-
4 to 5 years (including 5 years)	-	50.00	-	-	50.00	-
More than 5 years	43,265.50	100.00	43,265.50	43,265.50	100.00	43,265.50
Total	49,358.50	—	45,093.40	49,358.50	—	44,484.10

② Other receivables for which provision for bad debts is made in other combinations

portfolio name	31/12/2022		31/12/2021	
	Book balance	Bad debt provision	Book balance	Bad debt provision
Portfolio 2: Government receivables portfolio	200,970,791.78	-	429,309.98	-
Portfolio 3: Related party Portfolio	1,954,764,637.18	-	330,555,634.59	-
Portfolio 4: Employee loan and deposit bond Portfolio	3,476,890.63	-	46,005.63	-
Combo 5: Other Portfolios	628,765,136.79	-	645,654,962.96	-
Total	2,787,977,456.38	-	976,685,913.16	-

14.2.3 Top 5 other receivables

Name of the debt unit	Book balance	Percentage of total other receivables (%)	Bad debt provision
Dujiangyan New City Construction Investment Co., LTD	1,863,851,313.31	66.83	-
Dujiangyan Modern Agriculture Development Investment Co., LTD	621,922,133.46	22.30	-
Dujiangyan Water Bureau	200,000,000.00	7.17	-
Dujiangyan Chengyun Development and Construction Co., LTD	53,889,506.73	1.93	-
Chengdu Dujiangyan Tourism Group Co. LTD	26,500,000.00	0.95	-
Total	2,766,162,953.50	99.18	-

14.3 Long-term equity investments

14.3.1 Classification of long-term equity investments

Item	31/12/2021	Increase for the current period	Decrease in the current period	31/12/2022
Investments in subsidiaries	80,000,000.00	7,894,915,745.25	-	7,974,915,745.25
Investment in a joint venture	-	-	-	-

Dujiangyan urban and rural construction Group Co., LTD
Notes to the consolidated financial statements for the year ended 31 December 2022

Item	31/12/2021	Increase for the current period	Decrease in the current period	31/12/2022
Investing in associates	-	-	-	-
Subtotal	80,000,000.00	7,894,915,745.25	-	7,974,915,745.25
Less: Provision for impairment of long-term equity investments	-	-	-	-
Total	80,000,000.00	7,894,915,745.25	-	7,974,915,745.25

14.3.2 Breakdown of long-term equity investments

Investee	Percentage of ownership (%)	31/12/2021	Change in 2022			
			Additional Investment	Reduce investment	Investment gains or losses recognized under the equity method	Other comprehensive income adjustments
1. Subsidiaries						
Dujiangyan New City Construction Investment Co., LTD	100.00	-	7,774,915,745.25	-	-	-
Dujiangyan Runmao Industrial Co., LTD	80.6427	80,000,000.00	120,000,000.00	-	-	-
Sichuan Runxi Supply Chain Management Co. LTD	60.00	-	-	-	-	-
2. Joint venture						
3. Joint venture						
Dujiangyan Township with Agricultural Tourism Development Co., LTD	30.00	-	-	-	-	-
Subtotal	-	80,000,000.00	7,894,915,745.25	-	-	-
Less: Provision for impairment of long-term equity investments	-	-	-	-	-	-
Total	-	80,000,000.00	7,894,915,745.25	-	-	-

Continued:

Investee	Change in annual increase or decrease 2022				31/12/2022	Balance of ending impairment reserve
	Other changes in equity	Declaration of cash dividends or profits	Provision for impairment	Other		
1. Subsidiaries						
Dujiangyan New City Construction Investment Co., LTD	-	-	-	-	7,774,915,745.25	-
Dujiangyan Runmao Industrial Co., LTD	-	-	-	-	200,000,000.00	-
Sichuan Runxi Supply Chain Management Co. LTD	-	-	-	-	-	-
2. Joint venture						
3. Joint venture						
Dujiangyan Township with Agricultural	-	-	-	-	-	-

Dujiangyan urban and rural construction Group Co., LTD
Notes to the consolidated financial statements for the year ended 31 December 2022

Investee	Change in annual increase or decrease 2022				31/12/2022	Balance of ending impairment reserve
	Other changes in equity	Declaration of cash dividends or profits	Provision for impairment	Other		
1. Subsidiaries						
Dujiangyan New City Construction Investment Co., LTD	-	-	-	-	7,774,915,745.25	-
Dujiangyan Runmao Industrial Co., LTD	-	-	-	-	200,000,000.00	-
Sichuan Runxi Supply Chain Management Co, LTD	-	-	-	-	-	-
Tourism Development Co., LTD						
Subtotal	-	-	-	-	7,974,915,745.25	-
Less: Provision for impairment of long-term equity investments	-	-	-	-	-	-
Total	-	-	-	-	7,974,915,745.25	-

Note 1: On 18 December 2019, the Japanese company, Yili Township with Tourism Culture Development Co., LTD., and Dujiangyan Tianma Town Xianhe Community Stock economic Cooperative jointly funded the establishment of Dujiangyan Township with agricultural Tourism Development Co., LTD., the company holds 30.00% (not yet funded), Dujiangyan Township with agricultural Tourism Development Co., LTD has not yet been produced and operated.

Note 2: On 24 July 2020, Nionin and Chengdu Yinong Agricultural Development Co., Ltd. jointly funded the establishment of Sichuan Runxi Supply Chain Management Co., LTD., the company held 60.00%, but did not invest for the time being.

14.4 Operating revenue and Operating costs

Item	2022		2021	
	Revenue	Costs	Revenue	Costs
1. Main business subtotal	65,873,032.00	42,656,807.07	52,931,310.53	62,929,303.97
Sand and stone sales	65,873,032.00	42,656,807.07	52,931,310.53	62,929,303.97
2. Other business subtotals	2,278,736.83	11,252,453.09	6,082,566.18	10,839,283.28
Total	68,151,768.83	53,909,260.16	59,013,876.71	73,768,587.25

14.5 Investment income

Item	2022	2021
Gain investment income from subsidiary dividends	1,600,000.00	-
Total	1,600,000.00	-

Dujiangyan Urban and Rural Construction Group Co. LTD
25 April 2023



Dujiangyan urban and rural construction Group Co., LTD
Simulated Consolidated Financial Statements and Auditor's
Report For the year ended 31 December 2021,2020 and 2019

Report No.Talent (shen) (2022) 02844

Talent Certified Public Accountants
(Special General partnership)

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Auditor's Report

To the Shareholders of Dujiangyan Urban and Rural Construction Group Co., LTD:

1、Opinion

We have audited the simulated consolidated financial statements of Dujiangyan Urban-Rural Construction Group Co., LTD. (hereinafter referred to as "Urban and Rural Construction Group"), which comprise the simulated consolidated balance sheet as at 31 December 2021, 31 December 2020 and 31 December 2019. The simulated consolidated income statement, the simulated consolidated cash flow statement, the simulated consolidated statement of changes in shareholders' equity, as well as the notes to the simulated consolidated simulated consolidated financial statements for the year 2021, 2020 and 2019.

In our opinion, the attached simulated consolidated financial statements have been prepared in all material respects on the basis of preparation described in note 3 to the simulated consolidated financial statements, in all material respects, which gave a true and fair view of the financial position of Urban and Rural Construction Group as at 31 December 2021, 31 December 2020 and 31 December 2019, as well as the simulated consolidated business performance and cash flow for 2021, 2020 and 2019.

2、Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing ("CSAs"). Our responsibilities under those standards are further elaborated in the " Auditor's Responsibilities for the Audit of the Financial Statements " section of our report. We are independent of Urban and Rural Construction Group, Ltd. in accordance with China Code of Ethics for Certified Public Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3、Responsibilities of the Management and those Charged with Governance for the Financial Statements

The Management of Urban-Rural Construction Group is responsible for preparing the simulated consolidated financial statements on the basis of preparation described in Note 3 to the simulated consolidated financial statements to achieve a fair representation, and for design,

implementation and maintenance of such internal controls as the Management determines is necessary to enable that the simulated consolidated financial statements are free from material misstatement, whether due to fraud or error.

In preparing the simulated consolidated financial statements, the Management is responsible for assessing Urban and Rural Construction Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern assumption unless management either intends to liquidate Rural Construction Group or to cease operations, or has no realistic alternative but to do so.

Those who charged with governance is responsible for overseeing the financial reporting process of Urban and Rural Construction Group

4. Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the simulated consolidated financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with China Standards on Auditing ("CSAs") will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

(1) Identify and assess the risks of material misstatement of the simulated consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.

(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

(4) Conclude on the appropriateness of the management's use of the going concern assumption and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Urban and Rural Construction Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required by CSAs to draw attention in our auditor's report to the related disclosures in the simulated consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Urban and Rural Construction Group to cease to continue as a going concern.

(5) Evaluate the overall presentation, structure and content of the simulated consolidated financial statements, including the disclosures, and whether the simulated consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Urban and Rural Construction Group to express an opinion on the simulated consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



4 November, 2022

Chinese Certified Public Accountants:
Lai Yong



Chinese Certified Public Accountants:
Li Yingxi



Simulated Consolidated Balance Sheet

Prepared by: Dujiangyan Urban and Rural Construction Group Co., LTD

unit: RMB

RMB	Note	December 31, 2021	December 31, 2020	December 31, 2019
CURRENT ASSETS:				
Cash and bank balance	7.1	156,347,022.62	118,856,531.48	99,096,995.71
Financial assets held for trading				
Derivative financial assets				
Notes receivable				
Accounts receivable	7.2	2,945,027,311.16	3,330,325,666.12	3,099,307,020.41
Accounts receivable financing				
Prepayments	7.3	466,773,336.11	511,787,769.13	753,916,135.64
Other receivables	7.4	3,713,270,680.50	4,288,603,396.74	4,453,503,057.19
Including: Interest receivable				
Dividend receivable				
Inventories	7.5	16,401,737,597.90	15,881,024,957.67	15,414,983,373.84
Contract assets				
Assets held for sale				
Non-current assets due within one year				
Other current assets	7.6	44,389,351.58	42,928,044.60	73,443,830.38
Total current assets		23,727,545,299.87	24,173,526,365.74	23,894,250,413.17
NON-CURRENT ASSETS:				
Available-for-sale financial assets	7.7	-	407,362,745.56	407,362,745.56
Debt investment				
Other debt investment				
Long-term receivables	7.8	10,648,333.24	11,565,897.33	9,080,537.66
Long-term equity investments	7.9	23,162,623.75	14,792,623.75	16,114,325.56
Investment in other equity instruments	7.10	407,362,745.56		-
Other non-current financial assets	7.11	724,375,000.00		-
Investment properties	7.12	1,232,179,907.08	1,005,643,394.58	1,008,152,255.06
Fixed assets	7.13	242,170,488.97	242,743,441.64	241,897,134.61
Construction in progress	7.14	360,997,763.96	349,868,730.73	347,113,445.13
Productive biological assets	7.15	-		261,500.00
Oil and gas assets				
Right-of-use assets				
Intangible assets	7.16	693,311.72	749,752.33	800,387.60
Development expenditure				
Goodwill				
Long-term deferred expenses	7.17	584,296.41	-	431,616.52
Deferred tax assets	7.18	275,025.69	270,848.73	134,335.75
Other non-current assets	7.19	448,261.28	724,823,261.28	724,823,251.28
Total non-current assets		3,002,897,757.66	2,757,620,896.13	2,756,171,544.73
Total Assets		26,730,443,057.53	26,931,347,061.87	26,650,421,957.90

Legal Representative:



Chief Accountant:



Head of Accounting Department:



Simulated Consolidated Balance Sheet (Continued)

Prepared by: Dajiangyan Urban and Rural Construction Group Co., LTD

unit: RMB

	Notes	December 31, 2021	December 31, 2020	December 31, 2019
CURRENT LIABILITIES:				
Short-term borrowings	7.20	681,870,000.00	410,970,000.00	94,000,000.00
Held-for-trading financial liabilities				
Derivative financial liabilities				
Notes payable	7.21	14,414,781.95	-	-
Accounts payable	7.22	337,703,028.81	250,021,365.82	393,216,093.24
Receipts in advance	7.23	-	13,783,412.44	9,751,594.40
Contract liabilities	7.24	141,137,039.44	-	-
Payroll and employee benefits payable	7.25	477,859.26	405,549.63	331,420.10
Taxes payable	7.26	749,152,564.75	819,688,816.40	527,468,064.75
Other payables	7.27	4,204,489,160.46	4,909,676,810.86	5,130,641,881.45
Including: interest payable		-	37,056,427.34	30,511,405.48
Dividends payable				
Liabilities classified as held for sale				
Non-current liabilities due within one year	7.28	3,588,755,914.69	1,994,722,569.36	2,206,636,781.59
Other current liabilities	7.29	7,864,513.72	-	-
Total Current Liabilities		9,725,864,872.89	8,199,289,525.51	8,362,945,835.53
NON-CURRENT LIABILITIES:				
Long-term borrowings	7.30	3,229,815,941.21	3,042,401,910.11	2,477,631,050.00
Bonds payable	7.31	744,201,978.30	1,504,542,674.07	1,112,930,589.83
Including: Preference share				
Perpetual debt				
Lease liability				
Long-term payables	7.32	1,043,312,583.65	1,304,776,736.65	1,369,538,910.73
Accrued liabilities				
Deferred income				
Deferred tax liabilities	7.18	197,779,512.98	197,496,599.12	198,123,814.24
Other non-current liabilities	7.33	376,238,962.71	1,604,674,181.11	2,140,604,275.48
Total non-current liabilities		5,591,348,978.85	7,653,892,191.08	7,298,828,640.28
Total liabilities		15,317,213,851.74	15,853,181,626.57	15,660,874,475.81
SHAREHOLDERS' EQUITY:				
Paid-in capital	7.34	27,000,000.00	10,000,000.00	10,000,000.00
Other equity instruments				
Including: Preferred shares				
Perpetual bonds				
Capital reserves	7.35	7,661,215,062.05	7,230,901,937.06	7,327,995,410.87
Less: Treasury shares				
Other comprehensive income				
Special reserve				
Surplus reserve				
Undistributed profits	7.36	260,878,727.71	133,232,917.31	-15,679,579.59
The equity of owner's attributable to parent company		7,949,093,789.77	7,374,134,854.37	7,322,315,831.28
Minority interest		3,464,135,416.02	3,704,050,580.93	3,667,231,650.81
Total shareholders' equity		11,413,229,205.79	11,078,185,435.30	10,989,547,482.09
Total liabilities and shareholders' equity		26,730,443,057.53	26,931,347,061.87	26,650,421,957.90

Legal Representative:

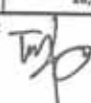


Chief Accountant:

2



Head of Accounting Department:



Simulated Consolidated Income Statement

Prepared by: Dajiangyuan Urban and Rural Construction Group Co., LTD

unit: RMB

Items	2021	2020	2019
1. Total revenue	1,095,421,764.97	972,341,584.90	870,402,842.81
Including: Operating revenue	1,095,421,764.97	972,341,584.90	870,402,842.81
2. Total cost of sales	959,390,646.54	907,841,122.36	791,777,204.84
Including: Operating costs	894,308,630.52	833,803,256.72	755,880,598.15
Taxes and surcharges	8,910,842.82	8,122,605.75	7,737,100.39
Selling expenses	3,445,193.46	1,170,834.85	-
Administrative expenses	17,771,433.92	14,215,860.63	10,884,899.95
Research and development expenses	-	-	-
Finance expenses	44,958,525.82	49,628,254.41	18,074,616.25
Including: Interest expenses	38,824,757.17	48,975,789.28	17,006,855.81
Interest income	448,865.31	1,140,127.30	149,956.29
Add: Other income	138,860,529.69	168,360,900.00	45,000,000.00
Investment income (losses expressed with "-")	28,267,000.00	27,524,305.03	27,835,236.47
Including: Share of profit or loss of associates and joint ventures	-	-	-
Discontinued recognition gains on financial assets measured at amortised cost (losses expressed with "-")	-	-	-
Net exposure to hedging gains (loss expressed with "-")	-	-	-
Gain from fair value changes (loss expressed with "-")	1,131,855.45	-2,508,860.48	103,764,355.06
Credit impairment loss (loss expressed with "-")	-632,429.57	-	-
Asset impairment losses (losses expressed with "-")	-	-572,730.48	-191,763.18
Gain on disposal of assets (loss expressed with "-")	1,883.15	-	-
3. Operating profit	292,599,797.18	258,183,288.81	275,123,288.48
Add: Non-operating income	236,917.56	3,375,165.22	491,375.04
Less: Non-operating Expenses	13,915,175.61	132,122.01	239,494.50
4. Profit(loss) before tax	278,921,499.11	261,346,249.82	275,355,147.02
Less: Income tax expense	89,851,555.23	68,704,257.72	78,093,776.03
5. Net profit (loss)	189,069,943.88	192,641,992.10	197,261,370.99
5.1 Categorized by operation continuity			
(1) Net profit from continuing operations/net loss expressed with "-")	189,069,943.88	192,641,992.10	197,261,370.99
(2) Net profit from discontinued operations/net loss expressed with "-")	-	-	-
5.2 Categorized by ownership			
(1) Net profit attributable to owners of the parent company	156,535,810.40	164,912,496.90	169,367,553.50
(2) Net profit attributable to minority interests	32,534,133.48	27,729,495.20	27,893,817.49
6. Other comprehensive income, net of tax	-	-	-
Net of other comprehensive income attributable to the owner of the parent company	-	-	-
6.1 Other comprehensive income that cannot be reclassified into profit or loss	-	-	-
(1) Remeasurement of changes in defined benefit pension schemes	-	-	-
(2) Share of other comprehensive income of investees that cannot be reclassified into profit or loss under the equity method	-	-	-
(3) Changes in fair value of investments in other equity instruments	-	-	-
(4) Changes in fair value of the enterprise's credit risk	-	-	-
(5) Others	-	-	-
6.2 Other comprehensive income to be reclassified to profit or loss	-	-	-
(1) Other comprehensive income that can be transferred to profit or loss under the equity method	-	-	-
(2) Changes in fair value of other debt investments	-	-	-
(3) The amount of financial assets reclassification into other comprehensive income	-	-	-
(4) Provision for credit impairment of other debt investments	-	-	-
(5) Effective gains/loss Cash flow hedges	-	-	-
(6) Differences arising from translation of foreign currency-denominated financial statements	-	-	-
(7) Others	-	-	-
Other comprehensive income, net of tax, attributable to non-controlling interests	-	-	-
7. Total comprehensive income	189,069,943.88	192,641,992.10	197,261,370.99
Total comprehensive income attributable to owners of the parent company	156,535,810.40	164,912,496.90	169,367,553.50
Total comprehensive income attributable to minority interests	32,534,133.48	27,729,495.20	27,893,817.49
8. Earnings per share			
(1) Basic earnings per share			
(2) Diluted earnings per share			

Legal Representative:

Chief Accountant:

Head of Accounting Department:

Simulated Consolidated Cash Flow Statement

Prepared by: Duijiangyan Urban and Rural Construction Group Co., LTD

unit: RMB

Items	Notes	2021	2020	2019
1. CASH FLOWS FROM OPERATING ACTIVITIES				
Proceeds from commodities and rendering of services		830,093,398.27	418,969,569.31	148,722,546.83
Tax rebates				
Cash generated from other operating activities		11,822,312,281.68	6,696,174,946.91	4,943,147,774.13
Subtotal of cash inflows from operating activities		12,652,405,679.95	7,115,144,516.22	5,091,870,420.96
Payments for commodities and services		237,112,693.59	743,249,626.00	274,957,366.00
Cash paid to and for employees		12,440,251.62	11,462,102.23	8,188,293.06
All taxes paid		96,260,208.14	5,484,242.20	19,059,600.28
Cash paid relating to operating activities		11,177,275,133.48	6,491,507,679.65	3,817,794,370.16
Subtotal of cash outflow from operating activities		11,525,088,786.83	7,251,793,650.08	4,119,999,638.50
Net cash flows from operating activities		1,127,317,393.12	-136,649,133.86	971,870,782.46
2. CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from divestment				
Investment income		26,267,000.00	28,893,700.00	27,840,512.50
Net proceeds on disposal of fixed assets, intangible assets and other long-term assets		-	6,300.00	-
Net proceeds on disposal of subsidiaries and other business units		-	-44,455.63	-
Cash generate from other investment activities		2,017,356.48	37,000,000.00	37,386.98
Subtotal of cash inflows from investment activities		28,284,356.48	65,855,533.40	27,877,899.48
Purchase of fixed assets, intangible assets and other long-term assets, and expenditure in product development		242,792,323.04	2,124,067.51	20,790.00
Purchase of trading investments				
Acquisition of subsidiaries and other business units				
Cash used in other investment activities		-	20,435,944.80	17,000,000.00
Subtotal cash outflow from investment activities		242,792,323.04	22,560,012.31	17,820,790.00
Net cash flows from investing activities		-214,507,966.56	43,295,521.09	10,057,109.48
3. CASH FLOWS FROM FINANCING ACTIVITIES				
Cash receipts from investments		159,000,000.00	200,500,000.00	-
Including: the cash receipts from subsidiaries' investments from minority interests				
Increase in borrowings obtained		1,920,923,751.10	1,486,053,160.11	1,021,700,000.00
Proceeds on issue of bonds		551,175,001.00	868,139,961.13	59,530,000.00
Cash generated from other financing activities		-	-	-
Subtotal of cash inflows from financing activities		2,631,098,752.10	2,574,693,141.24	1,081,230,000.00
Repayments of borrowings		2,689,646,586.35	1,870,254,815.85	1,672,678,933.57
Dividends paid, interest paid and profit distribution		822,771,101.17	991,415,176.85	575,523,865.73
Including: dividends and profits paid by subsidiaries to minority interests				
Cash used in other financing activities		75,310,000.00		-
Subtotal cash outflows from financing activities		3,587,727,687.52	2,461,669,992.70	2,248,202,799.30
Net cash flows from financing activities		-956,628,935.42	113,023,148.54	-1,166,972,799.30
4. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS				
5. NET INCREASE IN CASH AND CASH EQUIVALENTS				
		-37,819,508.86	19,799,935.77	-184,244,907.36
Add: Cash and cash equivalents at the beginning of period		118,856,531.48	99,096,995.71	283,341,903.07
6. CASH AND CASH EQUIVALENTS AT THE END OF YEAR				
		81,037,022.62	118,896,931.48	99,096,995.71

Legal Representative:

Chief Accountant:

Head of Accounting Department:

Simulated Consolidated Statement of Changes In Shareholders' Equity

2021

Items	Equity attributable to owners of the parent												
	Paid-up capital (capital stock)	Other equity instruments			Capital reserves	Less: Treasury shares	Other Comprehensive Income	Special reserve	Surplus reserves	Undistributed profits	Subtotal	Minority interest	Total amount equity
		Preference shares	Financial debt	Others									
1. Balance at the end of prior year	10,000,000.00	-	-	-	7,220,367,337.06	-	-	-	-	133,232,817.31	7,274,134,864.37	3,374,690,580.93	11,678,185,445.30
1.1 Adjustment for changed accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-
1.2 Adjustment for correction of errors	-	-	-	-	-	-	-	-	-	-	-	-	-
1.3 Adjustment for business combination under common control	-	-	-	-	-	-	-	-	-	-	-	-	-
1.4 Others	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Balance at the beginning of the year	10,000,000.00	-	-	-	7,220,367,337.06	-	-	-	-	133,232,817.31	7,274,134,864.37	3,374,690,580.93	11,678,185,445.30
3. Increase/decrease in the current year ("+" for decrease)	19,000,000.00	-	-	-	430,313,125.00	-	-	-	-	127,643,316.40	574,586,835.40	-238,815,564.91	335,642,776.48
3.1 Total comprehensive income	-	-	-	-	-	-	-	-	-	158,535,816.40	158,535,816.40	22,534,133.48	181,070,952.88
3.2 Capital increased and decreased by owners and capital decreases	17,000,000.00	-	-	-	430,313,125.00	-	-	-	-	-	447,333,135.00	-272,442,299.28	174,893,835.71
(1) Capital contributed by owners	-	-	-	-	-	-	-	-	-	-	17,000,000.00	-	-
(2) Capital contributed by other equity instruments holders	-	-	-	-	-	-	-	-	-	-	-	-	-
(3) The amount of share-based payments included in owner's equity	-	-	-	-	-	-	-	-	-	-	-	-	-
(4) Others	-	-	-	-	-	-	-	-	-	-	-	-	-
3.3 Profit distribution	-	-	-	-	430,313,125.00	-	-	-	-	-28,899,680.00	-	-	-28,899,680.00
(1) Appropriation to surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
(2) Appropriation to the general risk reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
(3) Profit distributed to owners' (or shareholders)	-	-	-	-	-	-	-	-	-	-	-	-	-
(4) others	-	-	-	-	-	-	-	-	-	-28,899,680.00	-	-	-28,899,680.00
3.4 Transfer within the owner's equity	-	-	-	-	-	-	-	-	-	-	-	-	-
(1) Increase in capital from capital reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
(2) Increase in capital from surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
(3) Recovery of loans by surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
(4) Changes in defined benefit pensions schemes that transferred into retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
(5) Other comprehensive income that transferred into retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
(6) others	-	-	-	-	-	-	-	-	-	-	-	-	-
3.5 Special reserves	-	-	-	-	-	-	-	-	-	-	-	-	-
(1) Increase in the period	-	-	-	-	-	-	-	-	-	-	-	-	-
(2) Used in the period (expressed with "-")	-	-	-	-	-	-	-	-	-	-	-	-	-
3.6 Others	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Balance at the end of the year	27,000,000.00	-	-	-	7,651,315,832.06	-	-	-	-	260,876,133.71	7,943,951,768.77	3,484,135,416.22	11,413,226,355.79

Chief Accountant: 

Chief Accountant: 

Legal Representative: 



Simulated Consolidated Statement of Changes In Shareholders' Equity (Continued)

Prepared by Deloitte Touche Tohmatsu and Rural Construction Group Co., LTD

Items	2022												
	Equity attributable to owners of the parent												
	Preferred capital (Capital stock)	Preference shares	Other equity instruments		Capital reserves	Less: Treasury shares	Other Comprehensive Income	Special reserves	Surplus reserves	Undistributed profit	Subtotal	Minority interest	Total reserves' equity
1. Balance at the end of prior year	10,000,000.00	-	-	-	7,207,995,430.87	-	-	-	-	-15,376,579.59	7,222,319,851.28	3,687,271,650.81	10,909,547,402.09
1.1 Adjustment of changed accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-
1.2 Adjustment to business combinations	-	-	-	-	-	-	-	-	-	-	-	-	-
1.3 Adjustment for business combination after common control	-	-	-	-	-	-	-	-	-	-	-	-	-
1.4 Others	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Balance at the beginning of the year	10,000,000.00	-	-	-	7,207,995,430.87	-	-	-	-	-15,075,379.59	7,222,319,851.28	3,687,271,650.81	10,909,547,402.09
2.1 Increase/decrease in the current year ("+" for decrease)	-	-	-	-	-91,900,473.81	-	-	-	-	148,912,498.90	31,819,623.09	38,918,900.12	88,827,932.21
3.1 Total comprehensive income	-	-	-	-	-91,900,473.81	-	-	-	-	148,912,498.90	31,819,623.09	38,918,900.12	88,827,932.21
3.2 Capital increased and decreased by awards and capital decreases	-	-	-	-	-	-	-	-	-	-	-	-	-
3.3 Capital increased and decreased by awards and capital decreases	-	-	-	-	-91,900,473.81	-	-	-	-	148,912,498.90	31,819,623.09	38,918,900.12	88,827,932.21
(1) Capital contributed by owners	-	-	-	-	-	-	-	-	-	-	-	-	-
(2) Capital contributed by other equity instruments holders	-	-	-	-	-	-	-	-	-	-	-	-	-
(3) The amount of share-based payments included in prior's equity	-	-	-	-	-	-	-	-	-	-	-	-	-
(4) Others	-	-	-	-	-	-	-	-	-	-	-	-	-
3.4 Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-	-
(1) Appropriation to surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-	-
(2) Appropriation of the general risk reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
(3) Profit distributed to owners' (or shareholders)	-	-	-	-	-	-	-	-	-	-	-	-	-
(4) others	-	-	-	-	-	-	-	-	-	-	-	-	-
3.5 Transfer within the owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	-
(1) Increase in capital from capital reserves	-	-	-	-	-	-	-	-	-	-	-	-	-
(2) Increase in capital from surplus reserves	-	-	-	-	-	-	-	-	-	-	-	-	-
(3) Recovery of losses by surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
(4) Changes in defined benefit pensions schemes that transferred into retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
(5) Other comprehensive income that transferred into retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
(6) others	-	-	-	-	-	-	-	-	-	-	-	-	-
3.6 Special reserves	-	-	-	-	-	-	-	-	-	-	-	-	-
(1) Increase in the period	-	-	-	-	-	-	-	-	-	-	-	-	-
(2) Used in the period (represented with "-")	-	-	-	-	-	-	-	-	-	-	-	-	-
3.8 Others	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Balance at the end of the year	10,000,000.00	-	-	-	7,207,995,430.87	-	-	-	-	132,232,817.21	7,234,134,854.27	3,704,656,580.93	11,078,185,435.28

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Legal Representative:

Chief Accountant:

Head of Accounting Department:

Simulate a Consolidated Statement of Changes in Shareholders' Equity (continue)

Prepared by: Deloitte Touche Tohmatsu and Rural Credit Co., Ltd.

2019年度

Equity attributable to owners of the parent

	Paid-up capital (capital stock)		Preference shares		Other equity instruments		Equity attributable to owners of the parent				Minority interest	Total amount equity			
	10,000,000.00	-	-	-	-	-	Capital reserves	Less: Treasury shares	Other Comprehensive income	Special reserves			Surplus reserves	Undistributed profit	subtotal
1. Balance at the end of prior year	10,000,000.00	-	-	-	-	-	7,195,484,669.39	-	-	-	-	-710,847,132.09	7,025,427,537.30	3,829,337,832.22	10,854,775,369.52
2. Changes at the beginning of the year	10,000,000.00	-	-	-	-	-	7,195,484,669.39	-	-	-	-	-710,847,132.09	7,025,427,537.30	3,829,337,832.22	10,854,775,369.52
3. Increase/decrease in the current year ("+" for decrease)	-	-	-	-	-	-	132,519,744.48	-	-	-	-	194,367,553.56	296,878,297.98	27,893,817.49	314,772,115.47
3.1 Total comprehensive income	-	-	-	-	-	-	132,519,744.48	-	-	-	-	194,367,553.56	296,878,297.98	27,893,817.49	314,772,115.47
3.2 Capital increased and decreased by owners and capital decreases	-	-	-	-	-	-	132,519,744.48	-	-	-	-	194,367,553.56	296,878,297.98	27,893,817.49	314,772,115.47
(1) Capital contributed by owners	-	-	-	-	-	-	132,519,744.48	-	-	-	-	194,367,553.56	296,878,297.98	27,893,817.49	314,772,115.47
(2) Capital contributed by other equity instruments holders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(3) The amount of share-based payments included in owner's equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(4) Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.3 Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(1) Appropriation to surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(2) Appropriation of the general risk reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(3) Profit distributed to owners (for shareholdes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(4) others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.4 Transfer within the owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(1) Increase in capital from capital reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(2) Increase in capital from surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(3) Recovery of losses by surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(4) Changes in defined benefit provisions schemes that transferred into retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(5) Other comprehensive income that transferred into retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(6) others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.5 Special reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(1) Increase in the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(2) Used in the period (expressed with "-")	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.6 Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Balance at the end of the year	10,000,000.00	-	-	-	-	-	7,327,954,413.87	-	-	-	-	-15,879,578.83	7,322,215,835.28	3,857,231,650.71	15,989,547,485.99

Legal Representative: [Signature]

Chief Accountant: [Signature]

Head of Accounting Department: [Signature]

Dujiangyan urban and rural construction Group Co., LTD

Notes to simulated consolidated financial statements

(1 January 2019 to 31 December 2021)

(Unless otherwise specified, the amount is expressed in RMB)

1. Basic Information about the company

1.1 Company's profile

Dujiangyan Urban and Rural Construction Group Co., LTD. (formerly Dujiangyan Cluster Agriculture Co., LTD., Dujiangyan Essence Runyuan Agricultural Investment Co., LTD., hereinafter referred to as the "company"), was established on 9 September 2010, with a registered capital of RMB 10 million yuan. Including, Dujiangyan Modern Agriculture Development Investment Co., Ltd. subscribed to contribute RMB 10 million yuan. The above-mentioned investment was examined by Sichuan Ruiyan Accounting Firm and issued RuiHuiShi (2010) YZ No. 072 capital verification report.

In November 2013, Dujiangyan Modern Agriculture Development Investment Co., Ltd. transferred 100.00% of the company's equity to Dujiangyan State-owned Assets Supervision and Administration Office.

On 6 June 2018, in accordance with the Notice of the State-owned Assets Supervision and Administration Office of Dujiangyan on Matters related to Equity Transfer of State-owned Enterprises (No. [2018]48 of Dujiangyan State Assets Supervision and Administration Office), the State-owned Assets Supervision and Administration Office of Dujiangyan transferred 100.00% of the company's equity to Dujiangyan Modern Agriculture Development Investment Co., LTD.

On 26 August 2019, according to the Notice on Matters Related to the Equity Transfer of State-owned Enterprises of Dujiangyan State Assets Supervision and Administration and Financial Work Bureau (No. [2019]80 of Dujiangyan); On 5 September 2019, according to the Notice of Dujiangyan State-owned Assets Supervision and Administration and Financial Work Bureau on Matters Related to Equity Transfer of State-owned Enterprises (Dujiangyan State-owned Assets Development [2019]86), Transfer 100.00% of the company's equity held by Dujiangyan Modern Agriculture Development Investment Co., Ltd. to Dujiangyan State-owned Assets Supervision and Administration and Financial Work Bureau; At the same time, the company's name will be changed to Dujiangyan Essence Runyuan Agricultural Investment Co., LTD.

On 24 December 2020, according to the reply of the State-owned Assets Supervision and Administration and Financial Work Bureau of Dujiangyan City on Matters related to the transfer of equity of Dujiangyan City Essence Runyuan Agricultural Investment Co., LTD. (No. [2020]86 of Dujiangyan State Assets Development), The State-owned Assets Supervision and Administration and Financial Work Bureau of Dujiangyan transferred 100.00% of the company's equity to Dujiangyan New City Construction Investment Co., LTD.

As of 31 December 2021, the company has a registered capital of RMB 30,000,000.00 yuan and a paid-in capital of RMB 27,000,000.00 yuan. The unified Social credit code is 915101815620145198.

Legal representative: Feng Xianyong.

Company registered address: No.231, Kuiguang Road, Xingfu Town, Dujiangyan City, Chengdu, Sichuan Province.

These financial statements are presented as approved by the resolution of the board of directors of the company dated 4 November 2022.

1.2 The company's business nature and main operation activities

The company's business scope: construction engineering construction; Construction engineering design; Aquaculture; Food sales; Forest tree seed production and management. (For projects subject to approval according to law, business activities can only be carried out after the approval of relevant departments. Specific business projects shall be subject to the approval documents or license certificates of relevant departments.) General projects: project management services; Contracting projects to foreign countries; Landscaping engineering construction; Flood control and waterlogging control facilities management; Municipal facilities management; House demolition service; Asset management services for self-owned capital investment; Non-residential property leasing; Land use right lease; Machinery and equipment lease; Park management services; Vegetable planting; Fruit growing; Gardening products growing; Sales of agricultural and sideline products; Sales of building materials; Sales of concrete structure members; Building block sales; Asbestos cement products sales; Domestic trade agent; Trade broker; Import and export agent; Sales agent; Technical service, technical development, technical consultation, technical exchange, technology transfer, technology popularization; Land improvement services. (Except for projects subject to approval according to law, independently carry out business activities according to law with business license)

1.3 Name of the parent company and the headquarters of the group

The parent company of the company is Chengdu Dujiangyan Investment and Development Group Co., LTD.

2. The basic situation of the restructuring transaction

According to the minutes of the 85th Meeting of the First Session of the Board of Directors of Chengdu Dujiangyan Investment and Development Group Co., Ltd. on 19 August 2022, the 100.00% equity of Dujiangyan New City Construction Investment Co., LTD., formerly held by Chengdu Dujiangyan Investment and Development Group Co., Ltd. was transferred to the company without compensation, The base date of transfer is 31 December 2021.

3. The basis for the preparation of the simulated consolidated financial statements

3.1 Basis of preparation

3.1.1 The simulated consolidated financial statements are prepared for the purpose of simulating the consolidated financial statements after the reorganization that is carried out by the company.

3.1.2 When preparing the simulated consolidated financial statements, it is assumed that the company has held 100.00% of the equity of Dujiangyan New City Construction Investment Co., Ltd. from January 1, 2019, and will act as the reporting subject of the simulated consolidated financial statements according to this assumption.

3.1.3 Considering the special purpose of the simulated consolidated financial statements, the simulated consolidated balance sheet, the simulated consolidated income statement, the simulated consolidated cash flow statement, the simulated consolidated statement of changes in owners' equity and the related notes to the simulated consolidated financial statements were prepared during the preparation of the simulated consolidated financial statements, and the simulated parent company financial statements and notes were not prepared.

3.1.4 During the period of preparation of the simulated consolidated financial statements, the profit distribution method of the enterprises within the scope of the company consolidation continued the equity structure and financial treatment method of the historical financial statements.

3.1.5 When preparing the simulated consolidated financial statements, it did not consider the impact of expenses and taxes caused by asset reorganization.

3.1.6 The format of general corporate financial statements has been revised in accordance with the Notice on Revising the Format of General Corporate Financial Statements in 2019 issued by the Ministry of Finance on 30 April 2019 (Finance and Accounting [2019] No. 6). When the mock consolidated financial statements are prepared, they are deemed to have been implemented by the company on January 1, 2019.

3.2 Going concern

The company has evaluated its ability to continue as a going concern for the 12 months from the end of the reporting period and has not identified matters or circumstances that raise significant doubt about its ability to continue as a going concern. Accordingly, these simulated consolidated financial statements have been prepared on the basis of going concern assumptions.

4. The company's Significant accounting policies and accounting estimates

4.1 Declaration on compliance with the Accounting Standards for Business Enterprises

The simulated consolidated financial statements prepared by the company are prepared in accordance with the preparation basis described in Note 3. The simulated consolidated financial statements prepared by the company on the basis of the above-mentioned preparation basis meet the requirements of the accounting standards for enterprises promulgated by the Ministry of Finance, and truly and completely reflect the financial position and operating results of the company and other relevant information of the simulated merger.

4.2 Accounting period

The company has adopted the calendar year as its accounting year, i.e. from 1 January to 31 December.

4.3 Functional currency

The company's functional currency is Renminbi (hereafter referred to as "RMB").

4.4 Basis of bookkeeping and pricing principles

The company's accounting is based on the accrual basis. The company generally adopts historical cost when measuring accounting elements. When the amount of accounting elements determined meets the requirements of accounting standards for enterprises and can be obtained and measured reliably, replacement cost, net realizable value, present value and fair value can be measured.

4.5 The accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control

4.5.1 Business combinations involving enterprises under common control

It is a Business combinations involving enterprises under common control if all parties involved in the merger are ultimately controlled by the same party or the same parties before and after the merger and such control is not temporary. The assets and liabilities acquired by the merging party in the business combination shall be accounted for on the basis of the carrying value of the assets and liabilities of the merged party (including the goodwill formed by the acquisition of the merged party by the ultimate controlling party) in the consolidated financial statements of the ultimate controlling party. The difference between the book value of the net assets acquired by the merging party and the book value of the merger consideration paid (or the total par value of the shares issued), the capital reserve (equity premium) shall be adjusted. If the capital reserve (equity premium) is insufficient to be written off, the retained earnings shall be adjusted. The merger date shall be the date on which the merging party actually acquires control over the merged party.

In a Business combinations involving enterprises under common control achieved step by step through multiple transactions, the relevant changes in profit and loss, other comprehensive income and other owners' equity of the long-term equity investment held by the merging party before it acquired control of the merged party have been recognized between the date of acquisition of the original equity and the date on which the merging party and the merged party are ultimately controlled by the same party and the merger date. Offset the opening retained earnings or the current profit or loss of the comparative statement period, respectively.

4.5.2 Business combinations not involving enterprises under common control

A Business combinations not involving enterprises under common control is a business combination in which the parties involved are not ultimately controlled by the same party or the same parties before and after the merger. The merger cost paid by the purchaser is the sum of the fair value of the assets paid, liabilities incurred or assumed and equity securities issued to acquire control of the purchaser at the purchase date. The difference between the fair value of the paid asset and its carrying value is included in the current profit or loss. The purchase date refers to the date on which the purchaser actually acquires the right of control over the purchaser.

On the Purchase Date, the Purchaser allocates the combined costs and recognizes the fair value of the acquired identifiable assets, liabilities and contingent liabilities of the Purchaser. The difference between the merger cost and the acquired purchaser's share of the fair value of identifiable net assets is recognized as goodwill; The difference of the merger cost less than the purchaser's share of the fair value of the identifiable

net assets obtained in the merger is recognized in the current profit or loss.

For a Business combinations not involving enterprises under common control and realized step by step through multiple transactions, the equity held by the purchaser 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 carrying value shall be included in the current investment income; If the equity held by the purchaser before the purchase date involves other comprehensive income and other changes in owners' equity, the related other comprehensive income and other changes in owners' equity will be converted into the current investment income of the purchase date, except for other comprehensive income generated by the investee's remeasurement of net liabilities or changes in net assets of the benefit plan.

4.6 The preparation method of consolidated financial statements

The consolidated scope of the consolidated financial statements is determined on a control basis, including the company and the company's subsidiaries (refers to the entities controlled by the company, including enterprises, divisible parts of the investee units, and structured entities controlled by the enterprise, etc.). The results of operations and financial position of the subsidiaries are included in the consolidated financial statements from the start date of control to the end date of control.

The subsidiaries acquired by the company through a business combination under the same control, when preparing the consolidated financial statements for the current period, are deemed to be included in the scope of consolidation when the Company's ultimate controlling party exercises control over them, and the opening number of the consolidated financial statements and the comparative statements of the previous period are adjusted accordingly.

The company shall, when preparing the consolidated financial statements of the subsidiaries acquired through business combination other than under the same control, adjust the financial statements of the subsidiaries on the basis of the fair value of the identifiable assets and liabilities determined on the date of purchase, and incorporate the consolidated subsidiaries into the scope of consolidation as of the date of purchase.

When the accounting period or accounting policy adopted by the subsidiary is inconsistent with that of the company, the financial statements of the subsidiary shall be adjusted as necessary in accordance with the accounting period or accounting policy of the company at the time of preparing the consolidated financial statements. All significant transactions, balances, and unrealized gains and losses between businesses within the scope of the merger are offset in the preparation of the consolidated financial statements. An unrealized loss arising from an internal transaction is not offset if there is evidence that the loss is an impairment loss of the related asset.

The equity and profit and loss attributable to minority shareholders of a subsidiary are shown separately in the consolidated balance sheet under the shareholders' equity item and in the consolidated income statement under the net profit item.

If the loss of the current period shared by the minority shareholders of the subsidiary exceeds the minority

shareholders' share in the initial owner's equity of the subsidiary, the balance shall be charged to the shareholders' equity.

Where the control over the original subsidiary is lost due to the disposal of part of the equity investment or for other reasons, the remaining equity shall be remeasured according to the fair value on the date on which the control over the subsidiary is lost. The sum of the consideration obtained from the disposal of the equity and the fair value of the remaining equity, minus the difference between the share that should have enjoyed the net assets of the original subsidiary continuously calculated from the date of purchase based on the original shareholding ratio, shall be included in the investment income of the period of loss of control, and goodwill shall be written down. Other comprehensive income and changes in other owners' equity related to the equity investment of the original subsidiary shall be converted into current investment income when the right of control is lost, except other comprehensive income arising from the remeasurement of the net liabilities or changes in the net assets of the benefit plan of the investor.

If the equity investment of the subsidiary is disposed of step by step through multiple transactions until the control is lost, it is necessary to consider whether each transaction constitutes a package transaction. The terms, conditions and economic impact of each transaction disposing of the equity investment of the subsidiary meet one or more of the following circumstances, indicating that multiple transactions should be accounted for as a package transaction: (1) these transactions are entered into at the same time or in consideration of their impact on each other; (2) the transactions as a whole are necessary to achieve a complete business result; (3) the occurrence of one transaction is dependent on the occurrence of at least one other transaction; And (4) a transaction is uneconomic in isolation, but economic when taken together with other transactions.

Where a transaction is not part of a package transaction, each of these transactions shall be accounted for separately in accordance with the foregoing; If each transaction is a package transaction, each transaction is accounted for as one transaction of disposal of a subsidiary and loss of control; However, the difference between the disposal price of each transaction and the share of the subsidiary's net assets corresponding to the disposal investment prior to the loss of control is recognized as other comprehensive income in the consolidated financial statements and transferred to profit or loss in the period when control is lost.

4.7 Classification of joint venture arrangement and accounting treatment method of joint operation

The company classifies joint arrangements into joint operations and joint ventures based on factors such as the structure and legal form of the joint arrangement, the terms agreed in the joint arrangement and other relevant facts and circumstances.

Joint arrangements are divided into joint operations and joint ventures. A joint operation is a joint arrangement whereby the joint operators have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the joint investors have rights to the net assets of the arrangement.

A joint operation shall recognize the following items related to its interests in the joint operation and

account for them with the relevant accounting standards for enterprises:

- (1) Recognize its solely-held assets, and its share of any assets held jointly;
- (2) Recognize its solely-assumed liabilities, and its share of any liabilities assumed jointly;
- (3) Recognize its revenue from the sale of its share of the output arising from the joint operation;
- (4) Recognize its share of the revenue from the sale of its share of the output by the joint operation; and
- (5) Recognize its solely-incurred expenses and its share of any expense incurred jointly.

Where a joint party invests or sells assets or other assets to the joint operations (except where the assets constitute a business), before the assets or other assets are sold by the joint operations to a third party, it shall recognize only the part of the profit or loss arising from the transaction that is attributable to the other participants in the joint operations. If the invested or sold assets suffer impairment losses in accordance with the provisions of Accounting Standards for Enterprises No. 8 -- Asset Impairment, etc., the joint venture shall recognize the losses in full.

If a joint party purchases an asset, etc. from the joint operations (except where the asset constitutes a business), it shall, before selling the asset, etc. to a third party, recognize only the portion of the profit or loss arising from the transaction attributable to the other participants in the joint operations. In case of asset impairment losses in accordance with Accounting Standards for Enterprises No. 8 -- Asset Impairment or other provisions of the purchased assets, the joint party shall recognize such losses in accordance with its share.

If a participant in a joint operation does not have joint control and enjoys the assets related to the joint operation and bears the liabilities related to the joint operation, it shall be accounted for in accordance with the above-mentioned provisions.

4.8 Recognition criteria of cash and cash equivalents

Cash comprises cash in hand and deposits that can be readily withdrawn on demand. Cash equivalents are short-term(generally maturing within three months from the date of purchase), highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

4.9 Financial instruments

A financial instrument is a contract that forms the financial assets of one party and the financial liabilities or equity instruments of another party.

4.9.1 Recognition and derecognition of financial instruments

Recognition of a financial asset or financial liability when the company becomes a party to a contract for a financial instrument.

The financial asset shall be terminated if one of the following conditions is met: 1) The right of the contract to receive the cash flows of financial assets terminates; 2) The financial asset has been transferred, and is in accordance with the following conditions for derecognition.

If the obligations of financial liability have been discharged in total or in part, derecognize all or part of it. If the company (debtor) makes an agreement with the creditor to replace the current financial liability of assuming new financial liability which contract provisions are different in substance, derecognize the current

financial liability and meanwhile recognize as the new financial liability.

If the current obligation of a financial liability (or part thereof) has been discharged, the recognition of the financial liability (or part thereof) shall be terminated.

If the financial assets are traded in regular ways, they are recognized and derecognized at the transaction date.

4.9.2 Classification and measurement of financial assets

Financial assets are classified into three categories depends on the company's business model of managing financial assets and the cash flow characteristics of financial assets: financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income; financial assets measured at fair value through profit or loss.

1) Initial measurement of financial assets

Financial assets are measured at fair value at initial recognition. For financial assets measured at fair value through profit or loss, the related transaction expenses are recorded directly in profit or loss for the current period; for other categories of financial assets, related transaction expenses are included in the initial recognition amount. Receivables arising from the sale of products or the provision of services that do not include or take into account a significant financing component are initially measured according to the consideration the company is expected to be entitled to collect.

2) Subsequent measurement of financial assets

① Investment in debt instruments measured at amortized cost

The contractual cash flow characteristics of financial assets are consistent with basic borrowing arrangements, that is, cash flows generated on a specific date are only payments of principal and interest based on the outstanding principal amount, and the company classifies such financial assets as financial assets measured at amortized cost if the company's business model for managing such financial assets is aimed at collecting contractual cash flows. The financial asset is subsequently measured at amortized cost using the effective interest rate method, and gains or losses arising from amortization, impairment and termination of recognition are recognized in profit or loss for the current period.

② Investments in debt instruments that are measured at fair value and whose changes are recognized in other comprehensive income

The contractual cash flow characteristics of financial assets are consistent with the basic borrowing arrangement, that is, the cash flows generated on a particular date are only payments of principal and interest based on the outstanding principal amount, and the company's business model for managing such financial assets is both to collect the contractual cash flows and to sell them, The company classifies them as financial assets that are measured at fair value and whose changes are included in other comprehensive income. The interest income, impairment loss and exchange difference recognized using the effective interest rate method for this financial asset are recognized as profit or loss for the current period, and the remaining fair value changes are recognized as other comprehensive income. Upon termination of recognition, the accumulated gains or losses previously recognized in other comprehensive income are transferred out of other

comprehensive income and recognized in current profit or loss.

③ Investments in equity instruments that are designated as measured at fair value through other comprehensive income

At initial recognition, the company designates certain investments in non-trading equity instruments as financial assets that are measured at fair value through other comprehensive income. The company recognizes its related dividend income in profit or loss for the current period and its fair value changes in other comprehensive income. Upon the termination of recognition of the financial asset, the accumulated gains or losses previously included in other comprehensive income will be transferred from other comprehensive income to retained earnings and will not be included in current period profit or loss.

④ Financial assets that are measured at fair value through profit or loss

Including: financial assets classified as measured at fair value through profit or loss and financial assets designated as measured at fair value through profit or loss.

The company classifies financial assets held that are not classified as measured at amortized cost and financial assets that are measured at fair value through other comprehensive income as financial assets that are measured at fair value through profit or loss.

At initial recognition, in order to eliminate or significantly reduce accounting misalignments, the company may designate financial assets as financial assets that are measured at fair value through profit or loss for the current period.

4.9.3 The basis for the recognition and measurement of the transfer of financial assets

If the company has transferred almost all the risks and rewards in the ownership of the financial asset to the transferring party, the recognition of the financial asset shall be terminated; If the company retains almost all the risks and rewards in the ownership of the financial asset, the recognition of the financial asset shall not be terminated.

Where the company neither transfers nor retains almost all risks and rewards in the ownership of the financial asset and retains no control over the financial asset, the company shall terminate the recognition of the financial asset and separately recognize the rights and obligations arising from or retained in the transfer as assets or liabilities; If the company retains control of the financial asset, it shall continue to recognize the relevant financial asset in accordance with the extent of its continued involvement in the transferred financial asset, and recognize the relevant liability accordingly.

4.9.4 Classification and measurement of financial liabilities

Financial liabilities are classified at initial recognition as financial liabilities and other financial liabilities measured at fair value and whose changes are recognised in profit or loss for the period.

1) Initial measurement of financial liabilities

Financial liabilities are measured at fair value at initial recognition. For financial liabilities that are measured at fair value and whose changes are recorded in current profit or loss, the related transaction expenses are recorded directly in current profit or loss; For financial liabilities measured at amortized cost, related transaction expenses are included in the initial recognized amount.

2) Subsequent measurement of financial liabilities

① Financial liabilities measured at fair value through profit or loss for the current period

Including: trading financial liabilities (including derivatives that are financial liabilities) and financial liabilities that are initially recognized as measured at fair value through profit or loss.

Trading financial liabilities (including derivatives that are financial liabilities) are subsequently measured at fair value through profit or loss for the current period, except in connection with hedge accounting.

For financial liabilities designated as measured at fair value through profit or loss, changes in fair value caused by changes in the company's own credit risk are included in other comprehensive income; Upon termination of recognition, accumulated gains or losses previously included in other comprehensive income are transferred from other comprehensive income into retained earnings. The remaining fair value changes are recognized in profit or loss for the period. If the above accounting treatment causes or expands the accounting mismatch in profit or loss, the entire gain or loss of the financial liability (including the amount affected by the change in the enterprise's own credit risk) is recognized in the current period profit or loss.

② Other financial liabilities

Financial liabilities other than financial liabilities and financial guarantee contracts formed by the transfer of financial assets that do not meet the conditions for termination of recognition or continue to be involved in the transferred financial assets are classified as financial liabilities measured at amortized cost, which are subsequently measured at amortized cost, and the gains or losses resulting from the termination of recognition or amortization are included in current profit or loss.

4.9.5 Offsetting of financial assets and financial liabilities

If the following conditions are met at the same time, the financial assets and financial liabilities are shown in the balance sheet as net offsetting amounts: have a legal right to offset the recognized amount, and such legal right is currently enforceable; Plans to settle on a net basis, or realize the financial asset and settle the financial liability at the same time.

4.9.6 Fair value of the financial instrument

For financial instruments in which there is an active market, the fair value is determined by the quotation in the active market. For financial instruments that do not have an active market, valuation techniques are used to determine their fair value. In valuation, the company adopts valuation techniques that are applicable under the current circumstances and supported by sufficient available data and other information, selects input values that are consistent with the characteristics of the asset or liability considered by market participants in the transaction of the relevant asset or liability, and gives priority to the relevant observable input values as far as possible. The unobservable input is used when the relevant observable input is not available or is not practicable to obtain

4.9.7 Impairment of financial instruments (excluding receivables)

On the basis of expected credit losses, the company makes an impairment provision and recognizes credit impairment losses for financial assets measured at amortized cost, investments in debt instruments measured at fair value through other comprehensive income, financial guarantee contracts, etc.

The company considers all reasonable and evidence-based information, including forward-looking information, when evaluating expected credit losses.

At each balance sheet date, the company assesses whether the credit risk of financial instruments has increased significantly since the initial recognition, and if the probability of default of a financial instrument during the estimated duration determined at the balance sheet date is significantly higher than the probability of default during the estimated duration determined at the initial recognition, it indicates that the credit risk of the financial instrument has increased significantly.

If the credit risk has not increased significantly since the initial recognition, which is in the first stage, the company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses; If the credit risk has increased significantly since the initial recognition but no credit impairment has occurred, which is in the second stage, the company measures the loss allowance at an amount equal to the lifetime expected credit loss; If credit impairment has occurred since the initial recognition of the financial instrument, which is in the third stage, the company measures the loss allowance at an amount equal to the lifetime expected credit loss.

For financial instruments with lower credit risk at the balance sheet date, the company measures the loss allowance based on 12-month expected credit losses, assuming that their credit risk has not increased significantly since initial recognition.

4.10 Receivables

Receivables of the company mainly include notes receivable, accounts receivable, receivables financing, other receivables, investments in claims, other investments in claims and long-term receivables.

For receivables arising from the sale of products or the provision of services and lease receivables, the company measures the loss allowance at the amount equal to the lifetime expected credit losses.

For other categories of receivables, the company assesses at each balance sheet date whether the credit risk of the financial instrument has increased significantly since the initial recognition, and if the probability of default for a financial instrument during the estimated duration determined at the balance sheet date is significantly higher than the probability of default during the estimated duration determined at the initial recognition, It indicates that the credit risk of the financial instrument has significantly increased. Normally, if the receivable is more than 30 days overdue, it indicates that the credit risk of the receivables has increased significantly.

If the credit risk has not increased significantly since the initial recognition, which is in the first stage, the company measures the loss allowance at an amount equal to 12-month expected credit losses; If the credit risk has increased significantly since the initial recognition but no credit impairment has occurred, which is in the second stage, the company measures the loss allowance at an amount equal to the lifetime expected credit loss; If credit impairment has occurred since the initial recognition of receivables, which is in the third stage, the company measures the loss allowance at an amount equal to the lifetime expected credit loss.

For receivables that have a lower credit risk at the balance sheet date, the company measures the loss allowance based on 12-month expected credit losses, assuming that their credit risk has not increased significantly since initial recognition.

With the exception of receivables for which credit risk is assessed separately, the company classifies other receivables into a number of combinations based on credit risk characteristics and calculates expected credit losses on the basis of the combination:

Receivables that are assessed separately for credit risk, such as: receivables that are in dispute with the other party or involved in litigation or arbitration; Receivables where there are clear indications that the debtor is likely to be unable to meet its repayment obligations.

In addition to receivables that are individually assessed for credit risk, the company classifies receivables into different groups based on common risk characteristics and assesses credit risk on a portfolio basis. Different combinations are determined on the basis of:

Basis for determining portfolios	
Portfolio 1: Ageing portfolio	The portfolio is divided into credit risk characteristics based on the ageing nature of receivables
Portfolio 2: Government receivables portfolio	The portfolio is divided into credit risk characteristics based on the customer nature of the receivables portfolio
Portfolio 3: Related party portfolio	The portfolio is divided into credit risk characteristics based on the customer nature portfolio of receivables
Portfolio 4: Employee loan and deposit bond portfolio	The portfolio is divided into credit risk characteristics based on the money nature portfolio of receivables
Portfolio 5: Other portfolios	Divide the portfolio by the monies nature of the receivables portfolio for the credit risk characteristics
Calculation method of doubtful debts allowance on portfolio basis	
Portfolio 1: Ageing portfolio	Ageing analysis
Portfolio 2: Government receivables portfolio	According to the nature of the receivables customer, the possibility of bad debts is analyzed and the provision for bad debts is made
Portfolio 3: Related party portfolio	Provision for bad debts after analyzing the possibility of bad debts according to the nature of customers of receivables
Portfolio 4: Employee loan and deposit deposit portfolio	According to the nature of the receivables, the possibility of bad debts is analyzed and the provision for bad debts is made
Portfolio 5: Other Combination s	Provision for bad debts shall be made after analyzing the possibility of bad debts according to the nature of customers of receivables

For the receivables divided into ageing portfolios, the company makes reference to the historical credit loss experience, combined with the current situation and the forecast of future economic conditions, and prepares a comparison table of the expected credit loss rate for the ageing of receivables and the entire duration of receivables to calculate the expected credit loss.

Ageing	Allowance percentage for receivables (%)
Within 6 months (including 6 months)	0.00
6 months to 1 year (including 1 year)	5.00
1 to 2 years (including 2 years)	10.00
2 to 3 years (including 3 years)	20.00
3 to 4 years (including 4 years)	30.00
4 to 5 years (including 5 years)	50.00

Ageing	Allowance percentage for receivables (%)
More than 5 years	100.00

In the combination, the provision for bad debts by other methods is as follows

Portfolio name	Method Instructions
Portfolio 2: Government receivables portfolio	No provision
Portfolio 3: Related party portfolio	No provision
Portfolio 4: Employee loan and security deposit portfolio	No provision
Portfolio 5: Other portfolio	Not counted

Due to the extremely low possibility of bad debts, the company does not have provisions in the government receivables, account receivables of related party, account receivables of employee loans and security deposit.

4.11 Financing receivables

For notes and accounts receivable whose contractual cash flow characteristics are consistent with the underlying lending arrangements and whose business model for managing such financial assets is both to collect contractual cash flows and to sell them, the company classifies them as receivables financing, which is measured at fair value and whose changes are included in other comprehensive income. Interest income, impairment losses and exchange differences recognized using the effective interest rate method for receivables financing are recognized as profit or loss for the current period, and the remaining fair value changes are recognized as other comprehensive income. Upon termination of recognition, the accumulated gains or losses previously recognized in other comprehensive income are transferred out of other comprehensive income and recognized in current profit or loss.

4.12 Inventories

4.12.1 Categories of inventories

Inventory mainly includes raw materials, work in progress, finished goods, revolving materials, goods in stock, development costs, land to be developed, contract performance costs, etc.

4.12.2 Valuation method for inventory acquisition and issuance

Inventory is valued at actual cost at the time of acquisition, and inventory costs include procurement costs, construction costs, and other costs. It is priced by the weighted average method at the time of acquisition and issuance.

4.12.3 Inventory count system

The company adopts the perpetual inventory system.

4.12.4 Amortization methods of low-value consumables and packaging materials

- (1) Low-value consumables are amortized in one go at the time of receipt;
- (2) The packaging shall adopt the single amortization method at the time of receipt;
- (3) Other revolving materials are amortized in one pass at the time of use.

4.12.5 The basis for determining the net realizable value of inventories and the method for preparing for the decline in the value of inventories

After the inventory is comprehensively checked at the end of the period, the inventory decline price allowance shall be drawn or adjusted according to the lower of the cost of the inventory and the net realizable value of the inventory. To be prepared. The net realizable value of the inventory of goods directly used for sale, such as finished goods, goods in stock and materials used for sale, is determined in the normal course of production and business at the estimated selling price of the inventory less the estimated selling expenses and related taxes; For the inventory of materials that need to be processed, in the normal course of production and business, its net realizable value shall be determined by the estimated selling price of the finished goods produced less the estimated cost to be incurred at the time of completion, estimated selling expenses and related taxes; The net realizable value of the inventory held for the execution of the sales contract or the labor contract shall be calculated on the basis of the contract price. If the quantity of the inventory held is more than the quantity ordered under the sales contract, the net realizable value of the excess inventory shall be calculated on the basis of the general sales price.

At the end of the period, provisions for inventory decline prices shall be made on the basis of individual inventory items; However, for inventories with a large quantity and a lower unit price, the reserve for inventory decline shall be calculated according to the type of inventory; For inventories related to product series produced and sold in the same region, having the same or similar end use or purpose, and difficult to measure separately from other items, the reserve for inventory decline in price shall be consolidated.

Where the factors affecting the previous write-down of the value of inventories have disappeared, the amount of write-down shall be restored, and the amount of write-down shall be reversed within the amount of the original reserve for inventory depreciation, and the amount of reversal shall be included in the current profit or loss.

4.13 Contract assets

A contract asset is a right to receive consideration for goods or services that the company has transferred to a customer, and that right depends on factors other than the passage of time. The right we have to collect consideration from the customer without conditions (that is, depending only on the passage of time) is shown separately as receivables.

The method for determining and accounting for expected credit losses on contract assets is the same as the method for determining and accounting for expected credit losses on receivables in Notes 4, (4.10).

4.14 Assets held for sale

4.14.1 Classification as held for sale confirmation criteria

The company recognizes as held for sale components non-current assets or disposal groups that meet both of the following conditions:

(1) in accordance with the practice of selling such assets or groups of disposals in similar transactions, it can be sold immediately under current conditions;

(2) the sale is highly likely to occur, that is, the company has resolved and secured a firm commitment to purchase in respect of a planned sale, which is expected to be completed within one year. Where the relevant provisions require the approval of the relevant authority or regulatory authority of the company before the sale can be made, the approval has been obtained.

4.14.2 Accounting method of holding for sale

If the company does not provide for depreciation or amortization of the non-current assets held for sale or the disposal group, and its carrying value is higher than the net amount after the fair value is less than the selling expense, it shall write down the carrying value to the net amount after the fair value is less than the selling expense, and the amount of the written down is recognized as the asset impairment loss and included in the current profit and loss, and at the same time, it shall provide for the impairment of the assets held for sale.

4.15 Long-term equity investments

4.15.1 Significant influence, common control criteria for judgment

(1) The company shall comprehensively consider whether it has a significant impact on the investee in the light of the following circumstances: whether it has a representative on the board of directors of the investee or a similar authority; Whether it participates in the process of formulating financial and operational policies of the investee; Whether it has any important transactions with the investee; Whether managers have been assigned to the investee; Whether it provides key technical data to the investee.

(2) If the company and other participants are bound by a joint venture arrangement, and no one participant can control the arrangement alone, and any participant can prevent other participants or combinations of participants from controlling the arrangement alone, the company judges that it has joint control over the joint venture arrangement.

4.15.2 Determination of investment cost

(1) For long-term equity investment formed by business merger, the investment cost shall be determined according to the following methods:

A. For an investment in a subsidiary formed by a business combination under the same control, the share of the owner's equity of the merged party in the book value of the consolidated financial statements of the ultimate controlling party on the merger date shall be taken as the investment cost of the long-term equity investment.

For a business combination under the same control realized by steps, the initial investment cost of long-term equity investment is determined on the merger date according to the share of the consolidated party's net assets in the book value of the consolidated financial statements of the ultimate controlling party; The difference between the initial investment cost and the book value of the long-term equity investment before reaching the merger plus the book value of the newly paid consideration for further shares acquired on the merger date, the capital reserve (capital/equity premium) shall be adjusted, and the retained earnings shall be deducted if the capital reserve is insufficient to be deducted. For equity investments held before the merger date, other

comprehensive income recognized by using the equity method of accounting or financial instruments recognition and measurement standards will not be accounted for until the investment is disposed of on the same basis as the investment unit's direct disposal of the relevant assets or liabilities; Other changes in owner's equity other than net profit and loss, other comprehensive income and profit distribution in the net assets of the investore recognized by the equity method are temporarily not accounted for until they are transferred to the current profit and loss when the investment is disposed of. Including, if the remaining equity after disposal is accounted for by the cost method or the equity method in accordance with this Standard, other comprehensive income and other owners' equity shall be carried forward in proportion; if the remaining equity after disposal is accounted for in accordance with the financial instruments recognition and measurement standards, other comprehensive income and other owners' equity shall be carried forward in full.

B. For an investment in a subsidiary formed by an enterprise merger that is not under the same control, the cost of the enterprise merger shall be taken as the investment cost.

If the additional investment can control the investee that is not under the same control, the sum of the book value of the equity investment held by the purchaser before the purchase date and the new investment cost on the purchase date shall be used as the initial investment cost calculated according to the cost method; Other comprehensive income of the equity investment held by the purchaser before the purchase date and recognized by the equity method shall be accounted for on the same basis as the direct disposal of the relevant assets or liabilities by the investee when disposing of the investment. If the equity investment held before the purchase date is accounted for in accordance with the relevant provisions of Accounting Standard for Business Enterprises No. 22 -- Recognition and Measurement of Financial Instruments, the accumulated fair value changes originally included in other comprehensive income shall be transferred to retained earnings when accounting by the cost method.

(2) In addition to long-term equity investment formed by enterprise merger, long-term equity investment obtained by other means, the investment cost shall be determined according to the following methods:

A. For long-term equity investment obtained by cash payment, the actual purchase price paid shall be regarded as the investment cost.

B. For long-term equity investments obtained by issuing equity securities, the fair value of the equity securities issued shall be taken as the investment cost.

(3) Due to additional investment and other reasons, can exert significant influence on the investee or implement joint control but does not constitute control, should be in accordance with the Accounting Standards for Enterprises No. 22 -- Recognition and measurement of financial instruments determined by the fair value of the original equity plus the sum of new investment costs, as the equity method of accounting for the initial cost of investment. Where the equity investment originally held is classified as an investment in other equity instruments, the difference between its fair value and carrying value, as well as the cumulative fair value change originally included in other comprehensive income, shall be transferred to retained earnings accounted for by the equity method.

4.15.3 Subsequent measurement and recognition of profit or loss

(1) Investment in subsidiaries

In the consolidated financial statements, investments in subsidiaries are treated in accordance with notes 4 ,(4.5).

In the financial statements of the parent company, the investment of the subsidiary is accounted for by the cost method, and the investment income is recognized when the investee declares the distributed cash dividend or profit.

(2) Investment in joint ventures and investment in associates

Investment in joint ventures and investments in associates shall be accounted for by the equity method, and specific accounting treatment shall include:

If the initial investment cost is greater than the fair value share of the identifiable net assets of the investee, the difference is included in the cost of long-term equity investment; If the initial investment cost is less than the investment, the investee should enjoy its share of the fair value of the identifiable net assets of the investee, the difference is included in the current profit or loss, and the long-term equity investment cost is adjusted at the same time.

After obtaining the investment in the joint venture and the investment in the associated enterprise, the profit and loss of the investment and other comprehensive income shall be recognized respectively and the book value of the long-term equity investment shall be adjusted according to the share of the net profit and loss and other comprehensive income realized by the invested entity which shall be entitled to or contributed to; The book value of long-term equity investment shall be reduced accordingly according to the share of cash dividends or profits declared and distributed by the investee.

When calculating the share of the net profit or loss realized by the investee to be enjoyed or contributed, it shall be determined on the basis of the fair value of the investee's identifiable net assets at the time of acquisition of the investment. If the accounting policy or accounting period of the investee is different from that of the company, necessary adjustments shall be made to the financial statements of the investee in accordance with the accounting policy or accounting period of the company when accounting by the equity method. The unrealized gains and losses arising from internal transactions with the joint venture and associated enterprise that are attributable to the company as calculated in proportion to the shares of the company shall be offset in the equity method of accounting. For an unrealized loss arising from an insider transaction, where there is evidence that the loss is an impairment loss of the related asset, the loss is fully recognized.

For the net loss incurred by a joint venture or associated enterprise, the carrying value of the long-term equity investment and other long-term interests that substantially constitute the net investment in the invested unit shall be reduced to zero, except for the obligation of the company to bear additional losses. If the invested enterprise realizes net profit later, the amount of income sharing shall be recognized again after the amount of income sharing has made up the amount of unrecognized loss sharing.

For changes in owners' equity other than net profit and loss, other comprehensive income and profit distribution of the investee, the book value of long-term equity investment shall be adjusted and included in the

capital reserve. When the investment is disposed of, the part originally included in the capital reserve shall be transferred to the current profit or loss in the corresponding proportion.

(3) When disposing of long-term equity investment, the difference between the carrying value and the actual purchase price shall be included in the current profit or loss. For long-term equity investment accounted for by the equity method, the same basis shall be adopted when disposing of the relevant assets or liabilities, and the part originally included in other comprehensive income shall be accounted for according to the corresponding proportion.

Due to the disposal of part of the equity investment and other reasons to lose common control or significant impact on the invested unit, the remaining equity after disposal in accordance with the accounting Standards for Business Enterprises No. 22 -- Recognition and measurement of financial instruments accounting, the loss of common control or significant impact on the date of the fair value and book value between the difference is included in the current profit and loss. Other comprehensive income recognized by the original equity investment due to the use of the equity method shall be accounted for on the same basis as the direct disposal of related assets or liabilities by the investee when the equity method is terminated.

If it loses control of the investee due to the disposal of part of the equity investment or other reasons, when preparing individual financial statements, the remaining equity after disposal can exercise common control or have a significant impact on the investee, it shall be accounted for according to the equity method, and the remaining equity shall be accounted for by the equity method when it is regarded as self-acquired. If the remaining equity after disposal cannot jointly control or significantly affect the invested entity, it shall be accounted for in accordance with the relevant provisions of Accounting Standards for Enterprises No. 22 -- Recognition and Measurement of Financial Instruments, and the difference between the fair value and the carrying value on the date of loss of control shall be included in the current profit or loss.

4.16 Investment properties

Investment property is property held either to earn rental income or for capital appreciation, or for both. It includes leased land use rights and leased buildings and construction and land use rights held for resale after appreciation (including buildings that are leased after completion of self-construction or development activities, and buildings that are under construction or development and will be leased in the future); In addition, vacant buildings held by the company for operational rental are also regarded as investment property if it is clear that they can be used for operational rental and the intention to hold them will not change in the short term.

The company adopts the fair value model for subsequent measurement of Investment property.

(1) The basis for selecting the fair value model measurement

When a company adopts the fair value model to measure investment property, it shall simultaneously meet the following two conditions:

- ① Where the investment property is located, there is an active property trading market;
- ② the company can obtain the market price of similar or similar property and other relevant information

from the property trading market, so as to make a reasonable estimate of the fair value of the investment property.

Through inquiries and other investigations of property market transactions, the company can obtain similar or similar property market prices and other relevant information from the property market. At the end of the accounting period, the fair value of investment property can be reasonably estimated by employing professional appraisers with professional qualifications to issue evaluation reports for valuation. It is feasible to use fair value for subsequent measurement of investment property.

(2) Key assumptions and major uncertainties used by the company in estimating the fair value of investment property

① Assuming that the investment property is traded on the open market and will continue to be used for its current purpose;

② there will be no significant changes in the future of national macroeconomic policies and local socio-economic environment, tax policies, credit interest rates, exchange rates, etc.;

③ Other force majeure and unforeseeable factors that may have a significant impact on the operation of the enterprise.

When determining the fair value of investment properties, reference should be made to the prevailing market price of the same or similar property in an active market; Where the current market price of the same or similar property is not available, a reasonable estimate of the fair value of the investment property shall be made with reference to the recent transaction price of the same or class or similar property in the active market, taking into account the transaction situation, transaction date, location and other factors; Or determine its fair value based on the present value of the rental income expected to be obtained in the future and the relevant cash flows.

(3) The end-of-period recognition and accounting procedures for the fair value of investment property

If the fair value model is adopted, no depreciation or amortization shall be made for investment property. The carrying value is adjusted on the basis of the fair value of the investment property at the balance sheet date, and the difference between the fair value and the original carrying value is included in the current profit or loss, taking into account the effect of deferred income tax or deferred income tax liabilities.

When the company has solid evidence that the use of property has changed, when the self-use property or inventory is converted into investment property, the valuation is based on the fair value on the conversion date. If the fair value on the conversion date is less than the original carrying value, the difference is recorded in the current profit or loss; If the fair value on the conversion date is greater than the original carrying value, the difference is recognized as other comprehensive income. When the investment property is converted into self-use property, the fair value on the conversion date is taken as the carrying value of the self-use property, and the difference between the fair value and the original carrying value is recognized in the current profit or loss.

When the investment property is disposed of or permanently retired from use and it is expected that no

economic benefits can be obtained from its disposal, the recognition of the investment property shall cease. The disposal income from the sale, transfer, scrapping or damage of the investment property shall be included in the current profit or loss after deducting its carrying value and related taxes.

4.17 Fixed assets

4.17.1 Recognition criteria for fixed assets

Fixed assets refers to tangible assets held for the purpose of producing commodities, services rendering, renting or business administration with useful lives exceeding one accounting year. Fixed assets can be recognized when the following criteria are met: a) It is probable that the economic benefits relating to the fixed assets will flow into the company; and b) The costs of the fixed assets can be measured reliably. Fixed assets are initially measured at cost taking into account the impact of the anticipated disposal expense factor.

4.17.2 Classification, valuation method and depreciation method of fixed assets

Depreciation of fixed assets is provided for during the expected service life after the recorded value is deducted from the estimated net residual value. For fixed assets for which an impairment provision is made, the depreciation amount shall be determined in the future period according to the book value after deducting the impairment provision and the useful life; The fixed assets that have been fully depreciated and are still in use shall not be depreciated.

The company adopts the straight-line method to calculate the depreciation of fixed assets. The service life, estimated net salvage value rate and annual depreciation rate of various types of fixed assets are as follows:

Category	Depreciation period (years)	Residual rate (%)	Annual depreciation rate (%)
Houses and buildings	20.00-70.00	5.00	1.36-4.75
Machinery and Equipment	8.00	3.00	12.13
Transportation vehicles	4.00-10.00	5.00	9.50-23.75
Electronic equipment and others	3.00-5.00	3.00	19.40-32.33

The estimated net salvage value is the amount the company currently receives from the disposal of such asset, net of the estimated disposal costs, assuming that the fixed asset has reached its expected useful life and is in its expected state at the end of its useful life.

4.17.3 Method of testing for impairment of fixed assets and method of preparing for impairment

The method of testing for impairment of fixed assets and the method of preparing for impairment of fixed assets are detailed in Note 4, (4.22) .

4.17.4 Recognition and measurement of fixed assets leased in under finance leases

Financial leasing is a lease that essentially transfers all risks and rewards related to asset ownership, and its ownership may or may not be transferred in the end. The fixed assets leased under financial leasing shall be depreciated according to the same policy as the owned fixed assets. If the ownership of the leased asset can be reasonably determined at the end of the lease term, depreciation shall be calculated during the service life of the leased asset; If the ownership of the leased asset can not be reasonably ascertained at the

end of the lease term, depreciation shall be accrued during the shorter of the lease term and the service life of the leased asset.

4.17.5 Other Instructions

Subsequent expenditures related to a fixed asset where the economic benefits related to that fixed asset are likely to flow in and its cost can be reliably measured are included in the cost of the fixed asset and the carrying value of the portion being replaced is terminated. Other subsequent expenditures other than these are included in current profit or loss when incurred.

When a fixed asset is in the state of disposal or no economic benefit is expected to be generated from its use or disposal, the recognition of the fixed asset shall be terminated. The difference between the disposal income from the sale, transfer, scrapping or damage of the fixed assets after deducting its carrying value and related taxes and fees is included in the current profit or loss.

The company shall review the useful life, estimated net salvage value and depreciation method of fixed assets at least at the end of the year, and any change shall be treated as a change in accounting estimate.

4.18 Construction in progress

The cost of construction in progress shall be determined according to the actual project expenditure, including the project expenditure and other related expenses incurred during the construction period. The construction in progress shall be transferred to fixed assets after it reaches the predetermined usable state.

If the products or by-products produced before reaching the predetermined usable status are sold to other countries, the revenues and costs related to the trial operation sales shall be accounted for in accordance with the provisions of Accounting Standards for Enterprises No. 14 -- Revenue and Accounting Standards for Enterprises No. 1 -- Inventory, etc., and shall be recorded in the current profit and loss.

4.19 Borrowing costs

4.19.1 Recognition criteria for capitalization of borrowing costs

Borrowing costs include interest on loans, amortization of discounts or premiums, auxiliary expenses and exchange differences arising from foreign currency borrowings.

If the borrowing expenses incurred by a company can be directly attributable to the purchase, construction or production of assets eligible for capitalization, they shall be capitalized and included in the cost of the relevant assets; Other borrowing expenses, when incurred, are recognized as expenses according to the amount incurred, and are included in current profit or loss.

Assets eligible for capitalization refer to fixed assets, investment property, inventory and other assets that need to be purchased and constructed or produced for a considerable period of time before they can be used or sold.

The capitalization of borrowing expenses begins when the following conditions are met:

(1) Asset expenditures have been incurred, including expenditures in the form of cash payments, transfer of non-cash assets or assumption of interest-bearing debts for the purchase, construction or production of assets eligible for capitalization;

(2) the borrowing cost has been incurred;

(3) the purchase, construction, or production of the assets necessary to bring them to their intended usable or saleable state has begun.

4.19.2 Period during which borrowing costs are capitalized

Capitalization period refers to the period from the point at which the borrowing cost begins to be capitalized to the point at which the borrowing cost ceases to be capitalized, excluding the period during which the borrowing cost ceases to be capitalized.

When the purchase, construction or production of assets eligible for capitalization reaches a predetermined useable or saleable state, the capitalization of the borrowing cost shall cease.

When part of the purchase, construction or production of assets eligible for capitalization is completed separately and can be used separately, the borrowing cost of that part of assets ceases to be capitalized.

Where each part of the purchased or produced asset is completed separately, but can only be used or sold to other countries after the completion of the whole asset, the capitalization of the borrowing cost ceases upon the completion of the whole asset.

4.19.3 Period of suspension of capitalization

If the assets that meet the conditions for capitalization are abnormally interrupted in the process of purchase and construction or production, and the interruption time exceeds 3 consecutive months, the capitalization of borrowing costs will be suspended; The interruption shall continue to be capitalized if the purchased, built or produced assets conforming to the capitalization conditions reach the predetermined usable state or saleable state. Borrowing costs incurred during the interruption period are recognized as profit or loss for the period and continue to be capitalized until the purchase, construction or production of the asset restarts.

4.19.4 Method for calculating the capitalized amount of borrowing costs

For a special loan borrowed for the purchase, construction or production of assets eligible for capitalization, the capitalized amount of the loan expense shall be determined by the amount of the loan expense actually incurred during the period of the special loan, minus the amount of interest income derived from the deposit of the loan funds that have not yet been used in the bank or the investment income derived from the temporary investment.

For general loans used for the purchase, construction or production of assets eligible for capitalization, the amount of borrowing costs to be capitalized for general loans shall be determined by multiplying the weighted average amount of the accumulated asset expenditures exceeding the portion of the special loans by the capitalization rate of the general loans used. The capitalization rate is calculated and determined on the basis of the weighted average interest rate of general loans.

4.20 Right-of-use assets

The right to use the leased asset refers to the right of the lessee to use the leased asset during the lease term.

The company makes the initial measurement of the right to use assets according to the cost, which

includes: (1) the initial measurement amount of the lease liability; (2) the amount of the lease payment paid on or before the commencement date of the lease term, if there is a lease incentive, less the amount related to the lease incentive already enjoyed; (3) initial direct expenses incurred by the lessee; And (4) the estimated costs incurred by Lessee to demolish and remove the leased asset, rehabilitate the premises where the leased Asset is located, or restore the leased asset to its condition as stipulated in the terms of the lease.

The company shall, in accordance with the relevant depreciation provisions of Accounting Standard for Business Enterprises No. 4 -- Fixed Assets, depreciate the right to use the assets. If the ownership of the leased asset can be reasonably determined at the end of the lease term, depreciation shall be calculated during the remaining useful life of the leased asset. If it cannot be reasonably ascertained that the ownership of the leased asset can be acquired at the end of the lease term, depreciation shall be accrued during the shorter of the lease term and the remaining useful life of the leased asset.

When the company remeasures the lease liability according to the present value of the changed lease payment amount and adjusts the book value of the right to use asset accordingly, if the book value of the right to use asset has been reduced to zero, but the lease liability still needs to be further reduced, the remaining amount will be included in the current profit or loss.

4.21 Intangible assets

Intangible assets refer to identifiable non-monetary assets without physical form owned or controlled by the company.

4.21.1 The initial measurement of intangible assets

The cost of an purchased intangible asset, including the purchase price, related taxes, and other expenses incurred that are directly attributable to bringing the asset to a predetermined level. If the purchase price of intangible assets exceeds the normal credit terms and is deferred, and is essentially financing in nature, the cost of intangible assets is determined on the basis of the present value of the purchase price.

4.21.2 Service life and amortization of intangible assets

For intangible assets with limited useful life, the original value minus the estimated net salvage value and the accumulated amount of provision for impairment shall be amortized in equal stages by straight-line method over the expected useful life from the time they become available for use. Intangible assets with uncertain service life shall not be amortized.

At the end of the period, the useful life and amortization methods of intangible assets with limited useful life are reviewed, and if any change occurs, it will be treated as a change in accounting estimate. In addition, the useful life of intangible assets with uncertain useful life is reviewed, and its useful life is estimated and amortized in accordance with the amortization policy for intangible assets with limited useful life if there is evidence that the intangible asset brings economic benefits to the enterprise for a foreseeable period of time.

4.21.3 Research and development expenditures

The company's internal research and development expenditures are divided into research phase expenditures and development phase expenditures.

Expenditures in the research phase are recorded in the current profit or loss when incurred.

Expenditures in the development stage are recognized as intangible assets if they meet the following conditions at the same time. Expenditures in the development stage that cannot meet the following conditions are recognized in the current profit or loss:

- (1) It is technically feasible to complete the intangible asset so that it can be used or sold;
- (2) having the intention to complete the intangible asset and use or sell it;
- (3) the way in which the intangible asset generates economic benefits, including proving that there is a market for products produced by the intangible asset or a market for the intangible asset itself, and that the intangible asset will be used internally, proving its usefulness;
- (4) have sufficient technical, financial and other resources to support the completion of the development of the intangible asset and have the ability to use or sell the intangible asset;
- (5) the expenditures attributable to the development phase of the intangible asset can be measured reliably.

If the products or by-products produced in the process of research and development are sold to other countries, the revenues and costs related to the trial operation sales shall be accounted for in accordance with the provisions of Accounting Standards for Enterprises No. 14 -- Revenue and Accounting Standards for Enterprises No. 1 -- Inventory, etc., and shall be included in the current profit and loss.

4.22 Impairment of long-term assets

At the balance sheet date, the company shall, based on internal and external information, determine whether there are indicators of impairment of long-term equity investments, investment property measured by cost model, fixed assets, construction in progress, productive biological assets measured by cost model, oil and gas assets, use rights assets, intangible assets and other long-term assets. If any indication exists, the recoverable amount of the asset is estimated. In addition, the company conducts impairment tests to estimate the recoverable amount of goodwill, intangible assets with indefinite useful life and intangible assets not ready for use at each year-end, irrespective of whether there is any indication of impairment.

The recoverable amount of an asset (or asset group, asset group combination, the same below) refers to the higher of its fair value less cost to sell and its present value of expected future cash flows.

If the recoverable amount of an asset indicates that the recoverable amount of the long-term asset is lower than its carrying value, its carrying value will be written down to the recoverable amount, and the amount written-down will be recognized as an impairment loss of the asset and recognized in the current profit and loss, and a provision of impairment is recognized accordingly.

An asset group is the smallest asset group that can be identified and generates cash inflows that are essentially independent of other assets or groups of assets. An asset group consists of the assets associated with generating cash inflows. When determining an asset group, it mainly considers whether the asset group can generate cash inflow independently, as well as the management mode of production and operation activities, as well as the decision-making mode of asset use or disposal.

The net amount of the fair value of an asset less cost to sell is determined by the price that market participants can receive or transfer a liability from the sale of an asset in the orderly transaction occurring on the measurement date, minus the amount that can be directly attributable to the disposal cost of the asset. The present value of an asset's estimated future cash flows is determined by the amount discounted after selecting an appropriate pre-tax discount rate based on the estimated future cash flows arising from the asset's continued use and final disposal.

The impairment loss related to an asset group or asset group combination shall be first offset against the carrying value of goodwill allocated to the asset group or asset group combination, and then offset against the carrying value of other assets in proportion to the carrying value of the asset group or asset group combination other than goodwill. The carrying value of each asset after deduction shall not be less than the highest of the fair value of the asset less cost to sell (if ascertainable), the present value of the asset's estimated future cash flows (if ascertainable) and zero.

The impairment losses of assets will not be reversed in subsequent periods once they are recognized.

4.23 Long-term deferred expenses

Long-term deferred expenses refer to expenses that have been paid but their benefit period is more than one year (excluding one year). Long-term deferred expenses will be amortized in the benefit periods. If one long-term deferred expense can't benefit the company in the subsequent periods, the remaining balance of the long-term deferred expense shall be recognized as expense in profit or loss for the current period.

4.24 Contractual Liabilities

The company recognizes as contractual liabilities the portion of its obligation to transfer goods or services to customers for which consideration has been received or received from customers. If the customer has paid the contract consideration or the company has obtained the unconditional right of collection before the company transfers the goods to the customer, the company shall show the received or receivable as a contractual liability at the earlier time of the actual payment by the customer and the payment due by the customer. Contract assets and contract liabilities under the same contract are shown on a net basis, and contract assets and contract liabilities under different contracts are not set off.

4.25 Employee benefits

The company's employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

Short-term benefits mainly includes wages, bonuses, allowances and subsidies, employee welfare expenses, medical insurance premiums, maternity insurance premiums, work-related injury insurance premiums, housing provident funds, union funds and employee education funds, non-monetary benefits, etc. In the accounting period in which employees have rendered services, the company recognizes the employee benefits as liability, and charges to profit or loss for the current period or included in the cost of relevant assets when incurred. Welfare benefit in non-monetary forms is measured at fair value.

Post-employment benefits mainly include basic pension insurance, unemployment insurance and so on.

The post-employment benefits also includes defined contribution plans and defined benefit plans. Where a defined contribution plan is adopted, the corresponding contribution amount is credited to the relevant asset cost or current profit or loss when incurred.

If the company is unable to unilaterally withdraw the termination benefits provided by the termination plan or the reduction proposal, or if the company recognizes the costs associated with the reorganization involving the payment of the termination benefits, Recognize employee compensation liabilities arising from termination benefits and recognize them in profit or loss for the current period. However, if the dismissal benefits cannot be fully paid within 12 months after the end of the annual reporting period, they shall be treated as other long-term employee salaries.

The intra-employee retirement plan shall be handled in the same principle as the above-mentioned dismissal benefits. The company will record the salary and social insurance contributions of the internal retirees to be paid during the period from the date of the employee's cessation of service to the normal retirement date into the profit and loss of the current period (termination benefits) when the conditions for the recognition of projected liabilities are met.

Other long-term employee benefits provided by the company to employees, which meet the conditions of the defined contribution plan, shall be accounted for in accordance with the defined contribution plan. In addition, they shall be accounted for in accordance with the defined benefit plan.

4.26 Lease liability

At the commencement date of the lease term, the company recognizes the present value of outstanding lease payments as a lease liability (other than short-term leases and leases of low-value assets). When calculating the present value of the lease payment amount, the inherent interest rate of the lease is used as the discount rate; If the inherent interest rate of the lease cannot be determined, the incremental borrowing rate of the lessee is used as the discount rate. The difference between the amount of the lease payment and its present value is regarded as an unrecognized financing expense, and the interest expense is recognized at the discount rate at which the present value of the lease payment is recognized during each period of the lease term and recorded in the current profit or loss. Variable lease payments that are not included in the measurement of lease liabilities are recognised in current profit or loss when actually incurred.

The company calculates the interest expense of the lease liability during the lease term according to the fixed cyclical interest rate and includes it in the profit and loss of the current period. If it should be included in the relevant asset cost according to other standards, such provisions shall apply. Variable lease payments that are not included in the measurement of lease liabilities are included in the profit and loss of the current period when they actually occur, and should be included in the cost of related assets according to other standards, from the provisions.

After the beginning of the lease term, if there is any change in the evaluation result or actual exercise of the renewal option, termination option or purchase option, the lease payment amount shall be re-determined and the lease liability shall be re-measured at the present value of the changed lease payment amount and

the revised discount rate.

If, after the commencement of the lease term, there is a change in the amount expected to be payable based on the value of the guarantee balance, or a change in the amount of future lease payments due to a change in the index or ratio used to determine the amount of lease payments, the lease liability is remeasured at the present value of the amount of lease payments after the change.

When the lease liability is remeasured for any of the above reasons or due to changes in the actual fixed payment amount, the carrying value of the right to use asset shall be adjusted accordingly. If the carrying value of the right to use asset has been reduced to zero, but the lease liability still needs to be further reduced, the remaining amount shall be included in the current profit or loss.

4.27 Provisions

4.27.1 Criteria for the recognition of Provisions

Obligations relating to contingencies are recognized as provisions by the company when the following conditions are met:

- (1) The obligation is a current obligation undertaken by the company;
- (2) The performance of the obligation is likely to result in the outflow of economic benefits from the company;
- (3) The amount of the obligation can be measured reliably.

4.27.2 The measurement of provisions

The company expects liabilities to be initially measured at the best estimate of the expenditure required to meet the relevant current obligations.

In determining the best estimate, the company takes into account factors such as risks, uncertainties and the time value of money associated with contingencies. Where the time value of money is materially affected, the best estimate is determined by discounting the relevant future cash outflows.

4.28 Revenue

When the company has fulfilled its performance obligations under the contract, that is, when the customer has acquired control of the relevant goods or services, revenue is recognized at the transaction price allocated to the performance obligation.

If the contract contains two or more performance obligations, the company shall, on the commencement date of the contract, apportion the transaction price to each individual performance obligation in proportion to the individual selling price of the goods or services promised by each individual performance obligation. For sales with a quality assurance clause, if the quality assurance provides a separate service in addition to the assurance to the customer that the goods or services sold meet the established standards, the quality assurance constitutes a single performance obligation. Otherwise, the company accounts for the quality assurance liability in accordance with Accounting Standard for Business Enterprises 13 -- Contingencies.

Transaction price refers to the amount of consideration that the company expects to be entitled to receive as a result of the transfer of goods or services to a customer, but does not include amounts received on behalf

of third parties and amounts that the company expects to be refunded to the customer. Where variable consideration exists in the contract, the company determines the best estimate of the variable consideration based on the expected amount or the amount most likely to occur. Where variable consideration is included, the transaction price does not exceed an amount that is highly unlikely to result in a material reversal of cumulative recognized revenue upon the elimination of the relevant uncertainty. Where there is consideration payable to a customer in the contract, unless the consideration is for the purpose of obtaining other clearly distinguishable goods or services from the customer, the company will write off the consideration payable to the transaction price and write off the current revenue at the time when the relevant revenue is recognized later than the payment (or commitment to pay) of the customer consideration. If there is a significant financing component in the contract, the company will adjust the transaction price according to the financing component in the contract; If the interval between the transfer of control and the payment of the price by the customer is less than one year, the company will not take into account the financing component.

Whether the company is the principal responsible person or the agent in a transaction is determined by whether the company has control of the goods or services before the transfer to the customer. If the company is able to control the goods or services before the transfer of the goods or services to the customer, the company is the main responsible person, and the revenue is recognized on the basis of the total consideration received or receivable; Otherwise, the company, as an agent, recognizes revenue on the basis of the amount of the commission or handling fee it is expected to be entitled to receive, which is determined on the net of the total amount of consideration received or receivable after deducting the price payable to other interested parties.

4.29 Contract costs

4.29.1 The cost of obtaining the contract

Incremental costs incurred by the company to obtain a contract (i.e., costs that would not have been incurred without obtaining a contract) that the company expects to recover are recognized as an asset and marketed on the same basis as revenue from goods or services related to the asset is recognized and recognized in current profit or loss. If the amortization period of the asset does not exceed one year, it is recognized in the profit or loss of the current period when it occurs. Other expenses incurred by the company to obtain the contract are recorded in current profit or loss when incurred, except those expressly borne by the customer.

4.29.2 The cost of performing the contract

The cost incurred by the company to perform a contract is recognized as an asset if it does not fall within the scope of accounting standards for enterprises other than the revenue standard and meets the following conditions: ① The cost is directly related to a current or expected contract; ② the cost increases the company's resources for fulfilling performance obligations in the future; ③ the cost is expected to be recovered. Assets recognised are amortised on the same basis as revenues from goods or services associated with the asset are recognised and recognised in profit or loss for the period.

4.29.3 Impairment of contract costs

If the carrying value of the contract cost is higher than the difference between the following two items, an impairment provision shall be made and recognized as an asset impairment loss: ① the remaining consideration expected to be obtained due to the transfer of commodities related to the asset; ② estimate the cost to be incurred for the transfer of the related commodity.

If the factors of impairment in the previous period change after the change, so that the difference between ① and ② of the preceding paragraph is higher than the carrying value of the contract cost, it shall revert to the original asset impairment provision and be included in the profit or loss of the current period, provided that the carrying value of the contract cost after the reversal shall not exceed the carrying value of the asset at the date of reversal if no impairment provision is assumed.

4.30 Government grants

Government grants refers to the monetary assets and non-monetary assets obtained by the company from the government free of charge, excluding the capital invested by the government as an investor and enjoying the corresponding owner's equity. Government grants are divided into asset-related government grants and revenue-related government subsidies.

Government grants obtained by the company for the purchase, construction or other forms of long-term assets are defined as asset-related government subsidies; The remaining government grants are defined as revenue-related government grants. If the government documents do not specify who is receiving the grant, the grant is divided into revenue-related government grants and asset-related government grants in the following way: (1) If the government documents specify the specific project for which the subsidy is targeted, the division shall be made according to the relative proportion of the expenditure amount forming the asset and the expenditure amount included in the expense amount in the budget of the specific project. The division proportion shall be reviewed at each balance sheet date and changed if necessary; (2) Where the purpose of the government document is only a general expression and no specific project is specified, it shall be regarded as a revenue-related government subsidy.

If the government grants is a monetary asset, it shall be measured according to the amount received or receivable. Where government grants are non-monetary assets, they shall be measured at fair value; Where the fair value cannot be reliably obtained, it shall be measured at the nominal amount. Government grants measured at nominal amounts are directly credited to current profit or loss.

The company usually recognizes and measures the government grants according to the amount actually received when it is actually received. However, at the end of the period, if there is solid evidence that the relevant conditions stipulated in the financial support policy can be met, the financial support funds are expected to be received, and the amount is measured according to the receivable amount. Government grants measured in accordance with the amount receivable should also meet the following conditions: (1) the amount of subsidies receivable has been confirmed by the competent government departments, or can be reasonably calculated according to the relevant provisions of the officially issued measures for the management of financial

funds, and there is no significant uncertainty in the amount expected; (2) Based on the local financial department officially issued and in accordance with the provisions of the regulations on the disclosure of government Information to take the initiative to disclose the financial support project and its financial fund management measures, and the management measures should be inclusive (any enterprise that meets the prescribed conditions can apply), rather than specifically formulated for specific enterprises; (3) the relevant grant approval document has clearly promised the disbursement period, and the disbursement of the money is guaranteed by the corresponding financial budget, so it can be reasonably guaranteed that it can be received within the specified period.

Government grants related to assets are recognized as deferred income, and are recognised in the current profit and loss in a reasonable and systematic way during the useful life of the relevant assets. Government grants related to income, which are used to compensate related cost expenses or losses in subsequent periods, are recognized as deferred income and are recognized in current profit or loss during the period in which the related cost expenses or losses are recognized; Those that are used to compensate the related cost expenses or losses that have already been incurred are directly recognized in the current profit or loss.

At the same time, it includes government subsidies related to assets and income, and accounting shall be carried out separately for different parts; If it is difficult to distinguish, it should be classified as a whole government subsidy related to income.

Government subsidies related to the daily activities of the company shall be included in other income or deducted from related costs according to the essence of economic business; Government subsidies not related to daily activities shall be recognized in non-operating income and expenditure.

When the recognized government subsidies need to be returned, if there is a balance of relevant deferred income, the carrying balance of relevant deferred income shall be written off, and the excess part shall be included in current profit or loss; Under other circumstances, it shall be directly included in the current profit or loss.

4.31 Deferred tax assets and deferred tax liabilities

Deferred income tax assets and deferred income tax liabilities are calculated and recognized based on the difference (temporary difference) between the tax basis of the asset and liability and their carrying value. At the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured at the tax rates applicable during the period during which the asset is expected to be recovered or the liability to be settled.

4.31.1 The basis for recognizing the deferred tax asset

The company recognizes deferred income tax assets arising from deductible temporary differences to the extent that taxable income is likely to be obtained to offset deductible temporary differences, deductible losses and tax credits that can be carried forward to subsequent years. However, deferred income tax assets arising from the initial recognition of assets or liabilities in transactions with the following characteristics are not

recognized: (1) the transaction is not a business combination; (2) neither accounting profit nor taxable income or deductible loss is affected at the time of the transaction.

A deferred tax asset is recognized for a deductible temporary difference related to an investment in an associate if the following conditions are met: the temporary difference is likely to be reversed in the foreseeable future, and taxable income is likely to be obtained in the future to offset the deductible temporary difference.

4.31.2 The basis for recognizing deferred income tax liabilities

The company recognizes as a deferred income tax liability the taxable temporary differences due and unpaid between the current period and prior periods. Excluding, however:

- (1) temporary differences arising from the initial recognition of goodwill;
- (2) a transaction or event that is not a business combination and does not affect accounting profit or taxable income (or deductible loss) at the time of the transaction or event;
- (3) For taxable temporary differences related to investments in subsidiaries or associates, the timing of the reversal of the temporary difference can be controlled and the temporary difference is likely not to be reversed in the foreseeable future.

4.31.3 Deferred income tax assets and deferred income tax liabilities are shown net of offset when the following conditions are met

- (1) The enterprise has the legal right to net settlement of current income tax assets and current income tax liabilities;
- (2) the deferred income tax assets and deferred income tax liabilities are related to the income tax levied by the same tax administration on the same tax payer or to different tax payers, but during the period in which each future material deferred income tax asset and deferred income tax liability is reverted, The taxable entity involved intends to net the current income tax asset and current income tax liability or to acquire the asset and settle the debt at the same time.

4.32 Leases

4.32.1 Identification of the lease

On the commencement date of the contract, the company assesses whether the contract is a lease or includes a lease if one of the parties to the contract cedes the right to control the use of one or more of the identified assets for a certain period of time in exchange for consideration. In order to determine whether the contract cedes the right to control the use of the identified asset for a certain period of time, the company assesses whether the customer in the contract is entitled to receive virtually all of the economic benefits arising from the use of the identified asset during the term of use and to direct the use of the identified asset during the term of use.

4.32.2 Lease Term

The lease term is the irrevocable period during which the company has the right to use the leased assets. The lease term also includes the period covered by the renewal option, which is the right to choose to renew the lease of the asset, where it is reasonably certain that the option will be exercised. Where the company has

a termination option, that is, the right to elect to terminate the lease of the asset, but is reasonably certain that the option will not be exercised, the lease term includes the period covered by the termination option. In the event of a material event or change within the company's control that affects whether it is reasonably certain that the corresponding option will be exercised, the company shall reassess whether it is reasonably certain that the lease renewal option will be exercised, the purchase option will be exercised or the lease termination option will not be exercised.

4.32.3 Lease Change

A lease modification is a change in the lease scope, lease consideration, or lease term beyond the terms of the original contract, including increasing or terminating the right to use one or more leased assets, extending or shortening the lease term specified in the contract, etc.

The lease change is accounted for as a separate lease if the lease is changed and the following conditions are met at the same time:

- (1) The lease change expands the scope of the lease by adding the right to use one or more leased assets;
- (2) the increased consideration is equivalent to the separate price of the expanded portion of the lease, adjusted for the circumstances of that contract.

If the lease change is not accounted for as a separate lease, on the effective date of the lease change, the lease term is redetermined and the altered lease payment is discounted at the revised discount rate for the purpose of remeasuring the lease liability.

Where the lease change causes the lease scope to be reduced or the lease term to be shortened, the carrying value of the right to use assets shall be adjusted accordingly, and the gains or losses related to the partial or complete termination of the lease shall be included in the current profit or loss. Where any other lease change causes the lease liability to be remeasured, the lessee shall adjust the carrying value of the right to use asset accordingly.

4.32.4 Accounting treatment of lessee

The company recognizes as short-term leases on the commencement date of the lease term for a period not exceeding 12 months and which do not include a purchase option; And leases that have a lower value when the individual leased asset is a brand new asset are deemed to be low-value asset leases. Where a leased asset is subleased or expected to be subleased, the original lease is not recognized as a low-value asset lease. The company chooses not to recognize the right of use assets and lease liabilities for short-term leases and low-value asset leases. The relevant asset cost or current profit or loss is recognized on a straight-line basis during each period of the lease term.

In addition to short-term leases and low-value asset leases, which are simplified as described above, the company recognizes the use right assets and lease liabilities for the identified leases. The initial and subsequent measurement of the right to use assets and lease liabilities is shown in Notes 4, (4.20) and Notes 4, (4.26).

4.32.5 Accounting treatment of lessors

The company divides leases into finance leases and operating leases on the commencement date.

A finance lease is a lease that substantially transfers virtually all of the risks and rewards associated with ownership of the leased asset. The ownership may or may not ultimately transfer. Operating leases refer to leases other than finance leases. When the company acts as a sublease, subleases are classified based on the right of use assets generated by the original lease. However, if the original lease is a short-term lease and the lessor simplifies the original lease, the company classifies the sublease as an operating lease.

On the beginning date of the lease term, the company shall recognize the financial lease payment receivable for the financial lease and terminate the recognition of the financial lease assets. In the initial measurement of the finance lease receivable, the net lease investment is taken as the recorded value of the finance lease receivable. The net lease investment is the sum of the unguaranteed balance value and the present value of the unreceived lease proceeds discounted at the intrinsic interest rate of the lease at the beginning date of the lease term. Unrealized financing income is calculated at a fixed periodic interest rate during the lease term to recognize current interest income. Variable lease payments obtained that are not included in the measurement of net lease investment are recognised in current profit or loss when actually incurred.

During each period of the lease term, the company uses the straight-line method to recognize lease receipts from operating leases as rental income. Variable lease payments obtained that are not included in lease receipts are recognised in current profit or loss when actually incurred.

5. Significant changes in accounting policies and accounting estimates

5.1 Significant changes in accounting policies

(1) Implementation of new financial instruments standards

On March 31, 2017, the Ministry of Finance issued Accounting Standard for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments (Finance and Accounting [2017] No. 7), Accounting Standard for Business Enterprises No. 23 - Transfer of Financial Assets (Finance and Accounting [2017] No. 8), Accounting Standard for Business Enterprises No. 24 - Hedge Accounting (Finance and Accounting [2017] No. 9), On May 2, 2017, it issued Accounting Standard for Business Enterprises No. 37 -- Presentation of Financial Instruments (Finance and Accounting [2017] No. 14) (hereinafter referred to as the "New Financial Instruments Standard"). The company will implement the new Standard on Financial Instruments from January 1, 2021. According to the relevant provisions of the new Standard on Financial Instruments, the cumulative impact of the first implementation of the standard will be adjusted to the amount of retained earnings and other related items in the financial statements at the beginning of 2021, and the comparable period information will not be adjusted.

The impact of the implementation of the new Standard on the items related to the simulated consolidated financial statements at the beginning of 2021 is set out below:

① Simulated consolidated financial statements

Item	31/12/2020	01/01/2021	Adjusted Numbers
Financial assets available for sale	407,362,745.56	-	-407,362,745.56
Other non-current assets	724,375,000.00	-	-724,375,000.00
Other equity instrument investments	-	407,362,745.56	407,362,745.56
Other non-current assets financial assets	-	724,375,000.00	724,375,000.00

(2) Enforce the new revenue guidelines

The company will implement the Accounting Standard for Business Enterprises No. 14 -- Revenue (hereinafter referred to as the "New Revenue Standard") revised by the Ministry of Finance in 2017 as of January 1, 2021. According to the relevant provisions of the new revenue Standard, the cumulative impact of the first implementation of the standard will be adjusted to the amount of retained earnings and other related items in the financial statements at the beginning of 2021, and the comparable period information will not be adjusted.

The impact of the implementation of the new revenue Standard on the items related to the simulated consolidated financial statements for the beginning of 2021 is set out below:

① Consolidated financial statements

Item lines	31/12/2020	01/01/2021	Adjusted Numbers
Accounts received in advance	13,783,412.44	-	-13,783,412.44
Contractual liabilities	-	13,003,219.28	13,003,219.28
Other current liabilities	-	780,193.16	780,193.16

(3) Enforce the new leasing guidelines

The company will implement the Accounting Standard for Business Enterprises No. 21 -- Leasing as amended by the Ministry of Finance in 2018 (hereinafter referred to as the "New Leasing Standard") as of January 1, 2021. According to the relevant provisions of the new leasing Standard, the cumulative impact of the first implementation of the standard is adjusted to the amount of retained earnings and other related items in the financial statements at the beginning of 2021, and the comparable period information is not adjusted. The implementation of the new leasing standard has no effect on the simulated consolidated financial statements for the beginning of 2021.

5.2 Significant accounting estimate changes

During the reporting period, the company had not significant changes in accounting estimates.

6. Taxes

The main applicable tax and rate to the company as follows:

6.1 Main taxes categories and tax rates

Tax of Category	Basis of tax computation	Tax rate
Value added tax	Selling goods or providing taxable services	3.00%, 5.00%, 9.00%, 13.00%

Tax of Category	Basis of tax computation	Tax rate
Urban maintenance and construction tax	Turnover tax paid	7.00%
Educational surcharges	Turnover tax paid	3.00%
Local educational surcharges	Turnover tax paid	2.00%
Enterprise income tax	Taxable income	25.00%

6.2 Tax incentives and approval

According to the State Administration of Taxation Announcement No. 14 of 2019 "Announcement on Matters related to Deepening the Reform of Value-added Tax", "Taxpayers of production and domestic service industries are allowed to deduct 10.00% of the tax payable in accordance with the current deductible input tax", Sichuan Runxi Supply Chain Management Co., LTD., a subsidiary of the company, enjoys preferential policies from 24 July 2020 to 30 September 2021.

7. Description of significant items in the consolidated financial statements

7.1 Cash and bank balance

Items	31/12/2021	31/12/2020	31/12/2019
Cash on hand	35,926.20	59,431.28	34,406.44
Bank deposits	156,311,096.42	118,797,100.20	99,062,589.27
Other monetary funds	-	-	-
Total	156,347,022.62	118,856,531.48	99,096,995.71
Including: The total amount of money held abroad	-	-	-

The restricted monetary funds breakdown is as follows:

Item	31/12/2021	31/12/2020	31/12/2019
Time deposits for pledge purposes	75,310,000.00	-	-
Total	75,310,000.00	-	-

Note: As of 31 December 2021, the use of restricted monetary funds due to loan certificates of deposit was RMB 75,310,000.00 yuan.

7.2 Accounts receivable

7.2.1 Ageing disclosure

Ageing	Balance at 31/12/2021
Within 1 year (including 1 years)	344,818,691.70
1 to 2 years (including 2 years)	276,242,684.91
2 to 3 years (including 3 years)	215,481,351.34
3 to 4 years (including 4 years)	296,357,585.47
4 to 5 years (including 5 years)	215,134,842.96

Ageing	Balance at 31/12/2021
More than 5 years	1,605,883,831.97
Subtotal	2,953,918,988.35
Less: Allowance for doubtful accounts	8,891,677.19
Total	2,945,027,311.16

7.2.2 Classification of accounts receivable

Category	31/12/2021			
	Book balance		Bad debt provision	
	Amount	Percentage (%)	Amount	Percentage (%)
Provision for bad debts on an individual basis	7,729,853.39	0.26	7,729,853.39	100.00
Provision for doubtful accounts on a portfolio basis	2,946,189,134.96	99.74	1,161,823.80	0.04
Total	2,953,918,988.35	100.00	8,891,677.19	0.30

Continued:

Category	31/12/2020			
	Book balance		Bad debt provision	
	Amount	Percentage (%)	Amount	Percentage (%)
Accounts receivable with a significant single amount and a single provision for doubtful accounts	-	-	-	-
Accounts receivable with allowance for bad debts based on a combination of credit risk characteristics	3,331,442,072.83	99.79	1,116,406.71	0.03
Accounts receivable for which the single amount is not significant but which are separately provided for bad debts	7,077,100.34	0.21	7,077,100.34	100.00
Total	3,338,519,173.17	100.00	8,193,507.05	0.25

Continued:

Category	31/12/2019			
	Book balance		Bad debt provision	
	Amount	Percentage (%)	Amount	Percentage (%)
Accounts receivable with a significant single amount and a single provision for doubtful accounts	-	-	-	-
Accounts receivable with allowance for bad debts based on a combination of credit risk characteristics	3,099,854,206.23	99.77	547,185.82	0.02
Accounts receivable for which the single amount is not significant but which are separately provided for bad debts	7,077,100.34	0.23	7,077,100.34	100.00
Total	3,106,931,306.57	100.00	7,624,286.16	0.25

(1) Accounts receivable with an individual provision for doubtful accounts

Dujiangyan urban and rural construction Group Co., LTD
Notes to the consolidated financial statements the year ended 31 December 2021, 2020 and 2019

Company name	31/12/2021			
	Book balance	Bad debt provision	Provision ratio (%)	Reason for provision
Dujiangyan Wanhe fruit industry Co., LTD	4,875,740.67	4,875,740.67	100.00	Legal action, no subject matter of enforcement
Sichuan Aiswo Agricultural Technology Co., LTD	2,227,022.00	2,227,022.00	100.00	Legal action, no subject matter of enforcement
Sichuan Dujiangyan Xinhe Industrial Co., LTD	627,090.72	627,090.72	100.00	Legal action, no subject matter of enforcement
Total	7,729,853.39	7,729,853.39	100.00	-

Continued:

Company name	31/12/2020			
	Book balance	Bad debt provision	Provision ratio (%)	Reason for provision
Dujiangyan Wanhe Fruit Industry Co., LTD	4,849,898.34	4,849,898.34	100.00	Legal action, no subject matter of enforcement
Sichuan Aiswo Agricultural Technology Co., LTD	2,227,202.00	2,227,202.00	100.00	Legal action, no subject matter of enforcement
Total	7,077,100.34	7,077,100.34	100.00	-

Continued:

Company name	31/12/2019			
	Book balance	Bad debt provision	Provision ratio (%)	Reason for provision
Dujiangyan Wanhe Fruit Industry Co., LTD	4,849,898.34	4,849,898.34	100.00	Legal action, no subject matter of enforcement
Sichuan Aiswo Agricultural Technology Co., LTD	2,227,202.00	2,227,202.00	100.00	Legal action, no subject matter of enforcement
Total	7,077,100.34	7,077,100.34	100.00	-

(2) Accounts receivable based on groups of bad debt provisions

① In the portfolio, accounts receivable are set aside for bad debts according to the ageing portfolio

Ageing	31/12/2021			31/12/2020		
	Book balance	Provision ratio (%)	Bad debt provisions	Book balance	Provision ratio (%)	Bad debt provisions
Within 6 months (including 6 months)	403,138.08	-	-	-	-	-
6 months to 1 year (including 1 year)	-	5.00	-	628,454.13	5.00	31,422.71
1 to 2 years (including 2 years)	654,462.53	10.00	65,446.26	187,429.31	10.00	18,742.93
2 to 3 years (including 3 years)	159,769.16	20.00	31,953.83	11,656.77	20.00	2,331.36
3 to 4 years (including 4 years)	1,713.33	30.00	514.00	-	30.00	-
4 to 5 years (including 5 years)	-	50.00	-	-	50.00	-
More than 5 years	1,063,909.71	100.00	1,063,909.71	1,063,909.71	100.00	1,063,909.71
Total	2,282,992.81	—	1,161,823.80	1,891,449.92	—	1,116,406.71

Continued:

Dujiangyan urban and rural construction Group Co., LTD
Notes to the consolidated financial statements the year ended 31 December 2021,2020 and 2019

Ageing	31/12/2020			31/12/2019		
	Book balance	Provision ratio (%)	Bad debt provisions	Book balance	Provision ratio (%)	Bad debt provisions
Within 6 months (including 6 months)	-	-	-	881,924.32	-	-
6 months to 1 year (including 1 year)	628,454.13	5.00	31,422.71	187,429.31	5.00	9,371.47
1 to 2 years (including 2 years)	187,429.31	10.00	18,742.93	11,656.77	10.00	1,165.67
2 to 3 years (including 3 years)	11,656.77	20.00	2,331.36	-	20.00	-
3 to 4 years (including 4 years)	-	30.00	-	-	30.00	-
4 to 5 years (including 5 years)	-	50.00	-	-	50.00	-
More than 5 years	1,063,909.71	100.00	1,063,909.71	536,648.68	100.00	536,648.68
Total	1,891,449.92	—	1,116,406.71	1,617,659.08	—	547,185.82

②In Portfolio, accounts receivable for which provision is made for doubtful accounts in other Portfolio

Portfolio name	31/12/2021		31/12/2020		31/12/2019	
	Book balance	Bad debt provision	Book balance	Bad debt provision	Book balance	Bad debt provision
Portfolio 2: Government receivables portfolio	2,937,164,137.14	-	3,327,932,922.91	-	3,096,480,680.90	-
Portfolio 3: Related party Portfolio	565,760.28	-	-	-	-	-
Portfolio 5: Other Portfolios	6,176,244.73	-	1,617,700.00	-	1,755,866.25	-
Total	2,943,906,142.15	-	3,329,550,622.91	-	3,098,236,547.15	-

7.2.3 Top five account receivables as of period end

Name of debt unit	31/12/2021	As a percentage of total accounts receivable (%)	Allowance for doubtful accounts
Dujiangyan Finance Bureau	2,607,014,331.03	88.26	-
Dujiangyan Housing and Urban-Rural Development Bureau	275,691,868.91	9.33	-
Dujiangyan Water Bureau	51,709,560.52	1.75	-
Dujiangyan Wanhe Fruit Industry Co. LTD	4,875,740.67	0.17	4,875,740.67
Sichuan Aiswo Agricultural Technology Co. LTD	2,227,022.00	0.08	2,227,022.00
Total	2,941,518,523.13	99.59	7,102,762.67

Continued:

Name of debt unit	31/12/2020	As a percentage of total accounts receivable (%)	Allowance for doubtful accounts
Dujiangyan Finance Bureau	2,758,855,933.43	82.64	-
Dujiangyan Land Reserve Center	563,769,132.28	16.89	-
Dujiangyan Wanhe Fruit Industry Co. LTD	4,849,898.34	0.15	4,849,898.34
Sichuan Aiswo Agricultural Technology Co., LTD	2,227,202.00	0.07	2,227,202.00
Chengdu Dehong Agricultural Development Co. LTD	1,387,700.00	0.04	-
Total	3,331,089,866.05	99.79	7,077,100.34

Continued:

Dujiangyan urban and rural construction Group Co., LTD
Notes to the consolidated financial statements the year ended 31 December 2021,2020 and 2019

Debt unit name	31/12/2019	As a percentage of total accounts receivable (%)	Allowance for doubtful accounts
Dujiangyan Finance Bureau	2,492,902,453.71	80.24	-
Dujiangyan Land Reserve Center	602,374,158.39	19.39	-
Dujiangyan Wanhe Fruit Industry Co. LTD	4,849,898.34	0.16	4,849,898.34
Sichuan Aiswo Agricultural Technology Co. LTD	2,227,202.00	0.07	2,227,202.00
Industrial and Commercial Bank of China Co., LTD., Sichuan branch	1,755,866.25	0.06	-
Total	3,104,109,578.69	99.92	7,077,100.34

7.3 Prepayments

7.3.1 Presented by ageing

Ageing	31/12/2021		31/12/2020		31/12/2019	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year (including 1 years)	14,375,794.42	3.08	28,255,884.96	5.52	29,176,727.10	3.87
1 to 2 years (including 2 years)	18,255,884.96	3.91	19,461,419.65	3.80	187,041,982.86	24.81
2 to 3 years (including 3 years)	19,144,645.26	4.10	158,219,949.98	30.92	75,340,369.73	9.99
More than 3 years	414,997,011.47	88.91	305,850,514.54	59.76	462,357,055.95	61.33
Total	466,773,336.11	100.00	511,787,769.13	100.00	753,916,135.64	100.00

7.3.2 Top five repayments as of period end

Name of debt unit	31/12/2021	Percentage of total prepayments (%)
Sichuan Hongye Power Group Co., LTD Dujiangyan branch	98,612,665.45	21.13
Chengdu Everbright Construction Group Co LTD	68,083,499.32	14.59
Qingchengshan Town Yanjiang Community Agricultural Cooperative Association	57,699,675.00	12.36
Zhongxing Town Finance Office	35,113,219.65	7.52
Luzhou Seventh Construction Engineering Co., LTD	34,623,754.71	7.42
Total	294,132,814.13	63.02

Continued:

Debt unit name	31/12/2020	Percentage of total prepayments (%)
Sichuan Hongye Power Group Co., LTD Dujiangyan branch	107,340,477.35	20.97
Qingchengshan Town Yanjiang Community Agricultural Cooperation Union	57,699,675.00	11.27
Chengdu Everbright Construction Group Co. LTD	55,895,660.89	10.92
Zhongxing Town Finance Office	35,113,219.65	6.86
Luzhou Seventh Construction Engineering Company	34,623,754.71	6.77
Total	290,672,787.60	56.79

Continued:

Dujiangyan urban and rural construction Group Co., LTD
Notes to the consolidated financial statements the year ended 31 December 2021,2020 and 2019

Debt unit name	31/12/2019	Percentage of total prepayments (%)
Chengdu Everbright Construction Group Co LTD	153,235,887.46	20.33
Sichuan Hongye Electric Power Group Co., LTD Dujiangyan branch	110,042,434.70	14.60
Sichuan Zhushen Construction Engineering Co., LTD	68,059,784.95	9.03
Qingchengshan Town Yanjiang Community Agricultural Cooperative Association	57,699,675.00	7.65
Nanjing Rice Information Technology Co., LTD	41,310,002.80	5.48
Total	430,347,784.91	57.09

7.4 Other receivables

Item	31/12/2021	31/12/2020	31/12/2019
Interest receivable	-	-	-
Dividends receivable	-	-	-
Other receivables	3,713,270,680.50	4,288,603,396.74	4,453,503,057.19
Total	3,713,270,680.50	4,288,603,396.74	4,453,503,057.19

7.4.1 Classification of other receivables disclosed

Category	31/12/2021			
	Book balance		Bad debt provision	
	Amount	Percentage (%)	Amount	Percentage (%)
Provision for doubtful accounts on an individual basis	692,176.48	0.02	692,176.48	100.00
Provision for doubtful accounts on a portfolio basis	3,713,315,164.60	99.98	44,484.10	-
Total	3,714,007,341.08	100.00	736,660.58	0.02

Continued:

Category	31/12/2020			
	Book balance		Bad debt provision	
	Amount	Percentage (%)	Amount	Percentage (%)
Other receivables with a significant single amount and a single provision for bad debts	-	-	-	-
Other receivables set aside for bad debts based on a combination of credit risk characteristics	4,288,653,621.41	99.98	50,224.67	-
Other receivables for which the single amount is not significant but the provision for bad debts is made individually	692,176.48	0.02	692,176.48	100.00
Total	4,289,345,797.89	100.00	742,401.15	0.02

Continued:

Category	31/12/2019			
	Book balance		Bad debt provision	
	Amount	Percentage (%)	Amount	Percentage (%)
Other receivables with a significant single amount and a single provision for bad debts	-	-	-	-

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Category	31/12/2019			
	Book balance		Bad debt provision	
	Amount	Percentage (%)	Amount	Percentage (%)
Other receivables set aside for bad debts based on a combination of credit risk characteristics	4,453,549,802.27	99.98	46,745.08	-
Other receivables for which the single amount is not significant but the provision for bad debts is made individually	692,176.48	0.02	692,176.48	100.00
Total	4,454,241,978.75	100.00	738,921.56	0.02

(1) Other receivables for which provision for bad debts is made individually

Name of the unit	31/12/2021			
	Book balance	Bad debt provision	Provision ratio (%)	Reason for provision
Dujiangyan Chitian Youpin Investment Co., LTD	692,176.48	692,176.48	100.00	Filing for bankruptcy
Total	692,176.48	692,176.48	100.00	—

Continued:

Name of the unit	31/12/2020			
	Book balance	Bad debt provision	Provision ratio (%)	Reason for provision
Dujiangyan Chitian Youpin Investment Co., LTD	692,176.48	692,176.48	100.00	Filing for bankruptcy
Total	692,176.48	692,176.48	100.00	-

Continued:

Name of the unit	31/12/2019			
	Book balance	Bad debt provision	Provision ratio (%)	Reason for provision
Dujiangyan Chitian Youpin Investment Co., LTD	692,176.48	692,176.48	100.00	Filing for bankruptcy
Total	692,176.48	692,176.48	100.00	-

(2) Other receivables set aside for bad debts based on groups

① Other receivables for which provision for bad debts is made in combination with ageing

Ageing	31/12/2021			31/12/2020		
	Book balance	Provision ratio (%)	Allowance for doubtful accounts	Book balance	Provision ratio (%)	Allowance for doubtful accounts
Within 6 months (including 6 months)	-	-	-	-	-	-
6 months to 1 year (including 1 year)	-	5.00	-	-	5.00	-
1 to 2 years (including 2 years)	-	10.00	-	46,695.00	10.00	4,669.50
2 to 3 years (including 3 years)	6,093.00	20.00	1,218.60	11,448.33	20.00	2,289.67
3 to 4 years (including 4 years)	-	30.00	-	-	30.00	-
4 to 5 years (including 5 years)	-	50.00	-	-	50.00	-
More than 5 years	43,265.50	100.00	43,265.50	43,265.50	100.00	43,265.50

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Ageing	31/12/2021			31/12/2020		
	Book balance	Provision ratio (%)	Allowance for doubtful accounts	Book balance	Provision ratio (%)	Allowance for doubtful accounts
Total	49,358.50	—	44,484.10	101,408.83	—	50,224.67

Continued:

Ageing	31/12/2020			31/12/2019		
	Book balance	Provision ratio (%)	Allowance for doubtful accounts	Book balance	Provision ratio (%)	Allowance for doubtful accounts
Within 6 months (including 6 months)	-	-	-	-	-	-
6 months to 1 year (including 1 year)	-	5.00	-	46,695.00	5.00	2,334.75
1 to 2 years (including 2 years)	46,695.00	10.00	4,669.50	11,448.33	10.00	1,144.83
2 to 3 years (including 3 years)	11,448.33	20.00	2,289.67	-	20.00	-
3 to 4 years (including 4 years)	-	30.00	-	-	30.00	-
4 to 5 years (including 5 years)	-	50.00	-	-	50.00	-
More than 5 years	43,265.50	100.00	43,265.50	43,265.50	100.00	43,265.50
Total	101,408.83	—	50,224.67	101,408.83	—	46,745.08

② Other receivables for which provision for bad debts is made in other combinations

portfolio name	31/12/2021		31/12/2020		31/12/2019	
	Book balance	Bad debt provision	Book balance	Bad debt provision	Book balance	Bad debt provision
Portfolio 2: Government receivables portfolio	652,704,329.98	-	683,085,858.30	-	674,962,265.01	-
Portfolio 3: Related party Portfolio	2,091,477,533.21	-	3,068,142,418.86	-	3,370,503,010.75	-
Portfolio 4: Employee loan and deposit bond Portfolio	37,161,886.85	-	51,078,314.04	-	61,038,933.89	-
Combo 5: Other Portfolios	931,922,056.06	-	486,245,621.38	-	346,944,183.79	-
total	3,713,265,806.10	-	4,288,552,212.58	-	4,453,448,393.44	-

7.4.2 Top five other receivables as of period end

Name of the debt unit	31/12/2021	Ageing	Percentage of total other receivables (%)	Allowance for doubtful accounts
Dujiangyan State Investment Urban Construction Co., LTD	1,059,611,569.65	Within 3 years	28.53	-
Dujiangyan Modern Agriculture Development Investment Co., LTD	714,290,869.83	2-3 years	19.23	-
Dujiangyan Finance Bureau	444,337,051.14	1-5 years	11.96	-
Dujiangyan Xingyan Investment Co. LTD	355,433,647.03	Within 1 year	9.57	-
Dujiangyan Smart City Operation, Construction and Development Group Co. LTD	306,010,290.51	1-4 years	8.24	-
Total	2,879,683,428.16	-	77.53	-

Continued:

Dujiangyan urban and rural construction Group Co., LTD
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Debt unit name	31/12/2020	Ageing	Percentage of total other receivables (%)	Allowance for doubtful accounts
Dujiangyan City State investment City construction Co., LTD	2,669,722,951.33	Within 3 years	62.24	-
Dujiangyan Finance Bureau	542,652,393.35	1-4 years	12.65	-
Dujiangyan Modern Agriculture Development Investment Co., LTD	233,133,302.47	1-5 years	5.44	-
Dujiangyan Xincheng Happiness Construction Co., LTD	115,209,038.08	1-2 years	2.69	-
Chengdu Dujiangyan Investment and Development Group Co. LTD	90,859,700.00	Within 1 year	2.12	-
Total	3,651,577,385.23	-	85.14	-

Continued:

Debt unit name	31/12/2019	Ageing	Percentage of total other receivables (%)	Allowance for doubtful accounts
Dujiangyan State Investment Urban Construction Co., LTD	2,607,338,791.06	Within 4 years	58.54	-
Dujiangyan Finance Bureau	432,852,866.32	2-3 years	9.72	-
Dujiangyan Xingshi Group Co. LTD	300,011,748.51	Within 5 years	6.74	-
Dujiangyan Modern Agriculture Development Investment Co., LTD	287,508,666.02	1-4 years	6.45	-
Dujiangyan Smart City Operation, Construction and Development Group Co. LTD	284,574,078.50	Within 3 years	6.39	-
Total	3,912,286,150.41	-	87.84	-

7.5 Inventories

7.5.1 Inventory classification

Item	31/12/2021			31/12/2020		
	Book balance	Reserve for declines	Book value	Book balance	Reserve for declines	Book value
Development costs	16,383,913,905.57	-	16,383,913,905.57	15,877,478,862.32	-	15,877,478,862.32
Raw material	-	-	-	212,808.44	-	212,808.44
Goods in stock (finished goods)	17,307,288.25	-	17,307,288.25	2,821,423.37	-	2,821,423.37
Turnover material	516,404.08	-	516,404.08	511,863.54	-	511,863.54
Consumable biological assets	-	-	-	-	-	-
total	16,401,737,597.90	-	16,401,737,597.90	15,881,024,957.67	-	15,881,024,957.67

Continued:

Item	31/12/2020			31/12/2019		
	Book balance	Reserve for declines	Book value	Book balance	Reserve for declines	Book value
Development costs	15,877,478,862.32	-	15,877,478,862.32	15,412,178,938.70	-	15,412,178,938.70
Ingredients	212,808.44	-	212,808.44	-	-	-
Goods in stock (finished goods)	2,821,423.37	-	2,821,423.37	-	-	-
Turnover materials	511,863.54	-	511,863.54	-	-	-

Item	31/12/2020			31/12/2019		
	Book balance	Reserve for declines	Book value	Book balance	Reserve for declines	Book value
Consumable biological assets	-	-	-	2,804,435.14	-	2,804,435.14
Total	15,881,024,957.67	-	15,881,024,957.67	15,414,983,373.84	-	15,414,983,373.84

Note: Inventory subject to ownership restrictions such as mortgages is detailed in note 7,(7.52) Assets of restricted ownership or use rights as of 31 December 2021.

7.6 Other current assets

Item	31/12/2021	31/12/2020	31/12/2019
Pre-paid taxes	44,389,351.58	42,928,044.60	51,443,830.38
Financial products	-	-	22,000,000.00
Total	44,389,351.58	42,928,044.60	73,443,830.38

7.7 Available-for-sale financial assets

7.7.1 Classification of Available for sale financial assets

Item	31/12/2021	31/12/2020	31/12/2019
Equity instruments available for sale:	-	407,362,745.56	407,362,745.56
Measured at fair value	-	-	-
Measured at cost	-	407,362,745.56	407,362,745.56
Total	-	407,362,745.56	407,362,745.56

7.7.2 Breakdown of available-for-sale financial assets measured at cost

Investee unit	Book balance as of 31/12/2020	Percentage of ownership (%)
Dujiangyan Jindu Rural Bank Co., LTD	14,962,500.00	7.513
Chengdu Dujiangyan Tourism Group Co. LTD	109,678,340.30	3.8418
Dujiangyan Lafarge Cement Co. LTD	282,721,905.26	13.1355
total	407,362,745.56	—

7.8 Long-term receivables

Item	31/12/2021	31/12/2020	31/12/2019
Principal of finance lease payments	12,000,000.00	12,000,000.00	12,000,000.00
Unrealized financing gains	-1,351,666.76	-434,102.67	-2,919,462.34
total	10,648,333.24	11,565,897.33	9,080,537.66

7.9 Long-term equity investments

7.9.1 Classification of long-term equity investments

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Item	31/12/2021	31/12/2020	31/12/2019
Investments in joint ventures	-	-	-
Investing in associates	23,162,623.75	14,792,623.75	16,114,325.56
Subtotal	23,162,623.75	14,792,623.75	16,114,325.56
Less: Provision for impairment of long-term equity investments	-	-	-
Total	23,162,623.75	14,792,623.75	16,114,325.56

7.9.2 Breakdown of long-term equity investments

Investee	Shareholding ratio (%)	31/12/2019	Increase/decrease in 2020			
			Additional Investment	Reduce investment	Investment gains or losses recognized under the equity method	Other comprehensive income adjustments
1. Joint ventures	-	-	-	-	-	-
2. Associated enterprises	-	-	-	-	-	-
Dujiangyan Treasure Bottle Tourism Development Co. LTD	49.00	1,207,663.48	-	-	-1,207,663.48	-
Dujiangyan Xinchengzi Tourism Investment Management Co., LTD	49.00	14,906,662.08	-	-	-114,038.33	-
Sichuan Province Dujiangyan Fengnian Tourism Culture Co. LTD	25.00	-	-	-	-	-
Dujiangyan Shengyuan Water Industry Co. LTD	15.00	-	-	-	-	-
Dujiangyan Township with Agricultural Tourism Development Co., LTD	30.00	-	-	-	-	-
Subtotal	-	16,114,325.56	-	-	-1,321,701.81	-
Total	-	16,114,325.56	-	-	-1,321,701.81	-

Continued:

Investee	Increase/decrease in 2020				31/12/2020	Balance of ending impairment provision
	Other changes in equity	Declaration of cash dividends or profits	Provision for impairment	Other		
1. Joint venture	-	-	-	-	-	-
2. Associated enterprises	-	-	-	-	-	-
Dujiangyan Treasure Bottle Tourism Development Co. LTD	-	-	-	-	-	-
Dujiangyan Xinchengzi Tourism Investment Management Co., LTD	-	-	-	-	-	-
Sichuan Province Dujiangyan Fengnian Tourism Culture Co. LTD	-	-	-	-	14,792,623.75	-
Dujiangyan Shengyuan Water Industry Co. LTD	-	-	-	-	-	-
Dujiangyan Township with Agricultural Tourism Development Co., LTD	-	-	-	-	-	-
subtotal	-	-	-	-	-	-
Total	-	-	-	-	14,792,623.75	-

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Notes to the consolidated financial statements the year ended 31 December 2021,2020 and 2019

Continued:

Investee	Shareholding ratio (%)	31/12/2020	Increase/decrease in 2021			
			Additional investment	Reduce investment	Investment gains or losses recognized under the equity method	Other comprehensive income adjustments
1. Joint ventures	-	-	-	-	-	-
2. Associated enterprises	-	-	-	-	-	-
Dujiangyan Treasure Bottle Tourism Development Co. LTD	49.00	-	-	-	-	-
Dujiangyan Xinchengzi Tourism Investment Management Co., LTD	49.00	14,792,623.75	-	-	-	-
Sichuan Province Dujiangyan Fengnian Tourism Culture Co. LTD	25.00	-	-	-	-	-
Dujiangyan Xinyuan Tourism Development Co., LTD	33.00	-	-	-	-	-
Dujiangyan Shengyuan Water Industry Co. LTD	15.00	-	-	-	-	-
Dujiangyan Township with Agricultural Tourism Development Co., LTD	30.00	-	-	-	-	-
Subtotal	-	14,792,623.75	-	-	-	-
Total	-	14,792,623.75	-	-	-	-

Continued:

Investee	Increase/decrease in 2021				31/12/2021	Balance of the ending impairment provision
	Other changes in equity	Declaration of cash dividends or profits	Provision for impairment	Other		
1. Joint venture	-	-	-	-	-	-
2. Associated enterprises	-	-	-	-	-	-
Dujiangyan Treasure Bottle Tourism Development Co. LTD	-	-	-	-	-	-
Dujiangyan Xinchengzi Tourism Investment Management Co., LTD	-	-	-	-	14,792,623.75	-
Sichuan Province Dujiangyan Fengnian Tourism Culture Co. LTD	-	-	-	-	-	-
Dujiangyan Xinyuan Tourism Development Co., LTD	-	-	-	6,600,000.00	6,600,000.00	-
Dujiangyan Shengyuan Water Industry Co., LTD	-	-	-	1,770,000.00	1,770,000.00	-
Dujiangyan Township with Agricultural Tourism Development Co., LTD	-	-	-	-	-	-
Subtotal	-	-	-	8,370,000.00	23,162,623.75	-
Total	-	-	-	8,370,000.00	23,162,623.75	-

Note 1: Dujiangyan New City Construction Investment Co., Ltd. holds 49.00% equity of Dujiangyan Baoan Tourism Development Co., LTD. (Capital contribution of 4.94 million yuan). In view of the fact that Dujiangyan Baoan Tourism Development Co., Ltd. has ceased operations at the end of 2019, the company recognizes the investment loss in full based on the capital contribution.

Note 2: Dujiangyan New City Construction Investment Co., Ltd. holds 25.00% equity of Sichuan Dujiangyan Fengnian Tourism Culture Co., LTD. (with an investment amount of 8.25 million yuan). In view of the fact that Sichuan Dujiangyan Fengnian Tourism Culture Co., Ltd. ceased operations at the end of 2019, the company recognizes the investment loss in full based on the amount of capital contribution.

Note 3: On 18 December 2019, the company, Yili Township Bian Tourism Culture Development Co., Ltd. and Xianhe Community Joint Stock Economic Cooperative of Tianma Town Dujiangyan jointly funded the establishment of Dujiangyan Township Bian Agricultural Tourism Development Co., LTD. The company holds 30.00% (no investment for the time being), and Dujiangyan Township Bian Agricultural Tourism Development Co., LTD has not been in production and operation.

Note 4: In 2021, according to the document of Dujiangyan State-owned Assets Supervision and Administration and Financial Work Bureau (Duguo Capital Development (2021) No. 113), Agreed to transfer the 100.00% equity of Dujiangyan Xinyuan Tourism Development Co., Ltd. and the 100.00% equity of Dujiangyan Shengyuan Water Industry Co., Ltd. held by Chengdu Dujiangyan Tourism Group Co., Ltd. to Dujiangyan New City Construction Investment Co., LTD.

7.10 Investment in other equity instruments

Item	31/12/2021		
	Book balance	Reserve for impairment	Book value
Investments in other equity instruments	407,362,745.56	-	407,362,745.56
Including: unlisted equity investments	407,362,745.56	-	407,362,745.56
Total	407,362,745.56	-	407,362,745.56

7.10.1 Investment in other equity instruments breakdown

Investee	Book balance	Percentage of ownership (%)
Dujiangyan Jindu Rural Bank Co., LTD	14,962,500.00	7.513
Chengdu Dujiangyan Tourism Group Co. LTD	109,678,340.30	3.8418
Dujiangyan Lafarge Cement Co. LTD	282,721,905.26	13.1355
Total	407,362,745.56	—

Note: Investments in other equity instruments subject to ownership restrictions such as mortgages are detailed in note 7 ,(7.52) Assets of restricted ownership or use rights as of 31 December 2021.

7.11 Other non-current financial assets

item	31/12/2021
Classified financial assets measured at fair value and whose changes are recognised in profit or loss for the period	-
Including: Investing in debt instruments	-
Dujiangyan Puxin Asset Management Center (Limited partnership)	600,000,000.00
Dujiangyan Ruidu Asset Management Center (Limited Partnership)	124,375,000.00

item	31/12/2021
Total	724,375,000.00

7.12 Investment properties

7.12.1 Investment property that adopts fair value measurement model

Item	Houses, buildings	Total
1. Balance as of 31/12/2020	1,005,643,394.58	1,005,643,394.58
2. Changes in 2021	226,536,512.50	226,536,512.50
Plus: Outsource	225,404,857.05	225,404,857.05
Inventory \ fixed assets \ construction in progress transferred	-	-
Business consolidation increases	-	-
Less: disposal	-	-
Other spin out	-	-
Gain or loss on changes in fair value	1,131,655.45	1,131,655.45
3. Balance as of 31/12/2021	1,232,179,907.08	1,232,179,907.08

Continued:

Item	Houses, buildings	Total
1. Balance as of 31/12/2019	1,008,152,255.06	1,008,152,255.06
2 Changes for 2020	-2,508,860.48	-2,508,860.48
Plus: Outsource	-	-
Inventory \ fixed assets \ construction in progress transfer	-	-
Business consolidation increases	-	-
Minus: Disposal	-	-
Other spin out	-	-
Gain or loss on changes in fair value	-2,508,860.48	-2,508,860.48
3. Balance as of 31/12/2020	1,005,643,394.58	1,005,643,394.58

Note: For investment properties subject to ownership restrictions such as mortgages, see note 7 ,(7.52)
Assets of restricted ownership or use rights as of 31 December 2021.

7.13 Fixed assets

Item	31/12/2021	31/12/2020	31/12/2019
Fixed Assets	242,170,488.97	242,743,441.84	241,897,134.61
Liquidation of fixed assets	-	-	-
Total	242,170,488.97	242,743,441.84	241,897,134.61

7.13.1 Status

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Item	Houses and buildings	Transportation	Electronics	Mechanical equipment	Total
1. Total original book value					
(1) Balance as of 31/12/2020	300,999,781.73	4,779,014.00	1,724,285.47	58,718,894.48	366,221,975.68
(2) Increase the amount in 2021	-	6,642,324.48	248,833.89	59,405.94	6,950,564.31
Purchase	-	6,642,324.48	248,833.89	59,405.94	6,950,564.31
Other transfers	-	-	-	-	-
(3) Reduce the amount in 2021	-	828,326.00	378,475.77	-	1,206,801.77
Disposal or scrapping	-	828,326.00	378,475.77	-	1,206,801.77
Other spin out	-	-	-	-	-
(4) 31/12/2021 balance	300,999,781.73	10,593,012.48	1,594,643.59	58,778,300.42	371,965,738.22
2. Accumulated depreciation					
(1) Balance as of 31/12/2020	62,045,902.33	4,735,143.34	1,182,031.00	55,515,457.17	123,478,533.84
(2) Increase the amount in 2021	7,421,810.55	584,359.27	118,423.02	27,868.83	8,152,461.67
accrual	7,421,810.55	584,359.27	118,423.02	27,868.83	8,152,461.67
Other transfers	-	-	-	-	-
(3) Reduce the amount in 2021	704,454.62	786,909.77	344,381.87	-	1,835,746.26
Disposal or scrapping	-	786,909.77	344,381.87	-	1,131,291.64
Other spin out	704,454.62	-	-	-	704,454.62
(4) 31 December 2021 balance	68,763,258.26	4,532,592.84	956,072.15	55,543,326.00	129,795,249.25
3. Provision for impairment					
(1) Balance as of 31/12/2020	-	-	-	-	-
(2) Increase in 2021	-	-	-	-	-
(3) Reduce the amount in 2021	-	-	-	-	-
(4) Balance as of 31/12/2021	-	-	-	-	-
4. Total book value					
(1) Book value as of 31/12/2021	232,236,523.47	6,060,419.64	638,571.44	3,234,974.42	242,170,488.97
(2) Book value as of 31 Dec. 2020	238,953,879.40	43,870.66	542,254.47	3,203,437.31	242,743,441.84

Continued:

Item	Houses and buildings	Transportation	Electronics	Mechanical equipment	Total
1. Total original book value					
(1) Balance as of 31/12/2019	293,959,734.81	4,779,014.00	1,636,035.93	58,480,887.06	358,855,671.80
(2) Increase in 2020	7,521,431.42	-	467,512.54	304,457.42	8,293,401.38
Purchase	7,521,431.42	-	467,512.54	304,457.42	8,293,401.38
Other transfers					
(3) Reduce in 2020	481,384.50	-	379,263.00	66,450.00	927,097.50
Disposal or scrapping	481,384.50	-	338,923.00	66,450.00	886,757.50
Other spin out	-	-	40,340.00	-	40,340.00

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Item	Houses and buildings	Transportation	Electronics	Mechanical equipment	Total
(4) Balance as of 31/12/2020	300,999,781.73	4,779,014.00	1,724,285.47	58,718,894.48	366,221,975.68
2. Accumulated depreciation					
(1) Balance as of 31/12/2019	55,384,553.84	4,675,849.54	1,408,409.33	55,489,724.48	116,958,537.19
(2) Increase in 2020	6,993,769.31	59,293.80	89,131.80	84,300.19	7,226,495.10
accrual	6,993,769.31	59,293.80	89,131.80	84,300.19	7,226,495.10
Other transfers	-	-	-	-	-
(3) Reduce the amount in 2020	332,420.82	-	315,510.13	58,567.50	706,498.45
Disposal or scrapping	332,420.82	-	276,380.33	58,567.50	667,368.65
Other spin out	-	-	39,129.80	-	39,129.80
(4) 31 December 2020 balance	62,045,902.33	4,735,143.34	1,182,031.00	55,515,457.17	123,478,533.84
3. Provision for impairment					
(1) Balance as of 31/12/2019	-	-	-	-	-
(2) Increase the amount in 2020	-	-	-	-	-
(3) Reduce the amount in 2020	-	-	-	-	-
(4) 31/12/2020 balance	-	-	-	-	-
4. Total book value					
(1) Book value as of 31/12/2020	238,953,879.40	43,870.66	542,254.47	3,203,437.31	242,743,441.84
(2) Book value as of 31 Dec. 2019	238,575,180.97	103,164.46	227,626.60	2,991,162.58	241,897,134.61

7.14 Construction in progress

Item	31/12/2021	31/12/2020	31/12/2019
Construction in progress	360,997,763.96	349,868,730.73	347,113,445.13
Less: Provision for impairment of construction in progress	-	-	-
Engineering supplies	-	-	-
Less: provision for impairment of construction materials	-	-	-
Total	360,997,763.96	349,868,730.73	347,113,445.13

7.14.1 Schedule of works in progress

Item	31/12/2021	31/12/2020	31/12/2019
Zipingpuchang Town infrastructure	3,371,723.19	3,371,723.19	2,720,591.94
Emergency shelter	8,604,118.89	8,604,118.89	8,508,018.89
Xudu old landfill site closure and renovation of the second phase project	15,991,787.23	15,991,787.23	15,674,075.32
Sewage treatment plant B sewage network engineering	20,079,229.56	20,079,229.56	20,079,229.56
Restoration and reconstruction works at the Heritage Administration	22,975,057.89	22,975,057.89	22,975,057.89
Lingyan Mountain ditch levee renovation project	9,357,022.19	9,357,022.19	9,357,022.19
Lingyan mountain ditch dike road comprehensive reconstruction project	13,523,130.74	13,523,130.74	13,523,130.74

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Item	31/12/2021	31/12/2020	31/12/2019
Procuratorate office case handling and professional and technical housing projects	7,900,000.00	7,900,000.00	7,900,000.00
Dujiangyan farmers market system restoration and reconstruction project	16,066,802.50	16,066,802.50	16,066,802.50
Baishahe area road comprehensive reconstruction project	12,760,836.72	12,760,836.72	12,760,836.72
Baisha River levee regulation project	31,054,093.68	31,054,093.68	31,054,046.38
One block landscape greening project II	32,396,721.36	32,396,721.36	32,396,721.36
One block node landscape greening construction project	14,938,358.65	14,938,358.65	14,938,358.65
One block infrastructure supporting construction phase I project	31,854,729.44	31,854,729.44	31,854,729.44
Village house Wutong Guanwen Road sidewalk streetlight project	217,099.17	217,099.17	217,099.17
Dongjiawan sandstone Mine	219,274.50	219,274.50	218,274.50
Post-disaster reconstruction project of Dujiangyan section of S106 Chuanxi Tourism Ring Line	106,869,449.88	106,869,449.88	106,869,449.88
Tianma Town Travel Guide	1,333,086.14	1,333,086.14	-
Tianma Ideal Village	8,049,570.68	206,809.00	-
Small town construction project in Juyuan Town	2,692,848.72	105,200.00	-
Juyuan Town essence irrigation District cultural and creative tourism town	742,822.83	44,200.00	-
Total	360,997,763.96	349,868,730.73	347,113,445.13

7.14.2 Changes in significant projects under construction during the year

Item name	Budget (ten thousand yuan)	Balance as of 31/12/2020	Increase the amount in 2021	Amount transferred to fixed assets in 2021	Other reduction amounts for 2021	Balance as of 31/12/2021
Post-disaster reconstruction project of Dujiangyan section of Chuanxi Tourism Ring Line S106	19,689.59	106,869,449.88	-	-	-	106,869,449.88
Baisha River levee improvement project	3,505.20	31,054,093.68	-	-	-	31,054,093.68
One block landscape greening Phase II project	3,260.00	32,396,721.36	-	-	-	32,396,721.36
One block infrastructure supporting construction phase I project	3,746.00	31,854,729.44	-	-	-	31,854,729.44
Sewage treatment plant B sewage network engineering	4,500.00	20,079,229.56	-	-	-	20,079,229.56
Restoration and reconstruction works at the Heritage Administration	4,600.00	22,975,057.89	-	-	-	22,975,057.89
Total	—	245,229,281.81	-	-	-	245,229,281.81

Continued:

Project name	Budget (ten thousand yuan)	Balance as of 31/12/2019	Increase the amount in 2020	Amount transferred to fixed assets in 2020	Other reduction amount in 2020	Balance as of 31/12/2020
Post-disaster reconstruction project of Dujiangyan section of Chuanxi Tourism Ring Line S106	19,689.59	106,869,449.88	-	-	-	106,869,449.88
Baisha River levee improvement project	3,505.20	31,054,046.38	47.30	-	-	31,054,093.68
One block landscape greening Phase II project	3,260.00	32,396,721.36	-	-	-	32,396,721.36
One block infrastructure supporting construction phase I project	3,746.00	31,854,729.44	-	-	-	31,854,729.44
Sewage treatment plant B sewage network engineering	4,500.00	20,079,229.56	-	-	-	20,079,229.56
Restoration and reconstruction works at the Heritage Administration	4,600.00	22,975,057.89	-	-	-	22,975,057.89
Total	—	245,229,234.51	47.30	-	-	245,229,281.81

7.15 Productive biological assets

7.15.1 Productive biological assets using cost model

Item	Seedlings	Total
I. Original book value		
1. 2020 balance	261,500.00	261,500.00
2. Increase the amount in 2021	-	-
(1) Outsourcing	-	-
(2) Cultivate yourself	-	-
(3) Increased business mergers	-	-
3. Reduce the amount in 2021	261,500.00	261,500.00
(1) Disposal	-	-
(2) Other	261,500.00	261,500.00
4. 2021 balance	-	-
II. Accumulate depreciation		
1. 2020 balance	-	-
2. Increase the amount in 2021	-	-
(1) Provision	-	-
3. Reduce the amount in 2021	-	-
(1) Disposal	-	-
(2) Other	-	-
4. 2021 balance	-	-
III. Reserve for impairment		
1. 2020 balance	-	-

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Item	Seedlings	Total
2. Increase the amount in 2021	-	-
(1) Provision	-	-
3. Reduce the amount in 2021	-	-
(1) Disposal	-	-
(2) Other	-	-
4. 2021 balance	-	-
iv. Book value		
1. Book value in 2021	-	-
2. 2020 book value	261,500.00	261,500.00

Continued:

Item	Seedlings	Total
I. Original book value		
1. 2019 balance	-	-
2. Increase the amount in 2020	261,500.00	261,500.00
(1) Outsource	-	-
(2) Cultivate yourself	-	-
(3) Increased business mergers	261,500.00	261,500.00
3. Reduce the amount in 2020	-	-
(1) Disposal	-	-
(2) Others	-	-
4. 2020 balance	261,500.00	261,500.00
II. Accumulated depreciation		
1. 2019 balance	-	-
2. Increase the amount in 2020	-	-
(1) Provision	-	-
3. Reduce the amount in 2020	-	-
(1) Disposal	-	-
(2) Other	-	-
4. 2020 balance	-	-
III. Reserve for impairment		
1. 2019 balance	-	-
2. Increase the amount in 2020	-	-
(1) Provision	-	-
3. Reduce the amount in 2020	-	-
(1) Disposal	-	-
(2) Other	-	-

Item	Seedlings	Total
4. 2020 balance	-	-
iv. Book value		
1. Book value in 2020	261,500.00	261,500.00
2. 2019 book value	-	-

7.16 Intangible assets

7.16.1 Intangibles situation

Item	Land use rights	Software system	Total
I. Original book value			
1. Balance as of 31/12/2020	1,627,906.96	4,353.98	1,632,260.94
2. Increase the amount in 2021	-	-	-
(1) Purchase	-	-	-
(2) Internal research and development	-	-	-
(3) Increased business mergers	-	-	-
(4) Other additions	-	-	-
3. Reduce the amount in 2021	-	-	-
(1) Disposal	-	-	-
4. 31/12/2021 balance	1,627,906.96	4,353.98	1,632,260.94
II. Cumulative amortization			
1. Balance as of 31/12/2020	881,782.93	725.68	882,508.61
2. Increase the amount in 2021	54,263.57	2,177.04	56,440.61
(1) Accrual	54,263.57	2,177.04	56,440.61
3. Reduce the amount for 2021	-	-	-
(1) Disposal	-	-	-
4. 31/12/2021 balance	936,046.50	2,902.72	938,949.22
III. Provision for impairment			
1. Balance as of 31/12/2020	-	-	-
2. Increase the amount in 2021	-	-	-
(1) Provision	-	-	-
3. Reduce the amount in 2021	-	-	-
(1) Disposal	-	-	-
4. 31/12/2021 balance	-	-	-
iv. Book value			
1. Book value as of 31/12/2021	691,860.46	1,451.26	693,311.72
2. Book value as of 31/12/2020	746,124.03	3,628.30	749,752.33

Continued:

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Item	Land use rights	Software	total
I. Original book value			
1. Balance as of 31/12/2019	1,627,906.96	-	1,627,906.96
2. Increase the amount in 2020	-	4,353.98	4,353.98
(1) Purchase	-	4,353.98	4,353.98
(2) In-house research and development	-	-	-
(3) Increased business mergers	-	-	-
(4) Other additions	-	-	-
3. Reduce the amount in 2020	-	-	-
(1) Disposal	-	-	-
4. 31/12/2020 balance	1,627,906.96	4,353.98	1,632,260.94
II. Cumulative amortization			
1. Balance as of 31/12/2019	827,519.36	-	827,519.36
2. Increase the amount in 2020	54,263.57	725.68	54,989.25
(1) Accrual	54,263.57	725.68	54,989.25
3. Reduce the amount in 2020	-	-	-
(1) Disposal	-	-	-
4. 31/12/2020 balance	881,782.93	725.68	882,508.61
III. Provision for impairment			
1. Balance as of 31/12/2019	-	-	-
2. Increase the amount in 2020	-	-	-
(1) Provision	-	-	-
3. Reduce the amount in 2020	-	-	-
(1) Disposal	-	-	-
4. 31/12/2020 balance	-	-	-
Iv. Book value			
1. Book value as of 31/12/2020	746,124.03	3,628.30	749,752.33
2. Book value as of 31/12/2019	800,387.60	-	800,387.60

7.17 Long-term deferred expenses

Item	31/12/2020	Increase in 2021	Amortization for the current period in 2021	Other reductions for 2021	31/12/2021	Other reasons for the reduction
Infrastructure development	-	772,550.87	386,275.46	-	386,275.41	-
rent	-	626,312.22	428,291.22	-	198,021.00	-
Total	-	1,398,863.09	814,566.68	-	584,296.41	-

Continued:

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Item	31/12/2019	Increase in 2020	Amortization for the current period in 2021	Other reductions in 2020	31/12/2020	Other reasons for the decrease
Car rental	431,616.52	-	115,091.64	316,524.88	-	Equity transfer
Total	431,616.52	-	115,091.64	316,524.88	-	-

7.18 Deferred tax assets and deferred tax liabilities

7.18.1 Deferred income tax assets and deferred income tax liabilities are not shown as net of offsetting

Item	31/12/2021		31/12/2020	
	Deductible/taxable temporary difference	Deferred tax assets/liabilities	Deductible/taxable temporary differences	Deferred tax assets/liabilities
1. Deferred tax asset	1,100,102.75	275,025.69	1,083,394.92	270,848.73
Provision for asset impairment	1,100,102.75	275,025.69	1,083,394.92	270,848.73
2. Deferred income tax liabilities	791,118,051.93	197,779,512.98	789,986,396.48	197,496,599.12
Change in fair value of investment property	791,118,051.93	197,779,512.98	789,986,396.48	197,496,599.12

Continued:

Items	31/12/2020		31/12/2019	
	Deductible/taxable temporary difference	Deferred tax assets/liabilities	Deductible/taxable temporary differences	Deferred tax assets/liabilities
1. Deferred tax assets	1,083,394.92	270,848.73	537,343.02	134,335.75
Provision for asset impairment	1,083,394.92	270,848.73	537,343.02	134,335.75
2. Deferred income tax liabilities	789,986,396.48	197,496,599.12	792,495,256.96	198,123,814.24
Change in fair value of investment property	789,986,396.48	197,496,599.12	792,495,256.96	198,123,814.24

7.19 Other non-current assets

Item	31/12/2021	31/12/2020	31/12/2019
Du 'an Driving School	448,261.28	448,261.28	448,261.28
Dujiangyan Puxin Asset Management Center (Limited Partnership)	-	600,000,000.00	600,000,000.00
Dujiangyan Ruidu Asset Management Center (Limited Partnership)	-	124,375,000.00	124,375,000.00
Total	448,261.28	724,823,261.28	724,823,261.28

7.20 Short-term borrowings

7.20.1 Classification of Short-term Borrowings

Item	31/12/2021	31/12/2020	31/12/2019
Guarantee borrowings	226,870,000.00	103,870,000.00	94,000,000.00
Credit borrowings	70,000,000.00	100,000,000.00	-

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Item	31/12/2021	31/12/2020	31/12/2019
Mortgage borrowings	-	2,100,000.00	-
Pledged borrowings	10,000,000.00	-	-
Pledge + guarantee borrowings	120,000,000.00	160,000,000.00	-
Mortgage + guarantee borrowings	255,000,000.00	45,000,000.00	-
total	681,870,000.00	410,970,000.00	94,000,000.00

7.20.2 Details of short-term borrowings

(1) Guarantee borrowings

Loan unit	31/12/2021	Guarantor
Bank of Guiyang Co., LTD	20,000,000.00	Dujiangyan Xingyan Investment Co., LTD., Dujiangyan New City Construction Investment Co., LTD
Dujiangyan Jindu Village Bank Co., LTD	4,990,000.00	Dujiangyan Xingshi Group Co., LTD., Dujiangyan New City Construction Investment Co., LTD., Dujiangyan Industrial Concentrated Development Construction Investment Co., LTD
Dujiangyan Jindu Village Bank Co., LTD	4,990,000.00	Dujiangyan Xingshi Group Co., LTD., Dujiangyan New City Construction Investment Co., LTD., Dujiangyan Industrial Concentrated Development Construction Investment Co., LTD
Chengdu Dujiangyan Branch of Bank of Guiyang Co., LTD	90,000,000.00	Dujiangyan Xingshi Group Co., LTD., Chengdu Dujiangyan Investment Development Group Co., LTD
Industrial Bank Co., LTD. Chengdu Dujiangyan branch	32,000,000.00	Chengdu Dujiangyan Investment and Development Group Co. LTD
Dujiangyan Jindu Village Bank Co., LTD	25,000,000.00	Chengdu Dujiangyan Investment Development Group Co., LTD
Chengdu Dujiangyan Branch of Bank of Guiyang Co., LTD	10,000,000.00	Dujiangyan Xingshi Group Co., LTD., Chengdu Dujiangyan Investment and Development Group Co., LTD
Dujiangyan Jindu Village Bank Co., LTD	4,990,000.00	Dujiangyan City property rights circulation financing guarantee limited liability company
Chengdu Qingyang Branch, Bank of Sichuan Co., LTD	10,000,000.00	Chengdu Dujiangyan Investment and Development Group Co. LTD
Chengdu Tianfu Branch of China Everbright Bank Co., LTD	10,000,000.00	Chengdu Tianfu New District Investment Group Co., LTD
Dujiangyan Branch, Bank of Chengdu Co., LTD	10,000,000.00	Chengdu Small Business Financing Guarantee Co., LTD
Dujiangyan Jindu Rural Bank Co., LTD	4,900,000.00	Dujiangyan Xingshi Group Co., LTD., Dujiangyan New City Construction Investment Co., LTD
Total	226,870,000.00	-

Continued:

Loan unit	31/12/2020	Guarantor
Dujiangyan Jindu Rural Bank Co., LTD	15,300,000.00	Dujiangyan New City Construction Investment Co., LTD
Dujiangyan Jindu Village Bank Co., LTD	4,900,000.00	Dujiangyan New City Construction Investment Co., LTD
Dujiangyan Jindu Village Bank Co., LTD	13,770,000.00	Dujiangyan New City Construction Investment Co., LTD
Industrial Bank Co., LTD. Chengdu branch	40,000,000.00	Chengdu Communications Investment Group Co. LTD
Dujiangyan Jindu Village Bank limited liability company	12,000,000.00	Dujiangyan Property Rights Transfer Financing Guarantee Co., LTD

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Loan unit	31/12/2020	Guarantor
Dujiangyan Jindu Village Bank Co., LTD	4,900,000.00	Dujiangyan New City Construction Investment Co., LTD
Dujiangyan Jindu Village Bank Co., LTD	10,000,000.00	Chengdu Dujiangyan Investment and Development Group Co. LTD
Dujiangyan Branch of Bank of China Limited	3,000,000.00	Dujiangyan Urban and Rural Construction Group Co., LTD., Dujiangyan Modern Agriculture Investment Development Co., LTD
Total	103,870,000.00	-

Continued:

Loan unit	31/12/2019	Guarantor
Dujiangyan Jindu Rural Bank Co., LTD	17,000,000.00	Dujiangyan New City Construction Investment Co., LTD., Dujiangyan Xingshi Group Co., LTD
Dujiangyan Jindu Village Bank Co., LTD	4,500,000.00	Dujiangyan New City Construction Investment Co., LTD
Dujiangyan Jindu Village Bank Co., LTD	4,950,000.00	Dujiangyan Xingshi Group Co., LTD
Dujiangyan Jindu Village Bank Co., LTD	15,300,000.00	Dujiangyan Xingshi Group Co., LTD., Dujiangyan New City Construction Investment Co., LTD
Dujiangyan Jindu Village Bank Co., LTD	4,950,000.00	Dujiangyan Xingshi Group Co., LTD
Dujiangyan Jindu Village Bank Co., LTD	15,300,000.00	Dujiangyan Xingshi Group Co., LTD., Dujiangyan New City Construction Investment Co., LTD
Dujiangyan Jindu Village Bank Co., LTD	12,000,000.00	Dujiangyan Modern Agriculture Development Investment Co., LTD
Chengdu Dujiangyan Branch of Bank of Guiyang Co., LTD	20,000,000.00	Dujiangyan Xingyan Investment Co., LTD
Total	94,000,000.00	-

(2) Credit borrowings

Loan unit	31/12/2021	Credit
Jiangxi Zhongtong Financial Leasing Co. LTD	70,000,000.00	-
Total	70,000,000.00	-

Continued:

Loan unit	31/12/2020	Credit
Sichuan branch of China Development Bank Co., LTD	100,000,000.00	-
Total	100,000,000.00	-

(3) Mortgage borrowings

Loan units	31/12/2020	Mortgage
Chengdu branch of Bank of Guiyang Co. LTD	2,100,000.00	Dujiangyan Grain Purchase and Marketing Company, Dujiangyan Liangyuan Trading Co., Ltd. with their own houses as collateral
Total	2,100,000.00	-

(4) Pledged borrowings

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Loan unit	31/12/2021	Pledge
Chengdu Dujiangyan branch of Guiyang Bank Co., LTD	10,000,000.00	Dujiangyan Runmao Industrial Co., Ltd. pledged RMB 10,310,000.00 yuan in certificates of deposit
TOTAL	10,000,000.00	-

(5) Pledge + guarantee borrowings

Loan unit	31/12/2021	Pledge + Guarantee
Industrial Bank Co LTD Chengdu branch	60,000,000.00	Dujiangyan Smart City Operation and Construction Development Group Co., Ltd. provides guarantee guarantee, and Dujiangyan Construction Engineering and Building Materials Co., Ltd. holds 13.14% equity of Dujiangyan Lafarge Cement Co., Ltd. as pledge
Industrial Bank Co., LTD. Chengdu branch	60,000,000.00	
Total	120,000,000.00	-

Continued:

Loan unit	31/12/2020	Pledge + Guarantee
Industrial Bank Co LTD Chengdu branch	160,000,000.00	Dujiangyan Smart City Operation and Construction Development Group Co., Ltd. provides the guarantee guarantee, and Dujiangyan Construction Engineering and Building Materials Co., Ltd. holds 13.14% of the equity of Dujiangyan Lafarge Cement Co., Ltd. as collateral
In total	160,000,000.00	-

(6) Mortgage + guarantee borrowings

Loan unit	31/12/2021	Mortgage + Guarantee
Chengdu Dujiangyan branch of Agricultural Bank of China Co. LTD	200,000,000.00	Dujiangyan Modern Agriculture Development Investment Co., Ltd. to Liujie town commercial land as collateral, Dujiangyan modern Agriculture Development Investment Co., Ltd. to provide guarantee guarantee
Dujiangyan branch of Agricultural Bank of China Co., LTD	30,000,000.00	Dujiangyan Essence Runyuan Agricultural Investment Co., LTD., Dujiangyan Modern Agriculture Investment and Development Co., LTD., Dujiangyan Industrial Concentrated Investment and Development Co., LTD., and Dujiangyan Modern Agriculture Investment and Development Co., LTD., to provide mortgage guarantee with its own commercial property
Agricultural Bank of China Co., LTD. Sichuan Branch Business Department	20,000,000.00	
Mianyang City Commercial Bank Co., Ltd. Chengdu branch	5,000,000.00	Dujiangyan Xingshi Group Co., Ltd. and Chengdu Dujiangyan Investment and Development Group Co., Ltd. provide the guarantee guarantee, and Dujiangyan Xingshi Group Co., Ltd. uses property as collateral
In total	255,000,000.00	-

Continued:

Loan unit	31/12/2020	Mortgage + Guarantee
Chengdu Dujiangyan branch of Bank of Guiyang Co., LTD	20,000,000.00	Dujiangyan New City Construction and Investment Co., Ltd. to use commercial housing as collateral, Dujiangyan New City Construction and Investment Co., Ltd. to provide guarantee
Mianyang City Commercial Bank Co., LTD. Chengdu branch	5,000,000.00	Dujiangyan Xingshi Group Co., Ltd. uses commercial property as collateral, and Dujiangyan Xingshi Group Co., Ltd. and Chengdu Dujiangyan Investment and Development Group Co., Ltd. provide guarantee guarantee

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Loan unit	31/12/2020	Mortgage + Guarantee
Dujiangyan branch of Agricultural Bank of China Limited	20,000,000.00	Dujiangyan Modern Agricultural Development Investment Co., LTD., Dujiangyan Modern Agricultural Development Investment Co., LTD., Liu Street commercial land as collateral
TOTAL	45,000,000.00	-

7.21 Notes payable

Item	31/12/2021	31/12/2020	31/12/2019
Banker's acceptance	-	-	-
Commercial acceptance	14,414,791.96	-	-
Total	14,414,791.96	-	-

7.22 Accounts payable

7.22.1 Presented by ageing

Ageing	31/12/2021	31/12/2020	31/12/2019
Within 1 year (including 1 years)	160,273,652.11	93,923,927.50	319,848,216.27
1 to 2 years (including 2 years)	93,923,927.50	140,567,628.20	71,141,779.63
2 to 3 years (including 3 years)	81,827,624.18	13,493,139.32	1,066,290.57
More than 3 years	1,677,824.82	2,036,671.80	1,159,806.77
Total	337,703,028.61	250,021,366.82	393,216,093.24

7.22.2 Top five accounts payable as of period end

Name of creditor	31/12/2021	Reasons for outstanding
Sichuan Shudian Group Co. LTD	53,259,520.66	Unliquidated
Chengdu Construction Industrial Equipment Installation Co., LTD	40,812,897.94	Unliquidated
Dujiangyan Tianfuyuan Building Materials Co., LTD	28,921,612.59	Unliquidated
Sichuan Hongye Power Group Co. LTD Dujiangyan branch	19,536,715.61	Unliquidated
Sichuan Huaxi Building Decoration Engineering Co. LTD	14,342,409.24	Unliquidated
Total	156,873,156.04	-

Continued:

Name of creditor unit	31/12/2020	Reasons for outstanding
Sichuan Guanjia Construction Co., LTD	37,199,917.92	Unliquidated
Sichuan Shudian Group Co. LTD	30,159,736.44	Unliquidated
Sichuan Jindan Lighting Engineering Co. LTD	22,899,672.09	Unliquidated
Sichuan Hongye Power Group Co. LTD Dujiangyan branch	16,109,869.03	Unliquidated
Dujiangyan Municipal People's Government Guankou Subdistrict Office	13,374,600.00	Unliquidated
Total	119,743,795.48	-

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Name of creditor unit	31/12/2019	Cause outstanding
Sichuan Shudian Group Co. LTD	83,358,953.04	Unliquidated
Dujiangyan Mingxing Construction Installation Co., LTD	52,308,467.75	Unliquidated
Sichuan Guanjia Construction Co. LTD	44,469,408.00	Unliquidated
Sichuan Jindan Lighting Engineering Co. LTD	40,560,922.09	Unliquidated
China Railway High-tech Industry Co., LTD	38,465,052.21	Unliquidated
total	259,162,803.09	-

7.23 Advances from customer

Item	31/12/2021	31/12/2020	31/12/2019
Within 1 year (including 1 years)	-	6,970,490.24	7,403,546.76
More than 1 years	-	6,812,922.20	2,348,047.64
total	-	13,783,412.44	9,751,594.40

7.24 Contract liabilities

Item	31/12/2021	31/12/2020	31/12/2019
House Purchase	571,428.57	-	-
Land grant money	128,390,150.48	-	-
Payment for goods	12,175,460.39	-	-
Total	141,137,039.44	-	-

7.25 Employee benefits payable

7.25.1 Categories of employee benefits payable

Item	31/12/2020	Accrued	Decrease	31/12/2021
1. Short-term employee benefits	199,043.83	11,929,742.71	11,650,927.28	477,859.26
2. Post-employment benefits - defined contribution plans	207,505.80	1,785,997.69	1,993,503.49	-
Total	406,549.63	13,715,740.40	13,644,430.77	477,859.26

Continued:

Item	31/12/2019	Accrued	Decrease	31/12/2020
1. Short-term employee benefits	123,914.30	9,363,728.08	9,288,598.55	199,043.83
2. Post-employment benefits - defined contribution plans	207,505.80	2,173,503.68	2,173,503.68	207,505.80
Total	331,420.10	11,537,231.76	11,462,102.23	406,549.63

7.25.2 Details of short-term employee benefits

Item	31/12/2020	Accrued	Decrease	31/12/2021
1. Salaries, bonuses, perks, and allowances	199,043.83	9,526,215.77	9,259,867.50	465,392.10
2. Staff welfare	-	715,320.69	705,205.53	10,115.16

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Item	31/12/2020	Accrued	Decrease	31/12/2021
3. Social insurances	-	576,510.28	576,510.28	-
Including: Medical insurance	-	504,276.78	504,276.78	-
Work-related injury insurance	-	22,110.80	22,110.80	-
Maternity insurance	-	50,122.70	50,122.70	-
4. Housing fund	-	845,672.00	843,320.00	2,352.00
5. Labor union funds and employee education fee	-	266,023.97	266,023.97	-
Total	199,043.83	11,929,742.71	11,650,927.28	477,859.26

Continued:

Item	31/12/2019	Accrued	Decrease	31/12/2020
1. Salaries, bonuses, perks, and allowances	123,914.30	6,996,338.31	6,921,208.78	199,043.83
2. Staff welfare	-	643,024.10	643,024.10	-
3. Social insurances	-	679,484.81	679,484.81	-
Including: Medical insurance	-	595,424.83	595,424.83	-
Work-related injury insurance	-	42,029.99	42,029.99	-
Maternity insurance	-	42,029.99	42,029.99	-
4. Housing fund	-	1,008,483.00	1,008,483.00	-
5. Labor union funds and employee education fee	-	36,397.86	36,397.86	-
Total	123,914.30	9,363,728.08	9,288,598.55	199,043.83

7.25.3 Defined contribution plans

Item	31/12/2020	Accrued	Decrease	31/12/2021
1. Basic pension insurance	-	1,461,856.76	1,461,856.76	-
2. Unemployment insurance	-	59,840.01	59,840.01	-
3. Annuity	207,505.80	264,300.92	471,806.72	-
Total	207,505.80	1,785,997.69	1,993,503.49	-

Continued:

Item	31/12/2019	Accrued	Decrease	31/12/2020
1. Basic pension insurance	-	1,961,399.45	1,961,399.45	-
2. Unemployment insurance	-	210,149.94	210,149.94	-
3. Annuity	207,505.80	1,954.29	1,954.29	207,505.80
Total	207,505.80	2,173,503.68	2,173,503.68	207,505.80

7.26 Taxes payable

Item	31/12/2021	31/12/2020	31/12/2019
Value added tax	97,368,152.33	87,191,263.71	63,505,005.11

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Item	31/12/2021	31/12/2020	31/12/2019
Business tax	141,823,928.77	141,823,928.77	141,823,928.77
Corporate income tax	430,625,382.26	366,381,590.88	296,964,353.89
Urban maintenance and construction tax	14,222,093.39	12,789,574.82	11,901,918.40
Educational surcharges	6,128,166.88	5,559,945.78	6,720,836.76
Local educational surcharges	4,100,843.05	3,722,028.96	3,459,802.84
Property tax	151,321.18	1,009,569.82	1,058,939.35
Individual income tax	2,658.28	49,250.42	19,698.39
Stamp Duty	299,038.18	166,635.58	41,525.94
Price adjustment Fund	-	-	1,687,434.72
Land value added tax	24,386,700.28	371,827.80	-
Land use tax	29,726,010.85	304,930.56	-
Deed Tax	318,269.30	318,269.30	284,620.58
Total	749,152,564.75	619,688,816.40	527,468,064.75

7.27 Other payables

Item	31/12/2021	31/12/2020	31/12/2019
Interest payable	-	37,056,427.34	30,511,405.48
Dividends payable	-	-	-
Other payables	4,204,489,160.46	4,872,620,383.52	5,100,130,475.97
Total	4,204,489,160.46	4,909,676,810.86	5,130,641,881.45

7.27.1 Interest payable

Item	31/12/2021	31/12/2020	31/12/2019
Corporate bond I Interest	-	37,056,427.34	30,511,405.48
Total	-	37,056,427.34	30,511,405.48

7.27.2 Other payables presented by ageing

Ageing	31/12/2021	31/12/2020	31/12/2019
Within 1 year (including 1 years)	1,613,476,983.61	2,120,734,897.94	2,821,208,713.27
1 to 2 years (including 2 years)	1,923,899,180.10	2,027,646,915.53	1,670,439,041.77
2 to 3 years (including 3 years)	328,891,093.00	212,344,845.49	234,202,441.33
More than 3 years	338,221,903.75	511,893,724.56	374,280,279.60
Total	4,204,489,160.46	4,872,620,383.52	5,100,130,475.97

7.27.3 Top five other payables as of period end

Name of creditor unit	Nature of payment	31/12/2021	As a percentage of total other payables (%)
Chengdu Dujiangyan Investment and Development	Current and	1,407,566,021.03	33.48

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Name of creditor unit	Nature of payment	31/12/2021	As a percentage of total other payables (%)
Group Co., LTD	current funds		
Dujiangyan Land Reserve Center	Current and current funds	797,706,268.62	18.97
Dujiangyan Xingshi Group Co. LTD	Current and current funds	421,402,699.50	10.02
Dujiangyan Tianfuyuan Building Materials Co., LTD	Current and current funds	295,607,183.39	7.03
Dujiangyan Municipal Engineering Co. LTD	Current and current funds	215,962,000.00	5.14
Total	-	3,138,244,172.54	74.64

Continued:

Name of creditor unit	Nature of payment	31/12/2020	As a percentage of total other payables (%)
Dujiangyan Land Reserve Center	Current and current funds	1,821,605,926.06	37.38
Dujiangyan Smart City Operation Construction Development Group Co., LTD	Current and current funds	860,516,245.52	17.66
Dujiangyan Xingshi Group Co. LTD	Current and current funds	605,412,447.06	12.42
Dujiangyan Tianfuyuan Building Materials Co., LTD	Current and current funds	239,010,008.39	4.91
Dujiangyan Municipal Engineering Co., LTD	Current and current funds	215,962,000.00	4.43
Total	-	3,742,506,627.03	76.80

Continued:

Name of creditor unit	Nature of payment	31/12/2019	As a percentage of total other payables (%)
Dujiangyan Land Reserve Center	Current and current funds	1,450,155,659.72	28.43
Dujiangyan Xingshi Group Co. LTD	Current and current funds	510,897,646.64	10.02
Dujiangyan Xingyan Investment Co. LTD	Current and current funds	379,494,872.27	7.44
Dujiangyan Municipal Engineering Co., LTD	Current and current funds	215,962,000.00	4.23
Chengdu Huafeng Property Co. LTD	Current and current funds	180,000,000.00	3.53
Total	-	2,736,510,178.63	53.65

7.28 Non-current liabilities due within one year

Item	31/12/2021	31/12/2020	31/12/2019
Long-term borrowings due within one year (Note 30)	401,662,360.00	387,014,100.00	418,421,791.87
Bonds payable due within one year (Note 31)	1,339,234,202.32	497,810,001.00	191,670,000.00
Long-term payables due within one year (Note 32)	124,327,895.48	53,468,208.25	13,956,995.64
Other non-current liabilities due within one year (Note 33)	1,723,531,456.89	1,056,430,260.11	1,582,587,994.08
Total	3,588,755,914.69	1,994,722,569.36	2,206,636,781.59

7.29 Other current liabilities

Item	31/12/2021	31/12/2020	31/12/2019
Tax on items to be resold	7,864,513.72	-	-
Total	7,864,513.72	-	-

7.30 Long-term borrowings

Item	31/12/2021	31/12/2020	31/12/2019
Guaranteed borrowings	2,261,118,411.21	2,163,044,660.11	1,434,670,102.06
Credit borrowings	9,750,000.00	-	-
Mortgage borrowings	300,000,000.00	400,000,000.00	529,999,929.81
Pledged borrowings	266,650,000.00	241,400,000.00	276,400,000.00
Mortgage + guaranteed borrowings	199,000,000.00	-	-
Pledge + guaranteed borrowings	594,959,890.00	624,971,350.00	654,982,810.00
Subtotal	3,631,478,301.21	3,429,416,010.11	2,896,052,841.87
Less: Non-current liabilities due within one year	401,662,360.00	387,014,100.00	418,421,791.87
Total	3,229,815,941.21	3,042,401,910.11	2,477,631,050.00

7.30.1 Long-term borrowing details

Loan unit	Loan terms	31/12/2021	Mortgage/pledge/guarantee
Dujiangyan Branch of Chengdu Rural Commercial Bank Co., LTD	Guarantee	232,561,500.00	Dujiangyan Xingyan Investment Co., Ltd. provides warranty guarantees
Dujiangyan Branch of Industrial and Commercial Bank of China Limited	guarantee	592,500,000.00	Chengdu Dujiangyan Tourism Group Co., Ltd. provides a guarantee guarantee
Dujiangyan Branch of Industrial and Commercial Bank of China Co., LTD	Guarantee	422,500,000.00	Chengdu Dujiangyan Tourism Group Co., Ltd. provides a guarantee guarantee
Dujiangyan Branch of Chengdu Rural Commercial Bank Co., LTD	Guarantee	746,000,000.00	Dujiangyan New City Construction Investment Co., Ltd. and Dujiangyan Xingshi Group Co., Ltd. provide guarantee guarantee
Chengdu Branch of Mianyang City Commercial Bank Co., LTD	Guarantee	9,950,000.00	Chengdu Financial Holding Financing Guarantee Co., Ltd. provides warranty guarantees
Leshan City Commercial Bank Co., LTD. Chengdu branch	guarantee	130,000,000.00	Chengdu Dujiangyan Investment and Development Group Co., Ltd. provides a guarantee guarantee
Dujiangyan Branch, Agricultural Development Bank of China	Guarantee	127,606,911.21	Dujiangyan Minjiang Water Group Co., Ltd. provides warranty guarantee
Dujiangyan Branch of Chengdu Rural Commercial Bank Co., LTD	Credit	9,750,000.00	-
China Development Bank Sichuan Branch	Mortgage	300,000,000.00	Dujiangyan New City Construction Investment Co., Ltd. is located in Dujiangyan City, Shuangkui village, Puyang Town, Dujiangyan City, Dukui village, Group four (2010) No. 1378, Dujiangyan City, Puyang Town, Dujiangyan City, Shuangkui village, Group six (2010) No. 1384, Dujiangyan City, Puyang Town, Dujiangyan City, Shuangkui village, group three (20) 10) No. 1385 land use right as mortgage

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Loan unit	Loan terms	31/12/2021	Mortgage/pledge/guarantee
China Development Bank Sichuan Branch	pledge	1,000,000.00	Dujiangyan New City Construction Investment Co., Ltd. pledged all rights and interests and income enjoyed under the "Commissioned Construction Agreement" for the post-disaster reconstruction project of Dujiangyan Middle School in Sichuan Province
Industrial Bank Co., LTD. Chengdu branch	pledge	205,320,000.00	Dujiangyan New City Construction Investment Co., Ltd. pledged the receivables of RMB 671,7322,200 yuan of the Government Purchase Service Agreement on the Improvement of the drainage pipe network system in the 2.5 Ring of Dujiangyan Urban Area and the management project of the Lower River Outlet by Dujiangyan Municipal Water Conservancy Bureau
Dujiangyan Branch of Chengdu Rural Commercial Bank Co., LTD	pledge	55,590,000.00	Dujiangyan Runmao Industrial Co., Ltd. pledged \$6,000.00 in certificates of deposit
Mianyang City Commercial Bank Co., LTD. Chengdu Branch	pledge	4,740,000.00	\$500.00 certificate of deposit pledged by Dujiangyan Runmao Industrial Co., LTD
Hanghang Road Branch of Great Wall West China Bank Co., LTD	Mortgage + Guarantee	199,000,000.00	Dujiangyan New City Construction Investment Co., LTD., located in Gaogeng Village, Guankou Town, Dujiangyan City, Group 4, Group 5 DuGuouse (2009) No. 12082 land use right as collateral, Chengdu Dujiangyan Investment Development Group Co., Ltd. to provide guarantee
Bank of Chongqing Co., LTD. Chengdu Branch	Pledge + Guarantee	594,959,890.00	Dujiangyan New City Construction Investment Co., Ltd. pledged the receivables of the shantytown reconstruction project in Zhangye Temple Area of Dujiangyan with the total value of 126,000.00 yuan, and Dujiangyan Xingyan Investment Co., Ltd. provided the guarantee guarantee
Subtotal	-	3,631,478,301.21	-
Minus: part due within one year	-	401,662,360.00	-
Total	-	3,229,815,941.21	-

Continued:

Loan unit	Loan terms	31/12/2020	Mortgage/pledge/guarantee
Dujiangyan Branch of Chengdu Rural Commercial Bank Co., LTD	Guarantee	242,561,500.00	Dujiangyan Xingyan Investment Co., Ltd. provides warranty guarantees
Dujiangyan Branch of Industrial and Commercial Bank of China Limited	Guarantee	593,500,000.00	Chengdu Dujiangyan Tourism Group Co., Ltd. provides a guarantee guarantee
Dujiangyan branch of Industrial and Commercial Bank of China Limited	Guarantee	423,500,000.00	Chengdu Dujiangyan Tourism Group Co., Ltd. provides a guarantee guarantee
Dujiangyan Branch of Chengdu Rural Commercial Bank Co., LTD	Guarantee	748,000,000.00	Dujiangyan New City Construction Investment Co., Ltd. and Dujiangyan Xingshi Group Co., Ltd. provide guarantee guarantee
Leshan City Commercial Bank Co., LTD. Chengdu branch	Guarantee	138,000,000.00	Dujiangyan Xingyan Investment Co., Ltd. provides a guarantee guarantee
Agricultural Development Bank of China Dujiangyan Branch	Guarantee	17,483,160.11	Dujiangyan Minjiang Water Group Co., Ltd. provides a guarantee guarantee

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Loan unit	Loan terms	31/12/2020	Mortgage/pledge/guarantee
China Development Bank Sichuan Branch	Mortgage	400,000,000.00	Dujiangyan New City Construction Investment Co., Ltd. is located in Dujiangyan City, Shuangkui village, Puyang Town, Dujiangyan City, Dukui village, Group four (2010) No. 1378, Dujiangyan City, Puyang Town, Dujiangyan City, Shuangkui village, Group six (2010) No. 1384, Dujiangyan City, Puyang Town, Dujiangyan City, Shuangkui village, group three (20) 10) No. 1385 land use right as mortgage
China Development Bank Sichuan Branch	Hypothecation	2,200,000.00	Dujiangyan New City Construction Investment Co., Ltd. pledged all rights and interests and income enjoyed under the "Commissioned Construction Agreement" for the post-disaster reconstruction project of Dujiangyan Middle School in Sichuan Province
Industrial Bank Co., LTD. Chengdu branch	Hypothecation	239,200,000.00	Dujiangyan New City Construction Investment Co., Ltd. pledged the receivables of RMB 671,7322,200 yuan of the Government Purchase Service Agreement on the Improvement of the drainage pipe network system in the 2.5 Ring of Dujiangyan Urban Area and the management project of the Lower River Outlet by the Dujiangyan Municipal Water Conservancy Bureau
Chengdu Branch of the Bank of Chongqing Co., LTD	Pledge + Guarantee	624,971,350.00	Dujiangyan New City Construction Investment Co., Ltd. pledged the receivables of the shantytown renovation project in Zhangye Temple Area of Dujiangyan with the total value of 126,000.00 yuan, and Dujiangyan Xingyan Investment Co., Ltd. provided the guarantee guarantee
subtotal	-	3,429,416,010.11	-
Minus: part due within one year	-	387,014,100.00	-
Total	-	3,042,401,910.11	-

Continued:

Loan unit	Loan terms	31/12/2019	Mortgage/pledge/guarantee
Dujiangyan Branch of Chengdu Rural Commercial Bank Co., LTD	Guarantee	244,670,102.06	Dujiangyan Xingyan Investment Co., Ltd. to provide warranty guarantee
Dujiangyan Branch of Industrial and Commercial Bank of China Limited	Guarantee	594,500,000.00	Chengdu Dujiangyan Tourism Group Co., Ltd. provides a guarantee guarantee
Dujiangyan Branch of Industrial and Commercial Bank of China Co., LTD	Guarantee	424,500,000.00	Chengdu Dujiangyan Tourism Group Co., Ltd. provides a guarantee guarantee
Xiamen International Bank Co., LTD. Xiamen Wenyuan Branch	Guarantee	33,000,000.00	Dujiangyan Xingshi Group Co., Ltd. provides guarantee guarantee
Leshan City Commercial Bank Co., LTD. Chengdu branch	Guarantee	138,000,000.00	Dujiangyan Xingyan Investment Co., Ltd. provides a guarantee guarantee
Hengfeng Bank Co., LTD. Chengdu branch	Mortgage	29,999,929.81	Dujiangyan New City Construction Investment Co., Ltd. pledged property
China Development Bank Sichuan branch	Mortgage	500,000,000.00	Dujiangyan New City Construction Investment Co., Ltd. is located in Dujiangyan City, Shuangkui village, Puyang Town, Dujiangyan City, Dukui village, Group 4 (2010) No. 1378, Dujiangyan City, Puyang Town, Dujiangyan City, Shuangkui village, Group 6 (2010) No. 1384, Dujiangyan City, Puyang Town, Dujiangyan City, Shuangkui village, Group 3 (20) 10) No. 1385 land use right as mortgage

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Loan unit	Loan terms	31/12/2019	Mortgage/pledge/guarantee
China Development Bank Sichuan Branch	Hypothecation	4,400,000.00	Dujiangyan New City Construction Investment Co., Ltd. pledged all rights and interests and earnings under the "Commissioned Construction Agreement" for the post-disaster reconstruction project of Dujiangyan Middle School in Sichuan Province
Industrial Bank Co., LTD. Chengdu branch	Hypothecation	272,000,000.00	Dujiangyan New City Construction Investment Co., Ltd. pledged the receivables of RMB 671,7322,200 yuan of the Government Purchase Service Agreement on the Improvement of drainage pipe network system in the 2.5 Ring of Dujiangyan Urban Area and the management project of Xiahe Drainage Outlet by Dujiangyan Municipal Water Resources Bureau
Chengdu Branch of the Bank of Chongqing Co., LTD	Pledge + Guarantee	654,982,810.00	Dujiangyan New City Construction Investment Co., Ltd. pledged the accounts receivable of the total value of 126,000.00 yuan for the shantytown renovation project in Zhangye Temple Area of Dujiangyan, and Dujiangyan Xingyan Investment Co., Ltd. provided a guarantee guarantee
Subtotal	-	2,896,052,841.87	-
Minus: part due within one year	-	418,421,791.87	-
Total	-	2,477,631,050.00	-

7.31 Bonds payable

Item	31/12/2021	31/12/2020	31/12/2019
17 DuXinCheng 01	368,329,131.47	481,476,570.10	597,691,814.72
18 DuXinCheng 01	249,065,144.58	295,060,626.17	295,235,374.81
18 DuXinCheng 02	239,686,901.58	294,025,497.67	293,833,400.30
Directional Financing Bonds (Taiyu)	-	-	38,210,000.00
Minsheng Bank Dingrong (Chongqing Anruxin)	-	6,960,000.00	30,490,000.00
Shanghai Shenting Asset Management Co. LTD	18,770,000.00	43,340,000.00	27,350,000.00
Zhongbo Fund Management Co. LTD	15,870,000.00	26,370,000.00	10,500,000.00
Manqian (Xiamen) Asset Management Co., LTD	15,299,980.02	32,289,980.02	11,290,000.00
Tianfu Stock Exchange Center convertible bond project	100,945,021.86	100,000,000.00	-
Tianfu Stock Exchange Center convertible bond project	100,000,000.00	100,000,000.00	-
2020 Asset usufruct transfer project	425,500,000.11	425,500,000.11	-
2020 Anru Xin	-	197,330,001.00	-
2021 Asset usufruct transfer project	499,970,001.00	-	-
2021 Tianfu Stock Exchange (Huachuang Securities)	50,000,000.00	-	-
subtotal	2,083,436,180.62	2,002,352,675.07	1,304,600,589.83
Minus: Part due within one year	1,339,234,202.32	497,810,001.00	191,670,000.00
Total	744,201,978.30	1,504,542,674.07	1,112,930,589.83

7.31.1 Details of bonds payable

Bond name	Face value (in ten thousand yuan)	Date of issue	Time limit	Amount issued	Bond balance as of 31/12/2020	Current issue	Excess discount sale	Current repayment	Bond balance	Less: due within one year	31/12/2021 balance
17 DuXinCheng 01	60,000.00	2017-10-20	7 年	60,000.00	481,476,570.10	-	6,852,561.37	120,000,000.00	368,329,131.47	125,346,184.71	242,982,946.76
18 DuXinCheng 01	30,000.00	2018-05-03	7 年	30,000.00	295,060,626.17	-	14,004,518.41	60,000,000.00	249,065,144.58	73,092,792.13	175,972,352.45
18 DuXinCheng 02	30,000.00	2018/10/12	7 年	30,000.00	294,025,497.67	-	5,661,403.91	60,000,000.00	239,686,901.58	64,440,222.49	175,246,679.09
Minsheng Bank Dingrong (Chongqing Anruxin)	5,540.00	2018-11-06	1-2 年	5,540.00	6,960,000.00	-	-	6,960,000.00	-	-	-
Shanghai Shenting Asset Management Co. LTD	4,612.00	2018-11-30	2 年	4,612.00	43,340,000.00	-	-	24,570,000.00	18,770,000.00	18,770,000.00	-
Zhongbo Fund Management Co. LTD	2,637.00	2019-07-26	1-2 年	2,637.00	26,370,000.00	-	-	10,500,000.00	15,870,000.00	15,870,000.00	-
Manqian (Xiamen) Asset Management Co., LTD	4,196.00	2019-08-30	1-2 年	4,196.00	32,289,980.02	-	-	16,990,000.00	15,299,980.02	15,299,980.02	-
Tianfu Stock Exchange Center convertible bond project	10,000.00	2020-03-27	2 年	10,000.00	100,000,000.00	-	-	-	100,000,000.00	100,000,000.00	-
Tianfu Stock Exchange Center convertible bond project	10,000.00	2020-07-24	2 年	10,000.00	100,000,000.00	-	945,021.86	-	100,945,021.86	945,021.86	100,000,000.00
2020 Asset usufruct transfer project	42,520.00	2020-12-17	2 年	42,520.00	425,500,000.11	600,000.00	-	600,000.00	425,500,000.11	425,500,000.11	-
2020 Anru Xin	19,733.00	2020-07-17	1 年	19,733.00	197,330,001.00	-	-	197,330,001.00	-	-	-
2021 Asset usufruct transfer project	-	2021-07-09	1 年	50,057.50	-	500,575,001.00	-	605,000.00	499,970,001.00	499,970,001.00	-
2021 Tianfu Stock Exchange (Huachuang Securities)	-	2021-12-15	2 年	5,000.00	-	50,000,000.00	-	-	50,000,000.00	-	50,000,000.00
Total	219,238.00	—	—	274,295.50	2,002,352,675.07	551,175,001.00	27,463,505.55	497,555,001.00	2,083,436,180.62	1,339,234,202.32	744,201,978.30

Continued:

Bond name	Face value (in ten thousand yuan)	Date of issue	Term	Amount issued	Bond balance at 31/12/2019	Current issue	Excess discount sale	Current repayment	Bond balance	Less: due within one year	31/12/2020 balance
17 DuXinCheng 01	60,000.00	2017-10-20	7 年	60,000.00	597,691,814.72	-	3,784,755.38	120,000,000.00	481,476,570.10	240,000,000.00	241,476,570.10
18 DuXinCheng 01	30,000.00	2018-05-03	7 年	30,000.00	295,235,374.81	-	-174,748.64	-	295,060,626.17	-	295,060,626.17
18 DuXinCheng 02	30,000.00	2018-10-12	7 年	30,000.00	293,833,400.30	-	192,097.37	-	294,025,497.67	-	294,025,497.67
Directional Financing Bonds (Taiyu)	4,000.00	2018-05-31	2 年	4,000.00	38,210,000.00	-	-	38,210,000.00	-	-	-
Minsheng Bank Dingrong (Chongqing Anruxin)	5,540.00	2018-11-06	1-2 年	5,540.00	30,490,000.00	-	-	23,530,000.00	6,960,000.00	6,960,000.00	-
Shanghai Shenting Asset Management Co. LTD	4,612.00	2018-11-30	2 年	4,612.00	27,350,000.00	18,770,000.00	-	2,780,000.00	43,340,000.00	25,300,000.00	18,040,000.00
Zhongbo Fund Management Co. LTD	2,637.00	2019-07-26	1-2 年	2,637.00	10,500,000.00	15,870,000.00	-	-	26,370,000.00	10,500,000.00	15,870,000.00
Manqian (Xiamen) Asset Management Co., LTD	4,196.00	2019-08-30	1-2 年	4,196.00	11,290,000.00	30,669,980.02	-	9,670,000.00	32,289,980.02	17,720,000.00	14,569,980.02
Tianfu Stock Exchange Center convertible bond project	10,000.00	2020-03-27	2 年	10,000.00	-	100,000,000.00	-	-	100,000,000.00	-	100,000,000.00
Tianfu Stock Exchange Center convertible bond project	10,000.00	2020-07-24	2 年	10,000.00	-	100,000,000.00	-	-	100,000,000.00	-	100,000,000.00
2020 Asset usufruct transfer project	42,520.00	2020-12-17	2 年	42,520.00	-	425,500,000.11	-	-	425,500,000.11	-	425,500,000.11
2020 Anru Xin	19,733.00	2020-07-17	1 年	19,733.00	-	197,330,001.00	-	-	197,330,001.00	197,330,001.00	-
Total	223,238.00	—	—	223,238.00	1,304,600,589.83	888,139,981.13	3,802,104.11	194,190,000.00	2,002,352,675.07	497,810,001.00	1,504,542,674.07

7.32 Long-term payables

7.32.1 Category of long-term payables

Item	31/12/2021	31/12/2020	31/12/2019
Long-term payables	65,656,557.43	310,819,738.73	359,726,912.81
Special payables	977,656,026.22	993,956,997.92	1,009,811,997.92
Total	1,043,312,583.65	1,304,776,736.65	1,369,538,910.73

7.32.2 Details of long-term payables

Item	31/12/2021	Hypothecation-hypothecation-Guarantee
Pudong Bank Financial Leasing Co., LTD	65,656,557.43	Provided by Dujiangyan Xingshi Group Co., LTD., Dujiangyan State Investment Urban Construction Co., LTD., with a total of 11 property title certificates located in the second section of Xuefu Road, Dujiangyan as collateral, Dujiangyan New City Construction Investment Co., LTD., and Dujiangyan Dilapidated House Reconstruction Center signed the "Dujiangyan City Xingfu Road Area Phase I Shantytown Renovation Project Government Purchase Service Agreement" The receivables of 1.20 billion yuan as pledge
Total	65,656,557.43	-

Continued:

Item	31/12/2020	Mortgage - Pledge - Guarantee
Puyin Financial Leasing Co., LTD	310,819,738.73	Provided by Dujiangyan Xingshi Group Co., LTD., Dujiangyan State Investment Urban Construction Co., LTD., with a total of 11 property title certificates located in the second section of Xuefu Road, Dujiangyan as collateral, Dujiangyan New City Construction Investment Co., LTD., and Dujiangyan Dilapidated House Reconstruction Center signed the "Dujiangyan City Xingfu Road Area Phase I Shantytown Renovation Project Government Purchase Service Agreement" The receivables of 1.20 billion yuan as pledge
Total	310,819,738.73	-

Continued:

Item	31 December 2019	Mortgage - Pledge - Guarantee
Puyin Financial Leasing Co., LTD	306,258,704.56	Provided by Dujiangyan Xingshi Group Co., LTD., Dujiangyan State Investment Urban Construction Co., LTD., with a total of 11 property title certificates located in the second section of Xuefu Road, Dujiangyan as collateral, Dujiangyan New City Construction Investment Co., Ltd. and Dujiangyan Dilapidated houses Renovation Center signed the "Dujiangyan City Xingfu Road Area Phase I Shantytown Renovation Project Government Purchase Service Agreement" The receivables of 1.20 billion yuan as pledge
Far East International Leasing Co. LTD	53,468,208.25	Dujiangyan Xingshi Group Co., Ltd. provides warranty guarantee
Total	359,726,912.81	-

7.32.3 Details of special payables

Dujiangyan urban and rural construction Group Co., LTD
Notes to the consolidated financial statements the year ended 31 December 2021,2020 and 2019

Item	31/12/2021	31/12/2020	31/12/2019
Sewage treatment Plant B sewage network engineering	23,594,375.00	23,594,375.00	23,594,375.00
Lingyan Mountain ditch levee renovation project	10,000,000.00	10,000,000.00	10,000,000.00
Lingyan Mountain ditch embankment road comprehensive reconstruction project	34,400,000.00	34,400,000.00	34,400,000.00
Restoration and reconstruction works of Heritage Administration	26,620,000.00	26,620,000.00	26,620,000.00
Dujiangyan farmers market system restoration and reconstruction project	19,000,000.00	19,000,000.00	19,000,000.00
Baisha River levee remediation project	27,000,000.00	27,000,000.00	27,000,000.00
Emergency shelter	8,000,000.00	8,000,000.00	8,000,000.00
Procuratorate office case handling and professional and technical housing project	7,900,000.00	7,900,000.00	7,900,000.00
Zipingpuchang Town Infrastructure	2,860,000.00	2,860,000.00	2,860,000.00
Xudu old landfill site closure and renovation project	16,245,700.00	16,245,700.00	16,245,700.00
One block infrastructure supporting construction phase I project	31,844,498.56	31,844,498.56	31,844,498.56
Phase II landscape greening project of One Block	44,087,703.24	44,087,703.24	44,087,703.24
One block node landscape greening construction project	14,885,609.40	14,885,609.40	14,885,609.40
Headquarters of post-disaster reconstruction project, Dujiangyan Municipal Transportation Bureau	106,781,850.00	106,781,850.00	106,781,850.00
Municipal Construction Bureau 2015 small city satellite city construction subsidy funds	13,620,000.00	16,520,000.00	16,520,000.00
Three around the North Pole pipeline ten standard weak current (communication) line temporary relocation fee	1,331,521.00	1,331,521.00	1,331,521.00
Water environment improvement and Puyang River Greenway construction project in Zoumahe District	15,000,000.00	15,000,000.00	15,000,000.00
Deyang to Dujiangyan section construction project of Chengdu Economic Zone Loop Expressway (Dujiangyan North section) Relocation of communication lines	7,138,892.80	7,138,892.80	7,138,892.80
Chengdu Economic Zone Loop Expressway Deyang to Dujiangyan section construction project (Dujiangyan North section) 110KV and below power lines	75,833,176.60	75,833,176.60	56,333,176.60
Deyang to Dujiangyan section construction project of Chengdu Economic Zone Loop Expressway (Dujiangyan North section) line relocation	118,494,038.30	142,500,000.00	185,000,000.00
Jinma River flood dike rescue project in Hongxiang Community and Jixiang Community section of Liujie Town	637,500.00	637,500.00	637,500.00
Liujie Town Shunjiang community 16 section Jinma River flood dike rescue project	525,000.00	525,000.00	525,000.00
Qingcheng Shan Town Shagou River Yongyi Community 2 section flood embankment rescue project	360,000.00	360,000.00	360,000.00
New Union Farmers Market renovation project	150,000.00	150,000.00	150,000.00
Fang phase I disaster relocation house A area general flat improvement project	1,300,000.00	1,300,000.00	1,300,000.00
Soil storage Project	4,442,171.32	4,442,171.32	4,442,171.32
Public benefit items	347,854,000.00	347,854,000.00	347,854,000.00

Dujiangyan urban and rural construction Group Co., LTD
Notes to the consolidated financial statements the year ended 31 December 2021, 2020 and 2019

Item	31/12/2021	31/12/2020	31/12/2019
Contingency Reserve pork funds	-	1,225,000.00	-
Tianma Town tourism guide project funds	920,000.00	920,000.00	-
Construction funds for Juyuan characteristic blocks in Juyuan Town	6,940,000.00	5,000,000.00	-
Water Authority 2020 Jinma River flood damage restoration project	2,048,200.00	-	-
Special fund for cultural and creative tourism Town project of Juyuan Town Essence Irrigation District	2,100,000.00	-	-
Water Bureau 2020 drainage channel clearing and widening project	927,600.00	-	-
Water Resources Bureau Tangjiagou small watershed comprehensive soil and water loss control project	1,514,190.00	-	-
Finance Bureau Tianma Ideal Village project	3,300,000.00	-	-
Total	977,656,026.22	993,956,997.92	1,009,811,997.92

7.33 Other non-current liabilities

Item	31/12/2021	31/12/2020	31/12/2019
Guangda Xinglong Trust Co., LTD	226,666,666.68	400,000,000.00	400,000,000.00
Huarong Asset Company	-	210,000,000.00	378,000,000.00
Guotong Trust limited liability company	-	-	100,300,000.00
Wukuang International Trust company Limited	495,300,000.00	-	-
Xuesong International Trust Corporation	50,400,000.00	-	-
Bohai International Trust Corporation	465,000,000.00	985,000,000.00	1,001,000,000.00
Zhonghang Trust limited liability company	600,000,000.00	600,000,000.00	600,000,000.00
Yuangong International Financial Leasing Company Limited	262,403,752.92	466,104,441.22	493,892,269.56
Xinhua International Trust Corporation	-	-	750,000,000.00
Subtotal	2,099,770,419.60	2,661,104,441.22	3,723,192,269.56
Minus: Part due within one year	1,723,531,456.89	1,056,430,260.11	1,582,587,994.08
Total	376,238,962.71	1,604,674,181.11	2,140,604,275.48

7.34 Paid-in capital

Investor name	31/12/2020		Increase	Decrease	31/12/2021	
	Amount invested	Percentage (%)			Investment amount	Percentage (%)
Chengdu Dujiangyan Investment and Development Group Co. LTD	10,000,000.00	100.00	17,000,000.00	-	27,000,000.00	100.00
Total	10,000,000.00	100.00	17,000,000.00	-	27,000,000.00	100.00

Continued:

Investor name	31/12/2019		Increase	Decrease	31/12/2020	
	Amount invested	Percentage (%)			Amount invested	Percentage (%)
Chengdu Dujiangyan Investment and Development Group Co. LTD	10,000,000.00	100.00	-	-	10,000,000.00	100.00
Total	10,000,000.00	100.00	-	-	10,000,000.00	100.00

7.35 Capital reserve

Item	31/12/2021	31/12/2020	31/12/2019
1. Capital (equity) premium	-	-	-
2. Other capital reserves	7,661,215,062.06	7,230,901,937.06	7,327,995,410.87
Total	7,661,215,062.06	7,230,901,937.06	7,327,995,410.87
Including: state-owned exclusive capital reserve	-	-	-

Note 1: In accordance with the resolution of the Board of Directors of Chengdu Dujiangyan Investment and Development Group Co., LTD., the 100.00% equity of Dujiangyan New City Happiness Construction Co., Ltd. held by Dujiangyan New City Construction Investment Co., Ltd. was transferred to Dujiangyan New City Group Co., LTD., reducing the capital reserve by RMB 2,017,356.48 yuan.

Note 2: On 25 September 2020, according to the Notice on Free Transfer of Dujiangyan Lvlin Bamboo Industry Co., LTD. (No. [2020] -60) issued by Dujiangyan State-owned Assets Supervision and Administration and Financial Work Bureau, 100.00% of the equity of Dujiangyan Lvlin Bamboo Industry Co., LTD held by the company was transferred to Dujiangyan State-owned Assets Supervision and Administration and Financial Work Bureau free of charge. To reduce the capital reserve by RMB 295,076,117.33 yuan. As of the date of issue of the report, the above matters have not been completed industrial and commercial changes.

Note 3: Chengdu Dujiangyan Investment and Development Group Co., Ltd. increased the capital of Dujiangyan New City Construction Investment Co., Ltd. by RMB 150 million yuan and RMB 50 million yuan respectively on 24 June 2020 and 10 December 2020, increasing the capital reserve by RMB 200 million yuan.

Note 4: In 2021, according to the document of Dujiangyan State-owned Assets Supervision and Administration and Financial Work Bureau (Duguo Capital Development (2021) No. 113), Agreed to transfer the 100.00% equity of Dujiangyan Xinyuan Tourism Development Co., Ltd. and the 100.00% equity of Dujiangyan Shengyuan Water Industry Co., Ltd. held by Chengdu Dujiangyan Tourism Group Co., Ltd. to Dujiangyan New City Construction and Investment Co., LTD. To increase the capital reserve by RMB 6,600,000.00 yuan and RMB 1,770,000.00 yuan respectively.

Note 5: The shareholding ratio of Dujiangyan New City Construction Investment Co., Ltd. in Dujiangyan Chengrui Land Consolidation Co., Ltd. increased, and the capital reserve was increased by RMB 279,943,125.00 yuan at the merger level.

Note 6: Dujiangyan New City Construction Investment Co., Ltd. increased its capital to the company by RMB 15.00 million yuan on 23 June 2021 and RMB 2 million yuan on 14 December 2021, respectively, and

this simulated consolidated financial statement has reduced its capital reserve by RMB17.00 million yuan.

Note 7: Chengdu Dujiangyan Investment and Development Group Co., Ltd. will increase the capital of Dujiangyan New City Construction Investment Co., Ltd. by RMB 70.00 million yuan, RMB 33.00 million yuan, RMB 17.00 million yuan and RMB 39.00 million yuan on 8 January 2021, 18 March 2021, 12 April 2021 and 25 June 2021 respectively Yuan, increasing the capital reserve by RMB 159 million yuan.

7.36 Undistributed profits

Item	31/12/2021	31/12/2020	31/12/2019
Opening balance of the current period	133,232,917.31	-15,679,579.59	-170,047,133.09
Increase for the current period	156,535,810.40	164,912,496.90	169,367,553.50
Including: Net profit transferred in the current period	156,535,810.40	164,912,496.90	169,367,553.50
Reduction for the current period	28,890,000.00	16,000,000.00	15,000,000.00
Including: Surplus reserve drawn	-	-	-
Cash dividends distributed for the year	28,890,000.00	16,000,000.00	15,000,000.00
Balance at the end of the period	260,878,727.71	133,232,917.31	-15,679,579.59

7.37 Operating revenue and Operating costs

7.37.1 Operating revenue and Operating costs

Items	2021		2020		2019	
	Revenue	Costs	Revenue	Costs	Revenue	cost
Main business	1,079,547,966.10	877,562,650.35	965,808,897.11	824,485,316.01	862,808,970.10	742,136,461.36
Other business	15,873,798.87	16,744,000.17	6,532,687.79	9,417,950.71	7,593,872.87	12,944,136.79
Total	1,095,421,764.97	894,306,650.52	972,341,584.90	833,903,266.72	870,402,842.97	755,080,598.15

7.37.2 Main business is categorized by product

Items	2021		2020	
	Revenue	Costs	Revenue	Costs
Infrastructure contract building business	186,210,686.44	151,636,948.29	247,020,170.19	201,994,406.96
Rentals and other businesses	17,513,032.37	3,232,438.69	54,986,121.04	38,041,774.76
Property Sales	20,521,956.63	13,447,103.71	70,188,240.62	63,192,049.91
Land consolidatio business	349,207,530.94	293,647,072.00	328,144,640.57	279,120,276.31
Sales of grain, oil, meat and eggs	70,814,628.66	61,260,751.36	23,724,974.32	20,547,167.44
Sand and gravel sales	158,000,869.32	117,861,024.03	64,243,112.47	44,304,681.10
Electrolytic copper sales	-	-	177,501,637.90	177,284,959.53
Land transfer	257,000,000.00	218,108,848.92	-	-
Incoming processing	18,769,827.78	18,368,463.35	-	-
Consulting services	1,509,433.96	-	-	-
total	1,079,547,966.10	877,562,650.35	965,808,897.11	824,485,316.01

Continued:

Items	2020		2019	
	Revenue	Costs	Revenue	Costs
Infrastructure contract building business	247,020,170.19	201,994,406.96	208,399,506.97	169,705,970.50
Rentals and other businesses	54,986,121.04	38,041,774.76	10,354,276.06	2,494,565.06
Property Sales	70,188,240.62	63,192,049.91	120,102,064.43	110,331,309.49
Land consolidation business	328,144,640.57	279,120,276.31	523,953,122.64	459,604,616.31
Sales of grain, oil, meat and eggs	23,724,974.32	20,547,167.44	-	-
Sand and gravel sales	64,243,112.47	44,304,681.10	-	-
Electrolytic copper sales	177,501,637.90	177,284,959.53	-	-
total	965,808,897.11	824,485,316.01	862,808,970.10	742,136,461.36

7.38 Taxes and surcharges

Item	2021	2020	2019
Urban maintenance and construction tax	2,428,584.55	2,535,734.75	3,119,364.62
Education fee surcharges	1,013,506.40	1,087,374.19	1,336,778.73
Local education fee surcharges	675,670.94	724,916.10	891,185.83
Land use tax	1,684,580.53	1,827,998.22	113,550.90
Property tax	1,601,083.28	1,348,371.19	2,270,258.89
Land value added tax	995,648.28	371,827.80	-
Stamp Duty	511,768.84	226,583.50	5,961.42
Total	8,910,842.82	8,122,805.75	7,737,100.39

7.39 Selling expenses

Item	2021	2020	2019
Labor costs	1,011,045.45	406,506.19	-
Business hospitality and advertising expenses	1,458,550.61	8,295.00	-
Office and testing, design and installation, intermediary service fee	276,288.31	591,538.63	-
Travel and transportation, storage pack ageing, leasing, processing fees	699,309.09	164,595.03	-
Total	3,445,193.46	1,170,934.85	-

7.40 Administrative expenses

Item	2021	2020	2019
Business entertainment expenses	135,515.00	132,391.00	99,714.42
Employee wages	10,154,270.61	9,445,256.81	8,108,166.27
Office expenses	205,375.81	1,626,700.38	709,604.99
Depreciation charges	1,818,663.28	231,514.20	263,193.81

Item	2021	2020	2019
Travel Expenses	22,717.67	14,823.00	106,096.39
Vehicle fee	74,209.26	4,303.55	108,707.87
Amortization charges	67,112.91	54,263.57	54,263.57
Agency fees	2,510,388.46	922,825.82	1,120,752.67
Other expenses	2,783,180.92	1,783,782.30	314,389.96
Total	17,771,433.92	14,215,860.63	10,884,889.95

7.41 Finance expenses

Item	2021	2020	2019
Interest expense	38,824,757.17	48,975,769.28	17,006,855.81
Less: Interest income	448,865.31	1,140,127.30	149,956.26
Exchange gain or loss	-	-	-
Others	6,580,633.96	1,792,612.43	1,217,716.80
total	44,956,525.82	49,628,254.41	18,074,616.35

7.42 Other income

Item	2021	2020	2019
Government Grants	139,676,200.00	168,360,000.00	65,000,000.00
Others	184,329.69	-	-
Total	139,860,529.69	168,360,000.00	65,000,000.00

7.43 Investment income

Item	2021	2020	2019
Income from long-term equity investments accounted for by the equity method	-	-1,321,701.81	-5,476.03
Investment gains made during the holding period	26,267,000.00	28,893,700.00	27,840,512.50
Disposal of investment income arising from long-term equity investments	-	-47,693.16	-
Total	26,267,000.00	27,524,305.03	27,835,036.47

7.44 Gain from fair value changes

Item	2021	2020	2019
Fair value of investment properties	1,131,655.45	-2,508,860.48	103,764,355.06
Total	1,131,655.45	-2,508,860.48	103,764,355.06

7.45 Credit impairment loss

Item	2021	2020	2019
Bad debt provisions	-692,429.57	-	-

Item	2021	2020	2019
total	-692,429.57	-	-

7.46 Asset impairment losses

Item	2021	2020	2019
Bad debt provisions	-	-572,700.48	-101,763.18
Total	-	-572,700.48	-101,763.18

7.47 Gains on assets disposal

Item	2021	2020	2019
Gains on disposal of fixed assets	1,883.16	-	-
Total	1,883.16	-	-

7.48 Non-operating income

Item	2021	2020	2019
Government subsidies	-	32,216.99	-
Bonus	-	3,243,000.00	-
Others	236,917.56	99,948.23	491,375.04
Total	236,917.56	3,375,165.22	491,375.04

7.49 Non-operating expenses

Item	2021	2020	2019
Court judgment expenditure	-	-	110,301.75
Late fees	13,914,558.49	-	149,037.75
others	617.12	132,122.01	155.00
Total	13,915,175.61	132,122.01	259,494.50

7.50 Income tax expense

Item	2021	2020	2019
Current income tax expense	89,572,818.33	69,467,995.82	51,698,540.64
Deferred income tax expense	278,736.90	-763,728.10	26,395,235.39
Total	89,851,555.23	68,704,267.72	78,093,776.03

7.51 Supplemental information to the statement of cash flows

7.51.1 Supplementary information to the statement of cash flows

Supplementary Information	2021	2020	2019
1. Reconciliation of net profit to cash flow from operating activities:			

Dujiangyan urban and rural construction Group Co., LTD
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Supplementary Information	2021	2020	2019
Net profit	189,069,943.88	192,641,982.10	197,261,370.98
Add: Credit impairment loss	692,429.57	-	-
Plus: Assets impairment losses	-	572,700.48	101,763.18
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets	8,152,461.67	7,226,495.10	12,206,103.47
Amortization of intangible assets	56,440.61	54,989.25	54,263.57
Amortization of long-term unamortized expenses	832,428.68	115,091.64	38,363.88
Loss on disposal of fixed assets, intangible assets and other long-term assets (gain marked with "-")	-	-	-
Loss on scrap of fixed assets (income marked with "-")	-1,883.16	-	-
Loss on changes in fair value (gain marked with "-")	-1,131,655.45	2,508,860.48	-103,764,355.06
Finance expenses (Return marked with "-")	38,824,757.17	48,975,769.28	17,006,855.81
Investment losses (return marked with "-")	-26,267,000.00	-27,524,305.03	-27,835,036.47
Decrease in deferred tax assets (increase marked with "-")	-4,176.96	-136,512.98	454,146.62
Increase in deferred tax liabilities (decrease marked with "-")	282,913.86	-627,215.12	25,941,088.77
Reduction in inventory (increase marked with "-")	210,172,386.30	-413,015,019.61	-73,010,413.77
Decrease in operating receivables (increase marked with "-")	88,830,517.80	-247,083,331.14	-711,867,843.84
Increase in operating payables (decrease marked with "-")	617,807,829.15	299,731,361.69	1,635,284,475.32
other	-	-	-
Net cash flows from operating activities	1,127,317,393.12	-136,559,133.86	971,870,782.46
2. Significant investments or financing activities not involving cash:			
Debt converted to capital	-	-	-
Convertible debts mature within one year	-	-	-
New right-of-use assets	-	-	-
3. Net changes in cash and cash equivalents:			
Cash at the end of year	81,037,022.62	118,856,531.48	99,096,995.71
Less: Cash at the beginning of year	118,856,531.48	99,096,995.71	283,341,903.07
Add: Cash equivalents at the end of year	-	-	-
Less: Cash equivalents at the beginning of year	-	-	-
Net increase in cash and cash equivalents	-37,819,508.86	19,759,535.77	-184,244,907.36

7.51.2 Composition of cash and cash equivalents

Item	2021	2020	2019
1. Cash	81,037,022.62	118,856,531.48	99,096,995.71
Including: Cash on hand	35,926.20	59,431.28	34,406.44
Bank deposits available for payment at any time	81,001,096.42	118,797,100.20	99,062,589.27
Other monetary funds available for payment at any time	-	-	-
Deposited central bank money that can be used for payments	-	-	-

Item	2021	2020	2019
Deposit of trade money	-	-	-
Call interbank money	-	-	-
2. Cash equivalents	-	-	-
Including: Bond investments due within three months	-	-	-
3. Balance of cash and cash equivalents at the end of the period	81,037,022.62	118,856,531.48	99,096,995.71
Including: Use of restricted cash and cash equivalents by the parent company or intra-group subsidiaries	-	-	-

7.52 Assets of restricted ownership or use rights as of 31 December 2021

Item	Carrying amount as at 31 Dec 2021	The reason for the restriction
Monetary funds	75,310,000.00	Pledge borrowings by certificates of deposit
Other accounts receivable	821,000,000.00	Pledge borrowings
Inventory	2,851,438,601.67	Mortgage borrowings
Investments in other equity instruments	282,721,905.26	Pledge borrowings
Investment property	1,006,775,050.03	Mortgage borrowings
Total	5,037,245,556.96	-

8. Change of the scope of the merger

8.1 Business combinations not involving enterprises under common control

Business combinations not involving enterprises under common control didn't occurring in the current period.

8.2 Business combinations involving enterprises under common control

Business combinations involving enterprises under common control didn't occurring in the current period.

8.3 Reverse purchase

There were not reverse purchases during the year.

8.4 Disposal of subsidiaries

(1) In 2019, according to the documents of Dujiangyan State-owned Assets Supervision and Administration Office, the 100.00% equity of Dujiangyan Small Town Construction Investment Co., Ltd. held by Dujiangyan New Town Construction Investment Co., Ltd. was transferred to Dujiangyan New Town Group Co., Ltd. free of charge.

(2) In 2020, according to the resolution of the board of directors of Chengdu Dujiangyan Investment and Development Group Co., LTD., the 100.00% equity of Dujiangyan New Town Happiness Construction Co., LTD., held by Dujiangyan New Town Construction and Investment Co., Ltd. will be transferred to Dujiangyan New Town Group Co., LTD.

(3) On September 25, 2020, according to the Notice on the Free Transfer of Dujiangyan Lvlin Bamboo

Industry Co., LTD. (No. [2020] -60) issued by Dujiangyan State-owned Assets Supervision and Administration and Financial Work Bureau, 100.00% equity of Dujiangyan Lvlin Bamboo Co., Ltd. held by the company shall be transferred to Dujiangyan State-owned Assets Supervision and Administration and Financial Work Bureau free of charge, and the base date of transfer shall be September 30, 2020. As of the date of issue of the report, the above matters have not yet completed the industrial and commercial change.

8.5 Changes in the scope of consolidation for other reasons

On 5 September 2019, according to the Notice on Matters Related to Equity Transfer of State-owned Enterprises (Dujiangyan Modern Agriculture Development Investment Co., LTD. [2019]86) issued by Dujiangyan State-owned Assets Supervision and Administration and Financial Work Bureau, 100.00% of the equity of Dujiangyan Greenlin Bamboo Co., LTD., held by Dujiangyan Modern Agriculture Development Investment Co., LTD., was transferred to the company.

9. Interests in other entities

9.1 Interests in Subsidiaries

Serial Number	Business name	Rank	Percentage of ownership (%)	Voting rights (%)	Method of acquisition
1	Dujiangyan Runmao Industrial Co., LTD	2	100.00	100.00	Investment establishment
2	Sichuan Runxi Supply Chain Management Co. LTD	2	60.00	60.00	Investment establishment
3	Dujiangyan New City Construction Investment Co., LTD	2	100.00	100.00	Equity Transfer
3-1	Dujiangyan Chengheng Rural Revitalization Investment and Development Co. LTD	3	100.00	100.00	Investment establishment
3-2	Dujiangyan City city Rui land consolidation Co., LTD	3	51.20	51.20	Investment establishment
3-3	Dujiangyan Chengsheng Land Consolidation Co., LTD	3	0.50	0.50	Investment establishment
3-4	Dujiangyan Construction and Building Materials Co., LTD	3	100.00	100.00	Investment establishment

9.2 Interests in joint ventures or associates

Interest in joint venture or associate is detailed in note 7,(7.9) Long-term equity investments.

10. Related party relationships and transactions

10.1 Related party relationships

(1) Information about the company's parent company

Name of parent company	Registered address	Nature of business	Registered capital (ten thousand yuan)	Shareholding ratio (%)	Voting rights (%)
Chengdu Dujiangyan Investment Development Group Co., LTD	Dujiangyan City	Limited liability company (wholly state-owned)	500,000.00	100.00	100.00

(2) Information about the subsidiary is detailed in note "9, (9.1) Interests in Subsidiaries " to this note.

(3) The company's joint ventures and associates are detailed in Note 7 ,(7.9) Long-term equity investments.

(4) Information on other related parties

Names of other related parties	The relationship of the other related party to the company
Dujiangyan Xingshi Group Co., LTD	Companies controlled by the same group company
Chengdu Dujiangyan Tourism Group Co. LTD	Companies controlled by the same group company
Chengdu Qingcheng Sandu Jiangan Tourism Co., LTD	Companies controlled by the same group company
Dujiangyan Guyan ImAgeing Co., LTD	Companies controlled by the same group company
Chengdu Qingdu Cultural Development Co., LTD	Companies controlled by the same group company
Dujiangyan Xinglv Commercial Management Co., LTD	Companies controlled by the same group company
Dujiangyan Minjiang Water Group Co. LTD	Companies controlled by the same group company
Dujiangyan Xing Sewage Treatment Co., LTD	Companies controlled by the same group company
Dujiangyan Xing Municipal Facilities Management Co., LTD	Companies controlled by the same group company
Dujiangyan Minshui Construction and Installation Engineering Co., LTD	Companies controlled by the same group company
Dujiangyan Tianfuyuan Building Materials Co., LTD	Companies controlled by the same group company
Dujiangyan Minjiang Investment and Operation Co., LTD	Companies controlled by the same group company
Chengdu Bidu Industrial Co., LTD	Companies controlled by the same group company
Chengdu Dujiangyan Cultural Tourism Group Co. LTD	Companies controlled by the same group company
Chengdu Daily Dujiangyan Culture Communication Co., LTD	Companies controlled by the same group company
Dujiangyan Sunshine Tourism Development Co., LTD	Companies controlled by the same group company
Chengdu Dujiangyan International Travel Service Co., LTD	Companies controlled by the same group company
Dujiangyan Dujiangyan Tourism Business Co., LTD	Companies controlled by the same group company
Dujiangyan Antai Tourism Project Investment Co., LTD	Companies controlled by the same group company
Dujiangyan Binjiang Entertainment Investment Co., LTD	Companies controlled by the same group company
Dujiangyan City Chengying Management Service Co., LTD	Companies controlled by the same group company
Dujiangyan Smart City Operation Construction Development Group Co., LTD	Companies controlled by the same group company
Dujiangyan Small Town Construction Investment Co., LTD	Companies controlled by the same group company
Dujiangyan Xingyan Investment Co., LTD	Companies controlled by the same group company
Dujiangyan Yipo Parking Management Co., LTD	Companies controlled by the same group company
Chengdu Xingyan Tourism Investment Co., LTD	Companies controlled by the same group company
Dujiangyan City Urban Construction Investment Development Co., LTD	Companies controlled by the same group company
Dujiangyan Urban Development Co., LTD	Companies controlled by the same group company
Dujiangyan State Investment Urban Construction Co., LTD	Companies controlled by the same group company
Chengdu Scenic Hotel Co., LTD	Companies controlled by the same group company
Dujiangyan Chengyun Development and Construction Co., LTD	Companies controlled by the same group company

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Names of other related parties	The relationship of the other related party to the company
Dujiangyan Zhengfeng Human Resources Service Co., LTD	Companies controlled by the same group company
Dujiangyan Ziqi Donglai City Management Co., LTD	Companies controlled by the same group company
Dujiangyan Xincheng Happiness Construction Co., LTD	Companies controlled by the same group company
Dujiangyan Industrial Concentrated Development and Construction Investment Co., LTD	Companies controlled by the same group company
Dujiangyan Jinxin Financing Guarantee Co., LTD	Companies controlled by the same group company
Chengdu Dujiangyan Zhongkang Supply Chain Management Co. LTD	Companies controlled by the same group company

10.2 Related party transactions

(1) Related parties provide guarantee for the unit

The guarantor	The secured party	Commencement date of guarantee	The date the guarantee expires	Amount guaranteed
Dujiangyan Xingyan Investment Co., LTD., Dujiangyan New City Construction Investment Co., LTD	Dujiangyan Construction Engineering and Building Materials Co., LTD	2021-09-30	2022-09-30	20,000,000.00
Dujiangyan Smart City Operation Construction Development Group Co., LTD	Dujiangyan Construction Engineering Building Materials Co., LTD	2021-12-16	2022-12-15	60,000,000.00
Dujiangyan Smart City operation construction Development Group Co., LTD	Dujiangyan Construction Engineering Building Materials Co., LTD	2021-12-17	2022-12-16	60,000,000.00
Dujiangyan Xingshi Group Co., LTD., Dujiangyan New City Construction Investment Co., LTD., Dujiangyan Industrial Concentrated Development Construction Investment Co., LTD	Dujiangyan Construction Engineering and Building Materials Co., LTD	2021-03-02	2022-03-01	4,990,000.00
Dujiangyan Xingshi Group Co., LTD., Dujiangyan New City Construction Investment Co., LTD., Dujiangyan Industrial Concentrated Development Construction Investment Co., LTD	Dujiangyan Chengheng Rural Revitalization Investment and Development Co., LTD	2021-08-27	2022-08-26	4,990,000.00
Dujiangyan Xingshi Group Co., LTD., Chengdu Dujiangyan Investment and Development Group Co., LTD	Dujiangyan urban and rural construction Group Co., LTD	2021-09-30	2022-09-27	90,000,000.00
Chengdu Dujiangyan Investment Development Group Co., LTD	Dujiangyan Urban and Rural Construction Group Co., LTD	2021-12-24	2022-12-23	32,000,000.00
Chengdu Dujiangyan Investment and Development Group Co. LTD	Dujiangyan Urban and Rural Construction Group Co., LTD	2021-11-03	2022-11-02	25,000,000.00
Dujiangyan Xingshi Group Co., LTD., Chengdu Dujiangyan Investment and Development Group Co., LTD	Dujiangyan Urban and Rural Construction Group Co., LTD	2021-12-03	2022-11-29	10,000,000.00
Dujiangyan Essence Runyuan Agricultural Investment Co., LTD., Dujiangyan Modern Agriculture Investment Development Co., LTD., Dujiangyan Industrial Concentrated Investment Development Co., LTD	Dujiangyan Runmao Industrial Co., LTD	2021-02-10	2022-02-09	30,000,000.00
Dujiangyan Essence Runyuan Agricultural Investment Co., LTD., Dujiangyan Modern Agriculture Investment Development Co., LTD., Dujiangyan Industrial Concentrated Investment Development Co., LTD	Dujiangyan Runmao Industrial Co., LTD	2021-02-26	2022-02-25	20,000,000.00
Chengdu Dujiangyan Investment and Development Group Co. LTD	Dujiangyan Runmao Industrial Co., LTD	2021-06-25	2022-06-25	10,000,000.00

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The guarantor	The secured party	Commencement date of guarantee	The date the guarantee expires	Amount guaranteed
Dujiangyan Xingshi Group Co., LTD., Chengdu Dujiangyan Investment and Development Group Co., LTD	Dujiangyan Runmao Industrial Co., LTD	2021-12-10	2022-12-08	5,000,000.00
Dujiangyan Xingshi Group Co., LTD., Dujiangyan New City Construction Investment Co., LTD	Dujiangyan Runmao Industrial Co., LTD	2021-01-12	2022-01-11	4,900,000.00
Dujiangyan Xingyan Investment Co., LTD	Dujiangyan New City Construction Investment Co., LTD	2016-08-05	2026-08-04	232,561,500.00
Chengdu Dujiangyan Tourism Group Co. LTD	Dujiangyan New City Construction Investment Co., LTD	2018-01-01	2027-12-06	592,500,000.00
Chengdu Dujiangyan Tourism Group Co. LTD	Dujiangyan New City Construction Investment Co., LTD	2018-01-01	2027-11-24	422,500,000.00
Dujiangyan Xingyan Investment Co., LTD	Dujiangyan New City Construction Investment Co., LTD	2018-06-27	2028-06-26	594,959,890.00
Chengdu Dujiangyan Investment Development Group Co., LTD	Dujiangyan New City Construction Investment Co., LTD	2021-06-28	2023-06-27	199,000,000.00
Dujiangyan New City Construction Investment Co., LTD., Dujiangyan Xingshi Group Co., LTD	Dujiangyan Construction Engineering and Building Materials Co., LTD	2020-03-30	2028-03-20	746,000,000.00
Chengdu Dujiangyan Investment and Development Group Co. LTD	Dujiangyan Urban and Rural Construction Group Co., LTD	2021-09-30	2023-09-28	130,000,000.00
Dujiangyan Minjiang Water Group Co. LTD	Dujiangyan urban and rural construction Group Co., LTD	2020-12-30	2032-12-07	127,606,911.21
Dujiangyan Xingyan Investment Co. LTD	Dujiangyan New City Construction Investment Co., LTD	2018-11-30	2022-07-03	18,770,000.00
Dujiangyan Industrial Concentrated Development and Construction Investment Co., LTD	Dujiangyan New City Construction Investment Co., LTD	2019-07-26	2022-06-29	15,870,000.00
Dujiangyan Xingyan Investment Co., LTD	Dujiangyan New City Construction Investment Co., LTD	2019-08-30	2022-06-30	15,299,980.02
Dujiangyan Xingyan Investment Co. LTD	Dujiangyan New City Construction Investment Co., LTD	2020-03-27	2022-03-27	100,000,000.00
Dujiangyan Industrial Concentrated Development and Construction Investment Co., LTD., Dujiangyan Xingyan Investment Co., LTD., Dujiangyan State Investment Urban Construction Co., LTD	Dujiangyan New City Construction Investment Co., LTD	2021-12-15	2023-12-15	50,000,000.00
Dujiangyan Industrial Concentrated Development and Construction Investment Co., LTD., Dujiangyan New City Construction Investment Co., LTD., Dujiangyan State Investment Urban Construction Co., LTD., Dujiangyan Xingyan Investment Co., LTD	Dujiangyan Construction Engineering and Building Materials Co., LTD	2020-07-24	2022-07-24	100,945,021.86
Dujiangyan Xingshi Group Co., LTD., Dujiangyan State Investment Urban Construction Co., LTD	Dujiangyan New City Construction Investment Co., LTD	2016-11-18	2023-5-21	207,734,442.91
Guarantee provided by Dujiangyan Xingyan Investment Co., LTD	Dujiangyan New City Construction Investment	2018-06-12	2022-06-20	226,666,666.68

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The guarantor	The secured party	Commencement date of guarantee	The date the guarantee expires	Amount guaranteed
	Co., LTD			
Dujiangyan Xingyan Investment Co., LTD., and Chengdu Dujiangyan Investment and Development Group Co., LTD	Dujiangyan New City Construction Investment Co., LTD	2021-04-30	2023-06-30	495,300,000.00
Chengdu Dujiangyan Investment Development Group Co., LTD., Dujiangyan Xingyan Investment Co., LTD., Dujiangyan Small Town Construction Investment Co., LTD., Dujiangyan Xingyan Group Co., LTD	Dujiangyan New Town Construction Investment Co., LTD	2021-10-25	2023-10-25	50,400,000.00
Dujiangyan Industrial Concentrated Development and Construction Investment Co., LTD., Dujiangyan Xingyan Group Co., LTD., Dujiangyan Xingyan Investment Co., LTD., Dujiangyan SDIC Urban Construction Co., LTD	Dujiangyan New City Construction Investment Co., LTD	2016-01-12	2022-01-10	465,000,000.00
Dujiangyan Xingyan Investment Co., LTD., Dujiangyan New City Construction Investment Co., LTD., Dujiangyan Xingyan Investment Co., LTD	Dujiangyan Construction Engineering and Building Materials Co., LTD	2017-03-06	2022-03-06	97,571,908.45
Dujiangyan Xingyan Investment Co., LTD., Dujiangyan New City Construction Investment Co., LTD., Dujiangyan Xingyan Investment Co., LTD	Dujiangyan Construction Engineering and Building Materials Co., LTD	2018-01-08	2023-01-08	164,831,844.47

(2) The unit provides guarantees for related parties

Name of the unit	Start date of guarantee	The date the guarantee expires	Guaranteed balance
Chengdu Dujiangyan Tourism Group Co. LTD	2017-09-13	2032-08-16	665,500,000.00
Chengdu Dujiangyan Tourism Group Co. LTD	2018-03-20	2022-03-19	545,000,000.00
Chengdu Dujiangyan Investment and Development Group Co. LTD	2021-06-28	2022-06-27	130,000,000.00
Chengdu Dujiangyan Investment and Development Group Co. LTD	2021-11-26	2022-11-25	70,000,000.00
Dujiangyan Urban Development Co., LTD	2021-09-24	2022-09-23	6,770,000.00
Dujiangyan Industrial Concentrated Development and Construction Investment Co., LTD	2013-01-25	2023-01-24	112,000,000.00
Dujiangyan Industrial Concentrated Development and Construction Investment Co., LTD	2016-08-25	2026-08-24	485,650,000.00
Dujiangyan State Investment Urban Construction Co., LTD	2016-12-16	2026-12-15	583,400,000.00
Dujiangyan Xincheng Happiness Construction Co., LTD	2021-12-29	2022-12-27	13,770,000.00
Dujiangyan Xingshi Group Co., LTD	2016-06-29	2026-05-29	202,730,000.00
Dujiangyan Xingshi Group Co., LTD	2017-01-12	2031-12-31	270,000,000.00
Dujiangyan Xingshi Group Co., LTD	2017-03-22	2023-03-19	489,500,000.00
Dujiangyan Xingshi Group Co., LTD	2021-02-26	2024-03-01	345,000,000.00
Dujiangyan Xingyan Investment Co., LTD	2017-10-11	2027-08-17	90,000,000.00
Dujiangyan Smart City Operation Construction Development Group Co., LTD	2021-12-30	2031-12-24	210,000,000.00
Dujiangyan Industrial Concentrated Development and Construction Investment Co., LTD	2021-04-30	2024-04-30	92,000,000.00
Dujiangyan Minjiang Water Group Co., LTD	2021-04-01	2022-03-29	109,000,000.00

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Name of the unit	Start date of guarantee	The date the guarantee expires	Guaranteed balance
Dujiangyan Tianfuyuan Building Materials Co., LTD	2021-04-01	2022-03-29	65,000,000.00
Dujiangyan Xingshi Group Co., LTD	2020-04-01	2022-03-29	126,000,000.00
Dujiangyan Minjiang Water Group Co. LTD	2021-04-30	2024-04-30	127,032,954.73
Dujiangyan Minjiang Water Group Co. LTD	2021-06-28	2024-06-28	42,344,318.24
Dujiangyan Xingshi Group Co. LTD	2021-12-24	2022-12-24	107,200,000.00
Dujiangyan Xingshi Group Co., LTD	2017-09-20	2022-07-20	62,743,142.47
Dujiangyan Xingshi Group Co. LTD	2021-01-20	2024-01-19	400,000,000.00
Dujiangyan Xingshi Group Co., LTD	2021-03-19	2024-03-18	100,000,000.00
Dujiangyan Xingshi Group Co., LTD	2021-03-30	2024-03-29	1,000,000,000.00
Dujiangyan Xingshi Group Co., LTD	2021-11-30	2023-11-30	65,000,000.00
Dujiangyan Xingshi Group Co., LTD	2021-05-28	2022-06-17	37,290,000.00
Dujiangyan Xingshi Group Co., LTD	2021-06-25	2023-08-26	162,840,000.00
Chengdu Dujiangyan Tourism Group Co. LTD	2018-06-01	2023-06-01	91,903,517.82

10.3 Receivable and payables from related parties

(1) Receivables due from related parties

Item name	Related Parties	31/12/2021	31/12/2020	31/12/2019
Other receivables	Chengdu Dujiangyan Tourism Group Co. LTD	56,500,000.00	56,500,000.00	26,500,000.00
Other receivables	Chengdu Dujiangyan Investment Development Group Co., LTD	214,647.83	90,859,700.00	-
Other receivables	Chengdu Xingyan Tourism Investment Co. LTD	1,968.62	-	-
Other receivables	Dujiangyan Chengyun Development and Construction Co., LTD	53,892,555.69	-	-
Other receivables	Dujiangyan Industrial Concentrated Development and Construction Investment Co., LTD	9,956,815.90	29,061,087.85	47,600,186.89
Other receivables	Dujiangyan Minjiang Water Group Co. LTD	10,500,000.00	10,500,000.00	10,500,000.00
Other receivables	Dujiangyan City Construction Investment Development Co., LTD	15,000.00	-	-
Other receivables	Dujiangyan Urban Development Co., LTD	880,252.72	-	-
Other receivables	Dujiangyan State Investment Urban Construction Co., LTD	1,059,611,569.65	2,669,722,838.38	2,607,338,678.11
Other receivables	Dujiangyan Tianfuyuan Building Materials Co., LTD	67,395,890.44	23,224,350.05	-
Other receivables	Dujiangyan Small Town Construction Investment Co., LTD	40,947,778.23	72,983,157.46	93,978,318.74
Other receivables	Dujiangyan Yipo Parking Management Co., LTD	70,930.00	58,430.00	-
Other receivables	Dujiangyan Xinchengzi Tourism Investment Management Co., LTD	42,500.00	-	-
Other receivables	Dujiangyan Xincheng Happiness Construction Co., LTD	129,991,938.08	115,209,038.08	--
Other receivables	Dujiangyan Xingshi Group Co., LTD	11,748.51	11,748.51	300,011,748.51
Other receivables	Dujiangyan Xingyan Investment Co. LTD	355,433,647.03	-	-

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Item name	Related Parties	31/12/2021	31/12/2020	31/12/2019
Other receivables	Dujiangyan Smart City Operation Construction Development Group Co., LTD	306,010,290.51	12,068.63	284,574,078.50

(2) Payables due to related parties

Item name	Related Parties	31/12/2021	31/12/2020	31/12/2019
Contract liabilities	Dujiangyan Minjiang Investment and Operation Co., LTD	156,880.73	-	-
Other payables	Chengdu Dujiangyan Investment and Development Group Co. LTD	1,407,566,021.03	129,000,000.00	-
Other payables	Chengdu Beautiful View Hotel Co., LTD	4,690,956.83	9,479,160.72	4,468,764.89
Other payables	Chengdu Dujiangyan Cultural Tourism Group Co. LTD	46,916,666.67	44,066,666.67	43,790,600.00
Other payables	Dujiangyan Minjiang Water Group Co. LTD	108,975,544.04	108,979,587.11	104,257,083.34
Other payables	Dujiangyan Urban Development Co., LTD	-	4,019,744.84	4,078,818.47
Other payables	Dujiangyan Industrial Concentrated Development and Construction Investment Co., LTD	962,200.00	962,200.00	962,200.00
Other payables	Dujiangyan State Investment Urban Construction Co., LTD	287,435.27	287,322.32	287,322.32
Other payables	Dujiangyan Tianfuyuan Building Materials Co., LTD	295,711,878.89	239,010,008.39	215,200,000.00
Other payables	Dujiangyan Yipo Parking Management Co., LTD	30,775,160.90	45,057,457.26	18,081,091.40
Other payables	Dujiangyan Xingshi Group Co., LTD	421,402,699.50	605,412,447.06	510,897,646.64
Other payables	Dujiangyan Xingyan Investment Co., LTD	16,100.00	184,248,759.82	379,494,872.27
Other payables	Dujiangyan Smart City Operation Construction Development Group Co., LTD	-	860,516,245.52	-

11. Contingencies

11.1 Contingent liabilities

(1) Contingent liabilities arising from providing security for debts of other units

As of 31 December 2021, the company provided guarantees for loans to the following units:

Name of unit	Start date of guarantee	The date the guarantee expires	Guaranteed balance
Chengdu Puhui Industrial Co., LTD	2021-02-02	2022-02-01	4,990,000.00
The Second People's Hospital of Dujiangyan	2021-12-16	2022-12-15	60,000,000.00
Chengdu Puhui Industry Co., LTD	2020-03-26	2022-03-25	5,000,000.00
North County Project Mortgage Guarantee	2019-05-24	2023-05-23	7,226,700,000.00
Commercial loans for personal housing	2007-06-14	2022-06-13	6,500.00
Dujiangyan Liangyuan Trading Co., LTD	2021-06-29	2022-06-23	6,476,800.00

Note: The guarantee provided by the Unit for related parties is detailed in this note "10, (10.2), Related

party transactions".

Apart from the above, the company has no major contingencies that need to be disclosed.

12. Post balance sheet events

1. In 2022, Dujiangyan New City Construction Investment Co., Ltd. and Dujiangyan Ruidu Asset Management Center (Limited partnership) will sign an equity transfer agreement, and Dujiangyan Ruidu Asset Management Center (limited partnership) will transfer 48.80% of the equity of Dujiangyan Chengrui Land Consolidation Co., Ltd. to Dujiangyan New City Construction Investment Co., LTD. The above matters will be completed on 21 April 2022 industrial and commercial change.

2. On 2 April 2022, according to the resolution of the Board of Directors of Chengdu Dujiangyan Investment and Development Group Co., LTD., it was agreed that Dujiangyan Hongye Rural Development Equity Investment Fund Partnership (Limited Partnership) would increase the capital of Dujiangyan Chengheng Rural Revitalization Investment and Development Co., LTD. (hereinafter referred to as "Chengheng Rural Revitalization") by RMB 100 million. After the capital increase and share expansion, the registered capital of Chengheng Rural revitalization changed to RMB 275,700,227.10 yuan, and Dujiangyan New City Construction Investment Co., Ltd. held 72.54% of the shares of Chengheng Rural revitalization. The above matters completed the industrial and commercial change on 7 May 2022.

3. On 2 April 2022, according to the resolution of the board of directors of Chengdu Dujiangyan Investment and Development Group Co., LTD., Dujiangyan Hongye Rural Development Equity Investment Fund Partnership (Limited Partnership) agreed to increase the capital of Dujiangyan Runmao Industrial Co., LTD., by 100 million yuan. After the capital increase and share expansion, the registered capital of Dujiangyan Runmao Industrial Co., Ltd. is changed to 248,007,681.23 yuan, and the company holds 80.64% of the equity. The above matters will be completed on 7 May 2022.

4. On 25 October 2022, the company completed the industrial and commercial change and changed its name from Dujiangyan Essence Runyuan Agricultural Investment Co., Ltd. to Dujiangyan Urban and Rural Construction Group Co., LTD.

5. According to the minutes of the 85th Meeting of the First Session of the Board of Directors of Chengdu Dujiangyan Investment and Development Group Co., Ltd. on 19 August 2022, the 100.00% equity of the company held by Dujiangyan New City Construction Investment Co., Ltd. was transferred to Chengdu Dujiangyan Investment and Development Group Co., Ltd. free of charge. Has completed the industrial and commercial transformation on 25 October 2022; 100.00% of the equity of Dujiangyan New City Construction Investment Co., LTD., formerly held by Chengdu Dujiangyan Investment and Development Group Co., Ltd. was transferred to the company free of charge, and the base date of transfer was 31 December 2021, and the industrial and commercial change was completed on 3 November 2022.

Except for the above, the company has no post-balance sheet events that need to be disclosed.

13. Other Important Matters

As of the date of issue of the audit report, the company has no other important matters that need to be disclosed

Dujiangyan Urban and Rural Construction Group Co., LTD
4 November 2022



APPENDIX A – FORM OF IRREVOCABLE STANDBY LETTER OF CREDIT

FM: BANK OF TIANJIN CO., LTD. (SWIFT: TCCBCNBTXXX)
NO.15 YOUYI ROAD, HEXI DISTRICT, TIANJIN CHINA 300201

DATE: [●] 2023

TO BENEFICIARY: THE BANK OF NEW YORK MELLON, HONG KONG BRANCH (SWIFT: IRVTHKHX) (THE “**TRUSTEE**”, WHICH EXPRESSION SHALL INCLUDE ANY SUCCESSOR OR CO-TRUSTEE) WHOSE ADDRESS AT THE BOND ISSUE DATE (AS DEFINED BELOW) IS AT LEVEL 26, THREE PACIFIC PLACE, 1 QUEEN’S ROAD EAST, HONG KONG (TO BE MARKED TO THE ATTENTION OF GLOBAL CORPORATE TRUST) IN ITS CAPACITY AS TRUSTEE FOR ITSELF AND ON BEHALF OF THE HOLDERS (THE “**BONDHOLDERS**”) OF THE CNY969,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF 4.80 PER CENT. CREDIT ENHANCED BONDS DUE 2026 (THE “**BONDS**”), TO BE ISSUED BY DUJIANGYAN URBAN AND RURAL CONSTRUCTION GROUP CO., LTD. (THE “**BOND ISSUER**”) AND TO BE CONSTITUTED BY A TRUST DEED DATED 10 NOVEMBER 2023 (THE “**BOND ISSUE DATE**”) BETWEEN THE BOND ISSUER AND THE TRUSTEE (AS AMENDED AND/OR SUPPLEMENTED FROM TIME TO TIME, THE “**TRUST DEED**”).

DEAR SIRs,

RE: OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. [NUMBER]

AT THE REQUEST OF OUR CUSTOMER, THE BOND ISSUER, WE, BANK OF TIANJIN CO., LTD. (THE “**ISSUING BANK**”, “**OUR**”, “**US**” OR “**WE**”), HEREBY ISSUE OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. [NUMBER] IN YOUR FAVOUR, AND FOR THE ACCOUNT OF THE BOND ISSUER, IN RESPECT OF AND IN CONNECTION WITH THE TERMS AND CONDITIONS OF THE BONDS APPENDED TO THE TRUST DEED (THE “**CONDITIONS**”) AND THE TRUST DEED. THIS IRREVOCABLE STANDBY LETTER OF CREDIT IS MADE AVAILABLE BY US FOR PAYMENT AGAINST OUR RECEIPT OF A DEMAND SUBSTANTIALLY IN THE FORM SET OUT IN APPENDIX A-1 (A “**DEMAND**”) PRESENTED IN ACCORDANCE WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT STATING THAT (A) THE BOND ISSUER HAS FAILED TO COMPLY WITH CONDITION 4(B) (THE “**PRE-FUNDING CONDITION**”) IN RELATION TO PRE-FUNDING THE AMOUNT THAT IS REQUIRED TO BE PRE-FUNDED UNDER THE CONDITIONS AND/OR HAS FAILED TO PROVIDE THE REQUIRED CONFIRMATIONS (AS DEFINED IN CONDITION 10) IN ACCORDANCE WITH THE PRE-FUNDING CONDITION OR (B) AN EVENT OF DEFAULT (AS DEFINED IN THE CONDITIONS) HAS OCCURRED AND THE TRUSTEE HAS GIVEN NOTICE TO THE BOND ISSUER THAT THE BONDS ARE IMMEDIATELY DUE AND PAYABLE IN ACCORDANCE WITH CONDITION 10.

SUBJECT TO THE TERMS OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT, WE UNCONDITIONALLY AND IRREVOCABLY UNDERTAKE TO YOU THAT, ON OR AFTER THE BOND ISSUE DATE AND FOLLOWING RECEIPT BY US OF A DEMAND BY 6:00 P.M. (HONG KONG TIME) PRESENTED BY THE TRUSTEE OR ON BEHALF OF THE TRUSTEE IN ACCORDANCE WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT ON A BUSINESS DAY, WE SHALL ON OR BEFORE 10:00 A.M. (HONG KONG TIME) ON THE FIFTH BUSINESS DAY IMMEDIATELY FOLLOWING SUCH BUSINESS DAY (IF THE DEMAND IS RECEIVED BY US AFTER 6:00 P.M. (HONG KONG TIME) ON SUCH BUSINESS DAY, THEN ON OR BEFORE 10:00 A.M. (HONG KONG TIME) ON THE SIXTH BUSINESS DAY IMMEDIATELY FOLLOWING SUCH BUSINESS DAY), PAY TO OR TO THE ORDER OF THE TRUSTEE THE AMOUNT IN RENMINBI SPECIFIED IN THE DEMAND IN IMMEDIATELY AVAILABLE CLEARED FUNDS TO THE ACCOUNT SPECIFIED IN THE DEMAND. “**BUSINESS DAY**” MEANS A DAY (OTHER THAN A

SATURDAY OR A SUNDAY OR A PUBLIC HOLIDAY) ON WHICH BANKS AND FOREIGN EXCHANGE MARKETS ARE OPEN FOR BUSINESS IN BEIJING AND HONG KONG.

SUBJECT TO THE TERMS OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT, OUR OBLIGATION TO PAY TO THE TRUSTEE IS UNCONDITIONAL, IRREVOCABLE AND ABSOLUTE AND ANY DEMAND BY THE TRUSTEE IN ACCORDANCE WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT SHALL BE HONOURED WITHOUT ANY FURTHER ENQUIRY AS TO THE TRUSTEE'S RIGHTS TO MAKE SUCH DEMAND.

OUR AGGREGATE LIABILITY UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT SHALL BE EXPRESSED AND PAYABLE IN RENMINBI AND SHALL NOT IN ANY CIRCUMSTANCES EXCEED CNY1,000,000,000 (THE "MAXIMUM LIMIT"), AN AMOUNT REPRESENTING ONLY (I) THE AGGREGATE PRINCIPAL AMOUNT OF THE BONDS PLUS INTEREST PAYABLE FOR ONE INTEREST PERIOD IN ACCORDANCE WITH THE CONDITIONS AND (II) CNY7,425,424.66, BEING THE MAXIMUM AMOUNT PAYABLE UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT FOR ANY FEES, COSTS, EXPENSES, INDEMNITY PAYMENTS AND/OR ALL OTHER AMOUNTS PAYABLE BY THE BOND ISSUER TO THE TRUSTEE UNDER OR IN CONNECTION WITH THE BONDS, THE TRUST DEED, THE AGENCY AGREEMENT, THIS IRREVOCABLE STANDBY LETTER OF CREDIT AND/OR ANY OTHER TRANSACTION DOCUMENT RELATING TO THE BONDS.

THIS IRREVOCABLE STANDBY LETTER OF CREDIT TAKES EFFECT FROM THE BOND ISSUE DATE AND SHALL REMAIN VALID AND IN FULL FORCE UNTIL 6:00 P.M. (HONG KONG TIME) ON 10 DECEMBER 2026 (THE "EXPIRY DATE") AND SHALL EXPIRE AT THE PLACE OF THE ISSUING BANK.

PAYMENT WILL BE EFFECTED AFTER OUR RECEIPT OF A DEMAND PRESENTED IN ACCORDANCE WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT, WHICH IS PRESENTED ON OR AFTER THE BOND ISSUE DATE AND ON OR BEFORE THE EXPIRY DATE.

ANY DEMAND UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT IS TO BE PRESENTED BY WAY OF AN AUTHENTICATED SWIFT PRESENTED BY THE TRUSTEE OR ON BEHALF OF THE TRUSTEE TO US (SWIFT: TCCBCNBTXXX, ADDRESS: NO.15 YOUYI ROAD, HEXI DISTRICT, TIANJIN CHINA 300201) WITHOUT THE NEED TO PHYSICALLY PRESENT AN ORIGINAL OF THAT DEMAND AT OUR COUNTER; PROVIDED THAT IN THE EVENT THAT THE SWIFT SYSTEM IS NOT AVAILABLE FOR ANY REASON, THE TRUSTEE MAY INSTEAD PRESENT A DEMAND DULY SIGNED BY OR ON BEHALF OF THE TRUSTEE VIA FACSIMILE TRANSMISSION AT +86-022-28405418 ON OR AFTER THE BOND ISSUE DATE AND ON OR BEFORE THE EXPIRY DATE AND SUCH DEMAND SHALL BE SIGNED BY OR ON BEHALF OF THE TRUSTEE. FOR THE AVOIDANCE OF DOUBT, THE DEMAND SHALL BE RECEIVED FOR ALL PURPOSES OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT AND WE SHALL START PROCESSING THE DEMAND UPON RECEIPT OF THE DEMAND SENT TO US BY WAY OF FACSIMILE TRANSMISSION. IF THERE IS ANY DISCREPANCY OR AMBIGUITY BETWEEN THE ORIGINAL DEMAND AND THE DEMAND SENT BY WAY OF FACSIMILE TRANSMISSION, THE FACSIMILE VERSION SHALL PREVAIL.

ONLY ONE DRAWING IS PERMITTED UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT.

ALL CHARGES UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT ARE FOR THE ACCOUNT OF THE BOND ISSUER AND, FOR THE AVOIDANCE OF DOUBT, ARE NOT FOR THE ACCOUNT OF THE TRUSTEE.

NOTWITHSTANDING THE MAXIMUM LIMIT, ALL PAYMENTS UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT SHALL BE MADE IN RENMINBI AND FOR VALUE ON THE DATE SPECIFIED IN THE DEMAND IN IMMEDIATELY AVAILABLE FUNDS WITHOUT ANY DEDUCTION OR WITHHOLDING FOR OR ON ACCOUNT OF TAX, SET-OFF, COUNTER-CLAIM OR OTHERWISE. IN THE EVENT THAT ANY DEDUCTION OR WITHHOLDING IS REQUIRED BY LAW, THE ISSUING BANK SHALL PAY SUCH ADDITIONAL AMOUNTS AS WILL RESULT IN RECEIPT BY THE TRUSTEE OF SUCH AMOUNTS AS WOULD HAVE BEEN RECEIVED BY IT HAD NO SUCH DEDUCTION OR WITHHOLDING BEEN REQUIRED BY LAW.

THE TRUSTEE'S RIGHTS UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT MAY BE TRANSFERRED OR RE-TRANSFERRED IN WHOLE OR IN PART TO ANY ADDITIONAL OR REPLACEMENT TRUSTEE IN RESPECT OF THE BONDS SUBJECT ONLY TO AT LEAST 15 DAYS' NOTICE HAVING BEEN GIVEN TO US BY OR ON BEHALF OF THE TRUSTEE BY AUTHENTICATED SWIFT, OR IN THE EVENT THAT THE SWIFT SYSTEM IS NOT AVAILABLE FOR ANY REASON VIA FACSIMILE TRANSMISSION TO US AT +86-022-28405418. THE NOTIFICATION OF TRANSFER OR RE-TRANSFER SHALL SPECIFY THE TRANSFEREE OR RE-TRANSFEREE, THE AMOUNT OF TRANSFER OR RE-TRANSFER AND THE EFFECTIVE DATE OF SUCH TRANSFER OR RE-TRANSFER.

WE MAY NOT TRANSFER, ASSIGN OR NOVATE ANY OF OUR OBLIGATIONS UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT.

NOTWITHSTANDING THE FOREGOING PROVISIONS OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT AND ARTICLE 36 OF UCP600 (AS DEFINED BELOW), IN THE EVENT THAT WE ARE CLOSED BECAUSE OF A FORCE MAJEURE OR OTHER UNFORESEEN EVENT (INCLUDING WITHOUT LIMITATION THE COVID-19 PANDEMIC) WHEN THE TRUSTEE WISHES TO PRESENT A DEMAND HEREUNDER ON THE DAY AND AT THE TIME A DEMAND IS PERMITTED TO BE PRESENTED IN ACCORDANCE WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT, WE AGREE THAT THE TRUSTEE CAN PRESENT THE DEMAND BY AUTHENTICATED SWIFT OR, IN THE EVENT THAT THE SWIFT SYSTEM IS NOT AVAILABLE FOR ANY REASON, BY PRESENTING A COPY OF THE DEMAND VIA FACSIMILE TRANSMISSION AT +86-022-28405418 FROM THE DATE WE PROVIDE WRITTEN NOTIFICATION TO YOU OF THE RESUMPTION OF OUR BUSINESS; PROVIDED THAT IF WE ARE CLOSED BECAUSE OF SUCH FORCE MAJEURE OR OTHER UNFORESEEN EVENT ON THE EXPIRY DATE, THEN THE AVAILABILITY OF THIS LETTER OF CREDIT SHALL AUTOMATICALLY EXTEND TO THE DATE THAT IS FIVE BUSINESS DAYS AFTER THE DATE WE PROVIDE WRITTEN NOTICE TO YOU OF THE RESUMPTION OF OUR BUSINESS AND UPON SUCH EXTENSION YOU MAY PRESENT YOUR DEMAND HEREUNDER.

ANY SETTLEMENT OR DISCHARGE BETWEEN US AS THE ISSUING BANK AND THE TRUSTEE SHALL BE CONDITIONAL UPON NO PAYMENT TO THE TRUSTEE BY THE BOND ISSUER OR ANY OTHER PERSON ON THE BOND ISSUER'S BEHALF BEING AVOIDED (BY VIRTUE OF ANY LAWS RELATING TO BANKRUPTCY, INSOLVENCY, RECEIVERSHIP, LIQUIDATION OR SIMILAR LAWS OF GENERAL APPLICATION FOR THE TIME BEING IN FORCE) AND, IN THE EVENT OF ANY SUCH PAYMENT BEING SO AVOIDED, THE TRUSTEE SHALL BE ENTITLED TO RECOVER FROM US SUBSEQUENTLY THE AMOUNT BY WHICH SUCH PAYMENT IS SO AVOIDED AS IF SUCH SETTLEMENT OR DISCHARGE HAD NOT OCCURRED.

EXCEPT TO THE EXTENT THAT IT IS INCONSISTENT WITH THE EXPRESS TERMS OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT, THIS IRREVOCABLE STANDBY LETTER OF CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (2007 REVISION), INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 600 ("**UCP600**").

THIS IRREVOCABLE STANDBY LETTER OF CREDIT, AND ANY NON-CONTRACTUAL OBLIGATIONS ARISING OUT OF OR IN CONNECTION WITH IT, SHALL BE GOVERNED BY ENGLISH LAW. NO PERSON SHALL HAVE ANY RIGHT TO ENFORCE ANY TERM OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT UNDER THE CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999. WE AGREE (1) THAT THE COURTS OF HONG KONG HAVE EXCLUSIVE JURISDICTION TO SETTLE ANY DISPUTE ARISING OUT OF OR IN CONNECTION WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT (INCLUDING ANY NON-CONTRACTUAL OBLIGATIONS ARISING OUT OF OR IN CONNECTION WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT) AND ACCORDINGLY ANY LEGAL ACTION OR PROCEEDINGS ARISING OUT OF OR IN CONNECTION WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT (THE “**PROCEEDINGS**”) MAY BE BROUGHT IN SUCH COURTS, AND (2) THAT TO SUBMIT 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 PROCEEDS HAVE BEEN BROUGHT IN AN INCONVENIENCE FORUM.

WE HAVE IRREVOCABLY AGREED TO RECEIVE SERVICE OF PROCESS IN ANY LEGAL ACTION OR PROCEEDINGS ARISING OUT OF OR IN CONNECTION WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT AT OUR PRINCIPAL PLACE OF BUSINESS IN HONG KONG AT 40TH FLOOR, DAH SING FINANCIAL CENTRE, NO. 248 QUEEN’S ROAD EAST, WANCHAI, HONG KONG. IF FOR ANY REASON WE CEASE TO HAVE SUCH A PRINCIPAL PLACE OF BUSINESS OR CHANGE OUR PRINCIPAL PLACE OF BUSINESS IN HONG KONG, WE WILL PROMPTLY NOTIFY THE BENEFICIARY OF SUCH CHANGE AND APPOINT A SUBSTITUTE PROCESS AGENT AND NOTIFY THE BENEFICIARY OF SUCH APPOINTMENT WITHIN 30 DAYS OF SUCH CHANGE OR CESSATION (AS THE CASE MAY BE). NOTHING HEREIN SHALL AFFECT THE RIGHT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

APPENDIX A-1 – FORM OF DEMAND

TO: BANK OF TIANJIN CO., LTD. (SWIFT: TCCBCNBTXXX)
NO.15 YOUYI ROAD, HEXI DISTRICT, TIANJIN CHINA 300201

[DATE]

DEAR SIRS

RE: DEMAND UNDER THE IRREVOCABLE STANDBY LETTER OF CREDIT NO. [NUMBER] IN RESPECT OF THE CNY969,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF 4.80 PER CENT. CREDIT ENHANCED BONDS DUE 2026 (THE “**BONDS**”) ISSUED BY DUJIANGYAN URBAN AND RURAL CONSTRUCTION GROUP CO., LTD. (THE “**BOND ISSUER**”)

THE UNDERSIGNED IS A DULY AUTHORISED REPRESENTATIVE OF THE BANK OF NEW YORK MELLON, HONG KONG BRANCH AS TRUSTEE FOR THE BONDS (THE “**BENEFICIARY**”) UNDER YOUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. [NUMBER] (THE “**IRREVOCABLE STANDBY LETTER OF CREDIT**”). TERMS USED HEREIN BUT NOT DEFINED SHALL HAVE THE MEANINGS GIVEN TO THEM IN THE IRREVOCABLE STANDBY LETTER OF CREDIT.

1 THIS DEMAND IS MADE IN CONNECTION WITH THE FOLLOWING:

- THE BOND ISSUER HAS FAILED TO COMPLY WITH CONDITION 4(B) (THE “**PRE-FUNDING CONDITION**”) IN RELATION TO PRE-FUNDING THE AMOUNT THAT IS REQUIRED TO BE PRE-FUNDED UNDER THE CONDITIONS AND/OR HAS FAILED TO PROVIDE THE REQUIRED CONFIRMATIONS (AS DEFINED IN THE CONDITIONS) IN ACCORDANCE WITH THE PRE-FUNDING CONDITION.
- AN EVENT OF DEFAULT (AS DEFINED IN THE CONDITION 10) HAS OCCURRED AND THE TRUSTEE HAS GIVEN NOTICE TO THE BOND ISSUER THAT THE BONDS ARE IMMEDIATELY DUE AND PAYABLE IN ACCORDANCE WITH CONDITION 10.

2 WE HEREBY DEMAND YOU TO PAY: CNY[●] REPRESENTING (A) CNY[●] OF PRINCIPAL DUE IN RESPECT OF THE OUTSTANDING BONDS, (B) CNY[AMOUNT] ACCRUED AND UNPAID INTEREST UP TO [DATE] AS A RESULT OF THE BONDS HAVING BECOME IMMEDIATELY DUE AND PAYABLE IN ACCORDANCE WITH THE CONDITIONS DUE TO [A PRE-FUNDING FAILURE/AN EVENT OF DEFAULT] AND (C) CNY[AMOUNT] OF THE FEES, COSTS, EXPENSES, INDEMNITY PAYMENTS AND/OR ALL OTHER AMOUNTS PAYABLE BY THE BOND ISSUER TO THE TRUSTEE UNDER OR IN CONNECTION WITH THE BONDS, THE TRUST DEED, THE AGENCY AGREEMENT, THIS IRREVOCABLE STANDBY LETTER OF CREDIT AND/OR ANY OTHER TRANSACTION DOCUMENT RELATING TO THE BONDS.

3 WE HEREBY REQUEST YOU TO PAY THE ABOVE AMOUNT AFTER YOU RECEIVE THIS DEMAND IN ACCORDANCE WITH THE IRREVOCABLE STANDBY LETTER OF CREDIT.

4 THE PROCEEDS OF THE DRAWING UNDER THIS DEMAND ARE TO BE CREDITED TO THE FOLLOWING ACCOUNT: *[INSERT ACCOUNT DETAILS]*

THE BANK OF NEW YORK MELLON, HONG KONG BRANCH AS TRUSTEE FOR THE BONDS

BY: _____

NAME: _____

TITLE: _____

ISSUER

Dujiangyan Urban and Rural Construction Group Co., Ltd.
(都江堰市城鄉建設集團有限公司)
231 Kuiguang Road, Kuiguangta Community, Kuiguangta Street
Dujiangyan, Chengdu
Sichuan, China

AUDITORS OF THE ISSUER

Talent Certified Public Accountants (Special General Partnership)
No. 1, 11th Floor, Unit 1, Building 1
No. 28, Tianfu Avenue North Section
Chengdu High Tech Zone
China (Sichuan) Pilot Free Trade Zone

TRUSTEE

The Bank of New York Mellon, Hong Kong Branch
Level 26, Three Pacific Place
1 Queen's Road East
Hong Kong

**CMU LODGING AND
PAYING AGENT**

**The Bank of New York Mellon,
Hong Kong Branch**
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**REGISTRAR AND
TRANSFER AGENT**

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LC BANK

Bank of Tianjin Co., Ltd.
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Tianjin China 300201