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

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

## **PUBLICATION OF OFFERING CIRCULAR**

### **MIANYANG SCIENCE & TECHNOLOGY CITY DEVELOPMENT & INVESTMENT (GROUP) CO., LTD.**

**(綿陽科技城發展投資(集團)有限公司)**

**(the “Issuer”)**

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

**CNY530,000,000 3.18 per cent. Credit Enhanced Bonds due 2027**

**supported by an irrevocable Standby Letter of Credit issued by**

**Bank of Shanghai Co., Ltd., Chengdu Branch**

**(the “Bonds”)**

**(Stock Code: 84504)**

#### ***Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners***

**GF Securities**

**Orient Securities  
(Hong Kong)**

**Haitong  
International**

**BOSC International**

#### ***Joint Lead Managers and Joint Bookrunners***

**CEB International**

**CMB Wing Lung  
Bank Limited**

**CNCB Capital**

**Huatai International**

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

**Shanghai Pudong  
Development Bank  
Hong Kong Branch**

**I Win Securities Limited**

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

Reference is made to the notice of listing of the Bonds on The Stock Exchange of Hong Kong Limited dated 27 March 2024 published by the Issuer.

The offering circular dated 20 March 2024 (the “**Offering Circular**”) in relation to the issuance of the Bonds is appended to this announcement.

The Offering Circular is published in English only. No Chinese version of the Offering Circular has been published.

Hong Kong, 28 March 2024

*As at the date of this announcement, the directors of the Issuer are Mr. Jiang Lin, Mr. Zhu Yuping, Ms. Gu Jing, Mr. Chen Ye, Mr. Li Bing and Mr. Luo Tao.*

**APPENDIX I – OFFERING CIRCULAR DATED 20 MARCH 2024**

## IMPORTANT NOTICE

### NOT FOR DISTRIBUTION IN OR INTO THE UNITED STATES

**IMPORTANT: You must read the following disclaimer before continuing.** The following disclaimer applies to the attached offering circular (the “**Offering Circular**”). You are advised to read this disclaimer carefully before accessing, reading or making any other use of the Offering Circular. In accessing the 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 as a result of such access. You acknowledge that access to the Offering Circular is intended for use by you only and you agree you will not forward or otherwise provide access to any other person.

**NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES DESCRIBED HEREIN (THE “SECURITIES”) HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THIS OFFERING IS MADE SOLELY IN OFFSHORE TRANSACTIONS PURSUANT TO REGULATION S UNDER THE SECURITIES ACT.**

**THE OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND, IN PARTICULAR, MAY NOT BE FORWARDED TO ANY PERSON OR ANY ADDRESS IN THE UNITED STATES. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE 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.**

**Singapore SFA Product Classification:** In connection with Section 309B of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), the Issuer (as defined in the Offering Circular) 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).

**Confirmation of Your Representation:** You have accessed the Offering Circular on the basis that you have confirmed that (1) you and any customers you represent are not located in the United States, (2) the e-mail address that you provided and to which this e-mail has been delivered is not located in the United States, and (3) you consent to delivery of the Offering Circular by electronic transmission and any amendments or supplements thereto by electronic transmission. To the extent you purchase the Securities, you will be doing so in an offshore transaction as defined in regulations under the Securities Act in compliance with Regulation S thereunder.

The 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, the Managers, the Trustee, the Agents, the Pre-Funding Account Bank, the LC Proceeds Account Bank, the LC Bank (each as defined in the Offering Circular) or any of their respective affiliates, directors, officers, employees, advisers, representatives, agents and each person who controls any of them or their respective affiliates accepts any liability or responsibility whatsoever in respect of any such alteration or change to the Offering Circular distributed to you in electronic format or any difference between the Offering Circular distributed to you in electronic format and the hard copy version. A hard copy version will be provided to you upon request.

**Restrictions:** Nothing in this electronic transmission constitutes, and may not be used in connection with, an offer or an invitation by or on behalf of any of the Issuer or the Managers to subscribe for or purchase any of the Securities in any place where offers or solicitations are not permitted by law, and access has been limited so that it shall not constitute in the United States or elsewhere 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 Managers or any affiliate of the Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Managers or such affiliate on behalf of the Issuer in such jurisdiction.

You are reminded that you have accessed the Offering Circular on the basis that you are a person into whose possession the 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 the Offering Circular, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the Securities.

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

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

**MIANYANG SCIENCE & TECHNOLOGY CITY DEVELOPMENT &  
INVESTMENT (GROUP) CO., LTD.**  
**(綿陽科技城發展投資(集團)有限公司)**

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

**CNY530,000,000 3.18 per cent. Credit Enhanced Bonds due 2027**  
**supported by an irrevocable Standby Letter of Credit issued by**  
**Bank of Shanghai Co., Ltd., Chengdu Branch**  
**Issue Price: 100.00 per cent.**

The CNY530,000,000 in aggregate principal amount of 3.18 per cent. credit enhanced bonds due 2027 (the “**Bonds**”) will be issued by Mianyang Science & Technology City Development & Investment (Group) Co., Ltd. (綿陽科技城發展投資(集團)有限公司)(the “**Issuer**” or the “**Company**”). The Bonds will have the benefit of an irrevocable standby letter of credit (the “**Standby Letter of Credit**”) denominated in Renminbi and issued by Bank of Shanghai Co., Ltd., Chengdu Branch (the “**LC Bank**”). See “**Appendix – Form of Irrevocable Standby Letter of Credit**” for the form of the Standby Letter of Credit.

The Bonds will bear interest on their outstanding principal amount from and including 27 March 2024 (the “**Issue Date**”) at the rate of 3.18 per cent. per annum, payable semi-annually in arrear in equal instalments of CNY159.0 per Calculation Amount (as defined below) on 27 March and 27 September in each year, commencing on 27 September 2024. All payments of principal, premium (if any) and interest by or on behalf of the Issuer in respect of the Bonds shall be made without set-off or counterclaim, and free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the People's Republic of China (the “**PRC**”) or any political subdivision or any authority therein or thereof having power to tax to the extent described under “**Terms and Conditions of the Bonds – Taxation**”.

The Bonds will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable laws and regulations, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations. The PRC government (as defined herein) is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Bonds in lieu of the Issuer. See “**Risk Factors – Risks relating to the Bonds and the Standby Letter of Credit – The PRC government (including but not limited to the People's Government of Sichuan Province, the Mianyang Government and Mianyang SASAC) has no obligation to pay any amount under the Bonds, and the as payment obligations under the Bonds remain the obligation of the Issuer.**”

Pursuant to the Administrative Measures for the Review and Registration of Mid- to 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 Measures**”) issued by the NDRC (as defined herein) and effective from 10 February 2023, the Issuer has registered the issuance of the Bonds with the NDRC and obtained a certificate from the NDRC on 29 March 2023, which was supplemented by a letter of consent issued by the NDRC dated 20 March 2024, evidencing such registration. The Issuer undertakes to file or cause to be filed with the NDRC the requisite information and documents relating to the issue of the Bonds within ten Registration Business Days (as defined in the terms and conditions of the Bonds (the “**Conditions**”)) after the Issue Date in accordance with the NDRC Measures and any implementation rules, certificates, approvals or guidelines issued by the NDRC from time to time (the “**NDRC Post-issue Filing**”), and shall comply with all applicable PRC laws and regulations in connection with the Bonds. The Issuer further undertakes that it will (i) register or cause to be registered the issuance of the Bonds with the State Administration of Foreign Exchange or its competent local branches (“**SAFE**”) in accordance with the applicable laws, regulations and implementation rules issued by PBOC, SAFE and other competent authorities in the PRC from time to time on or prior to the day falling 15 Registration Business Days after the Issue Date (the “**Foreign Debt Registration**”) and (ii) complete the Foreign Debt Registration and obtain evidence thereof from relevant branch of SAFE on or before the Registration Deadline (being the day falling 120 Registration Business Days after the Issue Date).

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 27 March 2027 (the “**Maturity Date**”). The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice (“**Tax Redemption Notice**”), which shall specify the date for redemption, to the holders of the Bonds (the “**Bondholders**”) (which notice shall be irrevocable) and in writing to the Trustee and the CMU Lodging and Paying Agent (each as defined in the Conditions), in accordance with Conditions at their principal amount (together with any interest accrued to but excluding the date fixed for redemption), if the Issuer satisfies the Trustee immediately prior to the giving of such Tax Redemption Notice that (i) the Issuer has or will become obliged to pay Additional Tax Amounts (as defined in the Conditions) as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change and/or amendment becomes effective on or after 20 March 2024, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it. Following the occurrence of a Relevant Event (as defined in the Conditions), the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem all, but not some only, of such holder's Bonds on the Put Settlement Date (as defined in the Conditions) at their principal amount, together with any interest accrued to but excluding the relevant Put Settlement Date. If a Pre-funding Failure Notice (as defined in the Conditions) is given to the Bondholders in accordance with the Conditions, the Bonds shall be redeemed in whole, but not in part, at their principal amount on the Interest Payment Date (as defined in the Conditions) immediately after the date such Pre-funding Failure Notice is given to the Bondholders (the “**Mandatory Redemption Date**”) together with interest accrued to, but excluding, the Mandatory Redemption Date. See “**Terms and Conditions of the Bonds – Redemption and Purchase**”.

The Bonds will be issued in the specified denomination of CNY1,000,000 and integral multiples of CNY10,000 in excess thereof. For a more detailed description of the Bonds, see “**Terms and Conditions of the Bonds**” beginning on page 53.

Investing in the Bonds involves risks. See “**Risk Factors**” beginning on page 16.

**The Bonds and the Standby Letter of Credit have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”) and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. For a description of these and certain further restrictions on offers and sales of the Bonds, the Standby Letter of Credit and the distribution of this Offering Circular, see “Subscription and Sale” on page 132.**

Application will be made to The Stock Exchange of Hong Kong Limited (the “**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. This Offering Circular is for distribution to Professional Investors only.

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

**The HKSE 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 HKSE is not to be taken as an indication of the commercial merits or credit quality of the Bonds, the Issuer, the Group (as defined herein) or the LC Bank, or quality of disclosure in this Offering Circular.** Hong Kong Exchanges and Clearing Limited and the HKSE take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

The Bonds will not be rated.

Upon issue, the Bonds will initially 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 (“**HKMA**”) as operator (the “**Operator**”) of the Central Moneymarkets Units Service (the “**CMU**”). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by the CMU. For persons seeking to hold a beneficial interest in the Bonds through Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”), together with Euroclear and the CMU, the “**Clearing Systems**”, each a “**Clearing System**”), such persons will hold their interests through an account opened and held by Euroclear or Clearstream (as the case may be) with the CMU. Except as described herein, definitive certificates for Bonds will not be issued in exchange for beneficial interests in the Global Certificate.

The Issuer has a rating of “**BBB+**” with a stable outlook by Lianhe Ratings Global Limited. The rating does not constitute a recommendation to buy, sell or hold the Bonds and may be subject to suspension, reduction or withdrawal at any time by Lianhe Ratings Global Limited. A suspension, reduction or withdrawal of the rating assigned to the Issuer may adversely affect the market price of the Bonds.

*Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners*

<b>GF Securities</b>	<b>Orient Securities (Hong Kong)</b>	<b>Haitong International</b>	<b>BOSC International</b>
	<i>Joint Lead Managers and Joint Bookrunners</i>		
<b>CEB International</b>	<b>CMB Wing Lung Bank Limited</b>	<b>CNCB Capital</b>	<b>Huatai International</b>
<b>Industrial Bank Co., Ltd. Hong Kong Branch</b>	<b>Shanghai Pudong Development Bank Hong Kong Branch</b>	<b>I Win Securities Limited</b>	

Offering Circular dated 20 March 2024

## NOTICE TO INVESTORS

**THIS OFFERING CIRCULAR DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, ANY SECURITIES IN ANY JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE THE OFFER OR SOLICITATION IN SUCH JURISDICTION. NEITHER THE DELIVERY OF THIS OFFERING CIRCULAR NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES IMPLY THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE ISSUER OR ANY OF ITS SUBSIDIARIES OR THAT THE INFORMATION SET FORTH IN THIS OFFERING CIRCULAR IS CORRECT AS OF 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. The contents of this Offering Circular have not been reviewed by any regulatory authority in Hong Kong or elsewhere. Investors are advised to exercise caution in relation to the offering of the Bonds. If investors are in any doubt about any of the contents of the Offering Circular, they should obtain independent professional advice.

In connection with Section 309B of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 (the “CMP Regulations 2018”), the Issuer has determined the classification of the Bonds as 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).

Listing of the Bonds on the HKSE is not to be taken as an indication of the merits of the Issuer, the Group or the Bonds. In making an investment decision, investors must rely on their own examination of the Issuer and the Group and the terms of the offering of the Bonds, including the merits and risks involved. See “*Risk Factors*” for a discussion of certain factors to be considered in connection with an investment in the Bonds. The Issuer, the Group, the Managers, the Trustee, the Agents, the Pre-Funding Account Bank and the LC Proceeds Account Bank (each as defined in the Conditions) and their respective affiliates, officers, representatives, directors, employees, agents or advisers are not making any representation to any purchaser of the Bonds regarding the legality of any investment in the Bonds by such purchaser under any legal investment or similar laws or regulations. The contents of this Offering Circular should not be construed as providing legal, business, accounting or investment advice. Each person receiving this Offering Circular acknowledges that such person has not relied on the Managers, the Trustee, the Agents or any of their respective affiliates, officers, representatives, directors, employees, agents or advisers in connection with its investigation of the accuracy of such information or its investment decision.

The Issuer confirms that (i) this Offering Circular contains all information with respect to the Issuer, the Group, the LC Bank, the Standby Letter of Credit and the Bonds which is material in the context of the issue and offering of the Bonds (including all information which is required by applicable laws and the information which, according to the particular nature of the Issuer, the Group, the LC Bank, the Standby Letter of Credit and the Bonds, is necessary to enable investors to make an informed assessment of the financial position, results of operations, liquidity and prospects of the Issuer and the Group and the rights attaching to the Standby Letter of Credit and the Bonds); (ii) the statements contained in this Offering Circular are, in all material respects true and accurate and not misleading; (iii) the opinions and intentions with regard to the Issuer and the Group as at the date hereof expressed in this Offering Circular are, honestly held, having been reached after considering all relevant circumstances, known to the Issuer and are based on reasonable assumptions; (iv) there are no other facts in relation to the Issuer, the Group, LC Bank, the Issuer’s subsidiaries and affiliates, the Bonds or the Standby Letter of Credit,

the omission of which would, in the context of the issue and offering of the Bonds, make any statement in this Offering Circular misleading; (v) all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements in this Offering Circular; (vi) this Offering Circular does not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and (vii) the statistical, industry and market-related data and forward-looking statements (if any) included in this Offering Circular are based on or derived or extracted from sources which the Issuer believes to be accurate and reliable in all material respects.

The Issuer has prepared this Offering Circular solely for use in connection with the proposed offering of the Bonds described in this Offering Circular. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of GF Securities (Hong Kong) Brokerage Limited, Orient Securities (Hong Kong) Limited, Haitong International Securities Company Limited, BOSCO International Securities Limited, CEB International Capital Corporation Limited, CMB Wing Lung Bank Limited, CNCB (Hong Kong) Capital Limited, Huatai Financial Holdings (Hong Kong) Limited, Industrial Bank Co., Ltd. Hong Kong Branch, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch and I Win Securities Limited (collectively, the “**Managers**”), the Issuer, the Trustee, the Agents, the LC Proceeds Account Bank, the Pre-funding Account Bank or the LC Bank to subscribe for or purchase any of the Bonds. The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer and the Managers to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds, and the circulation of documents relating thereto, in certain jurisdictions including the United States, the United Kingdom, Hong Kong, the PRC, Singapore, Japan and Macau and to persons connected therewith. For a description of certain further restrictions on offers and sales of the Bonds, and distribution of this Offering Circular, 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 other person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorised. Each prospective investor, by accepting delivery of this Offering Circular, agrees to the foregoing and to make no photocopies of this Offering Circular or any documents referred to in this Offering Circular.

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

None of the Managers, the Trustee, the Agents, the LC Proceeds Account Bank, the Pre-funding Account Bank, the LC Bank or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers or any person who controls any of them has independently verified the information contained in this Offering Circular. Nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers or any person who controls any of them. This Offering Circular is not intended to provide the basis of any credit or other evaluation, nor should it be considered as a recommendation by any of the Issuer, the LC Bank, the Managers, the Trustee, the Agents, the LC Proceeds Account Bank, the Pre-funding Account Bank or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers or any person who controls any of them that any recipient of this Offering Circular should purchase the Bonds. Each person receiving this Offering Circular acknowledges that such person has not relied on the Managers, the Trustee, the Agents, the LC Proceeds Account Bank, the Pre-funding Account Bank, the LC Bank or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers or any person who controls any of them in connection with its investigation of the accuracy of such information or its investment decision, and each such person must rely on its own examination of the Issuer, Group and the merits and risks involved in investing in the Bonds. See “*Risk Factors*”.

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

**IN CONNECTION WITH THIS OFFERING, ANY OF THE MANAGERS APPOINTED AND ACTING IN ITS CAPACITY AS STABILISATION MANAGER (THE “STABILISATION MANAGER”) OR ANY PERSON ACTING ON ITS BEHALF MAY, TO THE EXTENT PERMITTED BY APPLICABLE LAWS AND DIRECTIVES, OVER-ALLOT THE BONDS OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE BONDS AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL, BUT IN DOING SO THE STABILISATION MANAGER OR ANY PERSON ACTING ON ITS BEHALF 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 ITS BEHALF) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE BONDS IS MADE AND, IF**

**BEGUN, MAY BE ENDED AT ANY TIME AND MUST BE BROUGHT TO AN END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE BONDS AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE BONDS. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILISATION MANAGER (OR ANY PERSON ACTING ON BEHALF OF ANY STABILISATION MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.**

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

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

#### **IMPORTANT NOTICE TO PROSPECTIVE INVESTORS**

Prospective investors should be aware that certain intermediaries in the context of this offering of the Bonds, including certain Managers, are “**capital market intermediaries**” 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 capital market intermediaries, which require the attention and cooperation of prospective investors. Certain capital market intermediaries may also be acting as “**overall coordinators**” 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 capital market intermediary or its group companies would be considered under the SFC Code as having an association (the “**Association**”) with the Issuer, the capital market intermediary or the relevant group company. Prospective investors associated with the Issuer, or any capital market intermediary (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 capital market intermediaries). If a prospective investor is an asset management arm affiliated with any Manager, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the Manager or its group company has more than 50 per cent. interest, in which case it will be classified as a “proprietary order” and subject to appropriate handling by capital market intermediaries 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 such a “proprietary order”. If a prospective investor is otherwise affiliated with any 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 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 such 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 capital market intermediaries (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 Managers and/or any other third parties as may be required by the SFC Code, including to the Issuer, any overall coordinators, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. Failure to provide such information may result in that order being rejected.

## **INDUSTRY AND MARKET DATA**

Market data and certain industry forecasts (if any) used throughout this Offering Circular have been obtained based on market research, public information and industry publications. Industry publications generally state that the information that they contain has been obtained from sources considered reliable and accurate but that the accuracy and completeness of that information is not guaranteed. Similarly, industry forecasts and market research, while believed to be reliable, have not been independently verified by the Issuer, the Managers, the Trustee, any Agent, the LC Bank, the LC Proceeds Account Bank, the Pre-funding Account Bank or their respective affiliates, directors, officers, employees, agents, representatives and advisers or any person who controls any of them, and none of the Issuer, the Managers, the Trustee, the Agents, the LC Bank, the LC Proceeds Account Bank, the Pre-funding Account Bank or their respective affiliates, directors, officers, employees, agents, representatives and advisers or any person who controls any of them makes any representation as to the correctness, 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.

## **PRESENTATION OF FINANCIAL INFORMATION**

This Offering Circular contains the Issuer’s audited consolidated financial information as at and for the years ended 31 December 2020, 2021 and 2022. The Issuer’s audited consolidated financial information as at and for the year ended 31 December 2020 has been extracted from the audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2021 (the “**2021 Financial Statements**”), and the Issuer’s audited consolidated financial information as at and for the years ended 31 December 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 (and together with the 2021 Financial Statements, the “**Audited Financial Statements**”), which are included elsewhere in this Offering Circular.

The Audited Financial Statements were prepared and presented in accordance with the Accounting Standards for Business Enterprises in the PRC (“**PRC GAAP**”). The Audited Financial Statements have been audited by Reanda Certified Public Accountants (LLP) (“**Reanda**”), the Issuer’s independent auditor.

The Issuer’s consolidated financial information as at and for the years ended 31 December 2020 and 2021, respectively included in its audited consolidated financial statements as at and for the years ended 31 December 2021 and 2022, have been restated and adjusted to reflect the changes in accounting policies and the correction of errors in the financial figures relating to the previous accounting period.

See “Notes to Financial Statements – V. Description of accounting policies, changes in accounting estimates and corrections of significant prior period errors” in the notes accompanying the Audited Financial Statements on pages F-69 to F-71 and F-268 to F-273.

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

## **LC BANK FINANCIAL INFORMATION**

Copies of the published audited consolidated financial statements and unaudited but reviewed consolidated financial statements of Bank of Shanghai Co., Ltd. (the “**Bank**”), as well as its public filings, can be downloaded free of charge from the website of the Bank and the Shanghai Stock Exchange at [www.bosc.cn](http://www.bosc.cn) and [www.sse.com.cn](http://www.sse.com.cn), respectively. The financial statements of the Bank are not included in and do not form part of this Offering Circular. The information contained on the websites of the Bank and the Shanghai Stock Exchange is subject to change from time to time. No representation or warranty, express or implied, is made or given by the Issuer, the Group, the Managers, the Trustee, any Agent, the Pre-funding Account Bank, the LC Proceeds Account Bank or their respective affiliates, directors, officers, employees, agents, representatives and advisers or any person who controls any of them and none of the Issuer, the Group, the Managers, the Trustee, any Agent, the Pre-funding Account Bank, the LC Proceeds Account Bank or their respective affiliates, directors, officers, employees, agents, representatives and advisers or any person who controls any of them takes any responsibility for any information contained on the websites of the Bank and the Shanghai Stock Exchange.

## CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

In this Offering Circular, references to the “**Company**” and the “**Issuer**” are to Mianyang Science & Technology City Development & Investment (Group) Co., Ltd. (綿陽科技城發展投資(集團)有限公司) and all references to the “**Group**” are to the Company and its subsidiaries as a whole.

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to the “**PRC**” and “**China**” are to the People’s Republic of China (excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan), all references to “**Hong Kong**” are to the Hong Kong Special Administrative Region of the People’s Republic of China, all references to “**Renminbi**”, “**RMB**” and “**CNY**” are to the lawful currency of the PRC, all references to the “**United States**” and “**U.S.**” are to the United States of America and to “**U.S.\$**” or “**U.S. dollars**” are to the lawful currency of the United States.

Unless the context otherwise requires, references to “**2020**”, “**2021**” and “**2022**” in this Offering Circular are to the years ended 31 December 2020, 2021 and 2022, respectively.

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

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

- “**EU**” are to the European Union;
- “**Gas Group**” are to Mianyang Gas Group Co., Ltd (綿陽燃氣集團有限公司);
- “**GDP**” are to gross domestic product;
- “**IFRS**” are to the International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board and the International Accounting Standards, and interpretation issued by the International Accounting Standards Committee;
- “**Kefa Hechuang Technology**” are to Sichuan Kefa Hechuang Technology Co., Ltd. (四川科發合創科技有限公司);
- “**Liuhe Special Materials**” are to Sichuan Liuhe Special Metal Materials Co., Ltd (四川六合特種金屬材料股份有限公司);
- “**Mianyang Government**” are to the People’s Government of Mianyang City;
- “**Mianyang SASAC**” are to the State-owned Assets Supervision and Administration Commission of the People’s Government of Mianyang City (綿陽市國有資產監督管理委員會) or its successor;
- “**MOF**” are to the Ministry of Finance of the PRC;
- “**NDRC**” are to the National Development and Reform Commission of the PRC and its competent local counterpart;
- “**PBOC**” are to the People’s Bank of China and its competent local counterpart;

- “**PRC government**” are to the central government of the PRC and its political subdivisions, including provincial, municipal and other regional or local government entities, and instrumentalities thereof, or where the context requires, any of them;
- “**SAFE**” are to the State Administration of Foreign Exchange of the PRC and its competent local counterparts;
- “**Science and Technology City**” are to China (Mianyang) Science and Technology City (中國(綿陽)科技城);
- “**Science and Technology City Management Committee**” are to the China (Mianyang) Science and Technology City Management Committee (中國(綿陽)科技城市管理委員會) or its successor; and
- “**State Council**” are to the State Council of the PRC.

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

## FORWARD-LOOKING STATEMENTS

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

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

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

- the risks inherent to the industry in which the Group operates;
- the ability of the Group to successfully implement its business plans and strategies;
- future developments, trends and conditions in the industry and markets in which the Group operates;
- the Group’s business prospects and capital expenditure plans;
- the actions and developments of the Group’s competitors;
- the Group’s 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 and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of the Group’s business;
- the regulatory environment of the industry in general;
- general political and economic conditions, including those of the PRC;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, including those pertaining to the PRC and the 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 control of the Group;
- changes in competitive conditions and the Group's ability to compete under these conditions;
- the performance of the obligations and undertakings of third party contractors engaged by the Group;
- changes in global economic conditions, including conditions arising from the COVID-19 pandemic that has affected China, the United States, and other parts of the world; and
- additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in "*Risk Factors*" and elsewhere in this Offering Circular.

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

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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 a state-owned enterprise located in Mianyang City, Sichuan Province in China. The Group’s principal business segments include (1) land development, (2) infrastructure construction, (3) real estate, (4) industrial products sales, (5) trading and sales and (6) natural gas sales and installation.

The Issuer, formerly known as Mianyang Science and Education Innovation Investment Co., Ltd. (綿陽科教創新投資有限責任公司), was established on 2 July 2001. It was established as a wholly state-owned company with the approval of the “Reply of the Mianyang Municipal People’s Government on Approving the Establishment of Mianyang Science and Education Innovation Investment Co., Ltd.” (Mian Fu Han [2001] No. 100)(《綿陽市政府關於同意組建綿陽科教創新投資有限責任公司的批復》(綿府函[2001]第100號)), with a registered capital of RMB10 million and a paid-in capital of RMB10 million contributed by Mianyang Science and Technology City Science and Education Entrepreneurship Park Management Committee (綿陽科技城科教創業園區管理委員會)(“**Mianyang SCEP Management Committee**”).

As at the date of this Offering Circular, the registered capital of the Issuer is approximately RMB1,622.3 million. The Issuer is 68.4 per cent. owned by Mianyang SASAC, 16.0 per cent. owned by China Agricultural Development Key Construction Fund Co., Ltd. (中國農發重點建設基金有限公司), 8.4 per cent. owned by Mianyang Investment Holding (Group) Co., Ltd. (綿陽市投資控股(集團)有限公司) and 7.2 per cent. owned by the Sichuan Provincial Finance Department (四川省財政廳). The scope of business of the Group includes, but are not limited to, the investment and management in high-tech industries, industry, commerce, real estate, financial derivatives, agriculture, bioengineering, medicine, medical equipment, computer software and network technology; comprehensive land development, urban infrastructure construction, culture, tourism, exhibitions and sports, among other things.

## COMPETITIVE STRENGTH

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

- leveraging the geostrategic advantages and economic growth potential of Mianyang City;
- strategic importance as an investment, financing, infrastructure construction and state asset operation platform of the Mianyang Government;
- strong historical support from the PRC government on policies, resources and finances;
- diversified businesses and revenue channels;
- diversified funding channels with good banking relationships;
- sound corporate governance system; and
- experienced management team and operation staff.

## **STRATEGIES**

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

- further diversify its business operations; and
- align its development goals with Mianyang City's strategic plan.

## **RECENT DEVELOPMENT**

### *Financial information as at and for the nine months ended 30 September 2023*

As at 30 September 2023, as compared to the balance as at 31 December 2022, the Group's monetary funds increased mainly due to the increase in bank deposits and other monetary funds. The Group's notes receivable increased primarily due to the increase in commercial acceptance bills. The Group's accounts receivable increased mainly due to the increase in operating receivables during the accounting period as the Group's revenue increased. The Group's other receivables increased primarily due to the increase in operating receivables during the accounting period as the Group's revenue increased. The Group's contract assets increased mainly due to addition of the Group's construction projects. The Group's other current assets decreased primarily due to the decrease in input tax to be offset and prepaid tax, as well as the Group's pending property gains and losses and workshop accessories, etc. The Group's long-term equity investments increased mainly due to the increase in investments in joint ventures. The Group's investment properties increased primarily due to the acquisitions and transfers of real estate or inventories for own use. The Group's fixed assets decreased mainly due to the decrease in the original book value of buildings and structures. The Group's construction in progress decreased primarily due to the conversion of certain projects and express e-commerce logistics park of the Group's subsidiaries into fixed assets. The Group's intangible assets increased mainly due to the increase in land use rights. The Group's long-term prepaid expenses increased primarily due to the increase in financing costs. The Group's other non-current assets increased mainly due to the prepayment of value-added tax for certain construction projects. The Group's short-term borrowings increased primarily due to the increase in the Group's financing scale. The Group's notes payable increased mainly due to the increase in operating payable during the period as the Group's revenue increased. The Group's contract liabilities increased mainly due to the increase in operating contractual liabilities during the period as the Group's revenue increased. The Group's other payables decreased primarily due to the decrease in interest payable and other payables. The Group's non-current liabilities due within one year increased mainly due to the conversion of current long-term loans, long-term payable and bonds payable to non-current liabilities due within one year because of their maturity period. The Group's other current liabilities decreased mainly due to the maturity of liabilities. The Group's long-term borrowings increased primarily due to the increase in the Group's financing scale. The Group's bonds payable increased primarily due to the increase in the Group's financing scale. The Group's long-term payable increased primarily due to the increase in the Group's financing scale.

For the nine months ended 30 September 2023, as compared to the corresponding period in 2022, the Group's operating revenue increased mainly due to the increase in revenue from main business segments such as commodity sales business, engineering construction and installation business, real estate sales business, guarantee business, exhibition services business, sports industry business and electricity power sales business. The Group's operating costs increased primarily due to the increased revenue and higher costs. The Group's financial expenses increased mainly due to the increase in the Group's financing scale. The Group's other income decreased mainly because part of the subsidy last year was a one-time subsidy. The Group's operating profit decreased primarily due to the increased revenue and higher costs. The Group's total profit decreased mainly due to the increased revenue and higher costs. The Group's net profit decreased mainly due to the increased revenue and higher costs.

Such financial information has not been subject to an audit or review by the Group's independent auditors and should not be relied upon by investors to provide the same quality of information associated with audited or reviewed financial information. Potential investors must exercise caution when using such financial information to evaluate the Group's financial condition and results of operations. The financial statements as at and for the nine months ended 30 September 2023 do not form a part of this Offering Circular and should not be taken as an indication of the Group's expected financial condition or results of operations as at and for the full financial year ending 31 December 2023. See "*Risk Factors – Risks relating to Financial and other Information – Investors should be cautious and not place any reliance on the financial information other than that disclosed in this Offering Circular.*"

## THE OFFERING

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

<b>Issuer</b> . . . . .	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd. (綿陽科技城發展投資(集團)有限公司).
<b>LC Bank</b> . . . . .	Bank of Shanghai Co., Ltd., Chengdu Branch
<b>The Bonds</b> . . . . .	CNY530,000,000 in aggregate principal amount of 3.18 per cent. credit enhanced Bonds due 2027.
<b>Issue Price</b> . . . . .	100.00 per cent.
<b>Form and Denomination</b> . . . . .	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.
<b>Issue Date</b> . . . . .	27 March 2024.
<b>Interest</b> . . . . .	The Bonds will bear interest on their outstanding principal amount from and including the Issue Date at the rate of 3.18 per cent. per annum, payable semi-annually in arrear in equal instalments of CNY159.0 per Calculation Amount on 27 March and 27 September in each year, commencing on 27 September 2024.
<b>Maturity Date</b> . . . . .	27 March 2027.
<b>Standby Letter of Credit</b>	<p>The Bonds will have the benefit of the 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 Standby Letter of Credit shall be drawable by the Trustee as beneficiary under the Standby Letter of Credit on behalf of itself and the holders of the Bonds upon the presentation of a demand by authenticated SWIFT (or otherwise as permitted under the Standby Letter of Credit) sent by or on behalf of the Trustee to the LC Bank in accordance with the Standby Letter of Credit (a “<b>Demand</b>”) stating that (i) the Issuer has failed to comply with Condition 2(c) 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 in accordance with Condition 2(c), or (ii) an Event of Default has occurred and the Trustee has given notice to the Issuer that the Bonds are immediately due and payable in accordance with Condition 9.</p> <p>Only one drawing is permitted under the Standby Letter of Credit. Such drawing on the Standby Letter of Credit will be payable in immediately available funds in Renminbi to or to the order of the Trustee at the time and to the account specified in the Demand presented to the LC Bank. Payments received by the Trustee in respect of the Demand will be deposited into the LC Proceeds Account.</p>

The payment made under the Standby Letter of Credit in respect of any amount payable under or in connection with the Conditions, the Bonds, the Trust Deed, the Agency Agreement and/or any other transaction documents 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 or in connection with the Conditions, the Bonds, the Trust Deed, the Agency Agreement and/or any other transaction documents relating to the Bonds.

The LC Bank's aggregate liability under the Standby Letter of Credit shall be expressed and payable in Renminbi and shall not in any circumstances exceed CNY545,523,800 (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) CNY7,096,800 being the maximum amount payable under the Standby Letter of Credit for any fees, costs, expenses, indemnity payments and all other amounts payable to the Trustee under or in connection with the Conditions, the Bonds, the Trust Deed, the Agency Agreement and/or any other transaction documents relating to the Bonds.

The Standby Letter of Credit takes effect from the Issue Date and shall remain valid and in full force until 6:00 p.m. (Hong Kong time) on 27 April 2027 unless extended in accordance with its terms.

See "*Terms and Conditions of the Bonds – Standby Letter of Credit*" and "*Appendix – Form of 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 6(d)) (the "**Relevant Amount**") as the same shall become due, the Issuer shall, in accordance with the Agency Agreement, by no later than 10:00 a.m. (Hong Kong time) on the Business Day (the "**Pre-funding Date**") falling ten Business Days prior to the due date for such payment under the Conditions:

- (i) unconditionally and irrevocably pay or procure to be paid the Relevant Amount in immediately available and 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 (followed by an original as soon as practicable) (x) a Payment and Solvency Certificate signed by an Authorised Signatory (as defined in the Trust Deed), 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 Business Day immediately 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 (and the Trustee may rely conclusively on any such notification), 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) give notice (substantially in the form set out in the Trust Deed) (the “**Pre-funding Failure Notice**”) to the Bondholders in accordance with Condition 16 by the second Business Day following the Pre-funding Date of (X) the Pre-funding Failure and (Y) the redemption of the Bonds in accordance with Condition 6(d) to occur as a result of the Pre-funding Failure; and
- (ii) by no later than 6:00 p.m. (Hong Kong time) on the second Business Day following the Pre-funding Date issue a Demand to the LC Bank 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 6(d)) and all fees, costs, expenses, indemnity payments and all other amounts payable to the Trustee under or in connection with the Conditions, the Bonds, the Trust Deed, the Agency Agreement and/or any other transaction documents relating to the Bonds, *provided that*, subject to and in accordance with the terms of the Standby Letter of Credit, the Trustee need not physically present the Demand to the LC Bank and shall be entitled to draw on the Standby Letter of Credit by way of a Demand by authenticated SWIFT sent on its behalf (or, in certain limited circumstances set out in the Standby letter of Credit, by way of such other means as permitted under the Standby Letter of Credit).

Following receipt by the LC Bank of such Demand, the LC Bank shall by 10:00 a.m. (Hong Kong time) on the fourth Business Day following receipt of such Demand (if a Demand is received by 6:00 p.m. (Hong Kong time) on a Business Day), by 10:00 a.m. (Hong Kong time) on the fifth Business Day following receipt of such Demand (if the Demand is received after 6:00 p.m. (Hong Kong time) on a Business Day) pay to or to the order of the Trustee the amount in Renminbi specified in the Demand in immediately available funds to the LC Proceeds Account.

<b>Status of the Bonds . . . . .</b>	The Bonds will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable laws and regulations, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.
<b>Use of Proceeds . . . . .</b>	See “ <i>Use of Proceeds</i> ”.
<b>Events of Default . . . . .</b>	The Bonds will contain certain events of default as further described in Condition 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 without set-off or counterclaim, and free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the PRC or any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

Where such withholding or deduction is made by the Issuer for or on account of any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected withheld or assessed by or within the PRC at a rate up to and including the aggregate rate applicable on 20 March 2024 (the “**Applicable Rate**”), the Issuer will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

If the Issuer is required to make any deduction or withholding for or on account of any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected withheld or assessed by or within the PRC at a rate in excess of the Applicable Rate, in such event 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 in the circumstances set out in Condition 8.

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

**Redemption for Relevant Event.** . . . . . Following the occurrence of a Relevant Event, the holder of any Bond will have the right, at such holder’s option, to require the Issuer to redeem all, but not some only, of such holder’s Bonds on the Put Settlement Date at their principal amount, together with any interest accrued to but excluding the relevant Put Settlement Date, as further described in Condition 6(c).

**Redemption for Taxation  
Reasons . . . . .**

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice (a “**Tax Redemption Notice**”), which shall specify the date for redemption, to the Bondholders in accordance with Condition 16 (which notice shall be irrevocable) and in writing to the Trustee and the CMU Lodging and Paying Agent, at their principal amount (together with any interest accrued to but excluding the date fixed for redemption), if the Issuer satisfies the Trustee immediately prior to the giving of such Tax Redemption Notice that (i) the Issuer has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change and/or amendment becomes effective on or after 20 March 2024, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, *provided that* no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due.

**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 after the date a Pre-funding Failure Notice is given to the Bondholders in accordance with Condition 2(c), together with interest accrued to, but excluding, the Mandatory Redemption Date.

If any Bondholder shall have exercised its right to require the Issuer to redeem its Bonds in accordance with Condition 6(c) and a Pre-funding Failure Notice is given to the Bondholders in accordance with Condition 2(c) 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 Condition 6(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 to mean the Put Settlement Date.

**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 save for the issue date, the first payment of interest on them and the timing for making and completing the NDRC Post-issue Filing and the Foreign Debt Registration and the relevant notifications to the Trustee and holders) and so that such further issue shall be consolidated and form a single series with the outstanding Bonds, *provided that*, such further bonds may only be issued if (i) a further or supplemental or replacement standby letter of credit is issued by the LC Bank (or an amendment is made to the Standby Letter of Credit) on terms that are substantially similar to the Standby Letter of Credit (including that the stated amount of such further or supplemental or replacement standby letter of credit represents an increase at least equal to the principal of and one interest payment due on such further bonds and an amount acceptable to the Trustee in respect of any fees, costs, expenses, indemnity payments and all other amounts in connection with such further bonds) and (ii) 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 Standby Letter of Credit shall thereafter include such further or supplemental or replacement or amended standby letter of credit.

Any further bonds consolidated and forming a single series with the outstanding Bonds shall be constituted by a deed supplemental to the Trust Deed.

See “*Terms and Conditions of the Bonds – Further Issues*”.

**Trustee . . . . .** CMB Wing Lung (Trustee) Limited.

**CMU Lodging and Paying Agent, Registrar and Transfer Agent . . . . .** CMB Wing Lung Bank Limited.

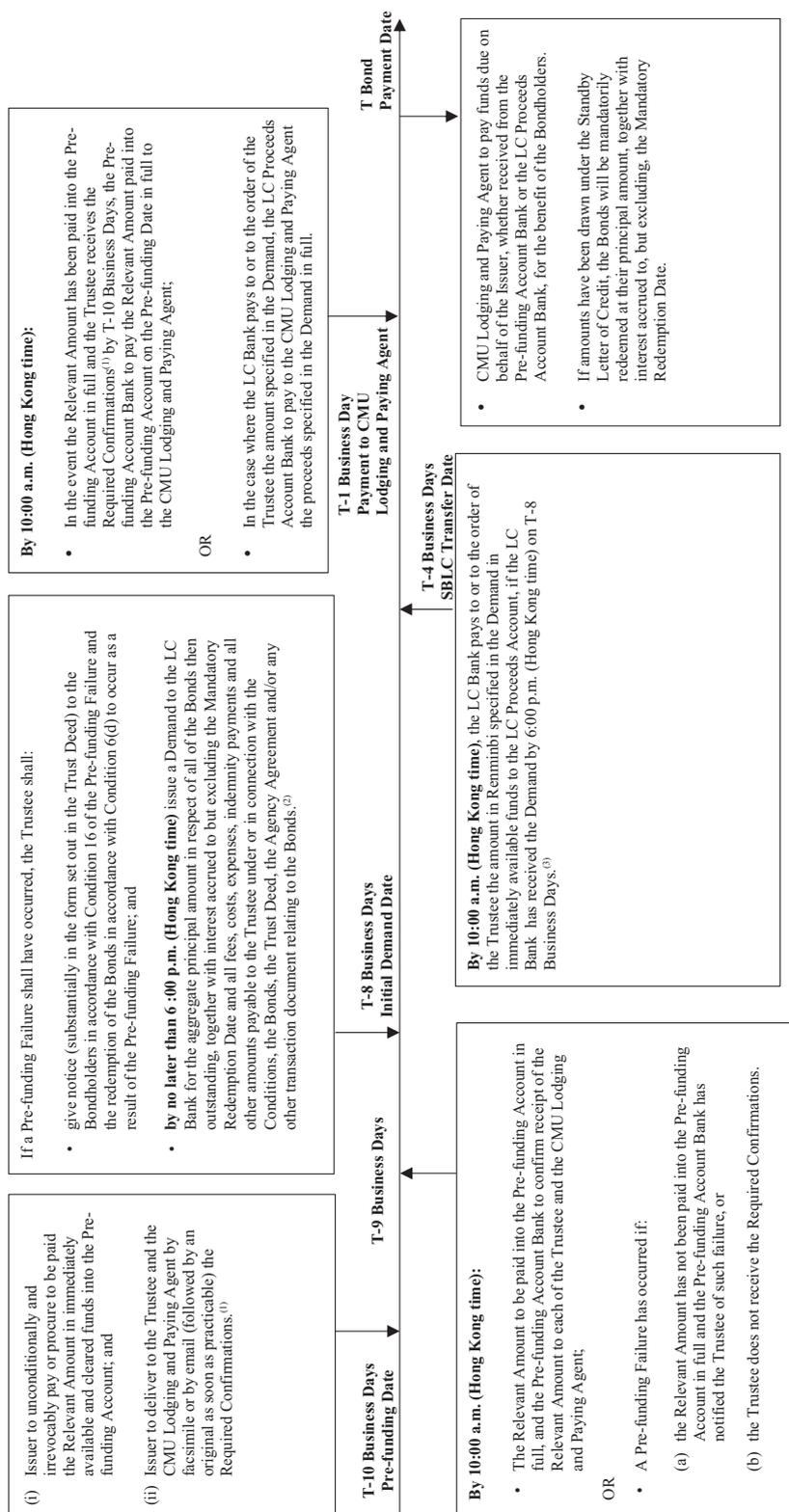
**LC Proceeds Account Bank and Pre-funding Account Bank . . . . .** CMB Wing Lung Bank Limited.

**Clearing Systems . . . . .** Upon issue, the Bonds will initially be represented by the Global Certificate registered in the name of and lodged with a sub-custodian for the HKMA as Operator of the CMU. Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by the CMU. For persons seeking to hold a beneficial interests in the Bonds through Euroclear or Clearstream, such persons will hold their interest through an account opened and held by Euroclear or Clearstream (as the case may be) with the CMU. Except as described in the Global Certificate, individual certificates for Bonds will not be issued in exchange for beneficial interests in the Global Certificate.

<b>Notice</b> . . . . .	So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of the Operator, notices to the holders of the Bonds shall be validly given by the delivery of the relevant notice to each relevant accountholder via the CMU and shall be deemed to have been given on the date of delivery to the CMU. Indirect participants will have to rely on the CMU participants (through whom they hold the Bonds, in the form of interests in the Global Certificate) to deliver any notice to them, subject to the arrangements agreed between the indirect participants and the CMU participants.
<b>Governing Law</b> . . . . .	English law.
<b>Jurisdiction</b> . . . . .	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 and the Standby Letter of Credit.
<b>Ratings</b> . . . . .	The Bonds will not be rated.
<b>Issuer Ratings</b> . . . . .	The Issuer has a rating of “BBB+” with a stable outlook by Lianhe Ratings Global Limited. The rating does not constitute a recommendation to buy, sell or hold the Bonds and may be subject to suspension, reduction or withdrawal at any time by Lianhe Ratings Global Limited. A suspension, reduction or withdrawal of the rating assigned to the Issuer may adversely affect the market price of the Bonds.
<b>Listing</b> . . . . .	Application will be made to the HKSE for the listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors only and such permission is expected to become effective on or about 28 March 2024.
<b>ISIN</b> . . . . .	HK0001001004.
<b>Common Code</b> . . . . .	279084411.
<b>CMU Instrument Number</b>	WLHKFB24025.
<b>Legal Entity Identifier</b> . .	300300C835K6BTNU0341.

## A 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 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 “Terms and Conditions of the Bonds”, the Trust Deed and the Agency Agreement referred to therein and “Appendix – Form of Irrevocable Standby Letter of Credit”. Words and expressions defined in the “Terms and Conditions of the Bonds” shall have the same meaning in this summary.



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*Notes:*

- (1) The Required Confirmations consist of: (a) a Payment and Solvency Certificate signed by an Authorised Signatory, and (b) a copy of the irrevocable payment instruction from the Issuer to the Pre-funding Account Bank requesting the Pre-funding 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 Business Day immediately preceding the due date for such payment.
- (2) The Trustee need not physically present the Demand to the LC Bank and shall be entitled to draw on the Standby Letter of Credit by way of a Demand by authenticated SWIFT sent on its behalf (or, in certain limited circumstances set out in the Standby Letter of Credit, by way of such other means as permitted under the Standby Letter of Credit).
- (3) If such Demand is received after 6:00 p.m. (Hong Kong time) on T-8 Business Days, the payment is to be made on or before 10:00 a.m. (Hong Kong time) on T-3 Business Days.

## SUMMARY CONSOLIDATED FINANCIAL INFORMATION

*This Offering Circular contains audited consolidated financial information of the Group as at and for the years ended 31 December 2020, 2021 and 2022, which has been derived from the Audited Financial Statements. The Audited Financial Statements were prepared and presented in accordance with PRC GAAP and have been audited by Reanda, the Group's independent auditors for the years ended 31 December 2020, 2021 and 2022. The summary financial statements as set forth below should be read in conjunction with, and is qualified in their entirety by reference to, the Audited Financial Statements and the notes thereto included elsewhere in this Offering Circular. Historical results of the Group are not necessarily indicative of results that may be achieved for any future period. Potential investors must exercise caution when using such data to evaluate the Group's financial condition and results of operations.*

*The Audited Financial Statements have been prepared and presented in accordance with PRC GAAP. PRC GAAP differs in certain material respects from the IFRS. For a discussion of certain differences between PRC GAAP and IFRS, please see "Summary of Certain Material Differences between PRC GAAP and IFRS". Potential investors should read the following data together with the more detailed information contained in the Audited Financial Statements, including the notes thereto. The following data is qualified in its entirety by reference to all of that information.*

*The Issuer's consolidated financial information as at and for the years ended 31 December 2020 and 2021, respectively included in its audited consolidated financial statements as at and for the years ended 31 December 2021 and 2022, have been restated and adjusted to reflect the changes in accounting policies and the correction of errors in the financial figures relating to the previous accounting period. See "Notes to Financial Statements – V. Description of accounting policies, changes in accounting estimates and corrections of significant prior period errors" in the notes accompanying the Audited Financial Statements on pages F-69 to F-71 and F-268 to F-273.*

### Summary Consolidated Balance Sheet

	As at 31 December		
	2020	2021	2022
	RMB (audited and restated)	RMB (audited and restated)	RMB (audited)
<b>Current assets:</b>			
Monetary funds . . . . .	3,888,632,586.03	2,910,033,818.63	3,491,759,026.89
Financial assets held for trading . . . . .	17,028.82	–	–
Notes receivable . . . . .	74,521,981.79	105,394,437.76	198,010,961.41
Accounts receivable . . . . .	5,315,461,081.41	6,397,830,108.45	6,858,491,680.96
Prepayments . . . . .	950,267,128.55	783,622,574.68	1,613,545,313.27
Other receivables . . . . .	7,879,636,473.46	8,042,213,124.81	8,329,293,113.65
Inventories . . . . .	20,957,789,464.64	16,413,371,342.55	18,032,907,693.48
Contract assets . . . . .	260,397,572.10	1,559,785,606.47	1,429,982,012.91
Other current assets . . . . .	671,597,912.58	777,604,120.39	700,067,109.56
<b>Total current assets . . . . .</b>	<b>39,998,321,229.38</b>	<b>36,989,855,133.74</b>	<b>40,654,056,912.13</b>
<b>Non-current assets:</b>			
Debt investment . . . . .	42,480,000.00	52,503,471.19	3,017,961.25
Long-term equity investments . . . . .	5,567,547,919.59	391,325,951.76	846,002,831.41
Other equity instruments investment . . . . .	2,592,802,407.70	4,961,806,437.69	5,009,117,979.91
Investment properties . . . . .	2,935,248,217.72	10,365,734,070.72	10,677,052,468.29
Fixed assets . . . . .	2,293,368,157.26	2,277,038,734.42	3,030,178,071.73
Construction in progress . . . . .	1,204,622,170.58	1,149,225,998.78	633,221,756.59
Right-of-use asset . . . . .	–	8,357,842.47	8,031,042.46
Intangible assets . . . . .	618,743,039.11	457,474,479.13	462,709,910.05
Goodwill . . . . .	1,540,000.00	1,540,000.00	1,540,000.00
Long-term prepaid expenses . . . . .	30,654,513.66	34,226,098.83	28,977,369.16
Deferred tax assets . . . . .	45,822,913.77	78,320,655.83	133,993,810.05
Other non-current assets . . . . .	1,146,640,263.59	2,940,042,868.90	3,331,693,462.68
<b>Total non-current assets . . . . .</b>	<b>16,479,469,602.98</b>	<b>22,717,596,609.72</b>	<b>24,165,536,663.58</b>
<b>Total assets . . . . .</b>	<b>56,477,790,832.36</b>	<b>59,707,451,743.46</b>	<b>64,819,593,575.71</b>

	As at 31 December		
	2020	2021	2022
	RMB (audited and restated)	RMB (audited and restated)	RMB (audited)
<b>Current liabilities:</b>			
Short-term borrowings . . . . .	6,613,370,418.48	6,199,400,355.33	8,381,783,358.35
Notes payable . . . . .	1,802,101,060.00	1,822,760,000.00	2,539,658,800.95
Accounts payable . . . . .	1,972,683,224.14	1,744,854,435.88	1,926,272,428.58
Receipts in advance . . . . .	24,747,431.16	24,221,283.17	505,032,159.15
Contract liabilities . . . . .	1,006,875,686.55	678,467,511.55	536,120,446.92
Payroll payable . . . . .	86,659,848.77	109,838,403.77	105,647,259.81
Taxes and surcharges payable . . . . .	155,862,246.23	85,443,142.44	150,715,803.91
Other payables . . . . .	2,902,094,160.86	4,049,085,192.79	4,876,237,059.89
Non-current liabilities due within one year . . . . .	6,674,167,294.71	8,793,817,258.83	7,296,169,373.70
Other current liabilities . . . . .	1,041,465,513.89	311,478,288.98	550,276,031.91
<b>Total current liabilities . . . . .</b>	<b><u>22,280,026,844.79</u></b>	<b><u>23,819,365,872.74</u></b>	<b><u>26,867,912,723.17</u></b>
<b>Non-current liabilities:</b>			
Provision for insurance contracts . . . . .	154,340,330.17	156,749,685.36	155,891,351.70
Long-term borrowings . . . . .	8,765,810,639.92	8,922,207,118.48	10,893,431,985.71
Bonds payable . . . . .	4,977,500,000.00	5,435,000,000.00	6,118,878,917.81
Lease liabilities . . . . .	–	8,360,867.95	5,976,043.65
Long-term payable . . . . .	4,403,537,040.52	4,175,022,783.60	3,018,035,081.32
Provisions . . . . .	–	5,236,796.23	5,236,796.23
Deferred income . . . . .	98,072,246.80	117,880,342.92	108,857,654.04
Deferred tax liabilities . . . . .	223,330,155.24	864,591,538.81	921,970,730.85
Other non-current liabilities . . . . .	107,398.73	107,398.73	28,196,078.12
<b>Total non-current liabilities . . . . .</b>	<b><u>18,622,697,811.38</u></b>	<b><u>19,685,156,532.08</u></b>	<b><u>21,256,474,639.43</u></b>
<b>Total liabilities . . . . .</b>	<b><u>40,902,724,696.17</u></b>	<b><u>43,504,522,404.82</u></b>	<b><u>48,124,387,362.60</u></b>
<b>Shareholders' equity:</b>			
Paid-in capital (or share capital) . . . . .	1,622,279,688.06	1,622,279,688.06	1,622,279,688.06
Capital reserve . . . . .	10,532,025,215.09	9,268,436,045.49	9,492,295,073.03
Other comprehensive income . . . . .	303,854,314.87	1,979,066,872.15	2,010,878,586.29
Special reserve . . . . .	24,269,414.97	25,967,742.99	28,757,547.49
Surplus reserve . . . . .	292,373,755.35	312,801,167.91	340,356,494.51
Provision for general reserve . . . . .	31,997,666.70	24,058,676.95	24,582,585.47
Retained earnings . . . . .	1,976,732,774.90	2,152,878,416.18	2,281,760,861.96
Total equity attributable to owners of the parent . . . . .	14,783,532,829.94	15,385,488,609.73	15,800,910,836.81
Minority interests . . . . .	791,533,306.25	817,440,728.91	894,295,376.30
<b>Total shareholders' equity . . . . .</b>	<b><u>15,575,066,136.19</u></b>	<b><u>16,202,929,338.64</u></b>	<b><u>16,695,206,213.11</u></b>
<b>Total liabilities and Shareholders' equity . . . . .</b>	<b><u>56,477,790,832.36</u></b>	<b><u>59,707,451,743.46</u></b>	<b><u>64,819,593,575.71</u></b>

## Summary Consolidated Income Statement

	Year ended 31 December		
	2020	2021	2022
	RMB (audited and restated)	RMB (audited and restated)	RMB (audited)
<b>Total operating revenue</b> . . . . .	<b>11,703,938,225.13</b>	<b>11,840,542,726.35</b>	<b>12,784,525,521.32</b>
Operating costs . . . . .	(11,124,545,156.98)	(10,774,609,338.18)	(12,273,747,390.69)
Withdrawal of net insurance contract reserves . . . . .	1,160,232.07	890,644.81	858,333.66
Reinsurance expenses . . . . .	(112,586.08)	(109,348.61)	77,645.07
Taxes and surcharges . . . . .	(47,094,513.52)	(62,380,174.25)	(82,040,903.31)
Selling expenses . . . . .	(100,318,497.11)	(123,141,183.67)	(109,573,003.03)
Administrative expenses . . . . .	(289,191,812.52)	(356,649,081.57)	(351,879,482.71)
Research and development expenses . . . . .	(30,962,649.04)	(42,731,273.76)	(52,044,706.94)
Financial expenses . . . . .	(512,058,753.25)	(750,117,977.72)	(777,199,207.26)
Other income . . . . .	1,024,258,984.31	468,231,197.82	1,164,336,192.63
Investment income . . . . .	(256,785,340.82)	36,891,232.36	770,288.74
Gains on the changes in fair value . . . . .	(37,008,173.40)	196,013,115.32	73,891,607.30
Credit impairment losses . . . . .	–	(62,611,624.32)	(186,583,692.16)
Assets impairment losses . . . . .	(28,480,894.71)	(43,166,439.42)	(37,293,685.12)
Gains from disposal of assets . . . . .	2,512,301.90	1,222,105.74	106,895.79
<b>Operating profit</b> . . . . .	<b>305,311,365.98</b>	<b>328,274,580.90</b>	<b>154,204,413.29</b>
Non-operating income . . . . .	48,764,534.78	38,495,532.19	9,774,550.44
Non-operating expenses . . . . .	(5,107,671.85)	(12,103,472.59)	(29,102,247.64)
<b>Total profit</b> . . . . .	<b>348,968,228.91</b>	<b>354,666,640.50</b>	<b>134,876,716.09</b>
Income tax expense . . . . .	(57,331,854.90)	(101,589,572.62)	(20,519,273.90)
<b>Net profit</b> . . . . .	<b>291,636,374.01</b>	<b>253,077,067.88</b>	<b>114,357,442.19</b>
Other comprehensive income, net of tax . . . . .	66,113,573.69	1,676,769,627.15	32,183,355.44
<b>Total comprehensive income</b> . . . . .	<b>357,749,947.70</b>	<b>1,929,846,695.03</b>	<b>146,540,797.63</b>

## Summary Consolidated Cash Flow Statement

	Year ended 31 December		
	2020	2021	2022
	RMB (audited and restated)	RMB (audited and restated)	RMB (audited)
Net cash flows from operating activities . . . . .	714,259,180.77	878,277,138.84	56,168,284.61
Net cash flows from investing activities . . . . .	(5,402,822,562.70)	(60,292,592.17)	(761,636,349.30)
Net cash flows from financing activities . . . . .	5,438,683,345.75	(1,151,285,700.24)	377,206,775.13
Effect of exchange rate changes on cash and cash equivalents . . . . .	–	(111,293.41)	1,314.76
<b>Net increase in cash and equivalents</b> . . . . .	<b>750,119,963.82</b>	<b>(333,412,446.98)</b>	<b>(328,259,974.80)</b>
Cash and cash equivalents at beginning of year . . . . .	1,174,748,187.73	1,924,868,151.55	1,591,455,704.57
<b>Cash and cash equivalents at end of year</b> . . . . .	<b>1,924,868,151.55</b>	<b>1,591,455,704.57</b>	<b>1,263,195,729.77</b>

## RISK FACTORS

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

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

### **RISKS RELATING TO THE GROUP'S BUSINESS**

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

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

In recent years, there has been a slowdown in the growth of China's economic development as evidenced by the decrease in China's gross domestic product annual growth rate. According to the National Statistics Bureau of the PRC, the annual growth rate of the PRC's GDP slowed down from 7.8 per cent. in 2013 to 2.3 per cent. in 2020. Although the growth rate of the PRC's GDP rebounded back to 8.1 per cent. in 2021, the annual growth rate of the PRC's GDP slowed down to 3.0 per cent. in 2022. Between 2013 to 2022, the annual growth rate of Mianyang City's GDP slowed down from 10.0 per cent. to 5.0 per cent. It is unclear how the economic development in Mianyang City will be affected by a slowdown in the growth of the PRC economy, and there is no assurance that the policies and measures issued by the PRC government will be effective in stimulating the recovery of the economy. There can be no assurance that the level of economic development in Mianyang City will continue to be maintained at the past rate of growth, if at all. Any slowdown in the economic development in Mianyang City may decrease the demand for the Group's businesses and adversely affect the Group's business, financial condition, results of operations and prospects.

**The Group's business and prospects to a large extent depend upon the budget or spending of Mianyang Government on infrastructure construction and fixed asset investments.**

The Group is designated by Mianyang Government to carry out infrastructure construction in and around Mianyang City. As many of these businesses operate for public interest purposes, governmental agencies and state-owned enterprises are among the Group's major customers and the Mianyang Government funds the Group's businesses to a large extent. The Group's business and prospects have therefore historically been, and may continue to be, materially affected by the budget or public spending of Mianyang Government on infrastructure construction in Mianyang City.

There are a number of factors affecting Mianyang Government's budget and spending on infrastructure construction. The key factors include government policies and priority relating to the development of different industries and Mianyang Government's fiscal and monetary policies. Such budget and spending are also affected by the government income and the general economic conditions in the PRC and in Sichuan Province. Any worsening of the overall economic conditions of the PRC or Sichuan Province may affect the economic development of Mianyang City and the fiscal condition of Mianyang Government, which may in turn materially and adversely affect the budget and spending of Mianyang Government on infrastructure construction in Mianyang City. If the budget and spending of Mianyang Government on infrastructure decreases, the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

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

The Issuer is a state-owned company and the Mianyang Government is in a position to significantly influence the Group's major business decisions and strategies, including the scope of its activities, investment decisions, and the appointment of its directors and certain senior management positions and dividend policy. The Mianyang Government may use its ability to influence the Group's business in a manner that may not be in the Group's best interest. The Mianyang Government and/or the central government of the PRC may also change their policies, intention, preferences, views, expectations, projections, forecasts and opinions, as a result of changes in the economic, political and social environment, its projections of population and employment growth. Any amendment, modification or repeal could modify the existing regulatory regime and materially and adversely affect the Group's financial condition and results of operations. Examples of how the Group's results of operations may be affected by national and local government policies include:

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

**The Group faces risks associated with contracting with public bodies.**

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

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

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

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

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

In September 2014, the State Council released the Opinion on Enhancing the Administration of Fiscal Debts of Local Governments (關於加強地方政府性債務管理的意見(國發[2014]43號)) (“**Circular 43**”), which provides that LGFVs are no longer permitted to function as the financing arm of the relevant local government, to incur indebtedness that would be characterised as local government debt (being debt that is subject to any payment undertakings or is otherwise guaranteed by the local government), and should operate and obtain financing on commercial terms as corporate borrowers. According to Circular 43, local governments should finance the development of public interest projects via the issuance of government bonds. Public interest projects that are profit generating may be developed either by private investors independently or by a special purpose company jointly set up by the local government and private investors. Private investors and the special purpose companies jointly set up by the local government and the private investors are required to invest in accordance with market-oriented principles and development of the projects may be financed by bank loans, corporate bonds, project revenue bonds and asset-backed securitisation. Furthermore, private investors and special purpose companies shall bear the obligation to repay their debts and the relevant local government shall not be liable for any of the private investors’ or the special purpose companies’ debts. For the avoidance of doubt, according to Circular 43, the Mianyang Government has no obligation to repay any amount under the Bonds. An investment in the Bonds is relying solely on the credit risk of the Issuer. In the event the Issuer does not fulfil its obligations under the Bonds, investors will only be able to claim as an unsecured creditor against the Issuer, and not any other person including the Mianyang Government. None of the PRC government, the Mianyang Government or Mianyang SASAC is an obligor and shall under no circumstances have any obligation arising out of or in connection with the Bonds in lieu of the Issuer.

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

On 28 March 2018, the MOF issued the Circular of the Ministry of Finance on Issues relevant to the Regulation on the Financing Activities Conducted by Financial Institutions for Local Governments and State-owned Enterprises (財政部關於規範金融企業對地方政府和國有企業投融資行為有關問題的通知(財金[2018]23號)) (“**Circular 23**”) which took effect on the same day. According to Circular 23, (i) state owned financial enterprises are prohibited from increasing loans provided to LGFVs in violation of regulations that include the new Budget Law of the PRC effective on 1 January 2015, Circular 43 and others, except in the case of purchasing local government debt; (ii) state owned financial enterprises shall ensure that the capital raised for financing state owned financial enterprises, LGFV or public private partnership construction projects is lawfully sourced and that the financing satisfies all required capital ratios; (iii) state owned financial enterprises when providing agency services to local state owned financial enterprises are obliged to evaluate the financial capabilities of the entity seeking to raise capital and the source of the funds such as when a LGFV issues domestic or overseas bonds. With respect to the sources of income from debt issuing enterprises involved in the arrangement of financial funds, state owned financial enterprises shall carry out due diligence investigations and carefully verify that the arrangement complies with all applicable laws and regulations; and (iv) documents including offering circulars shall not disclose information that implicitly or explicitly indicates the government’s endorsement of the LGFV’s capital raising, such as local financial revenues and expenditures and government debt information, or conduct misleading publicity that implies an association with the government’s credit.

On 11 May 2018, the NDRC and the MOF jointly issued the Circular of the National Development and Reform Commission and the Ministry of Finance on Improvement of Market Regulatory Regime and Strict Prevention of Foreign Debt Risks and Local Government Indebtedness Risks (國家發展改革委財政部關於完善市場約束機制嚴格防範外債風險和地方債務風險的通知(發改外資[2018]706號)) (“**Circular 706**”) which took effect on the same day. Circular 706 imposes higher standards on enterprises engaging in foreign debt financings generally to ensure such enterprises and their financing plans are sufficiently robust and viable. According to Circular 706, enterprises incurring medium to long term foreign debts may not count public schools, public hospitals, public cultural facilities, parks, public squares, office buildings of government offices and public institutions, municipal roads, non-toll bridges, non-managed water conservancy facilities, non-chargeable network facilities or any other public assets or the rights to use land reserves, as assets owned by the enterprises for reporting purposes. See “– *Any public assets of the Group should not be taken into account when the Group’s business, financial condition, results of operations and prospects are assessed*”. In addition, such enterprises may not implicitly or explicitly publicise any misleading link to government credit in offering documentation or otherwise; where an enterprise is owned by a local government entity, the documentation must make clear that the liability of the local government is limited to the amount of its capital contribution and the debts of the enterprise are to be solely repaid by the enterprise itself as an independent legal person.

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

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

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

According to Circular 706, any public assets such as public schools, public hospitals, public cultural facilities, parks, public squares, office buildings of government departments and public institutions, municipal roads, non-toll roads, non-operating water conservancy facilities, no-charge pipe network facilities and other public assets and the usage rights of reserve land (together, “**Public Assets**”) cannot be counted towards the Group’s assets for the purposes of issuing medium and long-term foreign debts. As at 31 December 2022, the Group’s Public Assets amounted to approximately RMB109.0 million, representing approximately 0.65 per cent. of the Group’s net assets.

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

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

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

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

Since late 2019, COVID-19 has continued to spread within the PRC and globally. On 30 January 2020, the World Health Organisation (the "WHO") declared the outbreak of COVID-19 a Public Health Emergency of International Concern. The epidemic has escalated into a major public health crisis on a global scale and was declared a pandemic by the WHO. In July 2021, multiple cities in China reported new locally transmitted cases of the Delta strain of COVID-19, which created new uncertainties. In November 2021, the WHO announced the discovery of a new COVID-19 variant, Omicron, which is more infectious than the Delta variant and may lead to more severe symptoms or become more resistant to immunisation (including existing vaccines). Public-health authorities around the world intensified containment efforts, leading to a severe drop in business activity and curtailing global trade. In order to control the COVID-19 pandemic, many provinces and municipalities in China have successively launched their first-level response to major public health emergencies and strictly controlled the inflow and outflow personnel to prevent any large-scale gathering and movement of population. Resumption of work and production in certain regions had been further delayed. Therefore, the COVID-19 pandemic temporarily brought about adverse impact on some of the Group's businesses during 2020 and 2021, such as its hotel business and public transportation business.

As at the date of this Offering Circular, the Group has resumed normal operation in all of its business segments. However, given the uncertainties associated with the COVID-19 pandemic at the moment, including the emergence of new variants, regional outbreak of COVID-19 and the impact of renewed lockdowns and other restrictive measures imposed by the PRC government in light of further waves of infections, it is difficult to predict how long these adverse conditions will exist and the extent to which the Group may be affected in the future. Should the Group's operations be disrupted again by any resurgence of COVID-19 and the disruption to the Group's operations extend beyond a specified period, the Group may experience delays in completion and delivery of the projects, which may materially and adversely affect the Group's results of operations and financial condition and may also cause reputation damage. In the event that the outbreak of COVID-19 is not effectively controlled, the Group's business operations and financial condition may also be materially and adversely affected as a result of the changes in the outlook of the property market, any slowdown in economic growth, negative business sentiment or other factors that the Group cannot foresee.

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

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

The Group's business activities and investments require substantial capital expenditure, especially its infrastructure construction business. 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. The Group has historically satisfied its capital expenditure need with the cash flow generated from its operating activities, bank and other borrowings, government subsidies and funds raised in the PRC domestic and offshore capital markets. For the years ended 31 December 2020, 2021 and 2022, the Group's net cash flow generated from operating activities were approximately RMB714.3 million, RMB878.3 million and RMB56.2 million, respectively. There is no assurance that the Group's operations will be able to generate sufficient cash flow at all times, if at all. The Group's ability to access and raise sufficient capital through different sources depends upon a number of factors, such as the PRC's economic condition, relationships with key commercial banks, prevailing conditions in capital markets, regulatory requirements, the Group's financial condition, and costs of financing. Some of these factors are beyond the Group's control. In addition, the Group's reliance on external financings and its internal capital resources may bring financing risks. As at 31 December 2022, the Group had obtained credit facilities of approximately RMB38.8 billion in aggregate, out of which approximately RMB27.8 billion had been utilised, representing 71.6 per cent. of the aggregate credit facilities obtained. As its usable credit facilities decrease, the Group also faces pressure of seeking further financing sources in order to satisfy its capital needs.

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

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

For the years ended 31 December 2020, 2021 and 2022, the Group's net cash flow generated from operating activities was approximately RMB714.3 million, RMB878.3 million and RMB56.2 million, respectively. The fluctuation was caused by uncertainties of the time of fee recovery for the Group's costs from the relevant government departments in the large amount of infrastructure construction projects and land development projects it undertook. If the Group's net cash flow from operating activities continue to fluctuate, the Group's financial stability may be undermined, which may adversely affect the Group's financial position and results of operations.

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

The Group had outstanding external guarantees of approximately RMB887.1 million in total as at 31 December 2022, mainly relating to borrowings by Wescast Industries (China) Co., Ltd (威斯卡特工業(中國)有限公司), Sichuan Guohao Seed Industry Co., Ltd (四川國豪種業股份有限公司) and Sichuan Wescast Industrial Co., Ltd (四川威斯卡特工業有限公司). The Group has entered into such guarantees for various reasons, including for daily operation and business needs. Prior to providing guarantees, the Group carefully considers the commercial merits of each transaction and obtains approval from the relevant municipal government departments. In the event that the guaranteed entities are unable to fulfil their obligations under the respective loan facilities, the Group will be required to repay the outstanding debts on behalf of the guaranteed entities and its financial conditions and businesses could be materially and adversely affected.

**Significant amount of receivables may affect the Group’s liquidity and restrict the Group’s business activities.**

As at 31 December 2022, the Group’s notes receivable and accounts receivable were RMB198.0 million and RMB6,858.5 million, respectively, accounting for 0.3 per cent. and 10.6 per cent. of the total assets. Among the Group’s notes receivable and accounts receivable, the total amount of receivables from the Mianyang Government and its affiliated institutions was approximately RMB5,015.2 million. There are inherent risks associated with the ability of the Mianyang Government to make timely payments and any such failure could materially and adversely affect the Group’s liquidity and in turn affect its business, financial condition or results of operations.

As at 31 December 2020, 2021 and 2022, the Group’s other receivables amounted to RMB7.9 billion, RMB8.0 billion and RMB8.3 billion, respectively, representing 14.0 per cent., 13.5 per cent. and 12.8 per cent., respectively, of the total assets of the Group as at the same dates. The Group’s other receivables mainly comprises of the receivables from Sichuan Bohong Industrial Co., Ltd. (四川波鴻實業有限公司) and its subsidiaries. (the “**Bohong Group**”) As at 31 December 2022, the receivables from the Bohong Group was approximately RMB4,902.9 million. If the above-mentioned receivables from the Bohong Group cannot be fully recovered in a timely manner, it may have a negative impact on the Group’s normal operation and capital turnover.

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

The Group relies on bank loans and proceeds from bond issuances to satisfy a portion of its capital requirements and the Group has a significant amount of outstanding indebtedness. As at 31 December 2022, the Group’s total indebtedness (comprising short-term borrowings, notes payable, other payables (interest-bearing portion), non-current liabilities due within one year, other current liabilities (unmatured discounted commercial acceptances), long-term borrowings, bonds payable and long-term payable (interest-bearing portion)) was approximately RMB39.0 billion. If, for instance, the inflow of fiscal subsidies from the government decreases or the Group’s income derived from its main businesses drops significantly, the Group may not be able to repay the principal and interest of its interest-bearing liabilities on time.

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

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

As at 31 December 2022, the Group held restricted assets with a total book value of approximately RMB17.2 billion, representing 26.57 per cent. and 103.2 per cent. of the Group’s total assets and net assets, respectively. Third-party security rights may limit the Group’s use of the underlying collateral assets and adversely affect its operation efficiency. If the Issuer and its subsidiaries are unable to service and repay their debts under such loan facilities on a timely basis, the assets provided as security for such bank loans may be subject to foreclosure, which may adversely affect the Group’s business, financial condition, results of operations and prospects.

**The Group is exposed to risks in relation to its inventory.**

The Group's inventories comprise primarily of project development costs, land to be developed and commodities in stock. As at 31 December 2020, 2021 and 2022 the Group's inventories amounted to RMB21.0 billion, RMB16.4 billion and RMB18.0 billion, respectively. Nevertheless, in accordance with the Group's accounting policies, the Group had not made provision for inventory impairment in the past three years. As the PRC government may issue more stringent policies with respect to development of real estate and marketability of the land, the value of inventories could be adversely affected, which, in turn, could materially and adversely affect the Group's business, financial condition, results of operations or prospects.

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

The Group has been receiving financial support from the Mianyang Government in the form of government subsidies to fund its operations. For the years ended 31 December 2020, 2021 and 2022, the government subsidies received by the Group amounted to approximately RMB1,038.8 million, RMB474.4 million and RMB1,170.3 million, respectively. Mianyang Government's provision of subsidies and grants depends on the future fiscal revenue and fiscal policies of the local and central government of the PRC. There can be no assurance that the Group will continue to receive the same level of government subsidies and grants or enjoy the same preferential treatments that it currently enjoys, since the relevant government policies may change over time. Any loss or reduction in government subsidies and grants or other form of government support could have a material and adverse effect on the Group's business, financial condition, results of operations and prospects.

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

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

As at 31 December 2020, 2021 and 2022, the Group's construction-in-progress amounted to RMB1.2 billion, RMB1.1 billion and RMB0.6 billion, respectively, representing approximately 2.1 per cent., 1.9 per cent. and 1.0 per cent. of the Group's total assets. If the Group's construction projects cannot be completed on schedule, this may negatively impact the Group's liquidity and profitability. In addition, the Group's ongoing construction projects are mainly infrastructure construction projects undertaken by the Group which are to be repurchased by the Mianyang Government. The Group will only enter into repurchase agreements with the government when the repurchase conditions have been satisfied, i.e. after the completion of construction and/or financial settlement. Although Mianyang Finance Bureau has already set aside funds for the repurchase of the Group's projects in future, thus mitigating the repurchase risk faced by the Group, there is inherent uncertainty as to the repurchase price which the Group will be receiving ultimately and when the Group will be able to generate income from these projects. If there is any delays or defaults in the buy-back payment to be made by the Mianyang Government, the Group's business, financial conditions and results of operations and prospects, especially its working capital and cash flow, will be materially and adversely affected.

**Land development business is one of the important revenue sources for the Group and the Group may not be able to maintain sustainable growth in this business.**

Land development business is one of the important revenue sources for the Group. For the year ended 31 December 2022, operating revenue generated from the Group's land development business was RMB856.4 million, representing 6.7 per cent. of the Group's total operating revenue for the same period. The Group generates revenue from the land it develops and delivers to Mianyang Government and such land is further auctioned and transferred to the land transferee. For additional details on the business model of the Group's land development business, please see "*Description of the Group – the Group's Business – Land Development*". To maintain the growth of its land development business, the Group will be required to have sufficient land for development, auction and transfer. There is no assurance that the Group will continue to have land for development in the long run. In such case, the Group may experience a significant decrease in its land development business if all the remaining developed land is transferred and no new land is available for development, which could have a material and adverse effect on the Group's business, financial condition and results of operations.

**The Group's demolition, relocation and integrated construction activities are exposed to certain risks associated with resettlement of indigenous residents.**

Some of the Group's demolition, relocation and integrated construction projects involve resettlement of local residents. The Group develops and provides substitute properties in some cases to relocated residents as compensation for their resettlement. If any indigenous resident or business is dissatisfied with the compensation or the substitute properties and refuses to move, the relevant entity within the local government will seek to resolve the dispute by negotiating with the relevant resident or business to reach a mutually acceptable relocation compensation arrangement, or apply to the relevant land authority for its determination on whether the relocation compensation and relocation timetable is in compliance with PRC law. The relevant land authority will then make a decision as to the proper relocation compensation and timetable. There is no assurance that the relocation of indigenous residents or businesses will proceed smoothly or that they will agree to the compensation. Any delays affecting such relocations may result in delays in the Group's development schedules and/or increases in the Group's development costs, any of which could have a material adverse effect on its business, financial condition and results of operations.

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

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

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

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

The Group from time to time acquires land and properties for its business operations. According to applicable PRC laws, the granting of land use rights is customarily conducted through a public tender and bidding process. A number of factors are taken into consideration when the government determines the granting of land use rights, such as the reputation, track record and financial conditions of the bidders and project budgeting. Granting of property ownership certificates is also subject to a number of conditions and procedures and sometimes requires documents and co-operation provided by contractors and third parties. Many of these factors are beyond the Group's control. Further, the Group may not be compliant with relevant laws and regulations on the ownership or usage of land. For example, one subsidiary in the Group has been penalized for illegally occupying land and has received fine administrative penalties and has been ordered to rectify the illegality.

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

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

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

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

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

compensation if the Group does not commence development for more than two years after the date specified in the relevant land use rights grant contract without compelling causes. The State Council issued the Notice on Promoting the Saving and Intensification of Use of Land (國務院關於促進節約集約用地的通知) which states, among other things, that the Ministry of Land and Resources and other authorities are required to research and commence the drafting of implementation rules concerning the levy of land appreciation fees on idle land. Furthermore, the Ministry of Land and Resources issued in August 2009 the Notice on Restricting the Administration of Construction Land and Promoting the Use of Approved Land (關於嚴格建設用地管理促進批而未用土地利用的通知) which reiterates its policy on idle land.

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

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

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

The Group's profitability may also be affected by land policies in general. As the Group's land development business is susceptible to the influence of national macro-economic policies, where there are unfavourable adjustments to such policies, the Group's overall profit margin may decrease. For the years ended 31 December 2020, 2021 and 2022, the Group's operating gross profit margin was approximately 5.0 per cent., 9.0 per cent. and 4.0 per cent., respectively, and the Group's gross profit margin for its land development business was approximately 4.8 per cent., 31.2 per cent. and 7.6 per cent., respectively, over the same periods. Pursuant to the Notice on Issues Concerning the Transfer of Government Non-tax Income Including the State-owned Land Use Right Transfer Income, Specialised Income from Mineral Resources, Territorial Waters Usage Fees and Uninhabited Island Usage Fees to Taxation Departments for Collection (Cai Zong [2021] No.19)(關於將國有土地使用權出讓收入、礦產資源專項收入、海域使用金、無居民海島使用金四項政府非稅收入劃轉稅務部門徵收有關問題的通知(財綜[2021]19號)) issued by MOF, the Ministry of Natural Resources, the State Administration of Taxation and PBOC on 21 May 2021, land use right transfer fees are to be collected in a centralised manner by the relevant taxation departments of the PRC government. The Group's income derived from its land development business shall be recognised based on the surplus of the land use transfer price after deducting the proceeds and related taxes turned over to the government at the provincial level and above. The Group is of the view that, going forward, the income derived from this business segment will be subject to considerable uncertainty. Any unfavourable policy changes may have a material adverse effect on the Group's business, financial condition and results of operations.

**The Group may not be able to achieve commercial returns from the public interests and social welfare projects that the Group engages in on behalf of the government.**

The Company is a state-owned enterprise under the direct supervision of the Mianyang Government. As a state-owned enterprise, it is from time to time required to engage and participate in projects designated to serve the public interest and social welfare. For example, the Group has engaged in several integrated housing (統建房) projects in Mianyang City. Unlike ordinary commodity housing projects, the integrated housing projects promotes public interest and the profitability of such projects may be affected by factors such as purchasing restrictions imposed by the government. The Group is currently involved in various government projects and may participate in additional public interest projects in the future. There can be no assurance that such participation will not have a material and adverse effect on the Group's business, financial condition and results of operations.

**Fluctuations in the price of construction materials could adversely affect the Group's business and financial performance.**

The cost of construction materials, such as steel and cement, which constitutes a significant portion of the Group's payments to its construction contractors, may fluctuate. Any increase in the cost of construction materials may result in additional costs to the Group and may lead to future increases in construction contract costs. Construction material costs have fluctuated in recent years. Any increase in the cost of any significant construction materials will adversely impact the Group's overall construction costs, which is generally one of the largest components of the Group's cost of sales for its properties. If the Group cannot pass any or all of the increased costs on to its customers, its profitability could be adversely affected.

**The Group operates in businesses through a number of subsidiaries, and this business structure exposes the Group to challenges not faced by companies with a single or small number of businesses.**

The Issuer has a number of subsidiaries and associated companies operating in different industries. Through these subsidiaries and associated companies, the Group engages in land development, infrastructure construction, real estate, industrial products sales, trading and sales, natural gas sales and installation and other business activities in Mianyang City. As such, the Group is exposed to risks associated with multiple businesses. The Group is exposed to business, market and regulatory risks relating to different industries and markets, and may from time to time expand its businesses to new industries and markets in which it has limited operating experience. It needs to devote substantial resources to become familiar with, and monitor changes in, different operating environments so that it can succeed in its businesses.

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

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

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

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

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

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

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

The expected volumes of supply and demand for the commodities that the Group is actively trading vary over time, based on the supply policies of competitors, changes in resource availability, government policies and regulation, costs of production, global and regional economic conditions, demand in end markets for products in which the commodities are used, natural disasters and diseases, all of which impact markets and demand for commodities. Furthermore, changes in expected supply and demand conditions impact the expected future prices (and thus the price curve) of each commodity.

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

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

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

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

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

In addition, the Group's customer and supplier base is highly concentrated. As at 31 December 2022, the amount of products supplied by the Group's top five suppliers for its trading and sales business accounted for approximately 43.7 per cent. of the total amount of goods that the Group purchased and the amount of products purchased by the Group's top five customers for its trading and sales business accounted for approximately 39.2 per cent. of the total amount of goods that the Group supplied. In the event that a major supplier or customer switches to another company, this could have a material effect on the Group's business, financial condition and results of operation.

**The Group may not successfully implement its growth strategy.**

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

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

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

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

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

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

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

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

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

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

The Group is required to comply with extensive environmental, health and safety laws and regulations promulgated by the PRC government, as well as quality control standards. Given the magnitude and complexity of these laws and regulations, compliance with them or the establishment of effective monitoring systems may be onerous or require a significant amount of financial and other resources. If the Group fails to comply with these laws and regulations and industry standards applicable to its operations, it could be subject to suspension of its operations, failed evaluation when the project is delivered for review, substantial penalties, fines, suspension or revocation of its licences or permits to conduct business, termination of government contracts, administrative proceedings or litigation. Such events could have a material and adverse impact on its business, results of operations, financial condition and reputation. As these laws and regulations continue to evolve, there can be no assurance

that the PRC government will not impose additional or more onerous laws or regulations, compliance with which may cause the Group to incur significantly increased costs, which the Group may not be able to pass on to its customers. Further, the Group may not be compliant with relevant environmental laws and regulations. For example, one subsidiary in the Group has been penalized for illegal emission of atmospheric pollutants and has received fine administrative penalties.

**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.

**The Group may not be able to detect money laundering and other illegal or improper activities in its business operations.**

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

While the Group has adopted policies and procedures aimed at detecting and preventing the use of its business platforms to facilitate money laundering activities and terrorist acts, such policies and procedures in some cases have only been recently adopted and may not completely eliminate instances in which it may be used by other parties to engage in money laundering and other illegal activities. In the event that the Group fails to detect money laundering or other illegal or improper activities or fails to fully comply with applicable laws and regulations, the relevant government agencies may freeze its assets or impose fines or other penalties on it. Any of these may materially and adversely affect its business reputation, financial condition and results of operations.

**The Group is exposed to litigation risks.**

The Group may from time to time be involved in disputes with governmental entities, suppliers, employees and other third party service providers during the course of its daily operations. Claims may be brought against members of the Group based on a number of causes such as defective or incomplete work, personal injuries, property damages, breach of warranty or delay in completion and delivery projects. In addition, the Group may bring up claims against project contractors for additional costs incurred as a result of the contractors' underperformance or non-performance, project defects or default by the contractors. If the disputes or claims are not resolved or settled through negotiation or mediation, the Group may be involved in lengthy and costly litigation or arbitration proceedings, which may distract the Group's financial and managerial resources. In the event that the Group prevails in those legal proceedings, there is no assurance that the judgement or awards will be effectively enforced. Some of the Group's subsidiaries have been involved in legal proceedings or subject to enforcement actions for failure to perform their obligations under certain judgements or awards. 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. As at the date of this Offering Circular, the Group is not aware of itself or any of its subsidiaries being involved in any litigation or arbitration proceeding that would have a material and adverse effect on the Group's business or financial position as a whole.

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

The Group may consider expanding its business by acquiring certain interests in other companies. During the course of these transactions, the Group may conduct due diligence investigations with respect to the target companies, but the due diligence with respect to any acquisition opportunity may not reveal all relevant facts that are necessary or useful in evaluating such opportunity, which could subject the

Group to unknown financial and legal risks and liabilities. When determining the price for any acquisition, the Group may consider various factors, including the quality of the target business, estimated costs associated with the acquisition and the management of the target business, prevailing market conditions and intensity of competition. The Group may also face various issues arising from the acquisition after the relevant transaction is completed, such as integration of the business into its operations and allocation of internal resources. There can be no assurance that the Group will be able to address these issues effectively. Any major acquisition or transaction of similar nature may consume substantial management attention and financial resources of the Group or even cause the Group to incur significant indebtedness. Any material decrease in its financial resources may limit the Group's ordinary operating activities and increase pressure on its liquidity, and in turn could adversely affect its business, financial condition and results of operations.

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

The Group may also explore business opportunities by investing in new assets and businesses and entering into new strategic alliances and joint ventures. In addition, the Group may not have any board representation or veto power in its joint ventures or equity investments. In case of disagreements with the Group's partners, management may be required to divert attention away from other aspects of its businesses to address these disagreements.

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

The Group relies on its quality control systems to ensure the safety and quality of its projects. Therefore, it needs to maintain an effective quality control system for the Group's principal business. The Group has undertaken a large number of infrastructure construction tasks in Mianyang City.

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

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

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

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

According to the Company Law of the PRC, the members of the supervisory board of a wholly state-owned company shall not be less than five, of which the proportion of employee representatives shall not be less than one third. According to the Issuer's articles of association, its board of supervisors shall comprise five members, including no less than two employee representatives. As at the date of this Offering Circular, the Issuer's board of supervisors consists of three members, including two employee representatives. The Issuer is actively taking measures to improve its corporate governance structure, including coordinating with Mianyang SASAC to appoint additional supervisors. However, if the Issuer's failure to do so continues for a considerable time, the Issuer may face internal governance risks which may adversely affect the operation of the Issuer.

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

A significant part of the Group's revenue and profit is derived from the operations of the Issuer's subsidiaries, while the liabilities of the Group are mainly borne by the Issuer as the holding company. For the years ended 31 December 2020, 2021 and 2022, the Group recorded net profit of RMB291.6 million, RMB253.1 million and RMB114.4 million, respectively, and the Issuer's net profit on a non-consolidated basis was RMB179.6 million, RMB204.3 million and RMB275.6 million, respectively, for the same periods. In terms of liabilities, for the years ended 31 December 2020, 2021 and 2022, the total liabilities of the Group amounted to RMB40.9 billion, RMB43.5 billion and RMB48.1 billion, respectively, while the Issuer's total liabilities on a non-consolidated basis amounted to RMB16.8 billion, RMB34.1 billion and RMB34.6 billion, respectively. Throughout its years of operation and management of its various business, the Group has been able to maintain effective management and operational control over its key subsidiaries. However, there remains possibilities that the Issuer loses or weakens its control over its key subsidiaries, and this may have an adverse impact on the operation, liquidity and profitability of the Issuer, as well as its ability to repay the Bonds.

**RISKS RELATING TO FINANCIAL AND OTHER INFORMATION**

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

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

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

The Issuer's published financial information in the PRC may be adjusted or restated by the Issuer to address retrospective impacts of subsequent changes in applicable accounting standards, the Issuer's accounting policies and/or applicable laws and regulations affecting the Group's financial reporting, to reflect the subsequent comments given by the independent auditors during the course of their audit or review or to correct errors in its published financial statements. For example, the Issuer's consolidated

financial statements as at and for the years ended 31 December 2020 and 2021, respectively included in its audited consolidated financial statements as at and for the years ended 31 December 2021 and 2022, have been adjusted to reflect the changes in accounting policies and accounting estimates and the correction of errors in the financial figures relating to the previous accounting period. See “*Notes to Financial Statements – V. Description of accounting policies, changes in accounting estimates and corrections of significant prior period errors*” in the notes accompanying the Audited Financial Statements on pages F-69 to F-71 and F-268 to F-273. Such adjustment or restatement may cause discrepancies between the financial information with respect to a particular period or date published in the past on the one hand and the financial information with respect to the same period or date subsequently published in the PRC or the relevant financial information (if any) contained in this Offering Circular on the other hand.

**The Audited Financial Statements have been prepared and presented in accordance with PRC GAAP, which is different from IFRS in certain respects.**

The Audited Financial Statements have been prepared and presented in accordance with the PRC GAAP. PRC GAAP differs in certain material respects from the IFRS. The PRC GAAP is substantially in line with IFRS, except for certain modifications which reflect the PRC’s unique circumstances and environment. For a discussion of certain differences between PRC GAAP and IFRS, please see “*Description of Certain Differences between PRC GAAP and IFRS*”. Each investor should consult its own professional advisers for an understanding of the differences between PRC GAAP and IFRS and/or between PRC GAAP and other generally accepted accounting principles, and how those differences might affect the financial information contained herein. Potential investors must exercise caution when they use such financial information to evaluate the Group’s financial condition, results of operations and cash flows.

**Reanda, the Issuer’s independent auditor, has previously been investigated, censured or penalised by relevant regulatory authorities.**

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

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

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

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

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

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

**RISKS RELATING TO THE PRC**

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

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

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

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

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

The economy of the PRC experienced rapid growth in the past 30 years. There has been a slowdown in the growth of the PRC's GDP since the second half of 2013 and this has raised market concerns that the historic rapid growth of the economy of the PRC may not be sustainable. According to the National Bureau of Statistics of the PRC, the annual growth rate of China's GDP decreased from 7.3 per cent. in 2014 to 6.1 per cent. in 2019. In May 2017, Moody's changed China's long-term sovereign credit rating and foreign currency issuer ratings to "A1" from "Aa3". In September 2017, S&P Global Ratings also downgraded China's long-term sovereign credit rating to "A+" from "AA-", citing increasing economic and financial risks from a prolonged period of strong credit growth. Further indication of the slowdown in the growth of China's economy is evidenced by press reports of a recent increase in bond defaults by PRC corporate issuers since the second half of 2020. In 2020, China's GDP shrank by 2.3 per cent. year-on-year, as a result of the outbreak of the COVID-19 pandemic and large-scale quarantine and shutdown measures implemented by the PRC government. In 2021, the PRC government reported a GDP of RMB114.37 trillion, representing year-on-year growth of 8.1 per cent.; and in 2022, the PRC government reported a GDP of RMB121.02 trillion, representing year-on-year growth of 3.0 per cent.

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

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

Furthermore, the military conflicts between the Russian Federation and Ukraine ("**Russia-Ukraine Conflict**") started in early 2022 and has led to further increases in the prices of oil, energy, and other commodities as well as increased volatility in the global financial markets, giving rise to regional instability. The United States, United Kingdom and other jurisdictions have imposed severe economic sanctions and export controls against Russia and Russian interests, removed Russia from the SWIFT system and have warned there may be additional sanctions and controls in response to the Russian-Ukraine Conflict. The impact of these measures and potential responses to them from Russia, as well as

their impacts on the global financial markets and in turn the PRC financial market are yet to be known. The Russia-Ukraine Conflict and the international sanctions put in place as a result could materially and adversely impact macroeconomic conditions, giving rise to regional instability in the PRC and affect the Group's business, financial condition, results of operations and prospects.

**Uncertainty with respect to the PRC legal system could affect the Group.**

The PRC legal system is a civil law system. Unlike the common law system, the civil law system is based on written statutes in which decided legal cases have little value as precedents. Since 1979, the PRC government has begun to promulgate a comprehensive system of laws and has introduced many new laws and regulations to provide general guidance on economic and business practices in the PRC and to regulate foreign investment. Progress has been made in the promulgation of new laws and regulations dealing with economic matters such as corporate organisation and governance, foreign investment, commerce, taxation and trade. Such new laws, regulations, policies and legal requirements (including but not limited to Circular 23, Circular 706 and Circular 666) have only been recently adopted by PRC central or local government agencies, and their implementation, interpretation and enforcement may involve uncertainty due to the lack of established practice available for reference. The Group cannot predict the effect of future legal developments in the PRC, including the promulgation of new laws, changes in existing laws or their interpretation and enforcement, or the pre-emption of local regulations by national laws. As a result, there is substantial uncertainty as to the legal protection available to the Group. Furthermore, due to the limited volume of published cases and the non-binding nature of prior court decisions, the outcome of dispute resolution may not be as consistent, which may limit the legal protection available to the Group. In addition, litigation may be protracted and result in substantial costs and the diversion of resources and management attention.

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

**The PRC government may impose requirements on the Group's foreign exchange transactions.**

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

There can be no assurance that policies regarding foreign exchange transactions under current accounts or capital accounts will continue in the future. The PRC government may restrict future access to foreign currencies under current or capital account transactions at its discretion. A change in policy could restrict the Group's ability to obtain sufficient foreign currency, which could have an effect on the Group's ability to meet foreign exchange requirements. In addition, foreign exchange transactions under current accounts may no longer be freely convertible and could require the approval of the SAFE. Failure to obtain approval from the SAFE to convert Renminbi into any foreign currency for foreign exchange transactions could have an adverse effect on the Group's results of operations and financial condition.

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

The Group receives all of its revenues in Renminbi, which currently is not a freely convertible currency.

The value of the Renminbi against the U.S. dollar and other currencies fluctuates and is affected by, among other things, changes in China's political and economic conditions. On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of the Renminbi to

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

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

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

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

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

On 18 January 2019, Hong Kong and the PRC entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters between the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民事案件判決的安排) (the “**2019 Arrangement**”), which seeks to establish a bilateral legal mechanism with greater clarity and certainty for recognition and enforcement of judgments in a wider range of civil and commercial matters between the courts of Hong Kong and the PRC. From 29 January 2024, the 2019 Arrangement came into operation and shall apply to judgments made by the courts of Hong Kong and the PRC. However, the recognition and enforcement of judgments rendered by a Hong Kong court in the PRC are subject to the provisions, limits, procedures and other terms and requirements of the 2019 Arrangement. There can be no assurance that investors can successfully effect service of process against the Issuer or its directors, supervisors or members of senior management in the PRC and/or to seek recognition and enforcement of judgments rendered by a Hong Kong court in the PRC. Furthermore, the PRC does not have treaties or agreements providing for the reciprocal recognition and enforcement of judgments awarded by courts of the United States, the United Kingdom, or most other European countries or Japan. Hence, the recognition and enforcement in the PRC of judgment of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or even impossible.

## **RISKS RELATING TO THE BONDS AND THE STANDBY LETTER OF CREDIT**

**The PRC government (including but not limited to the People’s Government of Sichuan Province, the Mianyang Government and Mianyang SASAC) has no obligation to pay any amount under the Bonds, and the payment obligations under the Bonds remain the obligation of the Issuer.**

The PRC government (including but not limited to the People’s Government of Sichuan Province, the Mianyang Government and Mianyang SASAC) is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Bonds or the transaction documents in relation to the Bonds. This position has been reinforced by the Notice of the Ministry of Finance on Issues concerning Regulating the Investment and Financing Behaviours of Financial Enterprises for Local Governments and State-owned Enterprises (財政部關於規範金融企業對地方政府和國有企業投融資行為有關問題的通知)(“**Circular 23**”) 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(發改外資[2018]706號))(“**Circular 706**”) promulgated on 11 May 2018 and which took effect on the same day and the Notice on the Requirements relating to the Foreign Debt Issuance Filings and Registrations Application of local State-Owned Enterprises (關於對地方國有企業發行外債申請備案登記有關要求的通知(發改辦外資[2019]666號)) issued by the NDRC on 6 June 2019 which emphasised that local state-owned enterprises shall bear the responsibility for the repayment of foreign debt as independent legal persons, and local governments and their departments shall not pay the foreign debt of local state-owned enterprises directly or by committing to the payment of the foreign debt, nor shall they provide guarantees for the issuance of foreign debt by local state-owned enterprises. See “– *Risks relating to the Group’s business – The PRC regulatory framework governing the incurrence of financial obligations and indebtedness by local governments and local government financing vehicles is undergoing significant change, and may have a material impact on the Group’s business model and sources of financing, and significantly increase operating or compliance costs of the Group.*” above.

Any ownership or control by the PRC government (including but not limited to the People’s Government of Sichuan Province, the Mianyang Government and Mianyang SASAC) of the Group does not necessarily correlate to, or provide any assurance as to, the Issuer or the Group’s financial condition. The PRC government does not have any payment or other obligation under the Bonds or the transaction documents relating to the Bonds. Investments in the Bonds involve the credit risk of the Issuer rather than that of the PRC government. The Bonds are solely to be repaid by the Issuer as an obligor and the obligations of the Issuer under the Bonds shall solely be fulfilled by the Issuer as an independent legal person. In the event that the Issuer does not fulfil its obligations under the Bonds, investors will only be

able to claim as an unsecured creditor against the Issuer and its assets, and not any other person, including the PRC government. The Bondholders shall have no recourse to the PRC government in respect of any obligation arising out of or in connection with the Bonds and the transaction documents relating to the Bonds.

Investors should therefore base their investment decision only on the financial condition of the Issuer, the Group and the LC Bank.

**The Bonds will be mandatorily redeemed upon a pre-funding failure.**

The Conditions provide for a demand to be made under the Standby Letter of Credit in the event the Issuer fails to pre-fund principal and/or interest payments due on the Bonds or upon the occurrence of an Event of Default under the Bonds. Such demand will be made for the 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 the Conditions) and all fees, costs, expenses, indemnity payments and/or all 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 whole, but not in part, in accordance with Condition 6(d). Bondholders will not be able to hold their Bonds to maturity should such mandatory redemption occur.

**The implementation of the NDRC Measures may involve significant uncertainty, and failure by the Issuer to report the relevant information thereunder may adversely affect the enforceability or performance of the Bonds.**

According to the NDRC Measures, domestic enterprises and their overseas controlled entities shall obtain from the NDRC a pre-issuance registration certificate prior to issuing offshore debt securities with a tenor of not less than one year and shall notify the particulars of such approved issuances to the NDRC within ten PRC working days after the closing of each issuance. Pursuant to the NDRC Measures, the Issuer has obtained a certificate from the NDRC on 29 March 2023, which was supplemented by a letter of consent issued by the NDRC dated 20 March 2024, evidencing such registration. In the Conditions, the Issuer undertakes to file or cause to be filed with the NDRC the requisite information and documents within ten Registration Business Days after the Issue Date in accordance with the NDRC Measures and comply with all applicable PRC laws and regulations in relation to the Bonds. If the Issuer fails to report relevant information according to the NDRC Measures, the examination and registration authorities shall, depending on the seriousness of the circumstances, impose disciplinary measures such as interviews and public warnings on the Issuer concerned and its principal responsible person. In addition, the administration of the NDRC Measures may be subject to a certain degree of executive and policy discretion by the NDRC. There is also a residual risk that the NDRC pre-issue registration certificate may be revoked or amended or that future changes in PRC laws and regulations related to the interpretation of the NDRC Measures and related rules may have a negative impact on the performance, validity and/or enforceability of the Bonds in the PRC. Potential investors in the Bonds are advised to exercise due caution when making their investment decision.

**The Bonds are unsecured obligations of the Issuer and are subordinated to the Issuer's secured indebtedness to the extent of the value of the collateral securing such indebtedness.**

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

with all of the Issuer's other unsecured and unsubordinated creditors, including trade creditors. If there are insufficient assets remaining to pay all these creditors, then all or a portion of the Bonds then outstanding would remain unpaid.

**The Bonds will be structurally subordinated to the existing and future indebtedness and other liabilities and commitments of the Issuer's existing and future subsidiaries.**

None of the Issuer's subsidiaries will guarantee the Bonds. Therefore, the Bonds will be structurally subordinated to any indebtedness and other liabilities and commitments, including trade payables and lease obligations, of the Issuer's existing or future subsidiaries, whether or not secured. The Issuer may not have direct access to the assets of such subsidiaries unless these assets are transferred by dividend or otherwise to the Issuer. The ability of such subsidiaries to pay dividends or otherwise transfer assets to the Issuer is subject to various restrictions under applicable laws and the contracts and agreements that they enter into from time to time. The Issuer's subsidiaries are separate legal entities that have no obligation to pay any amounts due under the Bonds or make any funds available therefor, whether by dividends, loans or other payments. As a result, all claims of creditors of the existing and future subsidiaries of the Issuer, including trade creditors, lenders and all other creditors, and rights of holders of preferred shares of such subsidiaries (if any) will have priority as to the assets of such subsidiaries over claims of the Issuer as shareholder and those of creditors of the Issuer, including holders of the Bonds.

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

If the Issuer or any of its subsidiaries is unable to comply with the restrictions and covenants in its present or future debt obligations and other financing agreements, the cross-default provision of the Bonds could be triggered when (i) any other present or future indebtedness of the Issuer or any of its subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Issuer or any of its subsidiaries fails to pay when due, 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 indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above have occurred in aggregate equals or exceeds CNY200,000,000 or its equivalent in any other currency. See "*Terms and Conditions of the Bonds – Events of Default – With respect to the Issuer – Cross-Acceleration*". As a result, the default by the Issuer or any of its subsidiaries under one debt agreement may cause the acceleration of repayment of, or result in a default under, the Bonds. If any of these events occur, there can be no assurance that the Issuer's or any of its subsidiaries' assets and cash flows would be sufficient to repay all of the Issuer's or any of its subsidiary's indebtedness in full, or that it would be able to find alternative financing. Even if the Issuer or such subsidiary could obtain alternative financing, there can be no assurance that it would be on terms that are favourable or acceptable to the Issuer or such subsidiary.

**Additional procedures may be required to be taken to bring matters or disputes governed by English law to 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 matters or disputes governed by English law.**

The Trust Deed, the Agency Agreement (as defined in the Conditions), the Standby Letter of Credit and the Bonds are governed by English law, whereas parties to these documents submit to the exclusive jurisdiction of the Hong Kong courts. In order to hear matters or disputes governed by English law, Hong Kong courts may require certain additional procedures be taken.

Under the 2019 Arrangement, where the Hong Kong court has given a legally effective judgment in a civil and commercial matter, any party concerned may apply to the relevant People's Court of the Mainland for recognition and enforcement of the judgment, subject to the provisions, limits, procedures and other terms and requirements of the 2019 Arrangement and the Judicial Interpretation. However, recognition and enforcement of a Hong Kong court judgment could be refused if the PRC courts consider that the enforcement of such judgment is contrary to the social and public interest of the PRC or under certain other circumstances specified by the Choice of Court Arrangement. While it is expected that the PRC courts will recognise and enforce a judgement given by the Hong Kong courts, 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.

Furthermore, compared to other similar debt securities issuances in the international capital markets where the relevant holders of the debt securities would not typically be required to submit to an exclusive jurisdiction, the holders of the Bonds will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts, and thus a holder's ability to initiate a claim outside Hong Kong will be limited.

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

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

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

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

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;
- have the ability to understand and evaluate all information and materials with respect to the Issuer, the Group and the LC Bank and/or any other transaction document relating to the Bonds;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds;
- understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and

- be able to evaluate (either alone or with the help of a financial adviser) possible economic scenarios, such as interest rate and other factors which may affect its investment and its ability to bear the applicable risks.

**An active trading market for the Bonds may not develop.**

The Bonds are a new issue of securities for which there is currently no trading market. There can be no assurance as to the liquidity of the Bonds or that an active trading market will develop for the Bonds. If such a market were 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 Group's operations and the market for similar securities. Further, the Bonds, which are issued in the specified denomination of CNY1,000,000 and integral multiples of CNY10,000 in excess thereof, may not be transferred unless the principal amount of Bonds transferred and (where not all of the Bonds held by a Bondholder are being transferred) the principal amount of the balance of Bonds not transferred is not less than the minimum specified denomination, and may consequently be allocated to a limited number of investors.

Although the Bonds will be listed on the HKSE, no assurance can be given as to the liquidity of, or trading market for, the Bonds. The Managers are not obliged to make a market in the Bonds, and if the Managers do so, they may discontinue such market-making activity at any time at their sole discretion. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. In addition, Bondholders should be aware of the prevailing and widely reported global credit market conditions (which continue at the date of this Offering Circular), whereby there is a general lack of liquidity in the secondary market for instruments similar to the Bonds. Such lack of liquidity may result in investors suffering losses on the Bonds in secondary resales even if there is no decline in the performance or the assets of the Group. It is not possible to predict which of these circumstances will change and whether, if and when they do change, there will be a more liquid market for the Bonds and instruments similar to the Bonds at that time. In addition, the Bonds are being offered pursuant to exemptions from registration under the Securities Act and, as a result, holders will only be able to resell their Bonds in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act.

**Any downgrading or withdrawal of the Issuer's corporate rating by any rating agency could adversely affect the Group's business and the trading price of the Bonds.**

On 15 March 2024, Lianhe Ratings Global Limited assigned an initial global scale long-term credit rating of "BBB+" to the Issuer with a stable outlook. Any adverse revision to the Issuer's corporate rating by any rating agency may adversely affect the Group's business, its financial performance and the trading price of the Bonds. Further, the Group's ability to obtain financing or to access to capital markets may also be limited, thereby lowering its liquidity.

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

The Bonds are denominated and payable in Renminbi. The value of the Renminbi against the U.S. dollar and other currencies fluctuates and is affected by, among other things, changes in China's political and economic conditions.

An investor who measures investment returns by reference to a currency other than Renminbi would be subject to foreign exchange risks by virtue of an investment in the Bonds due to the fluctuation in the exchange rate of Renminbi and the investor's reporting currency. The value of Renminbi is affected by many economic, political and other factors over which the Issuer has no control. Depreciation of the Renminbi against such currency could cause a decrease in the value of the Bonds and a decrease in effective yield of the Bonds below their stated coupon rates causing a loss when the return on the Bonds is translated into such currency.

**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. Variations in the Issuer's revenue, earnings and cash flows, credit rating, proposals for new investments, strategic alliances and/or acquisitions, changes in interest rates, fluctuations in price for comparable companies, the revenues, earnings, results of operations and the financial condition of the LC Bank, changes in government regulations and changes in general economic conditions nationally or internationally could cause the price of the Bonds to change. Any such developments may result in large and sudden changes in the trading volume and price of the Bonds. There is no assurance that these developments will not occur in the future.

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

The market price of the Bonds may be adversely affected by declines in the international financial markets and world economic conditions. The market for the Bonds is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including the PRC. Since the global financial crisis in 2008 and 2009, the international financial markets have experienced significant volatility. In December 2016, the U.S. Federal Reserve raised interest rates for the first time in a year, and the second time since the 2008 financial crisis. The U.S. Federal Reserve further raised interest rates three times in 2017 and four times in 2018 but lowered them three times in 2019 and twice in 2020 as a result of the impact of the COVID-19 pandemic on the American economy. However, the U.S. Federal Reserve raised interest rates multiple times in 2022 and intends to continue raising interest rates to rein in inflation in 2023. Such fluctuations may increase the uncertainties relating to the prices of Renminbi denominated bonds. If similar developments occur in the international financial markets in the future, the market price of the Bonds could be adversely affected.

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

Upon maturity, the Bonds will be redeemed at their principal amount, or following the occurrence of a Relevant Event (as defined in the Conditions), the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem all, but not some only, of such holder's Bonds at their principal amount, together with any interest accrued to but excluding the relevant Put Settlement Date (as defined in the Conditions). See "*Terms and Conditions of the Bonds – Redemption and Purchase*". On the Maturity Date or if such an event were to occur, the Issuer may not have sufficient cash in hand and may not be able to arrange financing to redeem the Bonds in time, or on acceptable terms, or at all. The ability to redeem the Bonds on the Maturity Date or in such event may also be limited by the terms of other debt instruments. The Issuer's failure to redeem tendered Bonds could constitute an event of default under the Bonds, which may also constitute a default under the terms of the Issuer's other indebtedness.

**The insolvency laws of the PRC may differ from those of other jurisdictions with which the holders of the Bonds may be more familiar.**

As the Issuer is incorporated under the laws of the PRC, any insolvency proceeding relating to the Issuer would probably 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. There is no assurance that investors in the Bonds will be able to receive the same level of protection under the insolvency laws of the PRC as those in their respective home jurisdictions.

**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 Conditions and the Trust Deed contain provisions for calling meetings of the holders of the Bonds to consider matters affecting their interests generally and for passing of resolutions in writing or by way of electronic consents through the relevant clearing system(s). These provisions permit defined majorities to bind all Bondholders including those Bondholders who did not attend and vote at the relevant meeting or participated in the relevant resolution 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.

**Modifications and waivers in respect of the Conditions, the Trust Deed, the Agency Agreement and/or the Standby Letter of Credit may be made by the Trustee or less than all of the holders of the Bonds.**

The Conditions provide that the Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (i) any modification (other than any modification relating to a Reserved Matter (as defined in the Trust Deed)) of, or to the waiver or authorisation of any breach or proposed breach of, or any failure to comply with, any of the Conditions or any of the provisions of the Trust Deed and/or the Agency Agreement and/or the Standby Letter of Credit which in its opinion is not materially prejudicial to the interests of the holders, (ii) any modification hereof or thereof which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or to comply with any mandatory provision of applicable law and (iii) any amendment or supplement to, or a replacement of, the Standby Letter of Credit in connection with a future issue of bonds pursuant to Condition 15 to reflect the new aggregate principal amount of the Bonds following such issue. Any such modification, authorisation or waiver shall be binding on the Bondholders and, unless the Trustee otherwise agrees, such modification, waiver or authorisation shall be notified by the Issuer to the Bondholders as soon as practicable thereafter in accordance with the Conditions. See *“Terms and Conditions of the Bonds – Meetings of Bondholders, Modification, Waiver, Authorisation, Determination and Entitlement of Trustee”*.

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

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

**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 (effective 1 January 2008, last amended 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 non-resident enterprise Bondholders would be treated as income derived from sources within the PRC and be subject to PRC enterprise income tax. In addition, under the Individual Income Tax Law of the PRC (last amended 30 June 2011, together with its implementation rules, the “**IIT Law**”), any individual who has no domicile and does not live within the territory of the PRC or who has no domicile but has lived within the territory of the PRC for less than 183 days cumulatively within a tax year shall pay individual income tax for any income obtained within the PRC. There is uncertainty as to whether the 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)(the “**Tax Arrangement**”) which was promulgated on 21 August 2006, Bondholders who are Hong Kong residents, including both enterprise holders and individual holders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of the Bonds if such capital gains are not connected with an office or establishment that the Bondholders have in the PRC and all the other relevant conditions are satisfied.

On 23 March 2016, the MOF and the State Administration of Taxation issued the Circular of Full Implementation of Replacing Business Tax with Value-Added Tax Reform (關於全面推開營業稅改徵增值稅試點的通知)(Caishui [2016] No. 36) (“**Circular 36**”), which introduced a new value-added tax (“**VAT**”) from 1 May 2016. Under Circular 36, VAT is applicable where entities or individuals provide services within the PRC. The Issuer will be obliged to withhold VAT of six per cent. on payments of interest and certain other amounts on the Bonds paid by the Issuer to Bondholders that are non-resident enterprises or individuals. VAT is unlikely to be applicable to any transfer of Bonds between entities or individuals located outside 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 within the PRC. Circular 36 together with other laws and regulations pertaining to VAT are relatively new, and 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 income tax or VAT on gains on the transfer of the Bonds, the value of the relevant Bondholder’s investment in the Bonds may be materially and adversely affected.

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

Upon issue, the Bonds will initially be represented by a Global Certificate, which will be registered in the name of and lodged with a sub-custodian for the HKMA as the operator of the CMU. Persons seeking to hold a beneficial interest in the Bonds through Euroclear or Clearstream will hold their interests through an account opened and held by Euroclear or Clearstream (as the case may be) with the CMU. Except in the circumstances described in the Global Certificate, investors will not be entitled to receive definitive certificates. The Clearing Systems will maintain records of the beneficial interests in the Global Certificate. While the Bonds are represented by the Global Certificate, investors will be able to trade their beneficial interests only through the Clearing Systems.

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.

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

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

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

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

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

**The Issuer may issue additional bonds in the future.**

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

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

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

**The LC Bank's ability to perform its obligations under the Standby Letter of Credit is subject to the financial condition of the Bank.**

The LC Bank is not a separate and independent legal person but has the capacity to carry on its activities within its scope of the authorisation given by the Bank, and if the assets of the LC Bank are not sufficient to meet the obligations of the LC Bank under the Standby Letter of Credit, the Bank would have an obligation to satisfy the balance of the obligations under the Standby Letter of Credit. Therefore, the ability of the LC Bank to make payments under the Standby Letter of Credit could be materially and adversely affected by a number of factors, including, but not limited to, the following:

- **Impaired loans and advances.** The Bank's results of operations have been and will continue to be negatively affected by its impaired loans. If the Bank is unable to effectively control and reduce the level of impaired loans and advances in its current loan portfolio and in new loans the Bank extends in the future, or the Bank's allowance for impairment losses on loans and advances is insufficient to cover actual loan losses, the Bank's financial condition could be materially and adversely affected.
- **Collateral and guarantees.** A substantial portion of the Bank's loans is secured by collateral and pledges. In addition, a substantial portion of its PRC loans and advances is backed by guarantees. If the Bank is unable to realise the collateral, pledges or guarantees securing its loans to cover the outstanding principal and interest balance of such loans due to various factors, the Bank's financial condition could be materially and adversely affected.
- **Loans and advances to customers of particular industries and government financing platforms.** A majority of the Bank's corporate loans and advances to customers primarily comprises loans and advances to the manufacturing, transportation, logistics and postal services, production and supply of power, heat gas and water, leasing and commercial services and real estate industries; while a majority of the Bank's personal loans and advances to customers primarily comprise residential mortgages. As such, the repayment of such loans and advances to customers is affected by the market performance and conditions of the aforementioned industries which may be affected by many factors, including, without limitation, cyclical economic volatility and economic downturns. In addition, the PRC government has in recent years imposed macroeconomic control measures that are aimed at preventing the real estate market from overheating. Such factors may adversely affect the growth and quality of its loans and advances to the real estate industry and, consequently, the Bank's financial condition and results of operations. Loans to government financing platforms are a part of the loan portfolio of the Bank. Revenues of the PRC government are primarily derived from taxes and land premiums. Therefore, economic cycles and fluctuations in the real estate market may also adversely affect the quality of such loans.

In addition, as neither the Bank nor the LC Bank has not waived sovereign immunity for the purpose of the Standby Letter of Credit, it is possible that such immunity is asserted at the time of enforcement of the Standby Letter of Credit.

**The Standby Letter of Credit is subject to a maximum limit which may not be sufficient to satisfy all obligations potentially due at the time the Trustee draws on the Standby Letter of Credit.**

The Bonds will have the benefit of the Standby Letter of Credit up to the Maximum Limit, representing only (i) the aggregate principal amount of the Bonds plus interest payable for one Interest Period (as defined in the Conditions) and (ii) the maximum amount payable under the Standby Letter of Credit for any fees, costs, expenses, indemnity payments and/or all 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. There can be no assurance that the Maximum Limit will be sufficient to fully satisfy the aforementioned payments at the time the Trustee makes the one allowed drawing under the Standby Letter of Credit.

**The Standby Letter of Credit expires one month after the Maturity Date.**

The Standby Letter of Credit will expire one calendar month after the Maturity Date. In the event that the Trustee does not issue a demand under the Standby Letter of Credit by this expiration date, Bondholders will cease to have the benefit of the credit protection provided by the LC Bank.

**The LC Bank may be penalised by SAFE if it fails to submit certain required information to SAFE.**

The LC Bank is required by the Provisions on the Foreign Exchange Administration of Cross-Border Guarantees, the Notice of the General Affairs Department of the State Administration of Foreign Exchange on Improving the Foreign Exchange Administration for Overseas Loans under Domestic Guarantees as well as other applicable laws and regulations to submit relevant data for overseas loans through a SAFE data interface programme or any other method. Failure to do so will not render the Standby Letter of Credit ineffective or invalid under PRC law but could subject the LC Bank to certain penalties by SAFE in accordance with the Regulations of the People's Republic of China on Foreign Exchange Control.

**The interpretation of the Provisions on the Foreign Exchange Administration of Cross-Border Guarantees and other relevant regulations may involve uncertainty which may adversely affect the enforceability and/or effective performance of the Standby Letter of Credit in the PRC.**

The administration of the Provisions on the Foreign Exchange Administration of Cross-Border Guarantees may be subject to a certain degree of executive and policy discretion by SAFE. There can be no assurance that the LC Bank will successfully complete the required data submission to SAFE or that any registration pursuant to such submission will not be revoked or amended in the future or that future changes in PRC laws and regulations will not have a negative impact on the validity and enforceability of the Standby Letter of Credit in the PRC.

#### **RISKS RELATING TO BONDS DENOMINATED IN RENMINBI**

**Renminbi is not freely convertible; there are requirements on remittance of Renminbi into and outside 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, despite significant reduction in control by it in recent years over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items. Participating banks in Hong Kong, Macau, Singapore, Taiwan, Seoul, Frankfurt, London, Paris, Luxembourg, Doha and Toronto have been permitted to engage in the settlement of current account trade transactions in Renminbi under certain pilot schemes.

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

Although starting from 1 October 2016, Renminbi has been added to the Special Drawing Rights basket created by the International Monetary Fund and policies further improving accessibility to Renminbi to settle cross-border transactions in foreign currencies were implemented by PBOC in 2018, there can be no assurance that the PRC government will continue to liberalise control over cross-border remittance of Renminbi in the future, that any pilot schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in the PRC will not be promulgated in the future which will have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. Despite the Renminbi internationalisation pilot programme and efforts in recent years to internationalise the currency, there can be no assurance that the PRC government will not impose interim or long-term restrictions on the cross-border remittance of Renminbi. In the event that funds cannot be repatriated outside the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer to source Renminbi to finance its obligations under the Bonds denominated in Renminbi.

**Remittance of proceeds into or outside of the PRC in Renminbi may be subject to restrictions.**

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 governmental authorities will be obtained at all or, if obtained, they will not be revoked or amended in the future.

There can be no assurance that the PRC government will continue to gradually liberalise the control over cross-border Renminbi remittances in the future, that the pilot schemes introduced will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC.

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

As a result of the restrictions by the PRC government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited. While PBOC has entered into agreements on the clearing of Renminbi business with financial institutions in a number of financial centres and cities (the “**Renminbi Clearing Banks**”), and is in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions (the “**Settlement Arrangements**”), the current size of Renminbi denominated financial assets outside the PRC is limited.

There are restrictions imposed by 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 PBOC. The Renminbi Clearing Banks only have access to onshore liquidity support from PBOC for the purpose of squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, the participating banks will need to source Renminbi from outside the PRC 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 can be no assurance that new PRC regulations will not be promulgated or the Settlement Agreements 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 can be no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all.

## TERMS AND CONDITIONS OF THE BONDS

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

The CNY530,000,000 in aggregate principal amount of 3.18 per cent. credit enhanced bonds due 2027 (the “**Bonds**”, which expression, unless the context requires otherwise, includes any further bonds issued pursuant to Condition 15 of these terms and conditions (these “**Conditions**”) and to be consolidated and forming a single series therewith) of Mianyang Science & Technology City Development & Investment (Group) Co., Ltd. (綿陽科技城發展投資(集團)有限公司)(the “**Issuer**”) are constituted by a trust deed (as amended and/or supplemented from time to time, the “**Trust Deed**”) dated 27 March 2024 (the “**Issue Date**”) made between the Issuer and CMB Wing Lung (Trustee) Limited (in such capacity, the “**Trustee**”, which expression shall, where the context so permits, include any successor or all other persons for the time being trustee or trustees under the Trust Deed) as trustee for itself and the Bondholders (as defined below). The Bonds have the benefit of an irrevocable standby letter of credit (the “**Standby Letter of Credit**”) dated on or around 26 March 2024 issued by Bank of Shanghai Co., Ltd., Chengdu Branch (the “**LC Bank**”).

The Bonds are the subject of an agency agreement dated the Issue Date (as amended and/or supplemented from time to time, the “**Agency Agreement**”) made between the Issuer, the Trustee, CMB Wing Lung Bank Limited as CMU lodging and paying agent (in such capacity, 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), as registrar (in such capacity, the “**Registrar**”, which expression shall include any successor registrar appointed from time to time in connection with the Bonds) and as transfer agent (in such capacity, the “**Transfer Agent**”, which expression shall include any additional or successor transfer agent appointed from time to time in connection with the Bonds) and CMB Wing Lung Bank Limited as the account bank holding the Pre-funding Account (as defined below) and the LC Proceeds Account (as defined below) (in such capacities, the “**Pre-funding Account Bank**” and the “**LC Proceeds Account Bank**”, respectively, each of which expressions shall include any successor). References herein to “**Agents**” means the CMU Lodging and Paying Agent, the Registrar, any Transfer Agent and any other agent or agents and their successor(s) appointed from time to time under the Agency Agreement with respect to the Bonds.

Certain provisions of these Conditions are summaries of the Trust Deed, the Agency Agreement and the Standby Letter of Credit and are subject to their detailed provisions. 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 Standby Letter of Credit and are deemed to have notice of those provisions of the Agency Agreement applicable to them. For so long as any Bond is outstanding, copies of the Trust Deed, the Agency Agreement and the Standby Letter of Credit are available for inspection by the Bondholders upon prior written request and satisfactory proof of holding and identity during normal business hours (being 9:00 a.m. (Hong Kong time) to 3:00 p.m. (Hong Kong time) Monday to Friday except for public holidays) at the principal place of business for the time being of the Trustee, being at the Issue Date at 6/F, CMB Wing Lung Bank Building, 45 Des Voeux Road Central, Hong Kong.

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

### 1 FORM, AUTHORISED 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, an “**Authorised Denomination**”). The Bonds are represented by registered certificates (the “**Certificates**”) and, save as provided in Condition 3(b), each Certificate shall represent the entire holding of Bonds by the same holder.

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

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

*Upon issue, the Bonds will initially 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**”). The Conditions are modified by certain provisions contained in the Global Certificate in respect of any of the Bonds that are represented by the Global Certificate. See “Summary of Provisions relating to the Bonds in Global Form”.*

*For so long as any of the Bonds are represented by the Global Certificate, each person who is for the time being shown in the records of the Operator as the holder of a particular principal amount of Bonds (the “**accountholder**”) (in which regard any certificate or other document issued by the Operator as to the principal amount of such Bonds standing to the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer, the Trustee, the Agents and the Operator as the holder of such principal amount of such Bonds for all purposes other than with respect to the payment of principal, premium (if any) or interest on the Bonds, the right to which shall be vested, as against the Issuer, the Trustee, the Agents and the Operator solely in the registered holder of the Global Certificate in accordance with and subject to its terms (and the expressions “**Bondholder**” and (in respect of any Bond) “**holder**” and related expressions shall be construed accordingly).*

## **2 STATUS, STANDBY LETTER OF CREDIT AND PRE-FUNDING**

### **(a) Status**

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

### **(b) Standby Letter of Credit**

The Bonds will have the benefit of the 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 Standby Letter of Credit shall be drawable by the Trustee as beneficiary under the Standby Letter of Credit on behalf of itself and the holders of the Bonds upon the presentation of a demand by authenticated SWIFT (or otherwise as permitted under the Standby Letter of Credit) sent by or on behalf of the Trustee to the LC Bank in accordance with the Standby Letter of Credit (a “**Demand**”) stating that (i) the Issuer has failed to comply with Condition 2(c) 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 2(c); or (ii) an Event of Default (as defined in Condition 9) has occurred and the Trustee has given notice to the Issuer that the Bonds are immediately due and payable in accordance with Condition 9.

Only one drawing is permitted under the Standby Letter of Credit. Such drawing on the Standby Letter of Credit will be payable in immediately available funds in Renminbi 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 Standby Letter of Credit in respect of any amount payable under or in connection with these Conditions, the Bonds, the Trust Deed, the Agency Agreement and/or any other transaction documents 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 or in connection with these Conditions, the Bonds, the Trust Deed, the Agency Agreement and/or any other transaction documents relating to the Bonds.

The LC Bank's aggregate liability under the Standby Letter of Credit shall be expressed and payable in Renminbi and shall not in any circumstances exceed CNY545,523,800 (the "**Maximum Limit**"), an amount representing only (i) the aggregate principal amount of the Bonds plus interest payable for one Interest Period (as defined below) in accordance with these Conditions and (ii) CNY7,096,800 being the maximum amount payable under the Standby Letter of Credit for any fees, costs, expenses, indemnity payments and all other amounts payable to the Trustee under or in connection with these Conditions, the Bonds, the Trust Deed, the Agency Agreement and/or any other transaction documents relating to the Bonds. The Standby Letter of Credit takes effect from the Issue Date and shall remain valid and in full force until 6:00 p.m. (Hong Kong time) on 27 April 2027 unless extended in accordance with its terms.

*See "Appendix – Form of Irrevocable Standby Letter of Credit".*

**(c) 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 6(d)) (the "**Relevant Amount**") as the same shall become due, the Issuer shall, in accordance with the Agency Agreement, by no later than 10:00 a.m. (Hong Kong time) on the Business Day (the "**Pre-funding Date**") falling ten Business Days prior to the due date for such payment under these Conditions:

- (i) unconditionally and irrevocably pay or procure to be paid the Relevant Amount in immediately available and 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 (followed by an original as soon as practicable) (X) a Payment and Solvency Certificate signed by an 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 Business Day immediately 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 (and the Trustee may rely conclusively on any such notification), 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:

- (1) give notice (substantially in the form set out in the Trust Deed) (the “**Pre-funding Failure Notice**”) to the Bondholders in accordance with Condition 16 by the second Business Day following the Pre-funding Date of (X) the Pre-funding Failure and (Y) the redemption of the Bonds in accordance with Condition 6(d) to occur as a result of the Pre-funding Failure; and
- (2) by no later than 6:00 p.m. (Hong Kong time) on the second Business Day following the Pre-funding Date issue a Demand to the LC Bank 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 6(d)) and all fees, costs, expenses, indemnity payments and all other amounts payable to the Trustee under or in connection with these Conditions, the Bonds, the Trust Deed, the Agency Agreement and/or any other transaction documents relating to the Bonds, *provided that*, subject to and in accordance with the terms of the Standby Letter of Credit, the Trustee need not physically present the Demand to the LC Bank and shall be entitled to draw on the Standby Letter of Credit by way of a Demand by authenticated SWIFT sent on its behalf (or, in certain limited circumstances set out in the Standby Letter of Credit, by way of such other means as permitted under the Standby Letter of Credit).

Following receipt by the LC Bank of such Demand, the LC Bank shall by 10:00 a.m. (Hong Kong time) on the fourth Business Day following receipt of such Demand (if a Demand is received by 6:00 p.m. (Hong Kong time) on a Business Day), by 10:00 a.m. (Hong Kong time) on the fifth Business Day following receipt of such Demand (if a Demand is received after 6:00 p.m. (Hong Kong time) on a Business Day) pay to or to the order of the Trustee the amount in Renminbi specified in the Demand in immediately available 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 upon the failure by the Issuer to pay the Relevant Amount into the Pre-funding Account in accordance with these Conditions.

**(d) Definitions**

In these Conditions:

“**Authorised Signatory**” means any director or any other officer of the Issuer who has been duly authorised by the board of directors of the Issuer to sign any certificate or document required in connection with the Bonds on behalf of, and so as to bind, the Issuer and which the Issuer has notified in writing to the Trustee and the Agents as provided in the Agency Agreement;

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

“**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 substantially 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 (A) a payment for the Relevant Amount has been made by the Issuer to the Pre-funding Account in accordance with Condition 2(c) and (B) 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.

### 3 TRANSFERS OF BONDS AND ISSUE OF CERTIFICATES

#### (a) Register

The Issuer will cause a register (the “**Register**”) to be kept at the specified office of the Registrar and in accordance with the terms of the Agency Agreement, on which shall be entered the names, addresses and details of the registered account (as defined in Condition 7(a)(ii)) of the holders of the Bonds and the particulars of the Bonds held by them and of all transfers of the Bonds. Each holder shall be entitled to receive only one Certificate in respect of its entire holding of Bonds.

#### (b) Transfer

Subject to the Agency Agreement and Conditions 3(e) and 3(f), a Bond may be transferred (in whole or in part but in any case in an Authorised Denomination) by surrendering the Certificate issued in respect of that Bond at the specified office of the Registrar or any Transfer Agent, with the form of transfer on the back of the Certificate (or in the form obtainable from the Registrar or any Transfer Agent) duly completed and signed and any other evidence as the Registrar or the relevant Transfer Agent may require to prove the title of the transferor and the authority of the individuals who have executed such form of transfer. In the case of a transfer of only part of a holding of Bonds represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred (which shall be in an Authorised Denomination) and a further new Certificate in respect of the balance of the holding not transferred (which shall be in an Authorised Denomination) shall be issued to the transferor. In the case of a transfer of Bonds to a person who is already a holder of Bonds, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. No transfer of title to a Bond will be valid unless and until entered on the Register.

*Transfers of interests in Bonds represented by the Global Certificate will be effected in accordance with the rules of the CMU.*

#### (c) Delivery of New Certificates

Each new Certificate to be issued upon a transfer of Bonds pursuant to Condition 3(b) shall be made available for delivery within seven business days (as defined below) of receipt of a duly completed form of transfer, surrender of the existing Certificate(s) and provision of any other evidence required by the Registrar or the relevant Transfer Agent as provided in Condition 3(b). Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Certificate and evidence 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 in writing otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify.

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

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

**(d) Formalities Free of Charge**

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

**(e) Closed Periods**

No holder may require the transfer of a Bond to be registered (i) during the period of seven days ending on (and including) the due date for any payment of principal (or premium) in respect of that Bond; or (ii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(a)); or (iii) after a Tax Redemption Notice (as defined in Condition 6(b)) has been delivered by the Issuer pursuant to Condition 6(b); or (iv) after a Put Exercise Notice (as defined in Condition 6(c)) in respect of such Bond has been deposited by such holder pursuant to Condition 6(c); or (v) after a Pre-funding Failure Notice has been delivered by the Trustee pursuant to Condition 2(c).

**(f) Regulations**

All transfers of Bonds and entries on the Register will be made subject to the detailed regulations promulgated concerning transfers and registration of Bonds (the “**Regulations**”), the initial form of which is scheduled to the Agency Agreement. The Regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee, or by the Registrar, with the prior written approval of the Trustee. A copy of the current Regulations will be made available by the Registrar for inspection by any Bondholder who so requests in writing and upon satisfactory proof of holding and identity.

## **4 COVENANTS**

**(a) Notification to the NDRC**

The Issuer undertakes to file or cause to be filed with the NDRC the requisite information and documents relating to the issue of the Bonds within ten Registration Business Days after the Issue Date in accordance with the Administrative Measures for the Review and Registration of Mid- to 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)) issued by the NDRC and effective from 10 February 2023 and any implementation rules, certificates, approvals or guidelines issued by the NDRC from time to time (the “**NDRC Post-issue Filing**”) and shall comply with all applicable PRC laws and regulations in connection with the Bonds.

**(b) Notification of Completion of the NDRC Post-issue Filing**

The Issuer shall within ten Registration Business Days after the submission of the NDRC Post-issue Filing (i) provide the Trustee with (A) a certificate in English substantially in the form set out in the Trust Deed signed by an Authorised Signatory confirming the completion of the NDRC Post-issue Filing and (B) copies of the relevant documents evidencing the

completion of the NDRC Post-issue Filing (if any) certified in English by an Authorised Signatory as a true and complete copy of the original (the certificate and documents described in (A) and (B) together, the “**NDRC Post-issue Filing Documents**”), and (ii) give notice in English to the Bondholders in accordance with Condition 16 confirming the completion of the NDRC Post-issue Filing.

The Trustee may rely conclusively on the NDRC Post-issue Filing Documents and shall have no obligation or duty to enquire, monitor or ensure or assist with the filing of the Bonds with the NDRC or to verify the accuracy, completeness, content, validity and/or genuineness of any documents in relation to or in connection with the NDRC Post-issue Filing Documents or the NDRC Post-issue Filing, or to translate or procure that any NDRC Post-issue Filing Document is translated into English or to give notice to the Bondholders confirming the completion of the NDRC Post-issue Filing, and shall not be liable to Bondholders or any other person for not doing so.

**(c) Foreign Debt Registration**

The Issuer undertakes that it will (i) register or cause to be registered the issuance of the Bonds with SAFE in accordance with the applicable laws, regulations and implementation rules issued by PBOC, SAFE and other competent authorities in the PRC from time to time on or prior to the day falling 15 Registration Business Days after the Issue Date (the “**Foreign Debt Registration**”) and (ii) complete the Foreign Debt Registration and obtain evidence thereof from the relevant branch of SAFE on or before the Registration Deadline.

**(d) Notification of Completion of the Foreign Debt Registration**

The Issuer shall before the Registration Deadline and within ten Registration Business Days after receipt of the registration certificate from SAFE (or any other document evidencing the completion of the Foreign Debt Registration issued by SAFE), (i) provide the Trustee with (A) a certificate in English substantially in the form set out in the Trust Deed signed by an Authorised Signatory confirming the completion of the Foreign Debt Registration and (B) copies of the relevant documents evidencing the completion of the Foreign Debt Registration, each certified in English by an Authorised Signatory as a true and complete copy of the original (the certificate and documents described in (A) and (B) together, the “**Registration Documents**”) and (ii) give notice in English to the Bondholders substantially in the form set out in the Trust Deed in accordance with Condition 16 confirming the completion of the Foreign Debt Registration.

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

**(e) Financial Information**

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

- (i) a copy of the relevant Audited Financial Reports within 150 days of the end of each Relevant Period; and

- (ii) a copy of the Unaudited Financial Statements within 90 days of the end of each Relevant Period prepared on a basis consistent with the Audited Financial Reports.

Reports referred to in this Condition 4(e)(i) which are in the Chinese language shall be provided to the Trustee together with an English translation of the same translated by (x) a nationally or internationally recognised firm of independent accountants or (y) a professional translation service provider and checked by a nationally or internationally recognised firm of independent accountants, together with a certificate in English signed by an Authorised Signatory certifying that such translation is complete and accurate.

The Trustee shall not be required to review the Audited Financial Reports or the Unaudited Financial Statements delivered to it as contemplated in this Condition 4(e) and if the same shall not be in the English language, shall not be required to request or obtain or arrange for an English translation of the same, and the Trustee shall not be liable to any Bondholder or any other person for not doing so.

**(f) Compliance Certificate**

So long as any Bond remain outstanding (as defined in the Trust Deed), the Issuer shall send a Compliance Certificate (as defined below) to the Trustee (i) at the same time as the Audited Financial Reports for each Relevant Period are furnished to the Trustee pursuant to Condition 4(e) and (ii) within 14 days of any written request therefor from the Trustee. The Trustee may rely on any Compliance Certificate conclusively without liability to any Bondholder or any other person for the accuracy, validity and/or genuineness of any matters or facts stated therein.

The Trustee shall be entitled to rely conclusively without investigation upon each Compliance Certificate of the Issuer given as contemplated in these Conditions and the Trust Deed and shall not be liable to the Issuer, the LC Bank, any Bondholder or any other person for so relying for the accuracy, validity and/or genuineness of any matters of facts stated therein.

**(g) Definitions**

In these Conditions:

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

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

- (i) no Event of Default (as defined in Condition 9) or Potential Event of Default (as defined in the Trust Deed) had occurred since the Certification Date of the last such certificate or (if none) the Issue Date 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 since the last Certification Date of the last such certificate or (if none) the Issue Date or, if non-compliance had occurred, giving details of such non-compliance;

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

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

“**PBOC**” means the People’s Bank of China;

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

“**Potential Event of Default**” means an event or circumstance which could with the giving of notice, lapse of time, issue of a certificate and/or fulfilment of any other requirement provided for in Condition 9 become an Event of Default;

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

“**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 (i) in relation to the Audited Financial Reports, each period of 12 months ending on the last day of the Issuer’s financial year (which, unless otherwise notified to the Trustee and to the Bondholders in accordance with Condition 16, shall be 31 December of that financial year); and (ii) in relation to the Unaudited Financial Statements, each period of six months ending on the last day of the Issuer’s first half financial year (which, unless otherwise notified to the Trustee and to the Bondholders in accordance with Condition 16, shall be 30 June of that financial year);

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

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

“**Unaudited Financial Statements**” means, for a Relevant Period, the semi-annual unaudited consolidated balance sheet, income statement, statement of cash flows and statement of changes in owners’ equity of the Issuer, prepared in accordance with PRC GAAP.

## 5 INTEREST

The Bonds bear interest on their outstanding principal amount from and including the Issue Date at the rate of 3.18 per cent. per annum, payable semi-annually in arrear in equal instalments of CNY159.0 per Calculation Amount (as defined below) on 27 March and 27 September in each year (each an “**Interest Payment Date**”), commencing on 27 September 2024.

Each Bond will cease to bear interest from and including 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 Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant Bondholder under these Conditions).

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

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, save as provided above in relation to equal instalments, be equal to the product of the rate of interest specified above, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest CNY0.01 (CNY0.005 being rounded upwards).

## 6 REDEMPTION AND PURCHASE

### (a) Final Redemption

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 27 March 2027 (the “**Maturity Date**”). The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition 6.

### (b) Redemption for Taxation Reasons

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice (a “**Tax Redemption Notice**”), which shall specify the date for redemption, to the Bondholders in accordance with Condition 16 (which notice shall be irrevocable) and in writing to the Trustee and the CMU Lodging and Paying Agent, at their principal amount (together with any interest accrued to but excluding the date fixed for redemption), if the Issuer satisfies the Trustee immediately prior to the giving of such Tax Redemption Notice that (i) the Issuer has or will become obliged to pay Additional Tax Amounts (as defined in Condition 8) as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change and/or amendment becomes effective on or after 20 March 2024, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, *provided that* no Tax

Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due.

Prior to the giving of any Tax Redemption Notice pursuant to this Condition 6(b), the Issuer shall deliver to the Trustee (A) a certificate in English signed by an Authorised Signatory stating that the obligation referred to in (i) above of this Condition 6(b) cannot be avoided by the Issuer taking reasonable measures available to it, and (B) an opinion, in form and substance satisfactory to the Trustee, of independent tax or legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such Additional Tax Amounts as a result of such change and/or amendment. The Trustee shall be entitled (but shall not be obliged) to accept and rely upon such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out in (i) and (ii) above of this Condition 6(b), in which event the same shall be conclusive and binding on the Bondholders.

Upon the expiry of any such notice period as is referred to in this Condition 6(b), the Issuer shall be bound to redeem the Bonds on the date specified in such Tax Redemption Notice in accordance with this Condition 6(b).

**(c) Redemption for Relevant Events**

Following the occurrence of a Relevant Event, the holder of any Bond will have the right (the “**Relevant Event Put Right**”), at such holder’s option, to require the Issuer to redeem all, but not some only, of such holder’s Bonds on the Put Settlement Date at their principal amount, together with any interest accrued to but excluding the relevant Put Settlement Date. To exercise such right, the holder of the relevant Bond must deposit at the specified office of the CMU Lodging and Paying Agent a duly completed and signed notice of redemption, initially in the form scheduled to the Agency Agreement and for the time being current, obtainable from the specified office of the CMU Lodging and Paying Agent (a “**Put Exercise Notice**”), together with the Certificate representing the Bonds to be redeemed, by (i) not later than 30 days following a Relevant Event (the “**Initial Exercise Period**”), or (ii) if later, within 30 days following the date upon which notice of the Relevant Event is given to Bondholders by the Issuer as specified below (the “**Substituted Exercise Period**”).

The “**Put Settlement Date**” in respect of any Bond for which such option is exercised shall (subject to Condition 6(d)) be the 14th Payment Business Day (as defined in Condition 7) after the expiry of (1) the Initial Exercise Period where the option is exercised during the Initial Exercise Period and the Substituted Exercise Period does not commence before the expiry of the Initial Exercise Period or (2) in all other circumstances, the Substituted Exercise Period.

A Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Bonds the subject of the Put Exercise Notices delivered as aforesaid on the Put Settlement Date. If the Bonds become due and repayable due to the occurrence of an Event of Default following the delivery of a Put Exercise Notice but prior to the occurrence of the relevant Put Settlement Date, such Put Exercise Notice shall be deemed to be void.

The Issuer shall give notice to the Trustee and the CMU Lodging and Paying Agent in writing and to the Bondholders (in accordance with Condition 16) by not later than (a) 14 days following the first day on which it becomes aware of the occurrence of a Change of Control or (b) five days following the first day on which it becomes aware of a Non-Registration Event, which notice shall specify:

- (i) the applicable Put Settlement Date;

- (ii) the date of the Relevant Event and, briefly, the events causing it;
- (iii) the date by which a Put Exercise Notice must be given;
- (iv) the redemption amount;
- (v) the name and address of the CMU Lodging and Paying Agent;
- (vi) the procedures that holders must follow and the requirements that holders must satisfy in order to exercise the Relevant Event Put Right; and
- (vii) that a Put Exercise Notice, once validly given, may not be withdrawn.

The Trustee and the Agents shall have no obligation or duty to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with any Relevant Event and shall not 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 shall not be liable to Bondholders, the Issuer or any other person for not doing so.

For the purposes of these Conditions:

- (A) a “**Change of Control**” occurs when:
  - (i) PRC Government Persons, acting together, cease to directly or indirectly own or hold 100 per cent. of the 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 asset sale or transfer) or the surviving entity (in the case of consolidation or merger) is/are directly or indirectly 100 per cent. held or owned by PRC Government Persons;
- (B) “**Control**” with respect to any Person means (i) the ownership, acquisition or control of more than 50 per cent. of the voting rights of the issued share capital of the relevant Person or (ii) the right to appoint and/or remove at least half of the members of the relevant Person’s board of directors or other governing body, in each case whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise; the term “**Controlled**” has meanings correlative to the foregoing;
- (C) a “**Non-Registration Event**” occurs when the Registration Conditions are not satisfied on or before the Registration Deadline;
- (D) a “**Person**” includes any company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include the Issuer’s board of directors or any other governing board and does not include the Issuer’s wholly-owned direct or indirect Subsidiaries;
- (E) “**PRC Government Persons**” means one or more of: (i) the Mianyang State-owned Assets Supervision and Administration Commission (綿陽市國有資產監督管理委員會) or its successor; (ii) the People’s Government of Sichuan Province (四川省人民政府) or its successor and its governmental agencies and departments (including Sichuan Provincial Finance Department (四川省財政廳)) or their successor(s); and (iii) any person or entity directly or indirectly Controlled by central government of the PRC;

(F) “**Registration Conditions**” means the receipt by the Trustee of the Registration Documents; and

(G) a “**Relevant Event**” will be deemed to occur if: (i) there is a Non-Registration Event; or (ii) there is a Change of Control.

*So long as the Bonds are represented by the Global Certificate, a right of a Bondholder to redemption of the Bonds following the occurrence of a Change of Control or a Non-Registration Event will be effected in accordance with the rules and procedures of the CMU.*

**(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 after the date a Pre-funding Failure Notice is given to the Bondholders in accordance with Condition 2(c) (the “**Mandatory Redemption Date**”), together with interest accrued to, but excluding, the Mandatory Redemption Date.

If any Bondholder shall have exercised its right to require the Issuer to redeem its Bonds in accordance with Condition 6(c) and a Pre-funding Failure Notice is given to the Bondholders in accordance with Condition 2(c) 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 6(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 to mean the Put Settlement Date.

**(e) Notice of Redemption**

All Bonds in respect of which any notice of redemption is given under this Condition 6 shall be redeemed on the date specified in the Tax Redemption Notice or, as the case may be, on the applicable Put Settlement Date. If there is more than one notice of redemption given in respect of any Bond (which shall include a Tax Redemption Notice given by the Issuer pursuant to Condition 6(b) and any Put Exercise Notice given by a Bondholder pursuant to Condition 6(c)), the notice given first in time shall prevail. Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying any calculations of any amounts payable under any notice of redemption and shall not be liable to Bondholders, the Issuer, the LC Bank or any other person for not doing so.

**(f) Purchase**

The Issuer, the LC Bank or any of their respective 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, the LC Bank or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for certain purposes, including without limitation for the purpose of calculating quorums at meetings of the Bondholders or for the purposes of Condition 9, Condition 12(a) and Condition 13.

**(g) Cancellation**

All Certificates representing Bonds redeemed or purchased by or on behalf of the Issuer or its Subsidiaries shall be surrendered to the Registrar for cancellation 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.

## 7 PAYMENTS

### (a) Method of Payment:

- (i) Payments of principal and premium (if any) shall be made (subject to surrender of the relevant Certificates at the specified office of the CMU Lodging and Paying Agent if no further payment falls to be made in respect of the Bonds represented by such Certificates) in the manner provided in paragraph (ii) of this Condition 7(a).
- (ii) Interest on each Bond shall be paid to the person shown on the Register at the close of business on the fifth Payment Business Day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Bond shall be made in Renminbi by wire transfer to such registered account. In these Conditions, the “**registered account**” of a Bondholder means the Renminbi account maintained by or on behalf of such holder with a bank in Hong Kong, details of which appear in the Register.
- (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.
- (iv) In this Condition 7, “**Payment Business Day**” means a day (other than a Saturday, a Sunday or a public holiday) on which commercial banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong and the place in which the specified office of the CMU Lodging and Paying Agent is located.

*For so long as any of the Bonds are represented by the Global Certificate, payments of interest, premium or principal will be made by the Operator to the persons for whose account a relevant interest in the Global Certificate is credited as being held by the Operator at the close of business of the Clearing System Business Day immediately prior to the date of payment, where “**Clearing System Business Day**” means a day on which the CMU is operating and open for business. Such payment will 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 and the other Agents shall have no liability to the Bondholders, the Issuer, the CMU participants, the indirect participants or any other person in respect of any such payment. Save in the case of final payment, no presentation of the Global Certificate shall be required for such purpose.*

- (b) **Payments subject to Fiscal Laws:** All payments are 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 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “Code”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Bondholders in respect of such payments.
- (c) **Payment Initiation:** Payment instructions (for value the due date or, if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated on the due date for payment (or, if that is not a Payment Business Day, on the first following day which is a Payment Business Day) or, in the case of payments of principal and premium (if any) where the relevant Certificate has not been surrendered at the specified office of any Transfer Agent, the Registrar, or the CMU Lodging and Paying Agent, on the first Payment Business Day on which such Transfer Agent, Registrar or the CMU Lodging and Paying Agent is open for business and on or following which the relevant Certificate is surrendered.
- (d) **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 a day on which the bank where a registered account is maintained is open for receipt of such transfers, or if the Bondholder is late in surrendering or cannot surrender its Certificate (if required to do so) or if a transfer made in accordance with Condition 7(a)(ii) reaches the registered account of the Bondholder after the due date for payment.
- (e) **Appointment of Agents:** The Agents, subject to the provisions of the Agency Agreement, act solely as agents of the Issuer (or in certain limited circumstances, the Trustee) and do not assume any obligation or relationship of agency or trust for or with any Bondholder. The Issuer reserves the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of any Agent and to appoint additional or other Agents, *provided that* the Issuer shall at all times maintain (i) a CMU Lodging and Paying Agent, (ii) a Registrar with a specified office outside the United Kingdom, (iii) a Transfer Agent and (iv) such other agents as may be required by any stock exchange on which the Bonds may be listed. Notice of any such termination or appointment or any change of any specified office of an Agent shall promptly be given by the Issuer to the Bondholders in accordance with Condition 16.

## 8 TAXATION

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

Where such withholding or deduction is made by the Issuer for or on account of any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected withheld or assessed by or within the PRC at a rate up to and including the aggregate rate applicable on 20 March 2024 (the “Applicable Rate”), the Issuer will increase the amounts paid by it to the extent required so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

If the Issuer is required to make any deduction or withholding for or on account of any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected withheld or assessed by or within the PRC at a rate in excess of the Applicable Rate, in such event the Issuer shall pay such additional amounts (“**Additional Tax Amounts**”) as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Tax Amounts shall be payable in respect of any Bond:

- (i) **Other connection:** to a holder (or to a third party on behalf of a holder) who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the PRC other than the mere holding of the Bond; or
- (ii) **Presentation more than 30 days after the Relevant Date:** in respect of which the Certificate representing it is presented (where presentation is required) for payment more than 30 days after the Relevant Date except to the extent that the relevant Bondholder would have been entitled to such Additional Tax Amounts on presenting the Certificate representing such Bond for payment on the last day of such period of 30 days (and as if such last day were a Payment Business Day (as defined in Condition 7)).

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

In these Conditions, “**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 falling 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.

If the Issuer becomes subject at any time to any taxing jurisdiction other than the PRC, references in Condition 6(b) and this Condition 8 to the PRC shall be construed as references to the PRC and/or such other jurisdiction (as the case may be).

Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, assessment, charge, withholding or other payment referred to in this Condition 8 or for determining whether such amounts are payable or the amount thereof, and shall not be responsible or liable for any failure by the Issuer or the Bondholders or any other person to pay such tax, duty, assessment, charge, withholding, deduction 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, assessment, charge, withholding or other payment imposed by or in any jurisdiction.

## **9 EVENTS OF DEFAULT**

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

(A) With respect to the Issuer:

- (a) **Non-Payment:** there has been a failure to pay when due (i) the principal of or any premium (if any) on any of the Bonds, or (ii) any interest on any of the Bonds and such failure continues for a period of 14 days; or
- (b) **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 those referred to in Condition 9(A)(a) or where it gives rise to a right of redemption under Condition 6(c)), which default is, in the opinion of the Trustee, incapable of remedy or, if such default is, in the opinion of the Trustee, capable of remedy, such default is not remedied within 45 days after written notice of such default shall have been given to the Issuer by the Trustee; *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 2(c) and such amount has subsequently been paid by the LC Bank following a drawing under the Standby Letter of Credit to or to the order of the Trustee and paid to holders of the Bonds, then such breach will not constitute an Event of Default under this Condition 9(A)(b); or
- (c) **Cross-Acceleration:** (i) any other present or future indebtedness of the Issuer or any of its Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period; or (iii) the Issuer or any of its Subsidiaries fails to pay when due, 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 9(A)(c) have occurred in aggregate equals or exceeds CNY200,000,000 or its equivalent in any other currency (on the basis of the middle spot rate for the relevant currency against Renminbi as quoted by PBOC on the day on which this Condition 9(A)(c) operates); or
- (d) **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or any substantial part of the property, assets or revenues of the Issuer or any of its Principal Subsidiary and, in each case, is not discharged or stayed within 30 days after the date(s) thereof; or
- (e) **Security Enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Principal Subsidiaries over all or any substantial part of its properties, assets or revenues, as the case may be, 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, in each case, is not discharged or stayed within 30 days after the date(s) thereof; or
- (f) **Insolvency:** the Issuer or any of its Principal Subsidiaries is (or is deemed by law or a court of competent jurisdiction to be) insolvent or bankrupt, or unable to pay its debts as and when such debts fall due, or stops, suspends or threatens to stop or suspend payment of all or any substantial part of its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all or any substantial 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 any substantial part of the debts of the Issuer or any of its Principal Subsidiaries, as the case may be; or

- (g) **Winding-up:** (i) an order of any court of competent jurisdiction is made or an effective resolution is passed for the winding-up or dissolution of the Issuer or any of its Principal Subsidiaries, or (ii) the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on all or any substantial part of its business or operations, except (A) in the cases of (i) and (ii) above for the purpose of and followed by a winding-up, reconstruction, dissolution, amalgamation, reorganisation, merger or consolidation (x) while solvent or (y) on terms approved by an Extraordinary Resolution of the Bondholders, (B) in the case of a Principal Subsidiary, whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer or any other of its Subsidiaries, in any combination or (C) in the case of a disposal or sale of a Principal Subsidiary to any other person, on an arm's length basis where the net proceeds from such disposal or sale (whether in cash or otherwise) are fully transferred to or otherwise vested in the Issuer and/or any other Subsidiaries of the Issuer, in any combination; or
- (h) **Government Intervention:** (i) all or substantially all part of the undertaking, assets and revenues of the Issuer or any of its Principal Subsidiaries is condemned, seized or otherwise appropriated by any person acting under the authority of any national, regional or local government or (ii) the Issuer or any of its Principal Subsidiaries is prevented by any such person from exercising normal control over all or substantially all part of its undertaking, assets and revenues; or
- (i) **Authorisation and Consents:** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done by the Issuer (or procured by the Issuer 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 or in respect of the Bonds and the Trust Deed, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Bonds, the Certificates, the Register and the Trust Deed admissible in evidence in the courts of Hong Kong, is not taken, fulfilled or done; or
- (j) **Illegality:** it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Bonds and/or the Trust Deed; or
- (k) **Standby Letter of Credit:** the Standby Letter of Credit is not (or is claimed by the LC Bank not to be) enforceable, valid or in full force and effect; or
- (l) **Analogous Events:** any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to Conditions 9(A)(d) to 9(A)(h) (both inclusive).

In this Condition 9(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 ten 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 ten 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 ten per cent. of the consolidated total assets of the Issuer and its Subsidiaries as shown by the latest published audited consolidated balance sheet of the Issuer and its Subsidiaries including, for the avoidance of doubt, the investment of the Issuer in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Issuer and after adjustment for minority interests; or
- (d) to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, provided that (xx) the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall forthwith become a Principal Subsidiary and (yy) on or after the date on which the first published audited accounts (consolidated, if appropriate) of the Issuer prepared as of a date later than such transfer are issued, whether such transferor Subsidiary or such transferee Subsidiary is or is not a Principal Subsidiary shall be determined on the basis of such accounts by virtue of the provisions of paragraphs (a), (b) or (c) above of this definition;

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

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

A certificate signed by an Authorised Signatory (whether or not addressed to the Trustee) confirming that a Subsidiary of the Issuer is or is not or was or was not at any particular time or throughout any specified period a Principal Subsidiary may be relied upon by the Trustee without further enquiry or evidence and, if relied upon by the Trustee, and shall (in the absence of manifest error), be conclusive and binding on all parties.

(B) With respect to the LC Bank:

- (a) **Cross-default:** any other present or future Public External Indebtedness of the LC Bank or any LC Bank Subsidiary becomes due and payable prior to its stated maturity by reason of any default, event of default or the like (howsoever described) in respect of the terms thereof, or any such Public External Indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, provided that the aggregate amount of the relevant Public External Indebtedness in respect of which one or more of the events mentioned above in this Condition 9(B)(a) have occurred equals or exceeds U.S.\$30,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this Condition 9(B)(a) operates); or
- (b) **Insolvency:** the LC Bank or any Material Subsidiary 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 Material Subsidiary; or
- (c) **Winding-up:** an order of any court of competent jurisdiction is made or an effective resolution is passed for the winding-up or dissolution or administration of the LC Bank or any Material Subsidiary (except for any voluntary solvent winding-up of any Material Subsidiary), or the LC Bank ceases or threatens to cease to carry on all or a material part of its business or operations, except for the purpose of and followed by a solvent winding-up, dissolution, reconstruction, amalgamation, reorganisation, merger or consolidation (X) on terms approved by an Extraordinary Resolution of the Bondholders, or (Y) in the case of a Material Subsidiary, whereby the undertaking and assets of such Material Subsidiary are transferred to or otherwise vested in the LC Bank or an LC Bank Subsidiary; or
- (d) **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 Standby Letter of Credit; or
- (e) **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 9(B)(b) to 9(B)(c) (both inclusive).

In this Condition 9(B):

“**LC Bank Subsidiary**” means any entity whose financial statements at any time are required by law or in accordance with generally accepted accounting principles to be fully consolidated with those of the LC Bank.

“**Material Subsidiary**” means an LC Bank Subsidiary whose total assets or total revenue (consolidated in the case of an LC Bank Subsidiary which itself has subsidiaries) as at the date at which its latest audited financial statements were prepared or, as the case may be, for

the financial period to which those audited financial statements relate, account for five per cent. or more of the consolidated assets or consolidated revenue of the LC Bank as at such date or for such period. If a Material Subsidiary transfers all of its assets and business to an LC Bank Subsidiary, the transferee shall become a Material Subsidiary and the transferor shall cease to be a Material Subsidiary on completion of such transfer.

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.

**“Public External Indebtedness”** means any indebtedness of the LC Bank or any LC Bank Subsidiary, or any guarantee or indemnity by the LC Bank of indebtedness for money borrowed, which (i) 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 placements); and (ii) has an original maturity of more than 365 days.

## **10 PRESCRIPTION**

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

## **11 REPLACEMENT OF CERTIFICATES**

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

## **12 MEETINGS OF BONDHOLDERS, MODIFICATION, WAIVER, AUTHORISATION, DETERMINATION AND ENTITLEMENT OF TRUSTEE**

### **(a) Meetings of Bondholders**

The Trust Deed contains provisions for convening meetings of the Bondholders to consider matters affecting their interests, including without limitation the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement and/or the 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 to do so by Bondholders holding not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding (as defined in the Trust Deed) and subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in aggregate principal amount of the Bonds for the time being outstanding (as defined in the Trust Deed), or at any adjourned meeting two or more persons being or representing Bondholders whatever the aggregate principal amount of the Bonds held or

represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the Maturity Date or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, any premium payable on redemption of, or interest on, the Bonds, (iii) to change the currency of payment of the Bonds, (iv) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, or (v) to modify or release the Standby Letter of Credit (other than an amendment or supplement to, or a replacement of, the Standby Letter of Credit in connection with a further issue of bonds pursuant to Condition 15 or modification pursuant to Condition 12(b)) (each, a “**Reserved Matter**”), in which case the necessary quorum will be two or more persons holding or representing not less than 75 per cent., or at any such meeting adjourned for lack of quorum not less than 25 per cent., in aggregate principal amount of the Bonds then outstanding (as defined in the Trust Deed). Any Extraordinary Resolution duly passed shall be binding on Bondholders, whether or not they were present at the meeting at which such resolution was passed or whether they voted contrary to the majority.

The Trust Deed provides that (A) a resolution in writing signed by or on behalf of the Bondholders of not less than 90 per cent. in aggregate principal amount of the Bonds for the time being outstanding (as defined in the Trust Deed) 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. A resolution passed in writing or by Electronic Consent will be binding on all Bondholders whether or not they participated or voted in such resolution. Such a resolution in writing may be contained in one document, or several documents in the same form each signed by or on behalf of one or more Bondholders.

**(b) Modification, Waiver and Authorisation**

The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (i) any modification (other than any modification relating to a Reserved Matter) of, or to the waiver or authorisation of any breach or proposed breach of, or any failure to comply with, any of these Conditions or any of the provisions of the Trust Deed and/or the Agency Agreement and/or the Standby Letter of Credit which in its opinion is not materially prejudicial to the interests of the holders, (ii) any modification hereof or thereof which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or to comply with any mandatory provision of applicable law and (iii) any amendment or supplement to, or a replacement of, the Standby Letter of Credit in connection with a future issue of bonds pursuant to Condition 15 to reflect the new aggregate principal amount of the Bonds following such issue. Any such modification, waiver or authorisation shall be binding on the Bondholders and, unless the Trustee agrees otherwise, such modification, waiver or authorisation shall be notified to the Bondholders by the Issuer as soon as practicable thereafter in accordance with Condition 16. The Trustee may request and conclusively rely upon certificate signed by an Authorised Signatory and/or an opinion of counsel concerning the compliance with the above conditions in respect of any modification and/or amendment.

**(c) Entitlement of the Trustee**

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

### **13 ENFORCEMENT**

The Trustee may at its sole and absolute discretion and without further notice (i) at any time after the Bonds become due and payable, 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, the Agency Agreement and/or the Bonds (as the case may be) and, where appropriate, to draw down on and enforce the Standby Letter of Credit and/or (ii) take action (including legal action) to protect or preserve the rights and interests of the Bondholders, but it need not take any such steps and/or actions and/or institute any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Bondholders holding at least 25 per cent. in aggregate principal amount of the Bonds then outstanding (as defined in the Trust Deed), and (b) other than in the case of the making of a drawing under the 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.

### **14 INDEMNIFICATION OF THE TRUSTEE**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including, without limitation, provisions relieving it from taking any steps and/or actions and/or instituting any proceedings to enforce its rights under the Trust Deed, the Agency Agreement, the Standby Letter of Credit and/or these Conditions and/or in respect of the Bonds and/or from taking other steps and/or actions and/or instituting proceedings unless first indemnified and/or secured and/or pre-funded to its satisfaction and entitling the Trustee to be paid or reimbursed for its fees, costs, expenses and indemnity payments and for any liabilities incurred by it in priority to the claims of Bondholders. The Trustee, the Agents and their respective affiliates are entitled (i) to enter into business transactions with the Issuer, the LC Bank and/or any entity related (directly or indirectly) to the Issuer or the LC Bank, (ii) to act as trustee for the holders of any other securities or other obligations of the Issuer, the LC Bank or any other person, as freely as if the Trustee were not appointed under the Trust Deed and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

The Trustee and the Agents shall have no obligation to monitor compliance with the provisions of the Trust Deed, the Agency Agreement, the Standby Letter of Credit or these Conditions, or to ascertain whether an Event of Default or a Potential Event of Default or a Relevant Event or a Pre-funding Failure has occurred, and shall not be liable to the Bondholders or any other person for not doing so.

Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Agency Agreement, the 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 other than in the case of the making of a drawing under the Standby Letter of Credit, the Trustee is entitled, prior to its exercising any such discretion or power, taking or refraining from taking any such action, making any such decision, or giving any such direction, to seek directions or clarification of directions from the Bondholders by way of an Extraordinary Resolution, and the Trustee shall be entitled to rely conclusively on any such directions or clarification and shall not be responsible for any loss or liability incurred by the Issuer, the Bondholders or any other person as a result of any delay in it exercising such discretion or power, taking or refraining from taking such action, making such decision, or giving such direction where the Trustee is seeking such approval, directions, clarification or instructions from Bondholders or in the event that no such approval, directions, clarification or instructions are received by the Trustee.

None of the Trustee or the Agents shall be responsible for the performance by the Issuer or the LC Bank and any other person appointed by the Issuer 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 or the LC Bank to the contrary, the Trustee and each Agent shall be entitled to assume that the same are being duly performed. None of the Trustee or the Agents shall be liable to any Bondholder, the Issuer or any other person for any action taken by the Trustee or such Agent in accordance with the instructions, direction or request of the Bondholders or the Issuer, respectively. The Trustee shall be entitled to rely conclusively on any instruction, direction, request or resolution of Bondholders given by Bondholders holding the requisite principal amount of Bonds outstanding (as defined in the Trust Deed) or passed at a meeting of Bondholders convened and held in accordance with the Trust Deed as further provided in the Trust Deed.

The Trustee and the Agents may rely conclusively without liability to Bondholders or the Issuer on any information, report, confirmation or certificate or any opinion or advice of any legal adviser, accountant, financial adviser, financial institution or any other expert, 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, any Agent or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee and the Agents may accept and shall be entitled to rely conclusively on any such information, report, confirmation, certificate, opinion or advice and, in such event, such information, report, confirmation, certificate, opinion or advice shall be binding on the Issuer and the Bondholders.

Each Bondholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer and its Subsidiaries and the LC Bank, and the Trustee shall not at any time have any responsibility for the same and no Bondholder shall rely on the Trustee in respect thereof.

## **15 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 save for the issue date, the first payment of interest on them and the timing for making and completing the NDRC Post-issue Filing and the Foreign Debt Registration and the relevant notifications to the Trustee and holders) and so that such further issue shall be consolidated and form a single series with the outstanding Bonds, *provided that* such further bonds may only be issued if (i) a further or supplemental or replacement standby letter of credit is issued by the LC Bank (or an amendment is made to the Standby Letter of Credit) on terms that are substantially similar to the Standby Letter of Credit (including that the stated amount of such further or supplemental or replacement standby letter of credit represents an increase at least equal to the principal of and one interest payment due on such further bonds and an amount acceptable to the Trustee in respect of any fees, costs, expenses, indemnity payments and all other amounts in connection with such further bonds) and (ii) such supplemental documents are executed and further opinions are obtained as the Trustee may require, as further set out in the Trust Deed.

References in these Conditions to the Bonds include (unless the context requires otherwise) any further bonds issued pursuant to this Condition 15 and consolidated and forming a single series with the Bonds. References to the Standby Letter of Credit shall thereafter include such further or supplemental or replacement or amended standby letter of credit.

Any further bonds consolidated and forming a single series with the outstanding Bonds shall be constituted by a deed supplemental to the Trust Deed.

## 16 NOTICES

Notices to the holders will be valid if mailed to them by uninsured mail at their respective addresses in the Register and shall be deemed to have been given on the fourth weekday (being a day other than a Saturday, Sunday or 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 on behalf of the Operator, notices to the holders of the Bonds shall be validly given by the delivery of the relevant notice to each relevant accountholder via the CMU and shall be deemed to have been given on the date of delivery to the CMU. Indirect participants will have to rely on the CMU participants (through whom they hold the Bonds, in the form of interests in the Global Certificate) to deliver any notice to them, subject to the arrangements agreed between the indirect participants and the CMU participants.*

## 17 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

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

## 18 GOVERNING LAW AND JURISDICTION

### (a) Governing Law

The Trust Deed, the Agency Agreement, the 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 and the 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 and the Standby Letter of Credit (“**Proceedings**”) may be brought in such courts. The Issuer has, in the Trust Deed and the Agency Agreement, irrevocably submitted to the jurisdiction of such courts and waived any objection to Proceedings in any such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. The LC Bank has, in the Standby Letter of Credit, irrevocably submitted to the jurisdiction of such courts.

### (c) Agent for Service of Process

The Issuer has irrevocably appointed Cogency Global (HK) Limited at Room 2303, 23/F, The Sun’s Group Centre, 200 Gloucester Road, Wan Chai, Hong Kong to receive service of process in any Proceedings in Hong Kong. Such service shall be deemed completed on delivery to such agent (whether or not it is forwarded to and received by the Issuer). If for any reason such agent ceases to act as such or no longer has an address in Hong Kong, the Issuer has, in the Trust Deed and the Agency Agreement, irrevocably agreed to forthwith

appoint a substitute process agent in Hong Kong and deliver to the Trustee a copy of the agent's acceptance of that appointment within 30 days of such cessation, failing which the Trustee shall be entitled to appoint such an agent by written notice to the Issuer.

The LC Bank has irrevocably appointed BOSC International Company Limited at 34/F, Champion Tower, 3 Garden Road, Central, Hong Kong as its process agent to receive service of process in any Proceedings in Hong Kong. If for any reason the LC Bank ceases to have such a process agent in Hong Kong, it will promptly appoint a substitute process agent and notify the Trustee of such appointment within 30 days of such cessation.

Nothing herein shall affect the right to serve process in any other manner permitted by law.

**(d) Waiver of Immunity**

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

## SUMMARY OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM

*The Global Certificate contains provisions which apply to the Bonds while they are in global form, some of which modify the effect of the Conditions as set out in this Offering Circular. Terms defined in the Conditions have the same meaning in the paragraphs below. The following is a summary of those provisions:*

Upon issue, the Bonds will be initially represented by the Global Certificate registered in the name of the HKMA, in its capacity as the Operator of the CMU, and shall be delivered to and held by a sub-custodian nominated by the HKMA. The Global Certificate will be held for the account of CMU members who have accounts with the CMU operator, or the CMU participants. For persons seeking to hold a beneficial interest in the Bonds through Euroclear or Clearstream, such persons will hold their interests through an account opened and held by Euroclear or Clearstream with the CMU. 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 designated by the Issuer and notified in writing to the Trustee (an “**Alternative Clearing System**”) is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so.

Whenever the Global Certificate is to be exchanged for definitive Certificates, such definitive Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Certificate then outstanding seven business days of the delivery, by or on behalf of the holder and the CMU, to the Registrar of such information as is required to complete and deliver such definitive Certificates (including, without limitation, the names, addresses and registered account details for payment purposes of the persons in whose names the definitive Certificates are to be registered and the principal amount of each such person’s holding) against the surrender of the Global Certificate at the specified office of the Registrar.

### PAYMENT

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 the Maturity Date or on such earlier date or dates as the same may become payable in accordance with the Conditions.

Payments of interest, premium or principal will be made to the CMU which will credit the same in accordance with the CMU rules to the person(s) shown in the records of the Operator as the holder of a particular principal amount of Bonds at the close of business on the record date which shall be the Clearing System Business Day immediately prior to the date for payment, where “**Clearing System Business Day**” means a day on which the CMU is operating and open for business.

Payment made in accordance with the CMU rules as set out in the immediately preceding sentence shall discharge the obligations of the Issuer 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 and the CMU Lodging and Paying Agent shall have no liability to the Bondholders, the Issuer, the CMU participants, the indirect participants or any other person in respect of such payment.

### NOTICES

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of the Operator, notices to the holders of the Bonds shall be validly given by the delivery of the relevant notice to each relevant accountholder via the CMU and shall be deemed to have been given on

the date of delivery to the CMU. Indirect participants will have to rely on the CMU participants (through whom they hold the Bonds, in the form of interests in the Global Certificate) to deliver any notice to them, subject to the arrangements agreed between the indirect participants and the CMU participants.

### **TRUSTEE'S POWERS**

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

### **BONDHOLDER'S REDEMPTION**

The Bondholder's redemption option in Condition 6(c) may be exercised by the holder of the Global Certificate giving notice to the CMU Lodging and Paying Agent within the time limits set out in that Condition, in accordance with the rules and procedures of the CMU and/or any Alternative Clearing System.

### **ISSUER'S REDEMPTION**

The Issuer's redemption option in Condition 6(b) shall be exercised by the Issuer giving notice to Bondholders within the time limits set out in, and containing the information required by, that Condition.

### **TRANSFERS**

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

### **CANCELLATION**

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

### **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 CNY10,000 in principal amount of Bonds for which the Global Certificate is issued.

## **USE OF PROCEEDS**

The gross proceeds from the offering of the Bonds will be CNY530.0 million. Such proceeds, after deducting commissions and other expenses payable in connection with the offering of the Bonds, will be used for the Group's project operations.

## CAPITALISATION AND INDEBTEDNESS

The table below sets forth the consolidated total indebtedness (both current and non-current portions), total equity and total capitalisation of the Issuer as at 31 December 2022 and adjusted to give effect to the issue of the Bonds before deducting the underwriting fees and commissions and other estimated expenses payable in connection with this offering. The following table should be read in conjunction with the Issuer's consolidated financial statements and the notes to those statements included elsewhere in this Offering Circular.

	<b>Actual</b>	<b>As adjusted</b>
	<b>(RMB in million)</b>	<b>(RMB in million)</b>
<b>Current indebtedness:</b>		
Short-term borrowings . . . . .	8,381.8	8,381.8
Notes payable . . . . .	2,539.7	2,539.7
Other payables (interest-bearing portion) . . . . .	1,502.2	1,502.2
Non-current liabilities due within one year . . . . .	7,296.2	7,296.2
Other current liabilities (unmatured discounted commercial acceptances) . . . . .	300.6	300.6
<b>Total current indebtedness . . . . .</b>	<b>20,020.5</b>	<b>20,020.5</b>
<b>Non-current indebtedness:</b>		
Long-term borrowings . . . . .	10,893.4	10,893.4
Bonds payable . . . . .	6,118.9	6,118.9
Long-term payable (interest-bearing portion) . . . . .	1,958.5	1,958.5
Bonds to be issued <sup>(1)</sup> . . . . .	–	530.0
<b>Total non-current indebtedness . . . . .</b>	<b>18,970.8</b>	<b>19,500.8</b>
<b>Total indebtedness<sup>(2)</sup> . . . . .</b>	<b>38,991.3</b>	<b>39,521.3</b>
<b>Total shareholders' equity . . . . .</b>	<b>16,695.2</b>	<b>16,695.2</b>
<b>Total capitalisation<sup>(3)</sup> . . . . .</b>	<b>55,686.5</b>	<b>56,216.5</b>

*Note:*

- (1) This amount represents the aggregate principal amount of the Bonds to be issued.
- (2) Total indebtedness equals to the sum of total current indebtedness and total non-current indebtedness.
- (3) Total capitalisation represents the sum of total current indebtedness, total non-current indebtedness and total shareholders' equity.

Since 31 December 2022, the Group has incurred additional debt in its ordinary course of business to finance its operations. For example, on 24 August 2023, the Group issued RMB340 million 6.5 per cent. bonds due 2026 in China targeting professional investors. On 8 January 2024, the Group issued RMB300 million 4.8 per cent. credit enhanced bonds due 2027. On 2 February 2024, the Group issued RMB770 million 4.6 per cent. credit enhanced bonds due 2027.

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

## 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. The Group has taken reasonable care in the compilation and reproduction of the information. None of the Issuer, the Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective affiliates, employees or professional advisers or any person who controls any of them has independently verified such information. No representation or warranty, express or implied, is made or given by the Issuer, the Managers, the Trustee, the Agents, the Pre-funding Account Bank or the LC Proceeds Account Bank or any of their respective affiliates, employees or professional 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.*

*The Bonds will have the benefit of the Standby Letter of Credit which will be issued by Bank of Shanghai Co., Ltd., Chengdu Branch as the LC Bank. Under PRC laws, the LC Bank is not a separate and independent legal person but has capacity to carry on its activities within its scope of authorisation given by the Bank, and if the assets of the LC Bank are not sufficient to meet the obligations of the LC Bank under the Standby Letter of Credit, the Bank would have an obligation to satisfy the remaining balance of the obligations under the Standby Letter of Credit.*

## OVERVIEW

The Bank, formerly known as Shanghai City United Bank Ltd., was incorporated in Shanghai, PRC, on 30 January 1996 as a joint-stock commercial bank. With the approval from the PBOC, it changed its name from Shanghai City United Bank Ltd. to Bank of Shanghai Co., Ltd. on 16 July 1998. The Bank obtained a financial business certificate No. B0139H231000001 with the approval from the CBRC and obtained a business license with unified social credit code 91310000132257510M issued by the Shanghai Municipal Administration of Industry and Commerce. As at 31 December 2022, it had a total of 339 branches including Shanghai, Beijing, Shenzhen, Tianjin, Chengdu, Ningbo, Nanjing, Hangzhou and Suzhou. The Bank has business operations across the Yangtze River Delta, the Beijing-Tianjin-Hebei region, the Guangdong-Hong Kong-Macao Greater Bay Area, and Central and West China.

With the strategic vision of providing boutique banking service and the core values of utmost sincerity and good faith, the Bank has specialised its operations and customised its management in order to deliver a high level of services in, including but not limited to, supply chain, scientific technology, welfare-based investment, transactions and cross-border banking as well as consumer, pension-based and online finance. Over the past few years, the Bank has taken advantages of financial and high-tech trends to deliver more intelligent and professional services to meet the demands of corporate and individual clients for increasingly diverse financial services.

## STRENGTH OF THE BANK

In aligning its development with China's national strategy and Shanghai's "three major tasks and one major platform", the Bank has been capitalising on synergy so as to deliver better regional services, provide better financial services to the real economy by offering more small- and micro-credit as well as developing an online model of inclusive finance. The Bank also puts retail banking as a crucial part of its business and has put in place a retail business system for customer operations, foundational support and creation of a business ecosystem, which benefits deeper technology integration and helps to increase risk operation and management capabilities.

The Bank has obtained many honours and awards throughout the years, among which, it was rewarded “2022 China Banking Industry News Award – protecting people’s livelihood” granted by the China Banking Association in 2023; “Outstanding Investment Institution in serving National Strategy Award” and “Outstanding Bonds Investment Institution Award” granted by the Shanghai Stock Exchange in 2023; all awards in “Most Impactful Awards” and major awards under the “Market Innovation Award”(a total of 15 sub-awards) granted by the China Foreign Exchange Trade System in 2023. The Bank was also ranked 67th in terms of Tier 1 capital by the British “The Banker” in the “2021 Top 1000 Global Banks” ranking, ranked 84th in the world by Brand Finance, the independent brand assessment agency in association with the British “The Banker” magazine and in the “2023 – Global Bank Brand Value Top 500” list. The Bank won the “Best Pension Financial Service in China” award in the “2020 China Awards Program”, the “Best Progressive Retail Bank in Asia Pacific, Middle East and Africa” award and “Best Progressive Retail Bank in China” award in “2020 International Retail Financial Service Excellence Award”, “China Best Private Wealth Charity Service Award” in the “Asian Banker of the Year 2020 Global Wealth and Society Awards Program”, each organized by “The Asian Banker” magazine, respectively. It was selected in 2019 as the “Outstanding Performance Award” of Credit Fund for Small and Micro Enterprises in Pudong New District of Shanghai, “2019 Shanghai Banking Institutional Contribution Award”, “2019 Innovative Inclusive Financial Services in Shanghai”, “2019 Outstanding Contribution Award for Inclusive Financial Services in Shanghai”, “2019 Best Syndicated Loan Business in Shanghai”, “2019 Best Project Prize and Leading Bank of Syndicated Loan Business in Shanghai”, 24th among Top 100 Enterprises in Shanghai, 13th among Top 100 Enterprises in Service Industry in Shanghai, Top 10 Leading Underwriter of Debt Financing Plans, Best Private Wealth Philanthropic Services Award in China, Best Private Bank in China (City Commercial Bank Group), Great Listed Company of China, Bank with Outstanding Brand Force of China and Top 100 Innovative Financial Institutions, Trustworthy Bank of 2019 and City Commercial Bank of the Year in 2019.

## **PRINCIPAL BUSINESS ACTIVITIES**

The Bank’s principal lines of business consist of wholesale financial business, retail finance business, internet finance business, information and technology and R&D business and channel construction business.

### **Wholesale financial business**

The wholesale financial business of the Bank mainly includes corporate deposits and loans of domestic and foreign currencies, and services relating to intermediate business, among which, the products and services relating to intermediate business mainly include settlement business, cash management business, investment banking business, custody business, guarantees and loan commitments business, agency services, corporate asset management services and trading and settlement of foreign exchange business.

The Bank continues to deepen the integration of the Yangtze River Delta and gives priority to its business development in Shanghai, the Guangdong-Hong Kong-Macao Greater Bay Area, Beijing Tianjin-Hebei Region and other key areas. It has upgraded “Six Major Financial Services” including inclusive finance, supply chain finance, scientific and innovative finance, livelihood finance, green finance and cross-border finance, developed the linkage between commercial and investment banks, established an integrated operating system, deepened customer operations, optimised business structures, which has continuously enhanced the Bank’s market competitiveness.

### **Retail finance business**

The Bank provides a broad range of products and services to individual clients, including individual loans, individual deposits, bank cards and products and services relating to intermediate business, among which, the products and services relating to intermediate business mainly include wealth management for individuals, investment services, agency services, agency insurance, agency payment, trading and settlement of foreign exchange and pension finance.

The Bank focuses on the strategic positioning of the retail “top priority”. It has been and will continue to actively serve the national strategy and regional economy, exploring new needs of customers and focus on the empowerment of financial technology. The Bank actively optimises business structure in consumer finance, strengthens risk management, seizes market opportunities for wealth management and continues to accelerate business development. It also aims to accelerate digital transformation for pension finance and to maintain its leading position in the financial market. The Bank has fully supported the fight against COVID-19, launched the “11 measures for retail business to prevent and control outbreaks of COVID-19 and serve people’s livelihoods”, and made every effort to provide financial services for all types of individual customers during outbreaks of COVID-19.

### **Internet finance business**

The Bank keeps innovating financial products and services by leveraging digital financial platforms and connecting various fintech-empowered scenarios and customers. In addition, it has been working on a digital internet finance business and product system which features a self-operated ecosystem to achieve rapid development of “one body and two wings”.

Focusing on platform connection, business innovation and capacity building, the Bank has solved customers’ demands with financial technology applications, deepened the construction of digital open banks, promoted the innovation of internet financial products and provided basic support for the digital transformation and integrated operation of public and retail customer services.

### **Information technology and R&D business**

The Bank actively responded to the impact of COVID-19 outbreaks. For instance, it has been continuously upgrading its working mechanism of technology business integration, which aims to accelerate the innovation of business products by using scientific and technological means. In addition, it has strengthened construction of IT infrastructure and empowered high-quality development of management. The Bank adapts to changes and has been constantly improving scientific and technological capabilities. In addition, it has always adhered to the integrated and collaborative information technology construction management, expanded the integrated management mechanism of technology business to corporate business, retail business, financial market and other business fields, and formed a full-process collaborative management mechanism from demand proposal to product launch.

### **Channel construction business**

With integrated online and offline operation that highlights “customers, products and channels”, the Bank devotes itself to creating an online channel with “end-to-end” high-quality service experience, continuously optimises the layout of physical outlets and commercial form images, and improves the digital and intelligent operation capabilities and the value contributions of online and offline channel customers.

In terms of mobile banking channels, the Bank intensified the personal mobile banking services with a simplified and smart system. In response to customers’ feedbacks, the Bank provided individualised services targeting customers with demands in consumption, pension, wealth and agency payment.

In terms of online banking channels, the Bank’s personal online banking service has continuously enriched the types of deposits, wealth management and loans, and added new products from time to time, such as Zhajidai loans in inclusive finance. The Bank also provides services such as differentiated fees for wealth management, financial statements and quick connection of Yinbaotong with insurance companies and message centres.

## **FINANCIAL INFORMATION**

Copies of the latest annual and interim reports of the Bank, as well as its public filings, can be downloaded free of charge from the Bank and the Shanghai Stock Exchange at [www.bosc.cn](http://www.bosc.cn) and [www.sse.com.cn](http://www.sse.com.cn), respectively. The financial statements of the Bank and public filings are available in the Chinese language only and are not included in and do not form part of this Offering Circular. The information contained on the websites of the Bank and the Shanghai Stock Exchange is subject to change from time to time. No representation is made by the Issuer, the Group, the Managers, the Trustee, the Agents, the Pre-funding Account Bank, the LC Proceeds Account Bank or any person who controls any of them or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers and none of the Issuer, the Group, the Managers, the Trustee, the Agents, the Pre-funding Account Bank, the LC Proceeds Account Bank or any person who controls any of them or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers takes any responsibility for any information contained on the websites of the Bank and the Shanghai Stock Exchange.

## **GENERAL INFORMATION**

The Bank's head office is located at No. 168, Middle Yincheng Road, China (Shanghai) Pilot Free Trade Zone, Shanghai, China, 200120. The Bank's website address is [www.bosc.cn](http://www.bosc.cn). Information contained on the Bank's website is subject to changes from time to time. No representation is made by the Issuer, the Group, the Managers, the Trustee, the Agents, the Pre-funding Account Bank, the LC Proceeds Account Bank or any person who controls any of them or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers and none of the Issuer, the Group, the 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 or advisers or any person who controls any of them takes any responsibility for any information contained on the Bank's website.

## DESCRIPTION OF THE GROUP

### OVERVIEW

The Group is a state-owned enterprise located in Mianyang City, Sichuan Province in China. The Group's principal business segments include (1) land development, (2) infrastructure construction, (3) real estate, (4) industrial products sales, (5) trading and sales and (6) natural gas sales and installation.

The Issuer, formerly known as Mianyang Science and Education Innovation Investment Co., Ltd. (綿陽科教創新投資有限責任公司), was established on 2 July 2001. It was established as a wholly state-owned company with the approval of the "Reply of the Mianyang Municipal People's Government on Approving the Establishment of Mianyang Science and Education Innovation Investment Co., Ltd." (Mian Fu Han [2001] No. 100)(《綿陽市政府關於同意組建綿陽科教創新投資有限責任公司的批復》(綿府函[2001]第100號)), with a registered capital of RMB10 million and a paid-in capital of RMB10 million contributed by Mianyang SCEP Management Committee.

As at the date of this Offering Circular, the registered capital of the Issuer is approximately RMB1,622.3 million. The Issuer is 68.4 per cent. owned by Mianyang SASAC, 16.0 per cent. owned by China Agricultural Development Key Construction Fund Co., Ltd. (中國農發重點建設基金有限公司), 8.4 per cent. owned by Mianyang Investment Holding (Group) Co., Ltd. (綿陽市投資控股(集團)有限公司) and 7.2 per cent. owned by the Sichuan Provincial Finance Department (四川省財政廳). The scope of business of the Group includes, but are not limited to, the investment and management in high-tech industries, industry, commerce, real estate, financial derivatives, agriculture, bioengineering, medicine, medical equipment, computer software and network technology; comprehensive land development, urban infrastructure construction, culture, tourism, exhibitions and sports, among other things.

### HISTORY AND DEVELOPMENT

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

<u>Year</u>	<u>Events</u>
2001 . . . . .	<p>In July 2001, the Issuer, formerly known as Mianyang Science and Education Innovation Investment Co., Ltd., was established as a wholly state-owned company. It had a registered capital of RMB10 million and a paid-in capital of RMB10 million contributed by Mianyang SCEP Management Committee.</p> <p>In November 2001, with the additional capital contribution of RMB10 million by Mianyang SCEP Management Committee, the Issuer's registered capital increased to RMB20 million.</p>
2002 . . . . .	<p>The Mianyang SCEP Management Committee invested approximately 129,423.3 square metres of land into the Issuer. The land was valued at approximately RMB50.2 million, of which RMB50 million was added to the registered capital of the Issuer, and the remaining was added to its capital reserve. The Issuer's registered capital was increased to RMB70 million.</p>
2005 . . . . .	<p>In December 2005, the Issuer converted capital reserve of RMB30 million to paid-in capital and the Issuer's registered capital was increased to RMB100 million.</p>

<b>Year</b>	<b>Events</b>
2008	<p>In May 2008, as instructed by Mianyang SASAC, the name of the Issuer was changed to Mianyang Science and Technology City Investment and Development Co., Ltd. (綿陽科技城投資發展有限公司)(which formed a group company). Mianyang SASAC authorised the Science and Technology City Management Committee to perform the duties and enjoy the rights as an investor of Mianyang Science and Technology City Investment Development Co., Ltd. (綿陽科技城投資發展有限公司).</p> <p>In June 2008, the name of the Issuer was changed to Mianyang Science &amp; Technology City Development &amp; Investment (Group) Co., Ltd. (綿陽科技城發展投資(集團)有限公司).</p>
2009	In February 2009, the Issuer converted capital reserve of RMB400 million into paid-in capital, and its registered capital was increased to RMB500 million.
2010	In December 2010, the Issuer received a grant of RMB10 million from the Mianyang Municipal Treasury Payment Centre (綿陽市市級財政國庫支付中心), which was added to the registered capital of the Issuer to further its capital strength.
2011	In March 2011, the Issuer made three supplementary payments for land transfer fees totalling approximately RMB190.7 million in return for the government's capital investment in the Issuer, and the registered capital of the Issuer shall increase accordingly. The Issuer's registered capital was increased to approximately RMB700.7 million.
2015	In December 2015, China Agricultural Development Key Construction Fund Co., Ltd. (中國農發重點建設基金有限公司) injected RMB10.0 million into the Issuer.
2016	In December 2016, China Agricultural Development Key Construction Fund Co., Ltd. injected RMB250.0 million into the Issuer.
2017	In July 2017, a shareholders' resolution of the Issuer was passed to increase the registered capital of the Issuer to approximately RMB1,486.5 million, of which approximately RMB425.8 million was converted from capital reserve by the Science and Technology City Management Committee and RMB360.0 million was increased from cash contribution by China Agricultural Development Key Construction Fund Co., Ltd.
2018	In August 2018, Mianyang SASAC was authorised to replace the Science and Technology City Management Committee to represent the Mianyang Government to perform the duties as an investor of the Issuer.
2020	In December 2020, Mianyang Investment Holding (Group) Co., Ltd. increased the capital of Issuer by RMB1,250.0 million through a non-public agreement, and the registered capital and the capital reserve of the Issuer increased by approximately RMB135.8 million and approximately RMB1,114.2 million respectively.

<u>Year</u>	<u>Events</u>
2021 . . . . .	In May 2021, approximately 7.2 per cent. of the Issuer's equity owned by Mianyang SASAC was transferred to the Sichuan Provincial Finance Department. After this transfer, the registered capital of the Issuer remained unchanged.
2022 . . . . .	In May 2022, the Mianyang SASAC recovered a shareholding of 6.2 Per cent. from China Agricultural Development Key Construction Fund Co., Ltd.

## AWARDS AND ACCOLADES

<u>Issued by</u>	<u>Name of Awards</u>
Sichuan Enterprise Federation (四川省企業聯合會) . . . . .	Ranked 59th in the 2021 Top 100 Sichuan Enterprises (四川企業100強)
Sichuan Enterprise Federation (四川省企業聯合會) . . . . .	Ranked 22nd in the 2021 Top 100 Sichuan Enterprises in the Service Industry (四川服務業企業100強)
Mianyang Science and Technology City New Zone Management Committee (綿陽科技城新區管理委員會) . . . . .	2021 Outstanding Contribution Award for Economic Work (2021年經濟工作卓越貢獻獎)
Sichuan General Labour Union (四川省總工會) . . . . .	Sichuan Province May 1st Labour Award (四川省五一勞動獎)

## RECENT DEVELOPMENT

### *Financial information as at and for the nine months ended 30 September 2023*

As at 30 September 2023, as compared to the balance as at 31 December 2022, the Group's monetary funds increased mainly due to the increase in bank deposits and other monetary funds. The Group's notes receivable increased primarily due to the increase in commercial acceptance bills. The Group's accounts receivable increased mainly due to the increase in operating receivables during the accounting period as the Group's revenue increased. The Group's other receivables increased primarily due to the increase in operating receivables during the accounting period as the Group's revenue increased. The Group's contract assets increased mainly due to addition of the Group's construction projects. The Group's other current assets decreased primarily due to the decrease in input tax to be offset and prepaid tax, as well as the Group's pending property gains and losses and workshop accessories, etc. The Group's long-term equity investments increased mainly due to the increase in investments in joint ventures. The Group's investment properties increased primarily due to the acquisitions and transfers of real estate or inventories for own use. The Group's fixed assets decreased mainly due to the decrease in the original book value of buildings and structures. The Group's construction in progress decreased primarily due to the conversion of certain projects and express e-commerce logistics park of the Group's subsidiaries into fixed assets. The Group's intangible assets increased mainly due to the increase in land use rights. The Group's long-term prepaid expenses increased primarily due to the increase in financing costs. The Group's other non-current assets increased mainly due to the prepayment of value-added tax for certain construction projects. The Group's short-term borrowings increased primarily due to the increase in the Group's financing scale. The Group's notes payable increased mainly due to the increase

in operating payable during the period as the Group's revenue increased. The Group's contract liabilities increased mainly due to the increase in operating contractual liabilities during the period as the Group's revenue increased. The Group's other payables decreased primarily due to the decrease in interest payable and other payables. The Group's non-current liabilities due within one year increased mainly due to the conversion of current long-term loans, long-term payable and bonds payable to non-current liabilities due within one year because of their maturity period. The Group's other current liabilities decreased mainly due to the maturity of liabilities. The Group's long-term borrowings increased primarily due to the increase in the Group's financing scale. The Group's bonds payable increased primarily due to the increase in the Group's financing scale. The Group's long-term payable increased primarily due to the increase in the Group's financing scale.

For the nine months ended 30 September 2023, as compared to the corresponding period in 2022, the Group's operating revenue increased mainly due to the increase in revenue from main business segments such as commodity sales business, engineering construction and installation business, real estate sales business, guarantee business, exhibition services business, sports industry business and electricity power sales business. The Group's operating costs increased primarily due to the increased revenue and higher costs. The Group's financial expenses increased mainly due to the increase in the Group's financing scale. The Group's other income decreased mainly because part of the subsidy last year was a one-time subsidy. The Group's operating profit decreased primarily due to the increased revenue and higher costs. The Group's total profit decreased mainly due to the increased revenue and higher costs. The Group's net profit decreased mainly due to the increased revenue and higher costs.

Such financial information has not been subject to an audit or review by the Group's independent auditors and should not be relied upon by investors to provide the same quality of information associated with audited or reviewed financial information. Potential investors must exercise caution when using such financial information to evaluate the Group's financial condition and results of operations. The financial statements as at and for the nine months ended 30 September 2023 do not form a part of this Offering Circular and should not be taken as an indication of the Group's expected financial condition or results of operations as at and for the full financial year ending 31 December 2023. See "*Risk Factors – Risks relating to Financial and other Information – Investors should be cautious and not place any reliance on the financial information other than that disclosed in this Offering Circular.*"



## **RELATIONSHIP WITH THE MIANYANG GOVERNMENT AND MIANYANG SASAC**

As at the date of this Offering Circular, the Issuer is a major enterprise acting as the investment and financing platforms under Mianyang SASAC. The Issuer is 68.4 per cent. owned by Mianyang SASAC, 16.0 per cent. owned by China Agricultural Development Key Construction Fund Co., Ltd., 8.4 per cent. owned by Mianyang Investment Holding (Group) Co., Ltd. and 7.2 per cent. owned by the Sichuan Provincial Finance Department (四川省財政廳).

Mianyang SASAC, the actual controlling person of the Issuer, is controlled by the Mianyang Government and has been authorised by the Mianyang Government as a capital contributor of the Issuer. Mianyang SASAC enjoys the right of an authorised capital investor over the Issuer and exercises powers such as supervisory right over the Issuer's board of directors, right of returns on capital, approval right of significant matters, as well as right of appointment, management and evaluation of management personnel of the Issuer.

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

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

## **COMPETITIVE STRENGTH**

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

### **Leveraging the geostrategic advantages and economic growth potential of Mianyang City**

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

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

In 2022, the 12th Sichuan Provincial Party Congress expressed its support towards Mianyang City's development as the economic sub-centre of Northern Sichuan and the construction of a national science and technology innovation pilot demonstration zone, through giving full play to its competitive edge as the "Science and Technology City". To this end, Mianyang City is actively developing technology and industries, opening and revitalising the city, attracting talents, and improving the ecology and beautifying the city. As the major implementation unit for infrastructure construction within the Mianyang City new zone and the most important industrial development platform in Mianyang City, the Group plays a key role in the construction of the Science and Technology City, especially in the areas of land development and infrastructure construction, and expects to benefit from the development plans of the region.

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

The Issuer is currently a major enterprise acting as the most important industrial investment platform in Mianyang City. The Group is one of the largest state-owned investment enterprise groups in Mianyang City which manages, operates and invests in state-owned assets. It assumes an important position in the major industrial investment, infrastructure construction, gas, hotel management, and other industries of Mianyang City.

The Group benefits from a dominant market position across Mianyang City's infrastructure construction and land development industries. Over the years, the Group has undertaken and completed a large number of projects of strategic importance to Mianyang City since its establishment, including, for example, the Innovation Centre Project (創新中心項目) and Mianyang Science and Technology City International Convention and Exhibition Centre Project (綿陽科技城國際會展中心項目). By leading the development of major infrastructure construction and public projects in Mianyang City, not only has the Group accumulated experience in the development and management of large-scale projects, it also contributes towards Mianyang City's economic development and affirms its position as a key entity to implement the Mianyang Government's blueprint for developing Mianyang City.

#### **Strong historical support from the PRC government on policies, resources and finances**

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

*Policies* – The Opinions on Promoting the Accelerated Development of China (Mianyang) Science and Technology City (Chuan Wei Fa [2019] No.6)(《關於推進中國(綿陽)科技城加快發展的意見》(川委發[2019]6號)) issued by the Sichuan Provincial Party Committee and the People's Government of Sichuan Province in March 2019 confirmed that the construction of Mianyang as the "Science and Technology City" is a major historical task assigned by the central government to Sichuan Province and reiterated the positioning of Mianyang City as Sichuan Province's economic sub-centre. As an important

stakeholder in Mianyang City's development, the Group expects to continue to obtain strong support from Mianyang Government. Moreover, recently, the Mianyang Municipal Committee of the Communist Party of China and the Mianyang Government are coordinating and formulating relevant plans to further strengthen, optimise and expand municipal state-owned enterprises. As one of the largest state-owned capital investment companies in Mianyang City, the Group is expected to benefit from such integration of resources.

*Resources* – The Mianyang Government has injected state-owned assets (including state-owned assets operation rights) into the Group, including, for example, the Jiuzhou Gymnasium (九洲體育館).

*Financing* – The Mianyang Government has provided subsidies and financing to the Group. For the years ended 31 December 2020, 2021 and 2022, the Group received government subsidies of approximately RMB1,038.8 million, RMB474.4 million and RMB1,170.3 million, respectively. These subsidies mainly include government funding in the Group's infrastructure construction projects and daily operations. Other sources of the government's financial support include capital injection and the transfer of state-owned assets.

### **Diversified businesses and revenue channels**

The Group has a diversified business operation. On the one hand, the Group's sales and trading business contributed largely to the Group's operating revenue. For the years ended 31 December 2020, 2021 and 2022, the operating revenue from the Group's trading and sales business was approximately RMB7,782.6 million, RMB6,266.4 million and RMB8,799.6 million, respectively, which amounted to 66.5 per cent., 52.9 per cent. and 68.8 per cent., respectively, of the consolidated operating revenue of the Group for the corresponding years. On the other hand, it acts as a main industrial investment platform for infrastructure construction for the Mianyang Government and the implementation unit for industrial infrastructure projects within the Science and Technology City. For the years ended 31 December 2020, 2021 and 2022, the operating revenue from the Group's land development business was approximately RMB522.3 million, RMB952.2 million and RMB856.4 million, respectively, and the operating revenue from the Group's infrastructure construction business was approximately RMB1,186.6 million, RMB1,666.4 million and RMB684.7 million, respectively. The Group has also expanded its business to other sectors, including real estate, industrial products sales, and natural gas sales and installation. These businesses have provided alternative revenue sources for the Group.

### **Diversified funding channels with good banking relationships**

The Group funds its business operations and working capital requirements through a variety of funding channels including bank loans, onshore bonds (including corporate bond, enterprise bond and medium term notes), debt financing instruments, offshore bonds, trust and other financial products. As at 31 December 2022, the Group's total indebtedness (comprising short-term borrowings, notes payable, other payables (interest-bearing portion), non-current liabilities due within one year, other current liabilities (unmatured discounted commercial acceptances), long-term borrowings, bonds payable and long-term payable (interest-bearing portion)) was approximately RMB39.0 billion.

The Group has developed strong relationships with major financial institutions in the PRC, including policy non-commercial banks (such as China Development Bank), state-owned commercial banks (such as Agricultural Bank of China) and other commercial banks (such as China Citic Bank and Huaxia Bank). As at 31 December 2022, the Group had obtained credit facilities of up to RMB38.6 billion from a number of financial institutions including China Development Bank and Agricultural Bank of China, of which approximately RMB11.0 billion had not yet been utilised.

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

## **Sound corporate governance system**

The functional departments of the Issuer oversee a wide array of affairs in the day-to-day management of the Issuer, including discipline inspection and supervision, party-mass and human resources management, comprehensive management, engineering management, budgeting and financial management, investment development, legal affairs, bidding management, asset management and auditing, the features of which are summarised below:

*Discipline inspection and supervision.* The Issuer's discipline inspection and supervision department is responsible for the Issuer's discipline inspection and supervision, construction of the Issuer's inspection and supervision system, investigation and verification of cases handed over by higher discipline inspection and supervision organs, the Issuer's integrity education and construction of the corporate integrity culture. It also handles the complaints and grievances involving members of the Issuer and reports disciplinary violations.

*Human resources management.* The Issuer maintains a fair and healthy working environment for its employees and has formulated recruitment protocols. It has established a sound human resources management system which is implemented and improved by its party-mass and human resources department.

*Comprehensive management.* The Issuer's comprehensive management department is responsible for the Issuer's organization and system construction, administrative management and comprehensive affairs management. It is mainly in charge of the establishment the Issuer's organizational and administrative system, daily affairs of the office of the general manager and the board of directors, supervision and assessment of the corporate operation, supervision and comprehensive coordination for the Issuer's decision-making, deployment and implementation of target work, information and document management, corporate culture promotion, conference reception and logistics support.

*Construction management.* The Issuer's construction management department is responsible for bid management in respect of the Group's construction projects, including by formulating and improving the bidding and construction management systems and procedures, and supervising the implementation of such. It formulates and supervises the implementation of annual investment plans for construction projects, and is in charge of pre-project management, process management and costs control. It supervises the settlement and payment of funds, and the transfer of projects upon their completion. It also analyses and evaluates the management of various projects, and provides recommendations for improvement.

*Budgeting and financial management.* The Issuer's budgeting and finance department is responsible for the financial management, accounting, budgeting, fundraising and fund management of the Group, and offers professional financial guidance. It participates in the analysis of major investment and capital projects, controls financial risks, and offers professional financial guidance. It also conducts assessments on the finance departments of subsidiaries.

*Investment development.* The Issuer's investment development department is responsible for the development of investment management system and the management of strategic development plans. It is also responsible for investment planning and supervision, corporate asset management, and capital management. It sets out relevant targets, reports on operation statistics, and evaluates the investments made.

*Legal Affairs.* The Issuer's legal affairs department is responsible for coordinating the legal affairs of the Group and providing relevant legal support, establishing and improving the legal management system and regulations, and ensuring the legality of the Group's business activities. It conducts legal due diligence on major economic activities and business decisions, and coordinates with consulting firms to provide legal opinions and recommendations. It participates in various litigations, arbitrations and mediations, organises legal training and develops regulations.

*Bidding management.* The Issuer's bidding management department publicises, implements and enforces national, provincial and municipal laws, regulations and normative texts on the tendering and bidding of construction projects, and organises bidding according to the procedures issued by Mianyang Construction Project Bidding and Trading Centre (綿陽市建設工程招投標交易中心). It organises bidding for the Group's investment projects, and negotiates and enters into contracts in accordance with the Group's reporting and approval procedures. It is in charge of verifying the eligibility and backgrounds of successful bidders, controlling the investment on bidding projects, and supervising the construction process. It also assists in the investigation and resolution of bidding disputes, and the filing of bidding information.

*Asset Management.* The Issuer's asset management department is responsible for the Group's fixed assets management and operation system, fixed assets accounting and information system, and fixed assets file management. It prepares and evaluates annual working plan, and provides guidance to subsidiaries. It is responsible for organising regular examination of the Group's assets and ensuring the proper use of state-owned assets. It also makes filings in respect of the Group's fixed asset property rights assessment projects, reviews evaluation reports filed for projects funded by the Group, and issues filing forms and approvals.

*Auditing.* The Issuer's auditing department is responsible for the daily management of the supervisory board of the Group and coordinating with the supervisory board of Mianyang SASAC. It supervises the bidding, procurement, competitive negotiations and business negotiations of the Group, audits and supervises construction projects, manages the list of construction projects of the Group, and audits the settlement of payment upon project completion. It performs internal audit on the financial activities, business operations, risk control, and economic benefits of the Group. It is responsible for senior departures of subsidiaries and economic liability audits. It also coordinates with external auditors, the municipal audit bureau, and the municipal financial evaluation centre.

### **Experienced management team and operation staff**

The Issuer has a strong management team and operational staff who are experienced in managing and operating the Group's businesses. As at 31 December 2022, the Group had 2,347 employees, approximately 26.8 per cent. of which have a qualification of college education or above.

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

## **STRATEGIES**

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

### **Further diversify its business operations**

The Group has established a diversified business model which covers businesses ranging from land development, infrastructure construction, real estate, industrial products sales, trading and sales, natural gas sales and installation and other ancillary businesses. The Group will continue to seek new investment opportunities and expand into new business segments, building itself into a diversified holding group focusing on the following industries: industrial infrastructure, industrial real estate, industrial services and industrial investment.

## Align its development goals with Mianyang City’s strategic plan

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

## THE GROUP’S BUSINESS

The Group’s principal business segments include (1) land development, (2) infrastructure construction, (3) real estate, (4) industrial products sales, (5) trading and sales and (6) natural gas sales and installation.

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

Business Segment	Year ended 31 December					
	2020		2021		2022	
	Amount (RMB in million)	% of total	Amount (RMB in million)	% of total	Amount (RMB in million)	% of total
	(audited and restated)		(audited and restated)		(audited)	
Land development . . . . .	522.3	4.5	952.2	8.0	856.4	6.7
Infrastructure construction . . . . .	1,186.6	10.1	1,666.4	14.1	684.7	5.4
Real estate . . . . .	738.3	6.3	1,088.3	9.2	668.4	5.2
Industrial products sales . . . . .	890.1	7.6	1,184.5	10.0	1,035.1	8.1
Trading and sales . . . . .	7,782.6	66.5	6,266.4	52.9	8,799.6	68.8
Natural gas sales and installation	401.8	3.4	436.2	3.7	501.7	3.9
Other main businesses . . . . .	158.4	1.4	189.1	1.6	183.7	1.4
Other miscellaneous businesses . . . . .	23.8	0.2	57.5	0.5	54.9	0.4
<b>Total . . . . .</b>	<b>11,703.9</b>	<b>100.0</b>	<b>11,840.5</b>	<b>100.0</b>	<b>12,784.5</b>	<b>100.0</b>

## Land Development

The Group operates the land development and consolidation business in the Science and Technology City through its principal subsidiaries, namely, Sichuan Fazhangweiye Investment Co., Ltd (四川發達偉業投資有限公司), Mianyang Kefa Changtai Industrial Co., Ltd. (綿陽科發長泰實業有限公司) and Mianyang Kefa Tianda Investment Development Co., Ltd. (綿陽科發天達投資開發有限責任公司). According to the “Reply on the Authorisation of Mianyang Science & Technology City Development & Investment (Group) Co., Ltd. as the Project Owner for Land Consolidation and Preliminary Development within the Science and Technology City” (Science and Technology City Management Committee Letter [2008] No. 68)(《關於授權綿陽科技城發展投資(集團)有限公司為科技城範圍內土地整理和前期開發業主的批復》(科技城管委函[2008]68號)), the Science and Technology City Management Committee authorised the Issuer as the project owner for land consolidation and preliminary development within the Science and Technology City.

For the years ended 31 December 2020, 2021 and 2022, the operating revenue generated from the land development business of the Group was approximately RMB522.3 million, RMB952.2 million and RMB856.4 million, respectively, which amounted to approximately 4.5 per cent., 8.0 per cent. and 6.7 per cent., respectively, of the consolidated operating revenue of the Group for the corresponding years.

### **Land development process and settlement**

The Group conducts land development and consolidation according to the land development plan approved by the Mianyang Government. Upon the satisfaction of transfer conditions, the land is auctioned and transferred through the Mianyang Land and Resources Management Bureau (綿陽市國土資源管理局), and the successful bidding companies shall pay the full amount for the land to the designated state-owned account of the Mianyang Government. Charges including land operation fees, land acquisition adjustment fund, state-owned land income fund, and agricultural land development fund are deducted from the income generated from land transfers, which are settled to the Group upon the calculation of costs and revenue by the Mianyang Land and Resources Management Bureau and the Mianyang Finance Bureau (綿陽市財政局).

### **Business operation**

The table below sets forth the details of land transfers by the Group for the years ended 31 December 2020, 2021 and 2022:

<u>Year ended 31 December</u>	<u>Consolidated Area</u>	<u>Investment Costs</u>	<u>Transferred Area</u>	<u>Revenue Recognised</u>
	(Mu)	(RMB'000)	(Mu)	(RMB'000)
2020 .....	1,247.0	497,024.9	1,050.8	522,314.2
2021 .....	281.1	655,222.6	281.1	952,194.5
2022 .....	292.0	791,000.7	270.6	856,386.8

As at 31 December 2022, the Group had 48 parcels of land pending transfer, covering an area of approximately 4,452.8 mu, which are mainly distributed in Mianyang Science and Technology Innovation Zone (綿陽市科創園區), High-tech Zone (高新區), Agricultural Science Zone (農科區), Xinzao Town (新皂鎮), Santai County (三台縣) and other areas. The Group is currently actively negotiating a payment collection plan with relevant government units for the outstanding revenue, which is paid by the government on a yearly basis based on its financial budget, and the Group's business operation and capital needs of each year. The specific arrangements are currently being formulated.

As at the date of this Offering Circular, the land development and consolidation business of the Group is in compliance with relevant national policy requirements, and is in line with the "six truths" ("六真") principle, which advocates "true company, true assets, true projects, true support, true repayment, and true cash flow" ("真公司、真資產、真項目、真支持、真償債、真現金流").

### **Infrastructure Construction**

The subsidiary Mianyang Kefa Construction Engineering Group Co., Ltd (綿陽科發建築工程集團有限責任公司) has level two qualifications for municipal public engineering and steel structures. Delegated by the Science and Technology City Management Committee, the Group is responsible for infrastructure construction within the Science and Technology City, and its business scope includes demolition, relocation, integrated construction and infrastructure construction.

For the years ended 31 December 2020, 2021 and 2022, the operating revenue generated from the Group's infrastructure construction business was approximately RMB1,186.6 million, RMB1,666.4 million and RMB684.7 million, respectively, which amounted to approximately 10.1 per cent., 14.1 per cent. and 5.4 per cent., respectively, of the total operating revenue of the Group for the corresponding years.

## ***Demolition, Relocation and Integrated Construction***

### ***Business Model***

The Group's demolition, relocation and integrated construction business mainly involves the signing of investment or repurchase agreements with various zones within the Science and Technology City, the carrying out of demolition and relocation work on designated plots of land, and the construction of integrated housing (統建房) by way of in-house construction or outsourcing. After a project is completed, the designated entity of each zone will repurchase the project with a mark-up of 13.0-15.0 per cent. based on the actual costs of demolition, relocation and integrated construction for a period of three to five years. Projects constructed in phases are inspected and repurchased by the delegating party after the completion of each phase.

### ***Project Description***

As at 31 December 2022, the Issuer has completed four integrated housing projects, namely, the High-tech Disaster Prevention Park Integrated Housing Project (高新防災園統建房項目), Lion Rock Integrated Housing Project (獅子山統建房項目), Hebian Town Integrated Housing Project (河邊鎮統建房項目) and Southern District Integrated Housing Project (南區統建房項目), through its subsidiaries Mianyang High-tech Construction and Development Co., Ltd. (綿陽高新建設開發有限公司).

As at 31 December 2022, the Group had no ongoing or planned integrated housing projects.

The table below sets forth the integrated construction projects completed by the Group as at 31 December 2022:

<b>Project Name</b>	<b>GFA</b>	<b>Construction Period</b>	<b>Total Investment</b>	<b>Actual Investment Amount</b>	<b>Amount to be Collected</b>	<b>Amount Collected</b>
	<b>(square metre)</b>		<b>(RMB'000)</b>	<b>(RMB'000)</b>	<b>(RMB'000)</b>	<b>(RMB'000)</b>
High-tech Disaster Prevention Park Integrated Housing (高新防災園統建房) . . . . .	132,600.0	2011.04-2014.06	300,000.0	351,411.8	397,095.3	306,557.4
Lion Rock Integrated Housing (獅子山統建房) . . . . .	51,946.0	2014.10-2015.10	118,000.0	87,687.0	95,225.8	-
Hebian Town Integrated Housing (河邊鎮統建房) . . . . .	180,000.0	2014.12-2017.12	400,000.0	314,963.3	385,973.5	310,000.0
Southern District Integrated Housing (南區統建房) . . . . .	319,400.0	2010.12-2021.12	590,000.0	594,513.9	590,000.0	66,080.3
<b>Total</b> . . . . .	-	-	<b>1,408,000.0</b>	<b>1,348,576.0</b>	<b>1,468,294.6</b>	<b>682,637.7</b>

## ***Infrastructure Development***

### ***Business Model***

The Issuer operates its infrastructure development business through its subsidiaries Mianyang Kefa Changtai Industrial Co., Ltd. and Mianyang High-tech Construction and Development Co., Ltd. Its scope of business includes the construction of pipelines, roads and bridges in the Economic Development Zone (經開區), High-tech Zone (高新區), Science and Technology Innovation Zone (科創區) and other areas within the Science and Technology City.

The Group enters into agent construction and repurchase agreements with the management committees of various zones within the Science and Technology City, and raises funds by itself for the relevant construction projects. After a project is completed and inspected, the Mianyang Finance Bureau, the Science and Technology City Management Committee or the management committees of various zones, among others, as the delegating party, will repurchase the project pursuant to the repurchase agreement with a mark-up of 12.0-15.0 per cent. based on the actual investment amount of the Group. Projects constructed in phases are inspected and repurchased by the delegating party after the completion of each phase.

## Project Description

The table below sets forth the infrastructure projects completed by the Group as at 31 December 2022:

Project Name	Project Description	Completion Date	Total Investment (RMB'000)	Actual	Amount to be Collected (RMB'000)	Amount Collected (RMB'000)
				Investment Amount (RMB'000)		
Phase I of Disaster Prevention and Mitigation Industrial Park (防災減災產業園一期) . . . . .	Construction of a road of approximately 12.7 kilometres, rainwater and sewage pipeline network of approximately 25.3 kilometres, street lighting, greening, site levelling and compensation for demolition within the project area.	2012.05	645,000.0	778,643.7	879,867.4	726,172.2
Urban Environmental Governance Project – Science and Technology Innovation Zone (城環治理項目—科創園區) . . . . .	Construction of 22 roads with a total of approximately 23.7 kilometres, together with rainwater, communication and lighting pipeline network, greening, landscape construction and environmental enhancement.	2013.12	359,087.8	308,428.5	308,428.5	285,227.5
Urban Environmental Governance Project – Economic Development Zone (城環治理項目—經開園區) . . . . .	Road network construction and greening projects in Zone A and C of Southern District (Economic and Technological Development Zone) of Mianyang City, including roads of 17.6 kilometres	2011.12	440,000.0	294,157.9	297,748.7	30,373.2
Agricultural Ecological Zone (農業生態園) . . . . .	Construction of new farmers' villages, roads (including street lights, road signs, traffic signs, etc.), rainwater and sewage pipelines, road greening and other projects, as well as the construction of water supply, electricity, communication, natural gas and other pipeline network.	2010.12	420,000.0	382,711.3	440,115.7	282,118.1
Productivity Enhancement Centre (生產力促進中心) . . . . .	The project involves a total land area of approximately 30.6 mu with a total construction size of approximately 28,618.5 square metres. Including the construction of a complex building, underground parking lot and supporting facilities such as roads, greening, landscape, lighting, heating, ventilation, and air conditioning, fire protection, electricity and monitoring system.	2015.08	120,000.0	126,434.9	130,227.9	12,000.0
Mianyang Science and Technology City Concentrated Development Zone Initiation Zone Project (綿陽科技城集中發展區啟動區項目) . . . . .	Construction of roads and pipeline network projects within 5 square kilometres of the Science and Technology City Concentrated Development Zone, and a Science and Technology City avenue of 50.5 kilometres.	2020.12	5,889,033.9	1,692,757.3	1,625,862.5	423,411.5

Project Name	Project Description	Completion Date	Total Investment (RMB'000)	Actual	Amount to be Collected (RMB'000)	Amount Collected (RMB'000)
				Investment Amount (RMB'000)		
Viaduct across the Second Ring Road (跨二環路高架橋) . . . .	Construction of overpass at the intersection of the west extension of Chuangye Avenue (創業大道西延線) and the Second Ring Road (二環路), and related supporting projects such as roads, transportation, greening and street lighting. The main viaduct is approximately 560 metres long, and the main bridge is 432 metres in length and 17 metres in width. The construction area is approximately 8,324 square metres, with a maximum span of 35 metres and a design speed of 60 kilometres per hour. The construction areas of the auxiliary roads and driveway approaches, non-motorway routes, pedestrian sidewalks and green belt are approximately 21,420 square metres, 3,960 square metres, 4,248 square metres and 7,900 square metres respectively, with a total of approximately 100 street lights. 35m prestressed concrete small box girders were used for the bridge superstructure; and large cantilever $\pi$ -shaped piers and abutment foundation with pile caps were used for the bridge substructure.	2021.11	106,578.3	94,317.1	106,578.3	0.0
Chenkang Avenue Project (沉抗大道項目) . . . . .	Construction of a route of 32.2 kilometres, consisting of the Second Ring Road and four access roads running through the Second Ring Road to the reservoir area. The newly built section for the Second Ring Road is 16.7 kilometres in length, with the use of 2.3 kilometres of Mianzi Road (綿梓路) and the reconstruction of 6.4 kilometres of the 108 Line (108線). The four access roads are 6.8 kilometres in length, and intersect with the Xianhai First Ring Road (仙海一環路) in the form of tunnels and viaducts.	2022	1,300,000.0	199,686.0	1,495,000.0	52,716.7

Project Name	Project Description	Completion Date	Total Investment	Actual	Amount to be Collected	Amount Collected
				Investment Amount		
			(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Wuliliang Infrastructure Phase I Project (五裡梁基礎設施一期項目) . . . . .	The preliminary development of land and industries within the project area, including land acquisition and demolition, resettlement housing construction, infrastructure construction, headquarters economic zone construction, standard factory building construction, incubation centre construction and investment promotion projects. Phase 1 of the construction project includes park roads of 17.2 kilometres, underground comprehensive pipe corridors of 10,949 metres along the main roads, and land consolidation of more than 2,000 mu. The construction of No. 1 Road, East West Trunk Road (Trunk Road 1), Wuliliang District, Santai County (三台縣五裡梁片區東西幹道1號路(主幹一路)) with a length of 1,156 metres and a design width of 30 metres; East West Main Road No. 2 (Hengchang Road)(東西幹道2號路(恒昌路)) with a length of 4,090 metres and a design width of 30 metres; North South Main Road No. 2 (Longtan Road)(南北幹道2號路(龍潭路)) with a length of 2,295 metres and a design width of 30 metres; North South Main Road (Section 1)(南北幹道(一標段)) with a length of 2,296.5 metres and a design width of 40 metres; North South Main Road (Section 2)(南北幹道(二標段)) with a length of 1,088.5 metres and a design width of 40 metres; and Tuanbei Road (團北路) with a length of 6,274 metres and a design width of 30 metres. Phase 1 of the demolition and relocation of resettlement housing involves a total land area of 50 mu, a total construction area of approximately 80,000 square metres and the construction of supporting facilities.	2022	2,742,502.5	2,055,478.9	2,742,502.5	1,376,363.2
Anchang River Comprehensive Renovation Project (安昌河綜合整治項目) . . . . .	Ecological embankment construction with a total of 13,382 metres, including 536 metres in Anzhou district (安州區), 9,726 metres in Gaixin district (高新區) and 3,120 metres in Fucheng district (涪城區), with five bridges and culverts across embankments, 33 drainage culverts, 36 ladder steps, and two river lanes. The construction of ecological wetland water landscape, with a new ecological wetland and three new water landscape storage gates and dams. Green landscape construction with a total area of approximately 929,800 square metres, and related supporting projects.	2022	795,000.0	802,134.4	842,241.1	200,000.0
Phase II of Disaster Prevention and Mitigation Industrial Park (防災減災產業園二期) . . . . .	Land development and consolidation project including demolition compensation, housing resettlement, infrastructure construction, and the construction of supporting facilities.	2022	688,151.0	424,462.5	688,151.0	30,000.0
<b>Total . . . . .</b>		<b>-</b>	<b>13,505,353.5</b>	<b>7,159,212.5</b>	<b>9,556,723.6</b>	<b>3,418,382.4</b>

The table below sets forth the major ongoing infrastructure projects of the Group as at 31 December 2022:

Project Name	Construction Period	Repurchase period	Proposed	Actual	Proposed	Revenue Recognised	Amount Collected
			Total Investment	Investment Amount	Repurchase Amount		
			(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Innovation Centre Project	2015-2023	2015-2023	3,350,000.0	2,413,186.0	2,514,387.2	1,929,053.1	1,160,250.0
Ecological Function Area of the Concentrated Development Zone of Mianyang Science and Technology City (綿陽科技城集中發展區生態功能區)	2020.11-2023.11	2024-2029	995,751.9	654,450.6	1,050,000.0	604,060.0	600,000.0
Wuliliang Infrastructure Phase II Project (五裡梁基礎設施二期項目)	2022-2027	2023-2028	2,302,210.0	471,006.3	515,384.7	512,872.9	299,000.0
<b>Total</b>	-	-	<b>6,647,961.9</b>	<b>3,538,642.9</b>	<b>4,079,771.9</b>	<b>3,045,986.0</b>	<b>2,059,250.0</b>

The table below sets forth the proposed major infrastructure projects of the Group as at 31 December 2022. As of the date of this Offering Circular, the Group has commenced preliminary work on the projects in below table:

Project Name	Total Investment	Construction Period
	(RMB'000)	
State-owned industrial and mining urban renewal project in Chaoyang Factory Area, Mianyang City (綿陽市朝陽廠片區國有工礦城市更新項目)	874,000	2022-2024
220KV Jinfeng Line Relocation Project (220KV勁豐線改遷下地項目)	72,000	2023-2024
Renovation Project for radio and television centre and the surrounding plots (廣電中心及周邊地塊改造項目)	870,000	2023-2026
Low-carbon green energy investment and construction projects (低碳綠色能源投資建設項目)	84,000	2023-2024
<b>Total</b>	<b>1,900,000</b>	-

## Real Estate

### Overview

The Group operates its real estate business mainly through its subsidiaries, including Mianyang High-tech Construction and Development Co., Ltd., Mianyang Kefa Tianda Investment Development Co., Ltd., and Mianyang Kejiu Real Estate Co., Ltd. (綿陽科久置業有限公司), which holds level two, level three and level two qualification respectively, for real estate development. For the years ended 31 December 2020, 2021 and 2022, projects with recognised revenues include commercial residential projects and the Chaoyang factory shed renovation project (朝陽廠棚改項目). For commercial residential projects, a sale and purchase agreement is first signed with the purchasers, and revenue is recognised after the property is delivered. The Chaoyang factory shed renovation project adopts the urban renewal model. The Group enters into a project repurchase agreement with the government. Under the project repurchase agreement, the government delegates the Group to conduct the project, which involves the demolition, relocation, cash compensation paid to the relocated residents as well as property swap. Upon completion, inspection and acceptance of the project by the government, the Group is entitled to a sum amount of the project cost incurred plus a premium at a fixed rate.

For the years ended 31 December 2020, 2021 and 2022, the operating revenue generated from the real estate business of the Group was approximately RMB738.3 million, RMB1,088.3 million and RMB668.4 million, respectively, which amounted to approximately 6.3 per cent., 9.2 per cent. and 5.2 per cent., respectively, of the consolidated operating revenue of the Group for the corresponding years.

In 2020, the revenue recognised by the Group from real estate sales amounted to approximately RMB738.3 million, which was mainly derived from the sales of Sunshine Seattle Phase II (陽光西雅圖二期) and Santai Zizhou House (三台梓州府). In 2021, the revenue recognised by the Group from real estate sales amounted to approximately RMB1,088.3 million, which was mainly derived from the sales of Sunshine Seattle Phase II (陽光西雅圖二期), Santai Zizhou House (三台梓州府) and the Bijia Yuting Phase I (碧駕玉庭一期). In 2022, the revenue recognised by the Group from real estate sales amounted to approximately RMB668.4 million, which were mainly derived from the sales of Sunshine Seattle Phase I and Phase II (陽光西雅圖一期、二期), Shangma Guanhuahupan (上馬•觀花湖畔), Shangma Guanhua Mansion (上馬•觀花府邸), Gaoyou Gaoxin Tianjiao (高又高新天驕), Xincheng Jingdi (新城景地), Bijia Yuting Phase I (碧駕玉庭一期), Santai Zizhou House (三台梓州府), Santai Zizhou House-Nanxiyue (三台梓州府•楠溪月).

As at 31 December 2022, the total investment amount of the Group's real estate projects was approximately RMB8.5 billion, of which approximately RMB7.3 billion had been invested. The cumulative recognised revenue (including the sales of ongoing projects) amounted to approximately RMB5.0 billion.

### **Project Description**

The table below sets forth the real estate projects completed by the Group as at 31 December 2022:

<b>Project Name</b>	<b>Average Selling Price</b> (RMB/square metre)	<b>GFA</b> (10,000 square metre)	<b>Total Contract Area Sold</b> (10,000 square metre)	<b>Total Investment</b> (RMB'000)	<b>Actual Investment Amount</b> (RMB'000)	<b>Type</b>
Dongfang Guoji (東方國際) . . . . .	5,500.0	4.2	3.8	120,000.0	120,000.0	Commodity housing, Shops
Bojin Shidai (鉑金時代) . . . . .	5,248.4	20.0	18.7	811,640.0	796,640.0	Commodity housing, Shops
Sunshine Seattle Phase II (陽光西雅圖二期) . . . . .	-	19.6	14.5	900,000.0	930,000.0	Commodity housing, Shops
Shangma Guanhua Mansion (上馬觀花府邸) . . . . .	6,100.0	8.9	5.3	940,000.0	353,326.0	Commodity housing, Shops
Sunshine Seattle Phase I (陽光西雅圖一期) . . . . .	4,624.0	24.4	17.2	919,100.0	897,000.0	Commodity housing, Shops
Xincheng Jingdi (新城景地) . . . . .	4,454.2	9.0	5.7	300,000.0	181,850.3	Commodity housing, Shops
Santai Zizhou House (三台梓州府) . . . . .	5,700.0	17.7	11.0	759,000.0	733,190.0	Commodity housing, Shops
Santai Zizhou House-Nanxiyue (三台梓州府•楠溪月) . . . . .	6,700.0	11.0	3.3	639,000.0	647,182.5	Commodity housing, Shops
<b>Total</b> . . . . .	-	<b>114.9</b>	<b>79.5</b>	<b>5,388,740.0</b>	<b>4,659,188.8</b>	-

The table below sets forth the Group's major ongoing real estate projects as at 31 December 2022:

Project Name	Construction Period	Location	Numbers of units	GFA	Total Contract Area Sold	Total Investment	Actual Investment Amount	Type
				(10,000 square metre)	(10,000 square metre)	(RMB'000)	(RMB'000)	
Shangma Guanhuahupan (上馬•觀花湖畔) . . . . .	2021-2023	Science and Technology Innovation Zone (科創園區)	318	15.6	0.9	1,400,000.0	1,345,720.0	Commodity housing, Shops
Gaoyougao Xintianjiao (高又高新天驕) . . . . .	2020-2023	High-tech Zone (高新區)	770	8.1	1.8	500,000.0	264,650.0	Commodity housing, Shops
Bijia Yuting Phase I (碧駕玉庭一期) . . . . .	2020-2023	Economic Development Zone (經開區)	506	18.5	2.2	1,243,000.0	1,007,531.9	Commodity housing, Car park
<b>Total</b> . . . . .	-	-	<b>1,594</b>	<b>42.1</b>	<b>4.9</b>	<b>3,143,000.0</b>	<b>2,617,901.9</b>	-

Note: Some of the units in the above projects have obtained pre-sale certificates and have been sold.

## Industrial Products Sales

### Overview

The industrial product sales business of the Issuer is mainly operated through its subsidiary Liuhe Special Materials.

For the years ended 31 December 2020, 2021 and 2022, the operating revenue generated from the industrial products sales business of the Group was approximately RMB890.1 million, RMB1,184.5 million and RMB1,035.1 million, respectively, which amounted to approximately 7.6 per cent., 10.0 per cent. and 8.1 per cent., respectively, of the consolidated operating revenue of the Group for the corresponding years.

### Liuhe Special Materials

#### Overview

Liuhe Special Materials is a major manufacturer of high-quality special steel forgings for steam turbine blades in China. It produces approximately 400 products such as steam turbine steel, high-temperature alloys, tool and mould steel, steel for military use and corrosion-resistant alloys, which are widely used in supercritical, ultra-supercritical and nuclear power steam turbine blades, bolts, reinforcing rings, rotors and other key components. Liuhe Special Materials is the drafting unit for the national standards for steam turbine blades steel, stainless steel for nuclear power steam turbines, and duplex stainless steel. It is the only qualified steam turbine material supplier besides the three state-owned enterprises, namely, Baosteel Group Shanghai No. 5 Steel Co., Ltd. (寶鋼集團上海五鋼有限公司), Fushun Special Steel Co., Ltd. (撫順特殊鋼股份有限公司), and Pan Gang Group Sichuan Changcheng Special Steel Company Limited (攀鋼集團四川長城特殊鋼有限責任公司). It is also one of the main blade forging suppliers for the three major steam turbine group corporations in China, namely, Dongfang Turbine Co., Ltd. (東方汽輪機有限公司), Shanghai Turbine Works Co., Ltd. (上海汽輪機廠有限公司) and Harbin Turbine Company Limited (哈爾濱汽輪機廠有限責任公司).

The revenue from industrial products sales by Liuhe Special Materials mainly derives from the sales of blade steel, mould steel and military products. In recent years, due to the impact of thermal power and nuclear power regulation policies, there is limited potential growth for the market of blade steel for steam turbines. Liuhe Special Materials is continuously striving to channel its efforts on the production of higher value-added mould steel and military products, and to reduce its reliance on traditional blade steel business.

### *Production Process and Technology*

Liuhe Special Materials utilises leading production technology in China. Its high-quality special steel production processes include non-vacuum smelting, out-of-furnace refining, secondary remelting and high-speed hydraulic press. The production technology of high-temperature alloy steel includes vacuum smelting, out-of-furnace refining, secondary remelting and high-speed hydraulic press. Liuhe Special Materials is a leading company in China able to perform the whole process from smelting, forging, heat treatment to blade processing, and is the first company in China able to deliver blades and forgings in a quenched and tempered state.

### *Correlation with Upstream Industries*

The major raw materials for special steel forgings, forgings and material manufacturing companies are high-quality scrap steel and alloy materials. Companies with higher requirements for product quality and stricter technical standards may even use industrial pure iron as the major base raw material.

The steel industry has a strong impact on the special steel forgings industry. Firstly, as the major raw material for special steel forgings is steel, the price of steel accounts for a high proportion of the manufacturing cost of special steel forgings. Fluctuations in the steel market will directly affect the procurement cost of raw materials and the selling price in the steel forgings industry, thereby affecting the business performance of companies within the industry. Secondly, steel, being the base material of special steel forgings, directly affects the various technical requirements for special steel forgings. The technological advancement and quality improvement of steel will affect the technical requirements for special steel forgings. Hence, the development and improvement of steel varieties is an important factor in promoting product research and development by companies in the welding industry. Further, other metals, which are important additive elements in special steel forgings, also account for a certain proportion of the manufacturing cost of special steel forgings. The fluctuations in prices of such additive metals will also directly affect the cost and selling price of products in the steel forgings industry.

### *Correlation with Downstream Industries*

The downstream customers of special steel forgings, forgings and material manufacturing companies mainly focus on equipment manufacturing (including advanced transportation equipment such as aviation and high-speed rail, marine engineering equipment, high-end intelligent manufacturing equipment, wind turbine equipment, nuclear power equipment, metallurgical equipment, environmental protection equipment, electronic equipment and other high-end manufacturing), petrochemical, aerospace and military, etc. The downstream industries of Liuhe Special Materials currently mainly include the following: (i) the steam turbine manufacturing industry, as the major steam turbine manufacturers in China are long-term and stable customers of Liuhe Special Materials; (ii) the mould steel industry, which mainly targets military enterprises; and (iii) other high-quality special steel customers, most of whom are high-end equipment manufacturing companies or are companies supporting the military industry.

### *Production Model*

In respect of blade steels, Liuhe Special Materials implements an order-based production model and directly engages with the manufacturers. In respect of mould steel, it also adopts an order-based production model and mainly directly markets to mould manufacturing companies, while also selling through mould steel distributors. The sales department obtains bidding information through upstream machine manufacturers and participates in biddings. It signs a contract and schedules production after winning a bid, and recognises revenue and collects payment according to the contract and the production progress.

### *Sales Model*

Liuhe Special Materials has formulated the “Sales Management System”(《銷售管理制度》), which standardises the formation, adjustment and approval procedures of sales plans and pricing.

The marketing department of Liuhe Special Materials is the centralised management department for products sales. At the end of each year, the marketing department prepares a sales plan for the next year based on the company's business strategic goals, production capacity, the sales activities for the current year and the market forecast for the next year. The sales plan will be issued and implemented after discussion by the management, review by the general manager's office, and approval by the chairman of the board. At the end of each quarter and month, the marketing department formulates a quarterly or monthly sales plan based on the annual sales plan, market changes and customer orders, which will then be issued for implementation after approval by the company's vice president of sales. The annual sales plan is generally not adjusted after it is officially issued. However, the marketing department shall organise a meeting with the management of the company to determine whether the marketing plan should be adjusted taking into account of the relevant national policies, the company's production and operation activities, and changes in domestic and foreign markets. If the management makes a decision to adjust the marketing plan due to changes in the market or business, the marketing department must put forward an adjustment opinion in writing and submit it to the management for review. The adjusted marketing plan will be issued for implementation after being reviewed by the general manager's office and approved by the chairman of the board.

The benchmark prices of various sales products are determined by the bidding committee at the beginning of each year, and are issued in the form of official pricing documents. The determination of benchmark prices requires full consideration of factors such as the raw and auxiliary materials required for production, the technical difficulty, production technology, labour costs, equipment energy consumption, management costs, and profits. All relevant departments monitor and observe the factors affecting the benchmark prices, and promptly report to the bidding committee in a timely manner according to changes in the internal and external environment, and the bidding committee will determine whether to adjust the benchmark selling prices of products.

Sales pricing include (i) inquiry-based pricing determined by the head of the marketing department based on the benchmark prices specified in the pricing documents and other relevant factors; and (ii) for businesses that receive tender notices, the pricing is determined by the bidding committee, where three or more members of the bidding committee are required to participate in the determination of the bidding price.

#### ***Settlement Model***

The finance department of Liuhe Special Materials follows the requirements of the Accounting Standards for Business Enterprises (企業會計準則) and recognises revenue in a timely manner according to the contracts. In respect of spot trading, the finance department recognises revenue after the goods are collected. In respect of the cash-on-delivery payment method, the finance department recognises revenue according to the customer's receipt certificate. In respect of the acceptance after inspection payment method, the finance department recognises revenue according to the customer's acceptance certificate.

#### ***Strong Research and Development Capabilities***

Liuhe Special Materials has multiple patents and utility models. The qualifications currently obtained include the qualification for suppliers of major steam turbine manufacturers, the license for weapons and equipment scientific research and production (武器裝備科研生產許可證)(passed, pending certificate), ISO9001: 2008 quality management systems certification (ISO9001: 2008質量管制體系認證證書), GJB9001B-2009 weapons and equipment quality management system certification (GJB9001B-2009武器裝備質量管制體系認證證書), China National Accreditation Service for Conformity Assessment Laboratory Accreditation certificate (CNASL)(中國合格實驗室認可證書), China Classification Society certificate (中國船級社認證許可證), Bureau Veritas certificate (法國船級社認證許可證) and the American Bureau of Shipping certificate (美國船級社認證許可證).

Liuhe Special Materials has technology readily available for the research and development of new technologies and new materials. Its technology is prepared for market development and able to respond to the demands of downstream customers. Liuhe Special Materials relies on the support and expertise guidance by authoritative bodies in the iron and steel materials industry in China, including the General Iron and Steel Research Institute (鋼鐵研究總院) and National Engineering Research Centre for Research on Advanced Iron and Steel Materials Technology (研究先進鋼鐵材料技術國家工程研究中心). With the technical advantages of skilled operators, and the mature supporting metallurgical industry in Jiangyou (江油), Mianyang City, it has a unique advantage in the research and production of high-end materials such as special steel for steam turbines, high-temperature alloys, corrosion-resistant alloys, and alloy steels.

### **Trading and Sales**

The trading and sales business of the Issuer is mainly operated by its subsidiaries Tongfu Hongye Co., Ltd. (通富弘業有限責任公司) and Sichuan Kefa Hechuang Technology Co., Ltd. (四川科發合創科技有限公司).

For the years ended 31 December 2020, 2021 and 2022, the operating revenue generated from the trading and sales business of the Group was approximately RMB7,782.6 million, RMB6,266.4 million and RMB8,799.6 million, respectively, which amounted to 66.5 per cent., 52.9 per cent. and 68.8 per cent., respectively, of the consolidated operating revenue of the Group for the corresponding years.

### ***Business Model***

As many entrepreneurs in the Science and Technology City are small in scale, they have relatively less bargaining power in raw material procurement compared to upstream suppliers, resulting in higher production costs. In order to support the development of small and medium-sized enterprises in the Science and Technology City, the Group relies on its own channels to consolidate the needs for raw materials of the relevant enterprises and negotiate with upstream suppliers to determine the overall purchase price, thus reducing the production cost of enterprises and improving the environment for development of enterprises in the Science and Technology City.

The Group mainly adopts an “order by sales” model. It first reaches an intention for cooperation with the upstream suppliers to determine the overall purchase price of products. After the Group signs a trading contract with downstream customers to confirm the variety and quantity of products, it simultaneously signs a procurement contract with upstream suppliers in order to avoid price fluctuations and inventory backlog. Downstream customers are required to pay 20 per cent. of the payment in advance as a deposit upon the signing of the trading contract, and to pick up the products within an agreed time. After receiving the deposit from downstream customers, the Group pays 80 per cent. of the payment in advance to suppliers, and the balance is paid after the delivery and inspection of products. The Group’s profits are mainly derived from the price difference between purchases and sales.

The revenue from trading and sales is recognised by the Group when the customers pick up the products after the signing of the sales contract, and the relevant cost is recorded at the same time. The accounting period is generally two months.

### **Natural Gas Sales and Installation**

The natural gas sales and installation business of the Issuer is mainly operated by its subsidiary Gas Group. Gas Group operates a diversified business which focuses on natural gas modelling, installation, sales and services. It also operates hotel management, civil engineering construction, property services, and heating, ventilation, and air conditioning businesses. Gas Group supplies pipeline gas to approximately 500,000 users in Mianyang City and Beichuan New County (北川新縣城). It has over 2,200 kilometres of high, medium and low-pressure natural gas urban pipeline networks, supported with

more than 310 gas stations, large-scale regional pressure regulator stations, and high, medium and low-pressure pressure regulator cabinets. It has also built the first natural gas peak-shaving storage and distribution station in Mianyang City.

Gas Group purchases natural gas from companies such as PetroChina Southwest Oil and Gas Field Company (中國石油天然氣股份有限公司西南油氣田分公司) and PetroChina Southwest Oil and Gas Field Company Sichuan Northwest Gas Mine (中國石油天然氣股份有限公司西南油氣田分公司川西北氣礦). The procurement contract specifies the purchase quantity and price, and adopts the advance payment method. Gas Group generates sales by selling the natural gas procured to users.

For the years ended 31 December 2020, 2021 and 2022, the operating revenue generated from the natural gas sales installation business was approximately RMB401.8 million, RMB436.2 million and RMB501.7 million, respectively, which amounted to 3.4 per cent., 3.7 per cent. and 3.9 per cent., respectively, of the consolidated operating revenue of the Group for the corresponding years.

The following table sets forth the level of natural gas procurement by the Group for the years ended 31 December 2020, 2021 and 2022:

<b>Year ended 31 December</b>	<b>Procurement Volume</b> (10,000 m <sup>3</sup> )	<b>Average Procurement Price (inclusive of tax)</b> (RMB/m <sup>3</sup> )	<b>Total Contract Price</b> (RMB'000)
<b>2020</b> .....	18,835.4	1.6	353,474.5
<b>2021</b> .....	18,936.0	1.7	361,452.4
<b>2022</b> .....	19,942.4	1.9	398,203.8

The following table sets forth the level of natural gas sales by the Group for the years ended 31 December 2020, 2021 and 2022:

<b>Year ended 31 December</b>	<b>Sales Volume</b> (10,000 m <sup>3</sup> )	<b>Average Selling Price (exclusive of tax)</b> (RMB/m <sup>3</sup> )	<b>Revenue</b> (RMB'000)
<b>2020</b> .....	17,608.2	2.0	354,980.7
<b>2021</b> .....	17,914.0	2.1	384,898.8
<b>2022</b> .....	19,263.2	2.1	414,602.9

### **Other Main Businesses**

Other main business income of the Group mainly derives from asset leasing and property management, guarantee services, consulting services, exhibition services, hotels, sports and fund management fees, etc. Other miscellaneous business income of the Group, which accounts for a relatively smaller proportion of its operating revenue, mainly derives from construction management, processing and sales of materials, capital occupation charges and other revenues.

For the years ended 31 December 2020, 2021 and 2022, the operating revenue generated from other main businesses of the Group was approximately RMB158.4 million, RMB189.1 million and RMB183.7 million, respectively, which amounted to 1.4 per cent., 1.6 per cent. and 1.4 per cent., respectively, of the consolidated operating revenue of the Group for the corresponding years.

## **COMPETITION**

The Group operates in highly competitive markets, with intense competition for capital, labour, facilities and supporting infrastructure, as well as opportunities for acquisitions and new business. Certain of the Group's competitors in their respective businesses may have longer operating track records, stronger government and customer relationships and stronger parent support, and have access to greater financial, technical, infrastructure, marketing and other capabilities or other resources and/or name recognition than the Group. To maintain and enhance its competitiveness, the Group aims to further strengthen and develop long-term, stable and co-operative business relationships, capitalise upon its extensive local knowledge and strategic investment opportunities, focus on improving its operational efficiencies, enhance its marketing techniques, further lower its business costs and, ultimately, become a competitive diversified enterprise with a leading presence in its core business.

## **ENVIRONMENT MATTERS**

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

## **INSURANCE**

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

## **EMPLOYEES**

As at 31 December 2022, the Group had 2,347 employees. The Group believes that its employees are critical to its success and is committed to investing in the development of its employees through continuing education and training, as well as the creation of opportunities for career growth. The Group considers its relationship with its workforce to be good and the Group has not experienced a work stoppage or strike. In accordance with regulations applicable to enterprises and the relevant requirements of various local governments in areas in which the Group operates, the Group makes contributions to the pension contribution plan, employees' medical insurance, unemployment insurance, maternity insurance and workers' compensation injury insurance.

## **LITIGATION**

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

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE ISSUER

### DIRECTORS

The Board of Directors currently consists of six directors, including one chairperson. The Board of Directors is primarily responsible for, among others: convening shareholders' meetings and reporting to the shareholders; implementing relevant regulations and decisions of the shareholders' meetings; determining the Issuer's operation and investment plans; formulating annual budgets and final accounts; formulating profit sharing and loss recovery plans; formulating plans to increase or decrease the Issuer's registered capital and bond issuance plans; reviewing the adjustments, mergers, spin-offs and dissolution plans of the Issuer; appointing, or dismissing the general manager of the Issuer, and according to the general manager's nomination appointing or dismissing the senior management or deciding their remunerations; determining the internal management structure of the Issuer; formulating the general management framework and other responsibilities granted by its shareholders and relevant laws and regulations.

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

<u>Name</u>	<u>Age</u>	<u>Position</u>
Mr. JIANG Lin (姜林) . . . . .	45	Chairperson of the Board of Directors
Mr. ZHU Yuping (朱玉平) . . . . .	56	Director and Chairperson of the Labour Union
Ms. GU Jing (顧婧) . . . . .	42	External Director
Mr. CHEN Ye (陳擘) . . . . .	59	External Director
Mr. LI Bing (李兵) . . . . .	52	External Director
Mr. LUO Tao (羅洵) . . . . .	37	External Director

**Mr. JIANG Lin (姜林)**, aged 45, has been a director of the Issuer's board of directors since September 2022, and the chairperson of the Issuer's board of directors since September 2023. Previously, Mr. JIANG served as the General Manager of the Issuer, and has worked at the Yanting County Branch of the People's Bank of China (人民銀行鹽亭縣支行) and Mianyang City Centre Branch of the People's Bank of China (人民銀行綿陽市中心支行). Mr. JIANG served successively as the deputy director of the Financial Office of the Mianyang Government (綿陽市政府金融辦公室), a member of the Party and Workers Committee and the deputy director of the Management Committee of Mianyang Economic and Development District (Agricultural Science Department)(綿陽經濟開發區(農科區)), a member of the Party's Committee, the deputy director, the secretary of the Party Committee and the director of the Mianyang Finance Bureau (綿陽市金融工作局). Mr. JIANG is a senior engineer with a master's degree.

**Mr. ZHU Yuping (朱玉平)**, aged 56, has been a director of the Issuer's board of directors since January 2021. Previously, Mr. ZHU successively served as the deputy chief of the Safety Section, director of the Political Department, chief of the Personnel Education Section, chief of the Transportation Management Section of Mianyang Transportation Bureau (綿陽市交通局), a member of the Standing Committee and deputy county chief of Shiqu County of Ganzi Prefecture (甘孜州石渠縣), the deputy director of Mianyang Highway Bureau (綿陽市公路局), a member of the Party Committee and deputy director of the Highway Management Division of Mianyang Transportation Bureau (綿陽市交通局公路管理處), a member of the Party Committee and the vice chairperson of Mianyang Investment Holding (Group) Co., Ltd. (綿陽市投資控股(集團)有限公司). Mr. ZHU is currently the deputy secretary of the Party Committee and director and chairperson of the Labour Union of the Issuer. Mr. ZHU holds a master's degree.

**Ms. GU Jing (顧婧)**, aged 42, has been an external director of the Issuer's board of directors since December 2022. Ms. GU is currently a professor and doctoral student supervisor of Sichuan University (四川大學) and an external supervisor of Meishan Rural Commercial Bank (眉山農村商業銀行). Ms. GU holds a doctor's degree.

**Mr. CHEN Ye (陳曄)**, aged 59, has been an external director of the Issuer's board of directors since December 2022. He is currently a senior consultant of Sichuan Changhong Innovation Investment Co., Ltd. (四川長虹創新投資有限公司). Mr. CHEN holds a master's degree.

**Mr. LI Bing (李兵)**, aged 52, has been an external director of the Issuer's board of directors since December 2022. He is currently the chairperson and general manager of Sichuan Ruijiuhong Agricultural Technology Co., Ltd. (四川瑞玖鴻農業科技有限公司). Mr. LI holds a doctor's degree.

**Mr. LUO Tao (羅淘)**, aged 37, has been an external director of the Issuer's board of directors since December 2022. Mr. LUO is currently the general manager of the Capital Operation Centre of Mianyang Investment Holding (Group) Co., Ltd. (綿陽市投資控股(集團)有限公司資本運營中心). Mr. LUO holds a master's degree.

## SUPERVISORS

The board of supervisors of the Issuer currently consists of five supervisors. The board of supervisors is primarily responsible for: monitoring the Issuer's financial matters, examining the financial and other records and supervising and evaluating the Issuer's operation and property status, reporting on major risks and material issues of the Issuer; overseeing the actions of the board of directors and the senior management in performing their duties and making recommendations to remove or dismiss directors and senior management who are in contravention of laws, administrative regulations, the Issuer's articles of association or the shareholder's decisions; demanding the directors and senior management to correct their improper conducts when their conducts harm the interests of the Issuer; and other responsibilities stipulated in relevant laws and regulations. Due to the unified arrangements by Mianyang SASAC for its shareholding companies, the number of supervisors currently falls short of that required in the Issuer's articles of association, but does not affect the Issuer's effective decision-making.

The supervisors of the Issuer as at the date of this Offering Circular are as follows:

<b>Name</b>	<b>Age</b>	<b>Position</b>
Mr. WANG Zeqiang (王澤強) . . . . .	49	Supervisor
Mr. PU Chengjun (蒲成君) . . . . .	41	Supervisor
Ms. LUO Yu (羅瑜) . . . . .	48	Employee Supervisor, Discipline Inspection Supervisor
Mr. XU Wangxiong (許望雄) . . . . .	40	Employee Supervisor, Deputy Director of the Supervision and Audit Department
Ms. WANG Xia (王霞) . . . . .	45	Supervisor

**Mr. WANG Zeqiang (王澤強)** aged 49, has been a supervisor of the Issuer since July 2018. Previously, Mr. WANG served as the deputy head of audit department (審計部副部長) of the Issuer. Mr. WANG is currently the deputy secretary of the party committee (黨委副書記), vice chairman and executive vice president of Sichuan Bohong Industry Co. Ltd. (四川波鴻實業有限公司). Mr. WANG is also a level II constructor (municipal utilities)(二級建造師(市政公用方向)), accountant and auditor. Mr. WANG holds a bachelor's degree.

**Mr. PU Chengjun (蒲成君)** aged 41, has been a supervisor of the Issuer since July 2018. Previously, Mr. PU joined the Group in November 2013 and served as the head of the party and personnel department (黨群人事部部長) of the Issuer. Mr. PU is currently the legal representative and chairman of Sichuan Guohao Seed Industry Co. Ltd. (四川國豪種業股份有限公司). Mr. PU is also an assistant engineer in civil engineering and construction (工民建專業助理工程師) with qualification to practise primary legal services in the army (軍隊基層法律服務執業資格). Mr. PU holds a bachelor's degree in law.

**Ms. LUO Yu (羅瑜)**, aged 48, has been an employee supervisor of the Issuer since July 2018. Previously, Ms. LUO served as the director of the Issuer's High-tech Construction Office (高新建設辦公室). Ms. LUO holds a college degree.

**Mr. XU Wangxiong (許望雄)**, aged 40, has been an employee supervisor of the Issuer since July 2018. Previously, Mr. XU served successively as a teacher of the No. 6 Middle School in Bazhong City of Sichuan Province (四川省巴中市第六中學), a staff member of the Issuer's Comprehensive Office, a staff member and director of the Comprehensive Department of Mianyang Kejiu Real Estate Co. Ltd. (綿陽科久置業有限公司), and a deputy director of the Issuer's Supervision and Audit Department (監察審計部副). Mr. XU holds a college degree.

**Ms. WANG Xia (王霞)**, aged 45, has been a supervisor of the Issuer since January 2021 and the chief accountant of the Issuer since December 2022. Previously, Ms. WANG successively served as a deputy director of the Issuer's Planning and Finance Department, deputy director of Investment and Development Department, director of Audit Department and assistant to general manager. Ms. WANG also served as secretary of the Party Committee, chairperson and general manager of Mianyang High-tech Construction and Development Co. Ltd. (綿陽高新建設開發有限公司), member of the Party Committee. Ms. WANG holds a bachelor's degree.

## SENIOR MANAGEMENT

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

<b>Name</b>	<b>Age</b>	<b>Position</b>
Mr. WANG Feng (王峰) . . . . .	50	Deputy General Manager
Mr. WANG Hao (王昊) . . . . .	43	Deputy General Manager
Ms. WANG Xia (王霞) . . . . .	45	Chief Accountant

**Mr. WANG Feng (王峰)**, aged 50, has been the deputy general manager of the Issuer since January 2021. Previously, Mr. WANG served successively as a teacher at Xianfeng Township Primary School in Zitong County (梓潼縣仙峰鄉小學), a teacher at Qinglong Primary School in Wenchang Town in Zitong County (梓潼縣文昌鎮青龍小學校), a member of the Party Committee and deputy township chief of Hongren Township of Zitong County (梓潼縣宏仁鄉黨委), a deputy director of the Investment Promotion Bureau of Fucheng District (涪城區招商局), the director of the Investment Service Bureau (投資服務局) and the director of the Investment Promotion Bureau (投資促進局局長) of the Mianyang Economic Development Zone (綿陽市經濟開發區), the director of the Shanghai Branch of the Mianyang Investment Promotion Bureau (綿陽市投資促進局上海分局), a member of the Party Committee and deputy head of the Youxian District Government (遊仙區人民政府), a member of the Standing Committee and the head of the United Front Work Group (統戰組) of the Yanting County Party Committee (鹽亭縣委). Mr. WANG holds a master's degree.

**Mr. WANG Hao (王昊)**, aged 43, has been the deputy general manager of the Issuer since January 2021. Previously, Mr. WANG served successively as the account manager of the Jiangxi Street Branch of China CITIC Bank (中信銀行漿洗街支行), the financing commissioner of the Capital Operation Center, the assistant to the general manager of the Capital Operation Center, the assistant to the general manager of the Finance Department, the deputy general manager, the chairperson of the Trade Union, the general manager and the chairperson of Mianyang Investment Holding (Group) Co., Ltd. (綿陽市投資控股(集團)有限公司), the chairperson of the board of Jiachuang Incubator Management Co., Ltd. (嘉創孵化器管理有限公司), a director of Huike Optoelectronics Technology Co., Ltd. (惠科光電科技有限公司), the chairperson of the board of Mianyang Investment CNPC Energy Co., Ltd. (綿投中油能源有限公司), the legal representative of Beijing Fuleshan Hotel Co., Ltd. (北京富樂山酒店有限公司) and the chairperson of the board of Sichuan Natural Gas Mianyang Gas Co., Ltd. (四川天然氣綿陽燃氣有限責任公司). Mr. WANG holds a master's degree.

**Ms. WANG Xia (王霞)**, aged 45, has been an employee supervisor of the Issuer since January 2021 and the chief accountant of the Issuer since December 2022. For Ms. WANG's biography, please refer to "*Supervisors*" above.

## PRC REGULATIONS

*This section summarises the principal PRC laws and regulations which are relevant to the issue of the Bonds and the provision by the LC Bank of the Standby Letter of Credit. As this is a summary, it does not contain a detailed analysis of the PRC laws and regulations which are relevant to the Bonds and the LC Bank.*

### THE PRC LEGAL SYSTEM

The PRC legal system is based on the PRC Constitution and is made up of written laws, regulations, directives and local laws and laws resulting from international treaties entered into by the PRC government. In general, court judgments do not constitute binding precedents. However, they are used for the purposes of judicial reference and guidance.

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

The State Council is the highest organ of the state administration and has the power to enact administrative rules and regulations. The ministries and commissions under the State Council are also vested with the power to issue orders, directives and regulations within the jurisdiction of their respective departments. All administrative rules, regulations, directives and orders promulgated by the State Council and its ministries and commissions must be consistent with the PRC Constitution and the national laws enacted by the NPC and the Standing Committee of the NPC. In the event that a conflict arises, the Standing Committee of the NPC has the power to annul administrative rules, regulations, directives and orders. The People's Congresses or their standing committees of the comparatively larger cities may, in light of the specific local conditions and actual needs, formulate local regulations, provided that they do not contradict the PRC Constitution, the national laws, the administrative regulations and the local regulations of their respective provinces or autonomous regions, and they shall submit the regulations to the standing committees of the People's Congresses of the provinces or autonomous regions for approval before implementation.

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

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

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

## THE PRC JUDICIAL SYSTEM

Under the PRC Constitution and the Law of Organisation of the People's Courts, the judicial system is made up of the Supreme People's Court, the local courts, military courts and other special courts.

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

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

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

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

Where a party applies for enforcement of an effective judgment or ruling of a court, if the party against whom enforcement is sought or the property thereof is not within the territory of the PRC, the applicant may apply directly to the foreign court having jurisdiction for recognition and enforcement, or apply to a PRC court for such court to request recognition and enforcement by the foreign court in accordance with the provisions of an international treaty concluded or acceded to by the PRC or under the principle of reciprocity. Where a valid and effective judgment or ruling of a foreign court requires recognition and enforcement by a court of the PRC, a party may apply directly to the intermediate court of the PRC having jurisdiction for recognition and enforcement, or apply to the foreign court for the foreign court to request recognition and enforcement by the PRC court in accordance with the provisions of an international treaty concluded or acceded to by the PRC or under the principle of reciprocity. After examining an application or request for recognition and enforcement of a valid and effective judgment

or ruling of a foreign court in accordance with an international treaty concluded or acceded to by the PRC or under the principle of reciprocity, a PRC court shall issue a ruling to recognise the legal force of the judgment or ruling and issue an order for enforcement as needed to enforce the judgment or ruling according to the relevant provisions of the Civil Procedure Law of the PRC if the PRC court deems that the judgment or ruling does not violate the basic principles of the laws of the PRC and the sovereignty, security and public interest of the PRC. If the judgment or ruling violates the basic principles of the laws of the PRC or the sovereignty, security or public interest of the PRC, the PRC court shall not grant recognition and enforcement.

## **OVERSEAS FINANCING ACTIVITIES**

### **NDRC Supervision**

Pursuant to the and NDRC Measures which was promulgated by NDRC and became effective on 10 February 2023, where domestic enterprises, overseas enterprises controlled by a domestic enterprise or their overseas branches issue foreign debts, which are debt instruments of more than one year tenor that are denominated in domestic currency or foreign currency, including bonds issued overseas and long- and medium-term international commercial loans, the enterprises shall apply to NDRC for dealing with the formalities of record-filing and registration before issuance. NDRC shall decide whether to accept such application within five working days upon the receipt of the application and provide the Record-filing and Registration Certification of Issuance of Foreign Debts by Enterprises within seven working days after acceptance. The enterprises shall submit the issuance information to NDRC within 10 working days after the end of each issuance. On 11 May 2018, NDRC and MOF promulgated Circular 706. Pursuant to Circular 706, an enterprise that intends to incur medium-term and long-term debt in offshore markets shall have established a sound and stable corporate governance structure, management decision-making mechanism and financial management system. Such enterprise shall have existing operations, implement market-based financing in compliance with laws and regulations, and fully demonstrate the necessity, feasibility, economy, and financial sustainability of offering debt in offshore markets, and such enterprise shall form a debt and interest repayment scheme based on its own credit and indebtedness situations and implement repayment security measures. Moreover, such enterprise is not permitted to request or accept any offer by its local government or a government department to provide guarantee or assume debt repayment obligations for its debt issued in offshore markets. Such enterprise may not count Public Interest Assets as assets owned by the enterprises for reporting purposes either.

Furthermore, such enterprise is required to standardise its information disclosure. Pursuant to Circular 23, state-owned financial institutions should carefully evaluate the sources and ability of repayment by issuers that are local government financing vehicles, seeking to issue offshore bonds, before they provide financial support to such issuers, especially when the proceeds will be used for infrastructure construction. Where the repayment source made by an issuer involves government investment funds, the state-owned financial institution shall carry out a due diligence investigation and carefully verify the legality, authenticity and validity of such repayment source. By the same token, in bond issuance documents such as bond offering circulars, such enterprise shall not make any statement or disclosure that implicitly or explicitly indicates government endorsement by describing the local or national government's creditworthiness, such as financial information regarding revenue, expenditure and government debt, nor issue any misleading public statement which implies such issuer having a connection or an association with the government's creditworthiness or otherwise. Moreover, such enterprise shall specify in the relevant bond offering circulars that the local government, as a shareholder, bears only limited liability to the extent of its equity contribution in the issuer, and the debt owed by such enterprise shall be repaid by such enterprise, in the case of a local state-owned enterprise, as an independent legal person.

## MOFCOM Supervision

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

An enterprise that intends to invest in a sensitive country or region or a sensitive industry shall apply for the verification by MOFCOM. “Sensitive countries and regions” refer to those countries without a diplomatic relationship with the PRC, or subject to the UNSC sanctions or otherwise under the list of verified countries and regions published by MOFCOM from time to time. “Sensitive industries” refer to those industries involving the products and technologies which are restricted from being exported, or affecting the interests of more than one country (or region). In accordance with the New Overseas Investment Rules, a central enterprise shall apply to MOFCOM for verification and MOFCOM shall, within 20 working days after accepting such application, decide whether or not the verification is granted. For a local enterprise, it shall apply through the provincial department of commerce to MOFCOM for such verification. The provincial department of commerce shall give a preliminary opinion within 15 working days after accepting such local enterprise’s application, and submit all application documents to MOFCOM. MOFCOM shall decide whether or not to grant the verification within 15 working days of receipt of such preliminary opinion from the provincial department of commerce. Upon verification, the Enterprise Overseas Investment Certificate shall be issued to the investing enterprise by MOFCOM.

All overseas investments other than those subject to MOFCOM verification as described above are subject to a filing procedure. The investing enterprise shall complete the filing form through the Overseas Investment Management System, an online system maintained by MOFCOM, print out a copy of such filing form for stamping with the company chop, and then submit such stamped filing form together with a copy of its business licence for filing at MOFCOM (for a central enterprise (中央企業) or the provincial department of commerce (for a local enterprise) respectively).

MOFCOM or the provincial department of commerce shall accept the filing and issue the Enterprise Overseas Investment Certificate within three working days upon receipt of such filing form, if the filing form meets all the relevant requirements.

The investing enterprise must carry out the investment within two years of the date of the relevant Enterprise Overseas Investment Certificate, otherwise such certificate will automatically become invalid and a new filing or verification application has to be made by the investing enterprise. In addition, if any item specified in such certificate is changed, the investing enterprise shall make the change of registration at MOFCOM or the provincial department of commerce (as the case may be).

If an overseas invested company carries out a re-investment activity offshore, the investing enterprise shall report such re-investment activity to MOFCOM or the provincial department of commerce (as the case may be) after the legal process of the investment is completed offshore. The investing enterprise shall complete and print out a copy of the Overseas Chinese-invested Enterprise Re-investment Report Form (境外中資企業再投資報告表) from the Overseas Investment Management System and stamp and submit such form to MOFCOM or the provincial department of commerce.

## **Foreign Exchange Administration**

According to Regulation of the People's Republic of China on Foreign Exchange Administration (中華人民共和國外匯管理條例) and Provisions on the Foreign Exchange Administration of the Overseas Direct Investment of Domestic Institutions (境內機構境外直接投資外匯管理規定), corporations, enterprises or other economic organisations (domestic investors) that have been permitted to make outbound investment shall go through the procedures of registration to the Foreign Exchange Bureau (外匯管理機構). The Foreign Exchange Bureau shall issue the Foreign Exchange Registration Certificate (外匯登記證) for overseas direct investment or an IC card to the domestic institution. The domestic institution shall go through the formalities for outward remittance of funds for overseas direct investment at a designated foreign exchange bank by presenting the approval document issued by the department in charge of overseas direct investment and the Foreign Exchange Registration Certificate for overseas direct investment. The scope of foreign exchange funds for overseas direct investment of domestic institutions includes their own foreign exchange funds, domestic loans in foreign currencies in compliance with relevant provisions, foreign exchange purchased with Renminbi, material objects, intangible assets and other foreign exchange funds approved by the Foreign Exchange Bureaus for overseas direct investment. The profits gained from overseas direct investment of domestic institutions may be deposited in overseas banks and used for overseas direct investment.

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

On 12 January 2017, the PBOC issued the Notice of the People's Bank of China on matters concerning the Macro-Prudential Management of Full-Covered Cross-Border Financing (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知)(the “**Cross-Border Financing Notice**”), which came into effect on the same day. The Cross-Border Financing Notice established a mechanism aimed at regulating cross border financing activities based on the capital or net asset of the borrowing entities using a prudent management principle on a macro nationwide scale. The Cross-Border Financing Notice applies to non-financial enterprises, excluding financing platforms of the government and real estate corporations.

## **State-owned Assets Supervision**

The Interim Measures for Administration of Overseas State-owned Property Rights of Central Enterprises (中央企業境外國有產權管理暫行辦法) and the Interim Measures for the Supervision and Administration of Overseas State-owned Assets of Central Enterprises (中央企業境外國有資產監督管理暫行辦法) also apply to overseas investment projects. Where overseas enterprises wholly owned or controlled by central enterprises or their subsidiaries at all levels conduct economic activities such as transferring or acquiring properties, making non-monetary contribution, changing the state-owned shareholding in non-listed companies, consolidation, division, dissolution or liquidation, they shall appoint a professional agency with the corresponding qualifications, professional experiences and good reputation to evaluate or assess the subject matters, and the evaluation items or valuation results shall be submitted to SASAC for record-filing or approval (as the case may be).

Pursuant to the Interim Measures for Administration of Overseas State-owned Property Right of Central Enterprises, the central enterprise shall, in a unified way, apply for property right registration with the SASAC, where any of the following events take place in connection with a central enterprise or its subsidiaries at all levels:

1. where an overseas enterprise is established by way of investment, division or consolidation, or the property right of an overseas enterprise is obtained for the first time by way of acquisition or equity investment;
2. where any change occurs to an overseas enterprise's basic information including its name, registration place, registered capital and the main business scope, or the overseas enterprise's property right information changes due to any changes in the capital contributors, amount of capital contributions and proportions of capital contributions;
3. where an overseas enterprise no longer keeps state-owned property right due to dissolution, bankruptcy, or property right transfer and capital reduction; or
4. other circumstances in which property right registration needs to be made.

## REMITTANCE OF RENMINBI INTO AND OUTSIDE THE PRC

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

### Current Account Items

Under the PRC foreign exchange control regulations, current account items refer to any transaction for international receipts and payments involving goods, services, earnings and other frequent transfers into and outside the PRC. Prior to July 2009, all current account items were required to be settled in foreign currencies. Pursuant to the Measures on the Trial Administration of Settling Cross-Border Transactions in Renminbi (《跨境貿易人民幣結算試點管理辦法》中國人民銀行、財政部、商務部、海關總署、國家稅務總局、中國銀行業監督管理委員會公告[2009]第10號) which was promulgated on 1 July 2009 and the Implementation of the Measures on the Trial Administration of Settling Cross-Border Transactions in Renminbi (《跨境貿易人民幣結算試點管理辦法實施細則》(銀發[2009]212號)) which was promulgated on 3 July 2009, the PRC has commenced a pilot scheme pursuant to which Renminbi may be used for settlement of imports and exports of goods between approved pilot enterprises in certain pilot regions. On 17 June 2010, 27 July 2011 and 3 February 2012 respectively, the PRC government promulgated the Circular on Issues concerning the Expansion of the Scope of the Pilot Programme of Renminbi Settlement of Cross-Border Trades (《關於擴大跨境貿易人民幣結算試點有關問題的通知》(銀發[2010]186號)), the Circular on Expanding the Regions of Cross-border Trade Renminbi Settlement (《關於擴大跨境貿易人民幣結算地區的通知》(銀發[2011]203號)) and the Notice on Matters Relevant to the Administration of Enterprises Engaged in Renminbi Settlement of Export Trade in Goods (《關於出口貨物貿易人民幣結算企業管理有關問題的通知》(銀發[2012]23號))(together as “**Circulars**”). Pursuant to these Circulars, (i) Renminbi settlement of imports and exports of goods and of services and other current account items became permissible, (ii) the list of designated pilot districts were expanded to cover all provinces and cities in the PRC, (iii) the restriction on designated offshore districts has been lifted and (iv) any enterprise qualified for the export and import business is permitted to use Renminbi as settlement currency for exports of goods, provided that the relevant provincial government has submitted to PBOC and five other PRC authorities (the “**Six Authorities**”) a list of key enterprises subject to supervision and the Six Authorities have reviewed and approved such list (the “**Supervision List**”).

Accordingly, offshore enterprises are entitled to use Renminbi to settle imports of goods and services and other current account items. Renminbi remittance for exports of goods from the PRC may only be effected by (a) enterprises with the foreign trading right and incorporated in a province which has

already submitted the Supervision List (for the avoidance of doubt, that PRC enterprises do not necessarily need to be included in the Supervision List), or (b) enterprises that have been approved as pilot enterprises for using Renminbi for exports before the Six Authorities reviewed and approved the Supervision List submitted by relevant province.

On 5 July 2013, PBOC promulgated the Circular on Policies related to Simplifying and Improving Cross-border Renminbi Business Procedures (《關於簡化跨境人民幣業務流程和完善有關政策的通知》(銀發[2013]168號))(the “**2013 PBOC Circular**”), which, in particular, simplifies the procedures for cross border Renminbi trade settlement under current account items. For example, PRC banks may conduct settlement for PRC enterprises (excluding those on the Supervision List) upon the PRC enterprises presenting the payment instruction. PRC banks may also allow PRC enterprises to make/receive payments under current account items prior to the relevant PRC bank’s verification of underlying transactions on a need basis (noting that verification of underlying transactions is usually a precondition for cross border remittance).

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

### **Capital Account Items**

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

Until recently, settlement of capital account items, for example, the capital contribution of foreign investors to foreign invested enterprises in the PRC, were generally required to be made in foreign currencies. Cross-border Renminbi payment infrastructure and trading facilities are being improved.

PRC entities are also permitted to borrow Renminbi-denominated loans from foreign lenders (which are referred to as “**foreign debt**”) and lend Renminbi-denominated loans to foreign borrowers (which are referred to as “**outbound loans**”), as long as such PRC entities have the necessary quota, approval or registration. PRC entities may also denominate security or guarantee arrangements in Renminbi and make Renminbi payments thereunder to parties in the PRC as well as other jurisdictions (which is referred to as “**cross-border security**”). Under current rules promulgated by the State Administration of Foreign Exchange of the PRC (“**SAFE**”) and PBOC, foreign debts borrowed, outbound loans extended, and the cross-border security provided by a PRC onshore entity (including a financial institution) in Renminbi shall, in principle, be regulated under the current PRC foreign debt, outbound loan and cross-border security regimes applicable to foreign currencies. After piloting in the free trade zones, PBOC and SAFE launched a nation-wide system of macro-prudential management on cross-border financing in 2016 and 2017, which provides for a unified regime for financings denominated in both foreign currencies and Renminbi.

Since September 2014, qualified multinational enterprise groups can extend Renminbi-denominated loans to, or borrow Renminbi-denominated loans from, eligible offshore member entities within the same group by leveraging the cash pooling arrangements. The Renminbi funds will be placed in a special deposit account and may not be used to invest in stocks, financial derivatives, or non-self-use properties, or purchase wealth management products or extend loans to enterprises outside the group.

The securities markets, specifically the Renminbi Qualified Foreign Institutional Investor (“**RQFII**”) regime and the China Interbank Note Market (“**CIBM**”), have been further liberalised for foreign investors. PBOC has relaxed the quota control for RQFII, initiated a bond market mutual access scheme

between mainland and Hong Kong to allow eligible investors to invest in CIBM, removed quota restriction, and granted more flexibility for the settlement agents to provide the relevant institutions with more trading facilities (for example, in relation to derivatives for hedging foreign exchange risk).

Recent reforms introduced were aimed at controlling the remittance of Renminbi for payment of transactions categorised as capital account items. There is no assurance that the PRC government will continue to gradually liberalise the control over Renminbi payments of capital account item transactions in the future. The relevant regulations are relatively new and will be subject to interpretation and application by the relevant PRC authorities. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules.

## REGULATIONS ON FISCAL DEBTS OF LOCAL GOVERNMENTS

In accordance with the Guidance on Further Strengthening Adjustment of Credit Structure to Promote Fast and Smooth Development of National Economy (《中國人民銀行中國銀行業監督管理委員會關於進一步加強信貸結構調整促進國民經濟平穩較快發展的指導意見》(銀發[2009]92號)) issued jointly by the PBOC and the 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, 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》(國發[2010]19號))(the “**Circular 19**”) and the Circular of the General Office of the NDRC on Relevant Issues Concerning Furthering Regulating the Issuance of Bonds of Local Government Investment and Financing Platform Enterprise (《國家發展改革委辦公廳關於進一步規範地方政府投融資平台公司發行債券行為有關問題的通知》(發改辦財金[2010] 2881號))(the “**Circular 2881**”) were separately promulgated in June 2010 and November 2010. In accordance with Circular 19, all levels of local governments shall clear up the debts of their respective financing platforms. In accordance with Circular 2881, the level of indebtedness of local governments will have an impact on the ability of the financing platform to issue enterprise bonds. On 21 September 2014, 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))(the “**Circular 43**”) was promulgated by the State Council. Circular 43 aims at regulating the financing system of local government. 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 new Budget Law of the PRC, which took effect on 1 January 2015 and amended on 29 December 2018, empowers local governments to issue government bonds, and public interest projects with income generated, such as the sale and distribution of electricity and steam, 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 the 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的通知》(國辦發[2015]40號))(the “**Circular 40**”) was promulgated by the General Office of the State Council of the PRC. In accordance with Circular 40, local governments at all

levels and banking financial institutions shall properly deal with follow-up financing issues for projects under construction of financing platform companies. Projects under construction refer to projects that have started construction upon the completion of examination, approval or filing procedures in accordance with relevant regulations 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 follows:

- **Support stock financing needs for projects under construction.** Local governments at all levels and banking financial institutions shall ensure the orderly development of projects under construction. In respect of loans to the projects under construction of financing platform companies, if the loan contracts which are legally binding 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 incremental financing for projects under construction.** Local governments at all levels shall pay close attention to any incremental 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 capital such as fiscal capital and social capital and ensure the continuation and completion of projects under construction. For the projects under construction of financing platform companies for which the loan amount in the contracts that have been signed fails to meet the construction needs, if it is suitable for them to adopt a government and social capital cooperation mode, they shall prioritise 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 incremental 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, 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 amounts 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.

Neither Circular 43 nor Circular 40 is applicable to the Bonds and no government authority has any obligation to repay any amount under the Bonds. In the event the Issuer does not fulfil its payment obligations under the Bonds, investors will only be able to claim against the Issuer and not any other government authority.

On 28 March 2018, the MOF promulgated the Circular 23, which came into effect on the same day. Under the Circular 23, when providing intermediary services for local government financing platform companies and other local state-owned enterprises regarding issuance of bonds at home and abroad, state-owned financial enterprises shall prudently evaluate the financial capability of fund-raisers and their source of funds for repayment. Where the source of revenue of bond-issuing enterprises involves fiscal funds, due diligence investigation shall be carried out, and the compliance and authenticity of

fiscal funds shall be diligently verified. In bond prospectuses and other documents, local financial revenues and expenditures, government debt data, or any other information implicitly or explicitly indicating support of government credit shall not be disclosed, and misleading publicity connecting with government credit shall be prohibited. It shall be specified in relevant transaction documents that the local government shall only assume limited liability to the extent of its amount of contribution and the relevant debts shall be repaid by local state-owned enterprises as independent legal persons.

On 11 May 2018, the NDRC and the MOF jointly issued the Circular 706. Under the Circular 706, enterprises that take on foreign debts shall have materialized operations, conduct financing activities in compliance with laws after fully demonstrating the necessity of taking on such foreign debts. It is forbidden for enterprises to require or accept local governments and their subordinate departments to provide guarantees or assume debt repayment obligations for their market-oriented financing behaviours in a variety of ways. Further, the assets owned by such enterprises shall be of good quality, the ownership shall be clear. It is forbidden that public schools, public hospitals, public cultural facilities, parks, public squares, government office buildings, municipal roads, non-toll bridges, non-operating water conservancy facilities, non-toll pipeline network facilities, reserved land use rights and other assets relating to public interests be accounted into enterprises' assets. It is restated that in bond prospectuses and other documents, local financial revenues and expenditures, government debt data, or any other information implicitly or explicitly indicating support of government credit shall not be disclosed, and misleading publicity connected with government credit shall be prohibited, and it shall be specified in relevant transaction documents that the local government shall only assume limited liability to the extent of its amount of contribution and the relevant debts shall be repaid by local state-owned enterprises as independent legal persons.

## **MAJOR LAWS, REGULATIONS AND POLICIES RELATED TO THE GROUP'S BUSINESSES**

### **Bidding and Tendering Management**

Bidding and tendering of various construction projects have been provided in the Bidding and Tendering Law of the People's Republic of China (中華人民共和國招標投標法) promulgated by SCNPC on 30 August 1999 which became effective on 1 January 2000 and amended on 27 December 2017, Regulation on the Implementation of the Bidding and Tendering Law of the People's Republic of China (中華人民共和國招標投標法實施條例) promulgated by the State Council on 20 December 2011 which became effective on 1 February 2012, and amended on 2 March 2019 which became effective on the same date, Measures for the Construction Bidding and Tendering of Construction Projects (工程建設項目施工招標投標辦法) jointly promulgated by NDRC, MOC, MOR, MOT, Ministry of Information Industry of the People's Republic of China, Ministry of Water Resources of the People's Republic of China, and Civil Aviation Administration of China in 8 March 2003 which became effective on 1 May 2003, amended on 11 March 2013 and became effective on 1 May 2013, Administrative Measures for the Bidding and Tendering of Design of Construction Projects (建設工程設計招標投標管理辦法) issued by the Ministry of Housing and Urban-Rural Development of the People's Republic of China on 24 January 2017 and became effective on 1 May 2017, Administrative Measures for the Bidding and Tendering of Housing Construction and Municipal Infrastructure Work (房屋建築和市政基礎設施工程施工招標投標管理辦法) issued by MOC on 1 June 2001 and became effective on the same date and amended on 28 September 2018 and 13 March 2019, and the Administrative Measures for the Bidding and Tendering of Highway Engineering Construction Projects (公路工程建設項目招標投標管理辦法) promulgated by MOT on 8 December 2015 which became effective on 1 February 2016.

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

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

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

### **Quality Management**

Laws and regulations on project quality mainly include Construction Law of the People's Republic of China (中華人民共和國建築法) promulgated by SCNPC on 1 November 1997 which became effective on 1 March 1998, and amended on 23 April 2019 which became effective on the same date, Regulations on Quality Management of Construction Projects (建設工程質量管理條例) issued by the State Council on 30 January 2000 and which became effective on the same date and was amended on 7 October 2017 and 23 April 2019, Administrative Measures for Quality Management of Construction Project Survey (建設工程勘察質量管理辦法) amended by MOC on 22 November 2007 and became effective on the same date and amended on 1 April 2021, Measures for the Administration of Quality Warranty Funds of Construction Projects (建設工程質量保證金管理辦法) issued jointly by MOHURD and MOF on 20 June 2017 and became effective on 1 July 2017, Administrative Measures for Completion Acceptance Record of Building Construction and Municipal Infrastructure Projects (房屋建築和市政基礎設施工程竣工驗收備案管理辦法) issued by MOHURD on 19 October 2009 and became effective on the same date, Measures for Quality Warranty of Building Construction Projects (房屋建築工程質量保修辦法) issued by MOC on 30 June 2000 and became effective on the same date, Provisions on the Administration of the Construction of Port Projects (港口工程建設管理規定) issued by MOT on 15 January 2018 which became effective on 1 March 2018 and amended on 28 November 2018 and 28 November 2019, and Measures for Completion (Delivery) Acceptance of Highway Works (公路工程竣(交)工驗收辦法) promulgated by MOT on 15 March 2004 and became effective on 1 October 2004, and its Implement which was promulgated on 27 January 2010 and became effective on 1 May 2010.

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

### **Environmental Protection Management**

Major laws and regulations on environmental protection during the project construction process include the Environmental Protection Law of the 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 and last amended on 29 December 2018, Administrative

Regulations on Environmental Protection of Construction Projects (建設項目環境保護管理條例) issued by the State Council on 29 November 1998, became effective on the same date and amended on 16 July 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 Interim 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 project owner will self-assess whether the construction project has met the requirements for environmental protection and undergo environmental protection acceptance process.

### **Environmental Protection**

The Environmental Protection Law (環境保護法), promulgated on 26 December 1989 by the Standing Committee of the National People's Congress, which became effective on 26 December 1989, as amended on 24 April 2014, establishes the legal framework for environmental protection in the PRC. The environmental protection department of the State Council supervises environmental protection work in the PRC, and establishes national standards for the discharge of pollutants. Each of the local environmental protection bureaus is responsible for the environmental protection work within their respective jurisdictions.

### **Air Pollution**

The Air Pollution Prevention Law (大氣污染防治法), promulgated on 5 September 1987 by the Standing Committee of the National People's Congress and which became effective on the same date and was last amended on 26 October 2018 which became effective on the same date, establishes the legal framework for air pollution prevention in the PRC. The environmental protection department of the State Council formulates national air quality standards. Each of the local environmental protection bureaus is authorised to regulate air pollution within each of their respective jurisdictions by formulating more specific local standards, and may impose penalties for violation.

### **Water Pollution**

The Water Pollution Prevention Law (水污染防治法), last amended on 27 June 2017 and became effective on 1 January 2018, establishes the legal framework for water pollution prevention in the PRC. The environmental protection department of the State Council formulates national waste discharge standards. Enterprises that discharge waste into water shall pay a treatment fee. Each of the local environmental protection bureaus is authorised to regulate water pollution within each of their respective jurisdictions by formulating more specific local standards, and may impose penalties for violation, including suspending operations.

### **Noise Pollution**

The Noise Pollution Prevention Law (環境噪聲污染防治法), promulgated by the Standing Committee of the National People's Congress on 29 October 1996, which became effective on 1 March 1997, and last amended on 29 December 2018, which became effective on the same day, establishes the framework for noise pollution prevention in the PRC. Under the Noise Pollution Prevention Law, any person undertaking a construction, decoration or expansion project which might cause environmental noise pollution, shall prepare and submit an environmental impact report to the environmental protection authority for approval. Facilities for prevention and control of environmental noise pollution shall be designed and approved by the environmental protection authority prior to the commencement of the project, and be built and put into use simultaneously with the project works. Facilities for prevention and control of environmental noise pollution may not be dismantled or suspended without the approval of the environmental protection authority at or above the county level.

## **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, last amended on 29 December 2018 which became effective on the same date, 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 29 November 1998, which became effective on 29 November 1998 and was amended on 16 July 2017 which became effective on 1 October 2017, and the Interim Measures for the Administration of Environmental Protection Examination and Acceptance of Completed Construction Projects (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, require the project owner to self-assess whether the construction project has met the requirements for environmental protection and undergo environmental protection acceptance process.

## **LABOUR**

### **Employment Contracts**

The Labour Contract Law (勞動合同法), 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 Labour Contract Law stipulates that employee contracts shall be in writing and signed. It imposes more stringent requirements on employers in relation to entering into fixed-term employment contracts, hiring of temporary employees and dismissal of employees. Pursuant to the Labour Contract Law, employment contracts lawfully concluded prior to the implementation of the Labour Contract Law and continuing as at the date of its implementation shall continue to be performed. Where an employment relationship was established prior to the implementation of the Labour Contract Law, but no written employment contract was concluded, a contract shall be concluded within one month after its implementation.

### **Employee Funds**

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

## TAXATION

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

### PRC

The following summary accurately describes the principal PRC tax consequences of ownership of the Bonds by beneficial owners who, or which, are not residents of mainland China for PRC tax purposes. These beneficial owners are referred to as non-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.

### Income Tax and VAT

Pursuant to the EIT Law, the IIT Law and the implementation rules in relation to both the EIT Law and the IIT Law, PRC income tax at a rate of 10 per cent. or 20 per cent. is normally applicable to PRC-sourced 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 subject to PRC income tax at a rate of 10 per cent. for non-resident enterprise Bondholders and at a rate of 20 per cent. for non-resident individual Bondholders (or a lower treaty rate, if any).

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

Under the EIT Law and its implementation rules, any gains realised on the transfer of the Bonds by holders who are deemed under the EIT Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as income derived from sources within the PRC. Under the EIT Law, a “non-resident enterprise” means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained income derived from sources within the PRC. There remains uncertainty as to whether gains realised on the transfer of Bonds by non-resident enterprise Bondholders would be treated as income derived from sources within the PRC and be subject to PRC enterprise income tax. In addition, under the IIT Law, any individual who has no domicile and does not live within the territory of the PRC or who has no domicile but has lived within the territory of the PRC for less than 183 days cumulatively within a tax year shall pay individual income tax for any income obtained within the PRC. There is uncertainty as to whether gains realised on the transfer of 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, 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.

On 23 March 2016, the MOF and the State Administration of Taxation issued Circular 36, which introduced a new VAT from 1 May 2016. Under Circular 36, VAT is applicable where the entities or individuals provide services within the PRC. The operating revenues generated from the provision of taxable sale of services by entities and individuals, such as financial services, shall be subject to VAT if the seller or purchaser of the services is within the PRC. In the event that foreign entities or individuals do not have a business establishment in the PRC, the purchaser of services shall act as the withholding agent. According to the Explanatory Notes to Sale of Services, Intangible Assets and Real Property attached to Circular 36, financial services refer to the business activities of financial and insurance operation, including loan processing services, financial services of direct charges, insurance services and the transfer of financial instruments, and the VAT rate is 6 per cent. Accordingly, the interest and other interest-like earnings received by a non-PRC resident Bondholder from the Issuer will be subject to PRC VAT at the rate of 6 per cent. The Issuer will be obliged to withhold VAT of 6 per cent. on payments of interest and certain other amounts on the Bonds paid by the Issuer to Bondholders that are non-resident enterprises or individuals. However, there is uncertainty as to whether gains derived from a sale or exchange of Bonds consummated outside the PRC between non-PRC resident Bondholders will be subject to PRC VAT. VAT is unlikely to be applicable to any transfer of Bonds between entities or individuals located outside the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Bonds, but there is uncertainty as to the applicability of VAT if either the seller or buyer of Bonds is located inside the PRC. Circular 36 together with other laws and regulations pertaining to VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties. However, despite the withholding of PRC tax by the Issuer, the Issuer has agreed to pay additional amounts to holders of the Bonds so that holders of the Bonds would receive the full amount of the scheduled payment, as further set out in “*Terms and Conditions of the Bonds*”.

If the LC Bank makes any payments in respect of interest on the Bonds under the Standby Letter of Credit, the LC Bank may be obliged to withhold PRC enterprise income tax at the rate of up to 10 per cent. on such payments to non-PRC resident enterprise Bondholders as such payments will be regarded as being derived from sources within the PRC, and VAT and surcharges (if any) at a rate around six per cent. may also be applicable. However, despite the withholding of PRC tax by the LC Bank, the LC Bank has agreed to pay additional amounts to holders of the Bonds so that holders of the Bonds would receive the full amount of the scheduled payment, as further set out in the Standby Letter of Credit.

### **Stamp Duty**

According to the Stamp Duty Law of the PRC promulgated by the Standing Committee of the National People’s Congress on 10 June 2021, which became effective on 1 July 2022, enterprises or individuals of the PRC which conclude or receive any instruments specified in these rules shall be obliged to pay relevant stamp duties in accordance with the provisions therein. A taxpayer shall calculate the amount of stamp duty payable according to the nature of the taxable instruments. If the issuance of the Bonds is treated as the same as the entry into a loan contract, both the borrower and lender (i.e. the Issuer and the investor purchasing the Bonds, respectively) would be each subject to stamp duty of 0.005 per cent, of the amount borrowed (or such higher rate if local governments have other additional requirements). The Issuer undertakes that to the extent any PRC stamp duty is payable on initial issuance of the Bonds, it will bear such relevant PRC stamp duties for itself and the Bondholders (or as may be otherwise agreed between the Issuer, the Manager and/or the investors).

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

Any taxpayer, withholding agent, tax authority or its staff member in violation of the provisions of the Stamp Duty Law of the PRC will be subject to legal liability in accordance with the Administration Law of Tax Collection of the PRC (中華人民共和國稅收徵收管理法) and the relevant laws and administrative regulations. Investors should further consult their own legal and tax advisors in relation to their PRC stamp duty obligations and liabilities in relation to any transfer of the Bonds.

## **HONG KONG TAXATION**

### **Withholding tax**

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

### **Profits tax**

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

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

- (a) interest on the Bonds is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;
- (b) interest on the Bonds is derived from Hong Kong and is received by or accrues to a person other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;
- (c) interest on the Bonds is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong) (“**IRO**”) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- (d) interest on the Bonds is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

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

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

In addition, the Inland Revenue (Amendment) (Taxation on Specified Foreign-sourced Income) Ordinance 2022 (Cap. 112) of Hong Kong (the “**Amendment Ordinance**”) came into effect on 1 January 2023. Under the Amendment Ordinance, certain foreign-sourced interest on the Bonds accrued to an MNE entity (as defined in the Amendment Ordinance) carrying on a trade, profession or business in Hong Kong is regarded as arising in or derived from Hong Kong and subject to Hong Kong profits tax when it is received in Hong Kong. The Amendment Ordinance also provides for relief against double taxation in respect of certain foreign-sourced income and transitional matters.

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

### **Stamp duty**

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

## SUBSCRIPTION AND SALE

The Issuer has entered into a subscription agreement with the Managers dated 20 March 2024 (the “**Subscription Agreement**”), pursuant to which and subject to certain conditions contained therein, the Issuer has agreed to sell to the Managers, and the Managers have agreed to, severally but not jointly, subscribe and pay for, or to procure subscribers to subscribe and pay for, the aggregate principal amount of the Bonds indicated in the following table.

	<b>Principal amount of the Bonds to be subscribed</b>
	<b>(CNY)</b>
GF Securities (Hong Kong) Brokerage Limited . . . . .	100,000,000
Orient Securities (Hong Kong) Limited. . . . .	80,000,000
Haitong International Securities Company Limited . . . . .	80,000,000
BOSC International Securities Limited . . . . .	60,000,000
CEB International Capital Corporation Limited . . . . .	30,000,000
CMB Wing Lung Bank Limited. . . . .	30,000,000
CNCB (Hong Kong) Capital Limited . . . . .	30,000,000
Huatai Financial Holdings (Hong Kong) Limited . . . . .	30,000,000
Industrial Bank Co., Ltd. Hong Kong Branch . . . . .	30,000,000
Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch . . . . .	30,000,000
I Win Securities Limited. . . . .	30,000,000
<b>Total.</b> . . . . .	<b>530,000,000</b>

The Subscription Agreement provides that the Managers and their respective subsidiaries, affiliates or any person who controls any of them or any of their respective directors, officers, employees, agents or affiliates will be indemnified against certain liabilities in connection with the offer and sale of the Bonds. The Subscription Agreement provides that the obligations of the Managers are subject to certain conditions precedent, and entitles the Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

The Managers and certain of their respective subsidiaries or affiliates have performed certain investment banking and advisory services for, and entered into certain commercial banking transactions with, the Issuer and/or its subsidiaries, from time to time, for which they have received customary fees and expenses. The Managers and their respective subsidiaries or affiliates may, from time to time, engage in transactions with and perform services for the Issuer and/or its subsidiaries in the ordinary course of business.

In connection with the offering of the Bonds, the Managers and/or their respective affiliate(s) may act as an investor for their own account and may take up Bonds in the offering and in that capacity may retain, purchase or sell for their own account such securities and any securities of the Issuer and may offer or sell such securities or other investments otherwise than in connection with the offering. Accordingly, references herein to the Bonds being “offered” should be read as including any offering of the Bonds to the Managers and/or their respective affiliates acting in such capacity. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so. The Managers or their respective affiliates may purchase the Bonds for their own account or for the accounts of their customers and enter into transactions, including credit derivative, such as asset swaps, repackaging and credit default swaps relating to the Bonds and/or other securities of the Issuer or its subsidiaries or associates at the same time as the offer and sale of the Bonds or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Bonds to which this Offering Circular relates (notwithstanding that such selected counterparties may also be investors of the Bonds).

Furthermore, investors in the Bonds may include entities affiliated with the Group.

In connection with the issue of the Bonds, any of the Managers appointed and acting in its capacity as Stabilisation Manager or any person acting on its behalf may, to the extent permitted by applicable laws and regulations and directives, over-allot the Bonds or effect transactions with a view to supporting the market price of the Bonds at a level higher than that which might otherwise prevail, but in so doing the Stabilisation Manager or any person acting on its behalf 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 its behalf will undertake any stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the Bonds is made and, if begun, may be ended at any time, but must end no later than the earlier of 30 days after the Issue Date of the Bonds and 60 days after the date of the allotment of the Bonds. Any loss resulting from over-allotment and stabilisation will be borne, and any profit arising therefrom shall be beneficially retained, by the Managers in the manner as agreed between them.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Managers or any affiliate of the Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Managers or such affiliate on behalf of the Issuer in such jurisdiction.

## **GENERAL**

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Bonds are subject to restrictions and may not be made except pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

No action has been or will be taken in any jurisdiction by the Issuer or the Managers that would permit a public offering, or any other offering under circumstances not permitted by applicable law, of the Bonds, or possession or distribution of this Offering Circular, any amendment or supplement thereto issued in connection with the proposed resale of the Bonds or any other offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Offering Circular comes are required by the Issuer and the Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Bonds or have in their possession, distribute or publish this Offering Circular or any other offering material relating to the Bonds, in all cases at their own expense.

## **UNITED STATES**

The Bonds and the Standby Letter of Credit have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States except pursuant to an exception from, or in a transaction not subject to, the registration requirements of the Securities Act.

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

- (a) it and its affiliates has not offered or sold, and will not offer or sell, any Bonds or the Standby Letter of Credit constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S; and
- (b) neither it nor any of its affiliates (nor any person acting on behalf of any Manager or any of its affiliates) has engaged or will engage in any directed selling efforts (as defined in Regulation S) with respect to the Bonds or the Standby Letter of Credit.

## **UNITED KINGDOM**

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

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

## **HONG KONG**

Each of the Managers has represented, 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 the Laws 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 in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to Professional Investors as defined in the SFO and any rules made thereunder.

## **PRC**

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

## **SINGAPORE**

Each of the Managers has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each of the Managers has represented, warranted 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.

## **JAPAN**

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**Financial Instruments and Exchange Act**”). Accordingly, each of the Managers has represented, warranted 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.

### **IMPORTANT NOTICE TO CAPITAL MARKET INTERMEDIARIES (INCLUDING PRIVATE BANKS)**

This notice to capital market intermediaries (including private banks) is a summary of certain obligations the SFC Code imposes on capital market intermediaries, which require the attention and cooperation of other capital market intermediaries (including private banks). Certain capital market intermediaries may also be acting as overall coordinators 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 capital market intermediary or its group companies would be considered under the SFC Code as having an Association with the Issuer, the capital market intermediary or the relevant group company. Capital market intermediaries 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 capital market intermediary (including its group companies) and inform the Managers accordingly.

Capital market intermediaries 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.

Capital market intermediaries 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 capital market intermediaries). Capital market intermediaries should enquire with their investor clients regarding any orders which appear unusual or irregular. Capital market intermediaries 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 overall coordinators when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. Capital market intermediaries should not place “X-orders” into the order book.

Capital market intermediaries 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.

Capital market intermediaries (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer. In addition, capital market intermediaries (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 capital market intermediary disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Managers in control of the order book should consider disclosing order book updates to all capital market intermediaries.

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 relevant affiliated Manager(s) (if any) to categorise it as a proprietary order and to apply the “proprietary orders” requirements of the SFC Code to such order.

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

Underlying investor information in relation to omnibus orders should consist of:

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

Underlying investor information in relation to omnibus order should be sent to: GFDCM@gfgroup.com.hk, codcm@dfzq.com.hk and project.china.technopole@htisec.com.

To the extent information being disclosed by capital market intermediaries and investors is personal and/or confidential in nature, capital market intermediaries (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to any overall coordinators; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to any overall coordinators. By submitting an order and providing such information to any overall coordinators, each capital market intermediary (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 overall coordinators 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. Capital market intermediaries that receive such underlying investor information are reminded that such information should be used only for submitting orders in this offering. The Managers may be asked to demonstrate compliance with their obligations under the SFC Code, and may request other capital market intermediaries (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 capital market intermediaries (including private banks) are required to provide the relevant Manager with such evidence within the timeline requested.

## **SUMMARY OF CERTAIN MATERIAL DIFFERENCES BETWEEN PRC GAAP AND IFRS**

*The consolidated financial statements of the Issuer included in this Offering Circular have been prepared and presented in accordance with PRC GAAP. Certain material differences exist between PRC GAAP and IFRS which might be relevant to the Issuer's financial information. The following is a general summary of certain material differences between PRC GAAP and IFRS as applicable to the Group. Since the summary is not meant to be exhaustive, there is no assurance regarding the completeness of this summary. The Issuer has not prepared a complete reconciliation of the consolidated financial information and related disclosure between PRC GAAP and IFRS and have not quantified such differences. Had any such quantification or reconciliation been undertaken by the Group, other potentially significant accounting and disclosure differences may have been required that are not identified below. Additionally, no attempt has been made to identify possible future differences between PRC GAAP and IFRS as a result of prescribed changes in accounting standards. Regulatory bodies that promulgate PRC GAAP and IFRS have significant ongoing projects that could affect future comparisons. Furthermore, no attempt has been made to identify future differences between PRC GAAP and IFRS that may affect the financial information as a result of transactions or events that may occur in the future. As a result, no assurance is provided that the following summary of differences between PRC GAAP and IFRS is complete. In making an investment decision, each investor must rely upon its own examination of the Group, the terms of the offering and other disclosure contained herein. Each investor should consult its own professional advisors for an understanding the differences between PRC GAAP and IFRS and/or between PRC GAAP and other generally accepted accounting principles, and how those differences might affect the financial information contained herein.*

### **GOVERNMENT GRANT**

Prior to 1 January 2017, under PRC GAAP, an assets-related government grant was 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. From 1 January 2017, the treatment of an assets-related government grant under the PRC GAAP has changed and is the same as that under IFRS.

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 are transferred from special payables to deferred income and accounted for in accordance with the government grants standard. The surplus reached after deducting the amount transferred to deferred income shall be recognised in capital reserve.

Under IFRS, if an entity relocates for reasons of public interests, the compensation received shall be recognised in profit or loss.

### **REVERSAL OF AN IMPAIRMENT LOSS**

Under PRC GAAP, once an impairment loss is recognised for a long-term asset (including investment property valued under the cost model, long-term equity investments, fixed assets, intangible assets and goodwill, etc.), it shall not be reversed in any subsequent period.

Under IFRS, an impairment loss recognised in prior periods for an asset other than goodwill may be reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount due to reversal should not be more than what the depreciated historical cost would have been if the impairment had not been recognised.

## **FIXED ASSETS AND INTANGIBLE ASSETS**

Under PRC GAAP, an entity are initially measured at cost.

Under IFRS, an entity can choose either the cost model or the revaluation model as its accounting policy.

## GENERAL INFORMATION

1. **Clearing Systems:** The Bonds have been accepted for clearance through the CMU under CMU Instrument Number WLHKFB24025, with a Common Code 279084411 and the ISIN for the Bonds is HK0001001004.
2. **Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the Bonds, the Trust Deed and the Agency Agreement. The issue of the Bonds was authorised by a board resolution of the Issuer dated 4 July 2023 and a shareholders' resolution of the Issuer dated 30 March 2023. PRC counsel to the Issuer and the Managers have advised that no other approvals or consents are required from any regulatory authorities or other relevant authorities in the PRC for the Issuer to issue the Bonds except for the Enterprise Foreign Debt Filing Certificate in respect of the issue of the Bonds from the NDRC, which was obtained on 29 March 2023 and supplemented by a letter of consent issued by the NDRC dated 20 March 2024, pursuant to the NDRC Measures, the reporting of the information relating to the issue of the Bonds with the NDRC in accordance with the NDRC Measures and the approval from the HKSE on the listing of the Bonds on the HKSE.
3. **No Material Adverse Change:** Save as disclosed in this Offering Circular, there has been no material adverse change, or any development or event involving a prospective change, in the condition (financial or otherwise), prospects (financial or otherwise), results of operations or general affairs of the Issuer or the Group since 31 December 2022.
4. **Litigation:** None of the Issuer or any member of the Group is involved in any litigation or arbitration proceedings which could have a material and adverse effect on their business, results of operations and financial condition nor is the Issuer aware that any such proceedings are pending or threatened.
5. **Available Documents:** For so long as any Bond is outstanding, copies of the Trust Deed, the Agency Agreement and the Standby Letter of Credit are available for inspection by the Bondholders upon prior written request and satisfactory proof of holding and identity during normal business hours (being 9:00 a.m. (Hong Kong time) to 3:00 p.m. (Hong Kong time) Monday to Friday except for public holidays) at the principal place of business for the time being of the Trustee, being at the Issue Date at 6/F, CMB Wing Lung Bank Building, 45 Des Voeux Road Central, Hong Kong.
6. **Financial Statements:** The Issuer's Audited Financial Statements have been audited by Reanda. Reanda has given and not withdrawn its consent to the inclusion of its reports included in this Offering Circular in the form and context in which they appear.
7. **LC Bank Financial Statements:** Copies of the published audited consolidated financial statements and unaudited but reviewed consolidated financial statements of the Bank, as well as its public filings, can be downloaded free of charge from the website of the Bank and the Shanghai Stock Exchange at [www.bosc.cn](http://www.bosc.cn) and [www.sse.com.cn](http://www.sse.com.cn), respectively. The financial statements of the Bank are not included in and do not form part of this Offering Circular. The information contained on the websites of the Bank and the Shanghai Stock Exchange is subject to change from time to time. No representation or warranty, express or implied, is made or given by the Issuer, the Group, the Managers, the Trustee, any Agent, the Pre-funding Account Bank, the LC Proceeds Account Bank or their respective affiliates, directors, officers, employees, agents, representatives and advisers or any person who controls any of them and none of the Issuer, the Group, the Managers, the Trustee, any Agent, the Pre-funding Account Bank, the LC Proceeds Account Bank or their respective affiliates, directors, officers, employees, agents, representatives and advisers or any person who controls any of them takes any responsibility for any information contained on the websites of the Bank and the Shanghai Stock Exchange.

8. **Listing of Bonds:** Application will be made to the HKSE for the listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors only. It is expected that permission to deal in, and listing of, the Bonds on the HKSE will commence on or around 28 March 2024.

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**Mianyang Science & Technology City  
Development & Investment (Group) Co., Ltd.**

**Auditor's Report**

**Year for 2022**

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Commissioned units: Mianyang Science & Technology City Development &  
Investment (Group) Co., Ltd.

Audit unit: Reanda Certified Public Accountants LLP

Contact number: (010) 85886680

Fax number: (010) 85886690

Website: <http://www.Reanda.com>

# Auditor's Report

Reanda SZ[2023]No.2427

**To all shareholders of Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.:**

## **I. Audit Opinion**

We have audited the accompanying financial statements of Mianyang Science & Technology City Development & Investment (Group) Co., Ltd. (hereinafter referred to as "Kefa Group"), which comprise the consolidated and company balance sheets as of December 31, 2022, the consolidated and company income statements, the consolidated and company cash flows statements, and the consolidated and company statements of changes in shareholder's equity for the year 2022, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company financial position of Kefa Group as of December 31, 2022, and the consolidated and company results of its operations and its cash flows for the year ended December 31, 2022, in conformity with accounting principles generally accepted in the Republic of China.

## **II. Basis for Audit Opinion**

We conducted our audit in accordance with the provisions of the Chinese Standards on Auditing for Certified Public Accountants. Our responsibilities under those standards are further described in the section "Responsibilities of Certified Public Accountants for the Audit of Financial Statements" of the audit report. In accordance with the Code of Ethics for Certified Public Accountants in China, we are independent of Kefa Group and have fulfilled our other responsibilities with respect to ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **III. Other Information**

The management of Kefa Group (hereinafter: management) is responsible for other information. Other information includes the information covered in the annual report of Kefa Group 2022, but excludes the financial statements and our audit report.

Our audit opinion on the financial statements does not cover other information, and we do not express any form of assurance conclusion on other information.

In connection with our audit of the financial statements, it is our responsibility to read the other information and, in doing so, consider whether the other information is materially inconsistent

with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Based on the work we have performed, if we determine that other information is materially misstated, we should report that fact. In this regard, we have nothing to report.

#### **IV. Responsibilities of Management and Those Charged with Governance for the Financial Statements**

The management of Kefa Group is responsible for the preparation of the financial statements in accordance with the Accounting Standards for Business Enterprises, for the fair presentation of the financial statements and for designing, implementing and maintaining a system of internal control necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Kefa Group's ability to continue as a going concern and for applying the going concern assumptions unless management plans to liquidate Kefa Group, terminate its operations or has no realistic alternative.

Governance is responsible for overseeing the financial reporting process of Kefa Group.

#### **V. Responsibilities of Certified Public Accountants for the Audit of Financial Statements**

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes an audit opinion. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit performed in accordance with auditing standards will always detect a material misstatement when it exists. Misstatements may result from fraud or error and are generally considered material if they could reasonably be expected, individually or in the aggregate, to affect the economic decisions of users of financial statements based on the financial statements.

In performing the audit in accordance with auditing standards, we use professional judgment and maintain professional skepticism. We also perform the following:

(I) Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures to address those risks, and obtaining audit evidence that is sufficient and appropriate to form the basis of an audit opinion. The risk of not detecting material misstatements due to fraud is higher than the risk of not detecting material misstatements due to error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation or overriding internal controls.

(II) Obtaining 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.

(III) Evaluating the appropriateness of accounting policies selected and the reasonableness of accounting estimates and related disclosures made by management.

(IV) Concluding on the appropriateness of management's use of the going concern assumption. At the same time, based on the audit evidence obtained, we conclude whether there is a material uncertainty about the existence of matters or circumstances that may cast significant doubt on Kefa Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, auditing standards require that we draw the attention of the users of the statements to the relevant disclosures in the financial statements in our audit report; if the disclosures are not sufficient, we should express an unqualified opinion. Our conclusions are based on information available as of the date of the audit report. However, future events or circumstances may cause Kefa Group to be unable to continue as a going concern.

(V) Evaluating the overall presentation, structure and content (including disclosures) of the financial statements and whether the financial statements present fairly the underlying transactions and events.

(VI) Obtaining audit evidence that is sufficient and appropriate to provide an opinion on the financial statements of the entities or business activities in the Kefa Group. We are responsible for directing, supervising and performing the audit of the Group. We take full responsibility for the audit opinion.

We communicate with governance on matters such as the scope, timing, and significant findings of our planned audits, including communicating internal control deficiencies of concern identified in our audits.



Beijing, China

Certified Public Accountant of China  
(Engagement Partner)

Certified Public Accountant of China



April 25, 2023

# Consolidated Balance Sheet

31 December 2022

Prepared by: Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.

Unit: RMB Yuan

Item	Notes	Closing balance	Opening balance
<b>Current assets:</b>			
Monetary funds	VIII. 1	3,491,759,026.89	2,910,033,818.63
Settlements provision			
Loans to banks and other financial institutions			
Financial assets held for trading			
Financial assets at fair value through profit or loss			
Derivative financial assets			
Notes receivable	VIII. 2	198,010,961.41	105,394,437.76
Accounts receivable	VIII. 3	6,858,491,680.96	6,397,830,108.45
Financing receivables			
Prepayments	VIII. 4	1,613,545,313.27	783,622,574.68
Insurance receivables			
Reinsurance receivables			
Provision of reinsurance receivable			
Centralized management fund receivables			
Other receivables	VIII. 5	8,329,293,113.65	8,042,213,124.81
Including: Dividends receivable			
Financial assets purchased under agreements to resell			
Inventories	VIII. 6	18,032,907,693.48	16,413,371,342.55
Including: Raw materials		203,155,383.06	191,171,464.95
Finished goods		3,593,032,660.20	3,162,258,729.07
Contract assets	VIII. 7	1,429,982,012.91	1,559,785,606.47
Assets held for sale			
Non-current assets due within 1 year			
Other current assets	VIII. 8	700,067,109.56	777,604,120.39
<b>Total current assets</b>		<b>40,654,056,912.13</b>	<b>36,989,855,133.74</b>
<b>Nom-current assets:</b>			
Loans and advances			
Debt investment	VIII. 9	3,017,961.25	52,503,471.19
Available-for-sale financial assets			
Other debt investment			
Held-to-maturity investment			
Long-term receivable			
Long-term equity investments	VIII. 10	846,002,831.41	391,325,951.76
Other equity instruments investment	VIII. 11	5,009,117,979.91	4,961,806,437.69
Other non-current financial assets			
Investment properties	VIII. 12	10,677,052,468.29	10,365,734,070.72
Fixed assets	VIII. 13	3,030,178,071.73	2,277,038,734.42
Including: Cost		4,466,668,710.37	3,639,031,352.67
Accumulated depreciation		1,432,712,970.74	1,358,214,950.35
Provision for impairment		3,777,667.90	3,777,667.90
Construction in progress	VIII. 14	633,221,756.59	1,149,225,998.78
Productive biological assets			
Oil-gas assets			
Right-of-use assets	VIII. 15	8,031,042.46	8,357,842.47
Intangible assets	VIII. 16	462,709,910.05	457,474,479.13
Development expenditures			
Goodwill	VIII. 17	1,540,000.00	1,540,000.00
Long-term prepaid expenses	VIII. 18	28,977,369.16	34,226,098.83
Deferred tax assets	VIII. 19	133,993,810.05	78,320,655.83
Other non-current assets	VIII. 20	3,331,693,462.68	2,940,042,868.90
Including: pecifically authorized reserve materials			
<b>Total non-current assets</b>		<b>24,165,536,663.58</b>	<b>22,717,596,609.72</b>
<b>Total assets</b>		<b>64,819,593,575.71</b>	<b>59,707,451,743.46</b>

Legal Representative:



Chief Accountant:

王霞

Head of Accounting Department:

唐菊英

## Consolidated Balance Sheet (continued)

31 December 2022

Prepared by: Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.

Unit: RMB Yuan

Item	Notes	Closing balance	Opening balance
<b>Current liabilities:</b>			
Short-term borrowings	VIII. 22	8,381,783,358.35	6,199,400,355.33
Borrowing from the central bank			
Loans from banks and other financial institutions			
Financial liabilities held for trading			
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Notes payable	VIII. 23	2,539,658,800.95	1,822,760,000.00
Accounts payable	VIII. 24	1,926,272,428.58	1,744,854,435.88
Receipts in advance	VIII. 25	505,032,159.15	24,221,283.17
Contract liabilities	VIII. 26	536,120,446.92	678,467,511.55
Financial assets sold under agreements to repurchase			
Deposits from customers and interbank			
Acting trading securities			
Acting underwriting securities			
Payroll payable	VIII. 27	105,647,259.81	109,838,403.77
Including: Payroll payable		101,739,447.15	102,615,678.82
Welfare payable			
Including: Bonus and welfare fund for staff and workers			
Taxes and surcharges payable	VIII. 28	150,715,803.91	85,443,142.44
Including: Taxes payable		149,435,512.92	84,413,072.91
Other payables	VIII. 29	4,876,237,059.89	4,049,085,192.79
Including: Dividend payable			
Handling charges and commissions payable			
Reinsurance payable			
Liabilities held for sale			
Non-current liabilities due within 1 year	VIII. 30	7,296,169,373.70	8,793,817,258.83
Other current liabilities	VIII. 31	550,276,031.91	311,478,288.98
<b>Total current liabilities</b>		<b>26,867,912,723.17</b>	<b>23,819,365,872.74</b>
<b>Non-current liabilities:</b>			
Provision for insurance contracts	VIII. 32	155,891,351.70	156,749,685.36
Long-term borrowings	VIII. 33	10,893,431,985.71	8,922,207,118.48
Bonds payable	VIII. 34	6,118,878,917.81	5,435,000,000.00
Including: Preference share			
Perpetual debt			
Lease liabilities	VIII. 35	5,976,043.65	8,360,867.95
Long-term payable	VIII. 36	3,018,035,081.32	4,175,022,783.60
Long-term payroll payable			
Provisions	VIII. 37	5,236,796.23	5,236,796.23
Deferred income	VIII. 38	108,857,654.04	117,880,342.92
Deferred tax liabilities	VIII. 19	921,970,730.85	864,591,538.81
Other non-current liabilities	VIII. 39	28,196,078.12	107,398.73
Including: pecifically authorized reserve fund			
<b>Total non-current liabilities</b>		<b>21,256,474,639.43</b>	<b>19,685,156,532.08</b>
<b>Total liabilities</b>		<b>48,124,387,362.60</b>	<b>43,504,522,404.82</b>
<b>Shareholders' equity:</b>			
Paid-in capital (or share capital)	VIII. 40	1,622,279,688.06	1,622,279,688.06
Including: State capital		1,226,509,737.10	1,126,509,737.10
State-owned corporate capital		395,769,950.96	495,769,950.96
Collective capital			
Private capital			
Foreign capital			
Less: Investment Returned			
Net paid in capital (or share capital)		1,622,279,688.06	1,622,279,688.06
Other equity instruments			
Including: Preference share			
Perpetual debt			
Capital reserve	VIII. 41	9,492,295,073.03	9,268,436,045.49
Less: treasury shares			
Other comprehensive income		2,010,878,586.29	1,979,066,872.15
Including: Translation reserve		612,006.49	538,463.70
Special reserve	VIII. 42	28,757,547.49	25,967,742.99
Surplus reserve	VIII. 44	340,356,494.51	312,801,167.91
Including: Statutory surplus reserve		340,356,494.51	312,801,167.91
Discretionary surplus reserve			
Reserve fund			
Enterprise expansion fund			
Profits capitalizad on return of investment			
Provision for general reserve	VIII. 43	24,582,585.47	24,058,676.95
Retained earnings	VIII. 45	2,281,760,861.96	2,152,878,416.18
<b>Total equity attributable to owners of the parent company</b>		<b>15,800,910,836.81</b>	<b>15,385,488,609.73</b>
Minority interests		894,295,376.30	817,440,728.91
<b>Total shareholders' equity</b>		<b>16,695,206,213.11</b>	<b>16,202,929,338.64</b>
<b>Total liabilities and Shareholders' equity</b>		<b>64,819,593,575.71</b>	<b>59,707,451,743.46</b>

Legal Representative:

Chief Accountant:

王霞

Head of Accounting Department:

唐菊英

# Consolidated Income Statement

Year of 2022

Prepared by: Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.

Unit: RMB yuan

Item	Notes	Current year	Last year
<b>1. Total operating revenue</b>		12,784,525,521.32	11,840,542,726.35
Including: Operating revenue	VIII. 46	12,784,525,521.32	11,840,542,726.35
Interest income			
Earned premiums			
Handling charges and commissions revenue			
<b>2. Total cost of operation</b>		13,645,548,715.21	12,108,847,732.95
Including: Operating costs	VIII. 46	12,273,747,390.69	10,774,609,338.18
Interest expenses			
Handling charges and commissions expenses			
Surrenders value			
Net payments for insurance claims			
Withdrawal of net insurance contract reserves	VIII. 47	-858,333.66	-890,644.81
Policyholder dividends expenses			
Reinsurance expenses	VIII. 48	-77,645.07	109,348.61
Taxes and surcharges	VIII. 49	82,040,903.31	62,380,174.25
Selling expenses	VIII. 50	109,573,003.03	123,141,183.67
Administrative expenses	VIII. 51	351,879,482.71	356,649,081.57
Research and development expenses	VIII. 52	52,044,706.94	42,731,273.76
Financial expenses	VIII. 53	777,199,207.26	750,117,977.72
Including: Interest expenses		1,086,002,734.57	957,936,126.36
Interest income		510,149,445.50	518,479,476.96
Net exchange losses (Net gains is marked with "-")		-890,803.06	79,440.80
Others			
Add: Other income	VIII. 54	1,164,336,192.63	468,231,197.82
Investment income (loss is marked with "-")	VIII. 55	770,288.74	36,891,232.36
Including: Investment income in associates and joint ventures		-8,662,691.30	33,541,945.66
Gains from derecognition of financial assets measured at amortized cost			
Exchange gains (losses is marked with "-")			
Net exposure hedging gains (losses is marked with "-")			
Gains on the changes in fair value (losses is marked with "-")	VIII. 56	73,891,607.30	196,013,115.32
Credit impairment losses (losses is marked with "-")	VIII. 57	-186,583,692.16	-62,611,624.32
Assets impairment losses (losses is marked with "-")	VIII. 58	-37,293,685.12	-43,166,439.42
Gains from disposal of assets (losses is marked with "-")	VIII. 59	106,895.79	1,222,105.74
<b>3. Operating profit (loss is marked with "-")</b>		154,204,413.29	328,274,580.90
Add: Non-operating income	VIII. 60	9,774,550.44	38,495,532.19
Including: Government grants		5,995,127.07	6,119,671.68
Less: Non-operating expenses	VIII. 61	29,102,247.64	12,103,472.59
<b>4. Total profit (total loss is marked with "-")</b>		134,876,716.09	354,666,640.50
Less: Income tax expenses	VIII. 62	20,519,273.90	101,589,572.62
<b>5. Net profit (Net loss is marked with "-")</b>		114,357,442.19	253,077,067.88
(1) Classification by ownership			
Net profit attributable to owners of the parent company		226,411,982.15	237,542,379.72
Net profit attributable to minority interests in profit or loss		-112,054,539.96	15,534,688.16
(2) Classification by operation continuity			
Net profit from continuing operations		114,357,442.19	253,077,067.88
Net profit from discontinuing operations			
<b>6. Other comprehensive income, net of tax</b>		32,183,355.44	1,676,769,627.15
Other comprehensive income, net of tax, attributable to owners of the parent company	VIII. 63	31,811,714.14	1,675,212,557.28
(1) Other comprehensive income that will not be reclassified to profit or loss		20,845,084.35	17,053,779.30
(i) Remeasurement gains or losses of a defined benefit plan			
(ii) Other comprehensive income using the equity method that will not be reclassified to profit or loss			
(iii) Changes in fair value of other equity instrument investments		20,845,084.35	17,053,779.30
(iv) Changes in fair value of enterprise's own credit risk			
(v) Others			
(2) Other comprehensive income to be reclassified to profit or loss		10,966,629.79	1,658,158,777.98
(i) Other comprehensive income that can be reclassified to profit or loss in equity method			-30,183,187.27
(ii) Changes in fair value of other debt investments			
(iii) Change in the fair value of available-for-sale financial assets			
(iv) Amount of financial assets reclassified into other comprehensive income			
(v) Reclassification of held-to-maturity investments as available-for-sale financial assets			
(vi) Provision for credit impairment of other debt investments			
(vii) Cash flow hedging reserves (effective part of profit and loss of cash flow hedging)			
(viii) Exchange differences on translation of foreign currency financial statements		73,542.79	523,962.72
(ix) Others		10,893,087.00	1,687,818,002.53
Other comprehensive income, net of tax, attributable to non-controlling interests		371,641.30	1,557,069.87
<b>7. Total comprehensive income</b>		146,540,797.63	1,929,846,695.03
Total comprehensive income attributable to owners of the parent company		258,223,696.29	1,912,754,937.00
Total comprehensive income attributable to minority interests		-111,682,898.66	17,091,758.03

Legal Representative:

Chief Accountant:

王霞

Head of Accounting Department:

唐菊英



# Consolidated Cash Flow Statement

Year of 2022

Prepared by: Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.

Unit: RMB yuan

Item	Notes	Current year	Last year
<b>1. Cash flow from operating activities:</b>	VIII. 64		
Cash receipts from the sale of goods and the rendering of services		12,952,526,824.98	11,636,844,360.17
Net increase in customer bank deposits and due to banks and other financial institutions			
Net increase in loans from the central bank			
Net increase in funds borrowed from other financial institutions			
Cash premiums received on original insurance contracts			
Net cash received from re-insurance business			
Net increase in deposits and investments from insurers			
Disposal of financial assets at fair value through profit or loss			
Cash received from interest, fees and commission			
Net increase in funds deposit			
Net increase in repurchase business funds			
Net income from securities trading brokerage business			
Tax refunds received		90,207,962.89	28,504,854.49
Cash received relating to other operating activities		6,427,577,661.68	4,165,307,902.75
<b>Sub-total of cash inflows from operating activities</b>		<b>19,470,312,449.55</b>	<b>15,830,657,117.41</b>
Cash paid for purchase of goods and services		12,149,206,854.31	9,777,972,489.83
Net increase in loans and payments on behalf of customers			
Net increase in deposits with central bank and other financial institutions			
Payments for claims for original insurance contracts			
Net increase in funds lent			
Cash paid for interest, fees and commission			
Commissions on insurance policies paid			
Cash paid to and on behalf of employee		439,392,385.70	415,207,008.96
Cash paid for taxes		220,320,529.99	269,544,521.57
Cash paid relating to other operating activities		6,605,224,394.94	4,489,655,958.21
<b>Sub-total of cash outflows from operating activities</b>		<b>19,414,144,164.94</b>	<b>14,952,379,978.57</b>
<b>Net cash flows from operating activities</b>		<b>56,168,284.61</b>	<b>878,277,138.84</b>
<b>2. Cash flow from investment activities:</b>			
Cash received from disposal of investments		94,097,650.08	3,127,371,259.93
Cash received from investment income		44,929,906.82	20,698,804.47
Net proceeds from disposal of property, plant and equipment, intangible assets and other long-term assets		384,269.98	558,792.44
Cash received from disposal of subsidiaries and other business units			991,095.81
Cash received relating to other investing activities		1,669,535,882.12	475,586,812.05
<b>Sub-total of cash inflows from investment activities</b>		<b>1,808,947,709.00</b>	<b>3,625,206,764.70</b>
Purchase of property, plant and equipment, intangible assets and other non-current assets		457,178,253.27	309,307,614.07
Cash paid for investments		518,800,000.00	2,526,573,086.37
Net increase in secured loans			
Net cash paid for acquisition of a subsidiary and other operating units			
Cash paid relating to other investing activities		1,594,605,805.03	849,618,656.43
<b>Sub-total of cash outflows from investment activities</b>		<b>2,570,584,058.30</b>	<b>3,685,499,356.87</b>
<b>Net cash flows from investing activities</b>		<b>-761,636,349.30</b>	<b>-60,292,592.17</b>
<b>3. Cash flows from financing activities:</b>			
Cash received from investment		437,150,000.00	328,000,000.00
Including: Cash receipts from capital contributions from non-controlling interests of subsidiaries		212,150,000.00	50,000.00
Proceeds from borrowings		21,620,522,400.00	18,772,455,000.00
Cash receipts relating to other financing activities		1,048,129,111.20	396,708,124.71
<b>Subtotal of cash inflows from financing activities</b>		<b>23,105,801,511.20</b>	<b>19,497,163,124.71</b>
Repayments for debts		19,119,135,092.80	17,447,770,994.91
Cash payments for distribution of dividends or profit and interest expenses		2,278,558,003.72	2,211,557,445.87
Including: Dividends or profit paid to non-controlling shareholders of subsidiaries			
Cash payments relating to other financing activities		1,330,901,639.55	989,120,384.17
<b>Subtotal of cash outflows from financing activities</b>		<b>22,728,594,736.07</b>	<b>20,648,448,824.95</b>
<b>Net cash flows from financing activities</b>		<b>377,206,775.13</b>	<b>-1,151,285,700.24</b>
<b>4. Effect of exchange rate changes on cash and cash equivalents</b>		<b>1,314.76</b>	<b>-111,293.41</b>
<b>5. Net increase in cash and equivalents</b>		<b>-328,259,974.80</b>	<b>-333,412,446.98</b>
Add: Cash and cash equivalents at beginning of year		1,591,455,704.57	1,924,868,151.55
<b>6. Cash and cash equivalents at end of year</b>		<b>1,263,195,729.77</b>	<b>1,591,455,704.57</b>

Legal Representative:

Chief Accountant:

Head of Accounting Department:



王霞

唐菊英

# Consolidated Statement of Changes in Shareholders' Equity

Year of 2022

Prepared by: Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.

Unit: RMB yuan

Items	Amount - Current year												
	Equity attributable to owners of the parent												Total shareholders' equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury Shares	Other comprehensive income	Special reserve	Surplus reserve	General reserve	Retained earnings	Minority interests	
1	2	3	4	5	6	7	8	9	10	11	12	13	
<b>1. Balance at the end of previous year</b>	1,622,279,686.06				9,268,436,045.49		1,979,066,872.15	25,967,742.99	312,801,167.91	24,058,676.95	2,152,878,416.18	817,440,728.91	16,202,929,338.64
Add: Changes in accounting policies													
Correction of prior period errors													
Others													
<b>2. Balance at the beginning of current year</b>	1,622,279,686.06				9,268,436,045.49		1,979,066,872.15	25,967,742.99	312,801,167.91	24,058,676.95	2,152,878,416.18	817,440,728.91	16,202,929,338.64
<b>3. Increase/Decrease during the period (decrease is marked with "-")</b>					223,859,027.54		31,811,714.14	2,789,804.50	27,555,326.60	523,908.52	128,882,445.78	76,854,647.39	492,276,874.47
(1) Total comprehensive income					223,859,027.54		31,811,714.14				226,411,982.15	-111,682,896.66	146,540,797.63
(2) Shareholders' contributions and reduction in capital					225,000,000.00						-753,492.77	188,583,164.24	411,688,699.01
(i) Shareholders' contributions in ordinary share												200,000,000.00	425,000,000.00
(ii) Other equity instruments contributions													
(iii) Amount of share-based payments recognized in equity													
(iv) Others					-1,140,972.46						-753,492.77		-13,311,300.99
(3) Addition and Utilisation of special reserve								2,789,804.50				-45,616.19	2,744,186.31
(i) Addition								9,891,771.55				5,045,829.37	14,937,600.92
(ii) Utilisation								-7,101,967.05				-5,091,447.56	-12,193,414.61
(4) Profit distribution									27,555,326.60	523,908.52	-96,776,043.60		-68,696,808.48
(i) Transfer to surplus reserve									27,555,326.60		-27,555,326.60		
Including: Statutory surplus reserve									27,555,326.60		-27,555,326.60		
Discretionary surplus reserve													
#Reserve fund													
#Enterprise expansion fund													
#Profits capitalized on return of investment													
(ii) Transfer to general Reserve													
(iii) Distribution to shareholders										523,908.52	-523,908.52		
(iv) Others											-68,696,808.48		-68,696,808.48
(5) Transfer within equity													
(i) Capital reserves converted to capital (or share capital)													
(ii) Surplus reserves converted to capital (or share capital)													
(iii) Loss made up by surplus reserves													
(iv) Changes in the defined benefit plan transferred to retained earnings													
☆(v) Other comprehensive income transferred to retained earnings													
(vi) Others													
<b>4. Balance at the end of the period</b>	1,622,279,686.06				9,492,295,073.03		2,010,878,586.29	28,757,547.49	340,356,494.51	24,582,585.47	2,281,760,861.96	894,295,376.30	16,695,206,213.11

Chief Accountant:

Head of Accounting Department:



王霞

唐菊英

# Consolidated Statement of Changes in Shareholders' Equity (continued)

Year of 2022

Prepared by: Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.

Unit: RMB yuan

Items	Amount - Last year											Total shareholders' equity	
	Equity attributable to equity holders												
	Share capital	Other equity instruments		Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General reserve	Retained earnings	Minority interests		
14	15	16	17	18	19	20	21	22	23	24	25	26	
1. Balance at the end of previous year	1,622,279,688.06				10,532,025,215.09		289,366,760.50	24,269,414.97	232,373,755.35	31,997,666.70	1,976,732,774.90	788,096,708.87	15,557,141,984.44
Add: Changes in accounting policies						14,487,554.37						3,436,597.38	17,924,151.75
Correction of prior period errors					-15,717,227.91						21,621,124.64		5,903,896.73
Others													
2. Balance at the beginning of current year	1,622,279,688.06				10,516,307,987.18		303,854,314.87	24,269,414.97	292,373,755.35	31,997,666.70	1,998,353,899.54	791,533,306.25	15,580,970,032.92
3. Increase/Decrease during the period (decrease is marked with "-")					-1,247,871,941.69		1,675,212,557.28	1,698,328.02	20,427,412.56	-7,938,989.75	154,524,516.64	25,907,422.66	62,195,305.72
(1) Total comprehensive income						1,675,212,557.28					237,542,379.72	17,091,758.03	1,929,846,695.03
(2) Shareholders' contributions and reduction in capital					-1,247,871,941.69							10,657,781.33	-1,237,214,160.36
(i) Shareholders' contributions in ordinary share												12,250,000.00	471,361,574.72
(ii) Other equity instruments contributions					459,111,574.72								
(iii) Amount of share-based payments recognized in equity													
(iv) Others													
(3) Addition and Utilisation of special reserve					-1,706,983,516.41							-1,592,218.67	-1,708,575,735.08
(i) Addition							1,698,328.02					-395,021.03	1,303,306.99
(ii) Utilisation							6,933,229.46					2,602,189.66	9,535,419.14
(4) Profit distribution							-5,234,901.44					-2,897,210.71	-8,232,112.15
(i) Transfer to surplus reserve									20,427,412.56	-7,938,989.75	-85,017,863.08	-1,447,095.67	-71,976,535.94
Including: Statutory surplus reserve									20,427,412.56		-20,427,412.56		
Discretionary surplus reserve											-20,427,412.56		
#Reserve fund													
#Enterprise expansion fund													
#Profits capitalized on return of investment													
(ii) Transfer to general Reserve									289,121.56		-289,121.56		
(iii) Distribution to shareholders											-82,301,328.96	898,074.00	-61,403,254.96
(iv) Others									-8,228,111.31			-2,345,169.67	-10,573,280.98
(5) Transfer within equity													
(i) Capital reserves converted to capital (or share capital)													
(ii) Surplus reserves converted to capital (or share capital)													
(iii) Loss made up by surplus reserves													
(iv) Changes in the defined benefit plan transferred to retained earnings													
*(v) Other comprehensive income transferred to retained earnings													
(vi) Others													
4. Balance at the end of the period	1,622,279,688.06				9,268,436,045.49		1,979,066,872.15	25,967,742.99	312,801,167.91	24,058,676.95	2,152,878,416.18	817,440,728.91	16,202,929,336.64

Chief Accountant:

Head of Accounting Department:

王霞

唐菊英

明符印代

# Balance Sheet

31 December 2022

Prepared by: Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.

Unit: RMB yuan

Item	Notes	Closing balance	Opening balance
<b>Current assets:</b>			
Monetary funds		578,851,947.28	610,516,492.01
Settlements provision			
Loans to banks and other financial institutions			
Financial assets held for trading			
Financial assets at fair value through profit or loss			
Derivative financial assets			
Notes receivable			
Accounts receivable	XII.1	2,351,215,429.43	2,541,610,483.73
Financing receivables			
Prepayments		276,716,060.20	103,435,266.17
Insurance receivables			
Reinsurance receivables			
Provision of reinsurance receivable			
Centralized management fund receivables			
Other receivables	XII.2	13,148,374,629.85	13,752,956,577.04
Including: Dividends receivable			
Financial assets purchased under agreements to resell			
Inventories		8,220,363,896.14	7,636,112,552.34
Including: Raw materials			
Finished goods		643,693,111.59	486,951,287.67
Contract assets		1,046,401,924.96	1,188,004,354.82
Assets held for sale			
Non-current assets due within 1 year			
Other current assets		366,876,874.70	393,226,693.00
<b>Total current assets</b>		<b>25,988,800,762.56</b>	<b>26,225,862,419.11</b>
<b>Non-current assets:</b>			
Loans and advances			
Debt investment			
Available-for-sale financial assets			
Other debt investment			
Held-to-maturity investment			
Long-term receivable			
Long-term equity investment	XII.3	7,047,029,007.37	6,614,049,227.56
Other equity instruments investments		4,582,329,436.30	4,597,413,987.48
Other non-current financial assets			
Investment properties		7,118,391,206.00	7,183,104,270.00
Fixed assets		1,136,685,601.68	4,593,022.05
Including: Cost		1,146,100,115.26	10,055,525.79
Accumulated depreciation		9,414,513.58	5,462,503.74
Provision for impairment			
Construction in progress		181,747,080.76	855,083,424.73
Productive biological assets			
Oil-gas assets			
Right-of-use assets			
Intangible assets		2,228,972.84	1,773,147.07
Development expenditures			
Goodwill			
Long-term prepaid expenses			
Deferred tax assets		85,091,354.29	50,189,629.18
Other non-current assets		1,834,414,822.21	1,445,281,313.02
Including: specifically authorized reserve materials			
<b>Total non-current assets</b>		<b>21,987,917,481.45</b>	<b>20,751,488,021.09</b>
<b>Total assets</b>		<b>47,976,718,244.01</b>	<b>46,977,350,440.20</b>

Legal Representative:



Chief Accountant:



Head of Accounting Department:



## Balance Sheet (continued)

31 December 2022

Prepared by: Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.

Unit: RMB yuan

Item	Notes	Closing balance	Opening balance
<b>Current liabilities:</b>			
Short-term borrowings			
Borrowing from the central bank		6,156,783,358.35	5,473,370,655.33
Loans from banks and other financial institutions			
Financial liabilities held for trading			
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Notes payable		695,000,000.00	380,000,000.00
Accounts payable		229,392,938.78	95,132,139.15
Receipts in advance			
Contract liabilities		337,930.29	29,987,249.14
Financial assets sold under agreements to repurchase			
Deposits from customers and interbank			
Acting trading securities			
Acting underwriting securities			
Payroll payable		10,655,906.79	12,344,556.40
Including: Payroll payable		10,621,963.69	12,316,738.43
Welfare payable			
Including: Bonus and welfare fund for staff and workers			
Taxes and surcharges payable		2,936,509.20	15,328,873.92
Including: Taxes payable		2,936,509.20	15,315,539.15
Other payables		5,806,492,936.76	5,772,707,859.05
Including: Dividend payable			
Handling charges and commissions payable			
Reinsurance payable			
Liabilities held for sale			
Non-current liabilities due within 1 year		5,301,252,096.75	7,572,701,753.54
Other current liabilities		113,061,992.58	119,285,185.53
<b>Total current liabilities</b>		<b>18,315,913,669.50</b>	<b>19,470,858,272.06</b>
<b>Non-current liabilities:</b>			
Provision for insurance contracts			
Long-term borrowings			
Bonds payable		7,844,831,348.78	6,025,427,000.96
Including: Preference share		6,118,878,917.81	5,435,000,000.00
Perpetual debt			
Lease liabilities			
Long-term payable		1,824,391,416.09	2,649,703,485.10
Long-term payroll payable			
Provisions			
Deferred income		17,875,273.67	17,962,038.35
Deferred tax liabilities		486,521,482.80	459,908,616.39
Other non-current liabilities		28,088,679.39	
Including: pecifically authorized reserve fund			
<b>Total non-current liabilities</b>		<b>16,320,587,118.54</b>	<b>14,588,001,140.80</b>
<b>Total liabilities</b>		<b>34,636,500,788.04</b>	<b>34,058,859,412.86</b>
<b>Shareholders' equity:</b>			
Paid-in capital (or share capital)			
Including: State capital		1,622,279,688.06	1,622,279,688.06
State-owned corporate capital		1,226,509,737.10	1,126,509,737.10
Collective capital		395,769,950.96	495,769,950.96
Private capital			
Foreign capital			
Less: Investment Returned			
Net paid in capital (or share capital)		1,622,279,688.06	1,622,279,688.06
Other equity instruments			
Including: Preference share			
Perpetual debt			
Capital reserve		8,127,645,534.42	7,902,645,534.42
Less: treasury shares			
Other comprehensive income		1,127,619,673.02	1,139,222,259.85
Including: Translation reserve			
Special reserve			
Surplus reserve			
Including: Statutory common reserve		340,356,494.51	312,801,167.91
Discretionary common reserve		340,356,494.51	312,801,167.91
Reserve fund			
Enterprise expansion fund			
Profits capitalizad on return of investment			
Provision for general reserve			
Retained earnings		2,122,316,065.96	1,941,542,377.10
<b>Total equity attributable to owners of the parent company</b>		<b>13,340,217,455.97</b>	<b>12,918,491,027.34</b>
Minority interests			
<b>Total shareholders' equity</b>		<b>13,340,217,455.97</b>	<b>12,918,491,027.34</b>
<b>Total liabilities and Shareholders' equity</b>		<b>47,976,718,244.01</b>	<b>46,977,350,440.20</b>

Legal Representative:



Chief Accountant:

王霞

Head of Accounting Department:

唐菊英



# Income Statement

Year of 2022

Prepared by: Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.

Unit: RMB yuan

Item	Notes	Current year	Last year
<b>1. Total operating revenue</b>		694,049,962.36	2,381,418,691.57
Including: Operating revenue			
Interest income	XII.4	694,049,962.36	2,381,418,691.57
Earned premiums			
Handling charges and commissions revenue			
<b>2. Total cost of operation</b>		1,372,381,103.64	2,646,449,763.03
Including: Operating costs			
Interest expenses	XII.4	693,347,565.50	1,964,039,326.45
Handling charges and commissions expenses			
Surrenders value			
Net payments for insurance claims			
Withdrawal of net insurance contract reserves			
Policyholder dividends expenses			
Reinsurance expenses			
Taxes and surcharges		15,949,369.01	10,949,043.22
Selling expenses		362,293.23	716,412.76
Administrative expenses		63,869,057.49	64,724,723.48
Research and development expenses			
Financial expenses			
Including: Interest expenses		598,852,818.41	606,020,257.12
Interest income		854,080,240.77	680,263,112.82
Net exchange losses (Net gains is marked with "-")		460,331,565.32	378,293,276.82
Others			
Add: Other income			
Investment income (loss is marked with "-")		1,132,229,129.34	450,068,316.83
Including: Investment income in associates and joint ventures	XII.5	-30,988,280.19	6,281,159.56
Gains from derecognition of financial assets measured at amortized cost		14,373,967.54	3,770,705.42
Exchange gains (losses is marked with "-")			
Net exposure hedging gains (losses is marked with "-")			
Gains on the changes in fair value (losses is marked with "-")		-6,604,225.41	83,034,492.11
Credit impairment losses (losses is marked with "-")		-133,892,648.37	2,331,390.47
Assets impairment losses (losses is marked with "-")			-24,375,442.56
Gains from disposal of assets (losses is marked with "-")			32,067.96
<b>3. Operating profit (loss is marked with "-")</b>		282,412,834.09	252,340,912.91
Add: Non-operating income			
Including: Government grants		537,451.55	2,139,454.96
Less: Non-operating expenses		10,718,349.39	636,764.68
<b>4. Total profit (total loss is marked with "-")</b>		272,231,936.25	254,480,367.87
Less: Income tax expenses		-3,321,329.78	50,206,242.30
<b>5. Net profit (Net loss is marked with "-")</b>		275,553,266.03	204,274,125.57
(1) Classification by ownership			
Net profit attributable to owners of the parent company		275,553,266.03	204,274,125.57
Net profit attributable to minority interests in profit or loss			
(2) Classification by operation continuity			
Net profit from continuing operations		275,553,266.03	204,274,125.57
Net profit from discontinuing operations			
<b>6. Other comprehensive income, net of tax</b>		-11,602,586.83	1,030,008,394.72
Other comprehensive income, net of tax, attributable to owners of the parent company		-11,602,586.83	1,030,008,394.72
(1) Other comprehensive income that will not be reclassified to profit or loss		-11,313,413.39	15,388,698.06
(i) Remeasurement gains or losses of a defined benefit plan			
(ii) Other comprehensive income using the equity method that will not be reclassified to profit or loss			
(iii) Changes in fair value of other equity instrument investments		-11,313,413.39	15,388,698.06
(iv) Changes in fair value of enterprise's own credit risk			
(v) Others			
(2) Other comprehensive income to be reclassified to profit or loss		-289,173.44	1,014,619,696.66
(i) Other comprehensive income that can be reclassified to profit or loss in equity method			-30,183,187.27
(ii) Changes in fair value of other debt investments			
(iii) Change in the fair value of available-for-sale financial assets			
(iv) Amount of financial assets reclassified into other comprehensive income			
(v) Reclassification of held-to-maturity investments as available-for-sale financial assets			
(vi) Provision for credit impairment of other debt investments			
(vii) Cash flow hedging reserves (effective part of profit and loss of cash flow hedging)			
(viii) Exchange differences on translation of foreign currency financial statements			
(ix) Others			
Other comprehensive income, net of tax, attributable to non-controlling interests		-289,173.44	1,044,802,883.93
<b>7. Total comprehensive income</b>		263,950,679.20	1,234,282,520.29
Total comprehensive income attributable to owners of the parent company		263,950,679.20	1,234,282,520.29
Total comprehensive income attributable to minority interests			

Legal Representative:



Chief Accountant:



Head of Accounting Department:





# Cash Flow Statement

Year of 2022

Prepared by: Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.

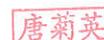
Unit:RMB yuan

Item	Notes	Current year	Last year
<b>1. Cash flow from operating activities:</b>	XII.6		
Cash receipts from the sale of goods and the rendering of services		984,297,073.83	991,985,429.26
Net increase in customer bank deposits and due to banks and other financial institutions			
Net increase in loans from the central bank			
Net increase in funds borrowed from other financial institutions			
Cash premiums received on original insurance contracts			
Net cash received from re-insurance business			
Net increase in deposits and investments from insurers			
Disposal of financial assets at fair value through profit or loss			
Cash received from interest, fees and commission			
Net increase in funds deposit			
Net increase in repurchase business funds			
Net income from securities trading brokerage business			
Tax refunds received		35,809,355.58	
Cash received relating to other operating activities		16,278,025,071.53	18,429,868,085.28
<b>Sub-total of cash inflows from operating activities</b>		<b>17,298,131,500.94</b>	<b>19,421,853,514.54</b>
Cash paid for purchase of goods and services		856,021,920.16	841,592,769.74
Net increase in loans and payments on behalf of customers			
Net increase in deposits with central bank and other financial institutions			
Payments for claims for original insurance contracts			
Net increase in funds lent			
Cash paid for interest, fees and commission			
Commissions on insurance policies paid			
Cash paid to and on behalf of employee			
Cash paid for taxes		47,952,908.40	37,043,079.39
Cash paid relating to other operating activities		38,108,124.28	39,193,226.01
<b>Sub-total of cash outflows from operating activities</b>		<b>16,614,781,904.98</b>	<b>19,040,234,715.14</b>
<b>Net cash flows from operating activities</b>		<b>683,349,595.96</b>	<b>381,618,799.40</b>
<b>2. Cash flow from investment activities:</b>			
Cash received from disposal of investments		88,380,787.04	2,906,407,231.12
Cash received from investment income		6,832,000.00	6,927,063.89
Net proceeds from disposal of property, plant and equipment, intangible assets and other long-term assets			135,550.00
Cash received from disposal of subsidiaries and other business units			
Cash received relating to other investing activities		1,628,253,732.12	227,293,323.41
<b>Sub-total of cash inflows from investment activities</b>		<b>1,723,466,519.16</b>	<b>3,140,763,168.42</b>
Purchase of property, plant and equipment, intangible assets and other non-current assets		310,690,954.03	200,099,313.02
Cash paid for investments		509,400,000.00	2,518,915,786.70
Net increase in secured loans			
Net cash paid for acquisition of a subsidiary and other operating units			
Cash paid relating to other investing activities		1,347,611,051.24	636,526,159.03
<b>Sub-total of cash outflows from investment activities</b>		<b>2,167,702,005.27</b>	<b>3,355,541,258.75</b>
<b>Net cash flows from investing activities</b>		<b>-444,235,486.11</b>	<b>-214,778,090.33</b>
<b>3. Cash flows from financing activities:</b>			
Cash received from investment		225,000,000.00	327,950,000.00
Including: Cash receipts from capital contributions from non-controlling interests of subsidiaries			
Proceeds from borrowings		16,040,800,000.00	16,368,300,000.00
Cash receipts relating to other financing activities		24,880,775.65	12,797,257.06
<b>Subtotal of cash inflows from financing activities</b>		<b>16,290,680,775.65</b>	<b>16,709,047,257.06</b>
Repayments for debts		14,596,948,096.98	15,569,631,472.69
Cash payments for distribution of dividends or profit and interest expenses		1,820,598,718.77	1,845,556,468.59
Including: Dividends or profit paid to non-controlling shareholders of subsidiaries			
Cash payments relating to other financing activities		265,320,446.66	282,629,717.03
<b>Subtotal of cash outflows from financing activities</b>		<b>16,682,867,262.41</b>	<b>17,697,817,658.31</b>
<b>Net cash flows from financing activities</b>		<b>-392,186,486.76</b>	<b>-988,770,401.25</b>
<b>4. Effect of exchange rate changes on cash and cash equivalents</b>			
<b>5. Net increase in cash and equivalents</b>		<b>-153,072,376.91</b>	<b>-821,929,692.18</b>
Add: Cash and cash equivalents at beginning of year		465,924,324.19	1,287,854,016.37
<b>6. Cash and cash equivalents at end of year</b>		<b>312,851,947.28</b>	<b>465,924,324.19</b>

Legal Representative:

Chief Accountant:

Head of Accounting Department:



# Statement of Changes in Shareholders' Equity

Year of 2022

Prepared by: Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.

Unit: RMB yuan

Items	Amount - Current year										
	Share capital	Other equity instruments		Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	General reserve	Retained earnings	Total shareholders' equity	
		preference share	Perpetual debt								Others
Column	1	2	3	4	5	6	7	8	9	10	11
<b>1. Balance at the end of previous year</b>	1,622,279,688.06				7,902,645,534.42	1,139,222,259.85		312,801,167.91		1,941,542,377.10	12,918,491,027.34
Add: Changes in accounting policies											
Correction of prior period errors											
Others											
<b>2. Balance at the beginning of current year</b>	1,622,279,688.06				7,902,645,534.42	1,139,222,259.85		312,801,167.91		1,941,542,377.10	12,918,491,027.34
<b>3. Increase/Decrease during the period (decrease is marked with "-")</b>					225,000,000.00	-11,602,586.83		27,555,326.60		180,773,688.86	421,726,428.63
(1) Total comprehensive income					225,000,000.00	-11,602,586.83		27,555,326.60		275,553,266.03	263,950,679.20
(2) Shareholders' contributions and reduction in capital					225,000,000.00						225,000,000.00
(i) Shareholders' contributions in ordinary share					225,000,000.00						225,000,000.00
(ii) Other equity instruments contributions											
(iii) Amount of share-based payments recognized in equity											
(iv) Others											
(3) Addition and Utilisation of special reserve											
(i) Addition											
(ii) Utilisation											
(4) Profit distribution											
(i) Transfer to surplus reserve								27,555,326.60		-27,555,326.60	
Including: Statutory surplus reserve								27,555,326.60		-27,555,326.60	
Discretionary surplus reserve											
#Reserve fund											
#Enterprise expansion fund											
#Profits capitalized on return of investment											
(ii) Transfer to general Reserve											
(iii) Distribution to shareholders											
(iv) Others											
(5) Transfer within equity											
(i) Capital reserves converted to capital (or share capital)											
(ii) Surplus reserves converted to capital (or share capital)											
(iii) Loss made up by surplus reserves											
(iv) Changes in the defined benefit plan transferred to retained earnings											
★(v) Other comprehensive income transferred to retained earnings											
(vi) Others											
<b>4. Balance at the end of the period</b>	1,622,279,688.06				8,127,645,534.42	1,127,619,673.02		340,356,494.51		2,122,316,065.96	13,340,217,455.97

Chief Accountant:

王霞

Head of Accounting Department:

唐菊英

Legal representative:

明海印代  
3107030011520

# Statement of Changes in Shareholders' Equity (continued)

Year of 2022

Prepared by: Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.

Unit: RMB yuan

Items	Column	Amount - Last year												
		Share capital			Other equity instruments			Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	General reserve	Retained earnings	Total shareholders' equity
		12	13	14	15	16	17							
<b>1. Balance at the end of previous year</b>		1,622,279,688.06					9,150,717,632.59	109,213,865.13		292,373,755.35		1,818,679,105.96	12,993,264,047.09	
Add: Changes in accounting policies														
Correction of prior period errors														
Others														
<b>2. Balance at the beginning of current year</b>		1,622,279,688.06					9,150,717,632.59	109,213,865.13		292,373,755.35		1,818,679,105.96	12,993,264,047.09	
<b>3. Increase/Decrease during the period (decrease is marked with "-")</b>							-1,248,072,098.17	1,030,008,394.72		20,427,412.56		122,863,271.14	-74,773,019.75	
(1) Total comprehensive income							-1,248,072,098.17	1,030,008,394.72		20,427,412.56		204,274,125.57	1,234,282,520.29	
(2) Shareholders' contributions and reduction in capital														
(i) Shareholders' contributions in ordinary share							459,111,574.72						459,111,574.72	
(ii) Other equity instruments contributions														
(iii) Amount of share-based payments recognized in equity														
(iv) Others														
(3) Addition and Utilisation of special reserve							-1,707,183,672.89						-1,707,183,672.89	
(i) Addition														
(ii) Utilisation														
(4) Profit distribution														
(i) Transfer to surplus reserve														
Including: Statutory surplus reserve														
Discretionary surplus reserve														
#Reserve fund														
#Enterprise expansion fund														
#Profits capitalized on return of investment														
(ii) Transfer to general Reserve														
(iii) Distribution to shareholders														
(iv) Others														
(5) Transfer within equity														
(i) Capital reserves converted to capital (or share capital)														
(ii) Surplus reserves converted to capital (or share capital)														
(iii) Loss made up by surplus reserves														
(iv) Changes in the defined benefit plan transferred to retained earnings														
★(v) Other comprehensive income transferred to retained earnings														
(vi) Others														
<b>4. Balance at the end of the period</b>		1,622,279,688.06					7,902,645,534.42	1,139,222,259.85		312,801,167.91		1,941,542,377.10	12,918,491,027.34	

Chief Accountant:

Head of Accounting Department:



王霞

唐菊英

# Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.

## Notes to the Consolidated Financial Statements

As of December 31, 2022

(Unless otherwise stated, amounts are expressed in RMB Yuan)

### I. General information of the company

Mianyang Science & Technology City Development & Investment (Group) Co., Ltd. (hereinafter referred to as: the Company, the Group) is a limited liability company (state-controlled) registered in 2001 with the Administration for Industry and Commerce of Mianyang, Sichuan Province, with a unified social credit code: 91510700MA6248T32G and a registered capital of RMB1,622.27968806 million, the legal representative is Jiang Daiming and the registered address is Mianyang Science and Education Entrepreneurship Park, the business scope covers investment and management of high-tech industry, industry, commerce, real estate industry, financial derivatives, bioengineering, medicine, medical equipment, computer software and network technology, comprehensive land development, urban infrastructure construction, culture, tourism, exhibition, sports, computer software and hardware design, development and sales, construction materials, electronic products, communication equipment, etc. Construction materials, electronic products, communications equipment (excluding wireless transmitting equipment), chemical products (except flammable and explosive materials) sales, business management consulting services, storage management services for movable collateral, cargo warehouse services, sports venues and venues leasing, commercial performance planning, domestic tourism, machinery and equipment leasing, cultural and artistic exchange activities organization planning, film and multimedia production, hotel management services, domestic advertising design, production, agency, release, catering management, property services, metal materials, refractory materials, metallurgical materials purchase and sale. (Projects subject to approval according to law, the relevant departments approval before operating activities).

The Company is a limited liability company engaged in primary land development and municipal infrastructure construction.

The Company, formerly known as Mianyang Science and Education Innovation Investment Co., Ltd., is a wholly state-owned company established on June 22, 2001 by the Mianyang Science and Technology City Science and Education Entrepreneurship Park Management Committee in accordance with the document of Mian Fu Han [2001] No.100, with a registered capital of 10 million yuan. On November 27,

2001, the Mianyang Science and Technology City Science and Education Entrepreneurship Park Management Committee contributed 10 million yuan in currency. So far, the company's paid-in capital has changed to 20 million yuan. On November 25, 2002, the Mianyang Science and Technology City Science and Education Entrepreneurship Park Management Committee contributed 50 million yuan with the assessed intangible assets (land use rights), so far, the company's paid-in capital has changed to 70 million yuan. On December 6, 2005, according to "the reply of the Office of the State-owned Assets Management Committee of Mianyang Technology Science and Education Entrepreneurship Park on approving Mianyang Science and Education Innovation Investment Co., Ltd. to use capital reserve to increase paid-in capital", it is agreed to increase the capital reserve of 30 million yuan into the company's paid-in capital, so far, the company's paid-in capital has been changed to 100 million yuan.

In April 2008, the Company according to "the Notice of the China (Mianyang) Science and Technology City Management Committee on the Establishment of China (Mianyang) Science & Technology City Development & Investment (Group) Co., Ltd." and "the Correspondence of the China (Mianyang) Science and Technology City Management Committee Comprehensive Office on the Relevant Matters of Changing Mianyang Science and Education Innovation Investment Co., Ltd. to Mianyang Science & Technology City Development & Investment (Group) Co., Ltd." (Science and Technology Management Committee Office [2008] No.21), On May 29, 2008, Mianyang Administration for Industry and Commerce issued "the Notice of Approval of Enterprise Name Change", so far, the company name of Mianyang Science and Education Innovation Investment Co., Ltd. was changed to Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.. In December 2008, according to "the Reply of China (Mianyang) Science and Technology City Management Committee on Approving the Free transfer of State-owned Equity of Four Companies Including Mianyang High-tech Zone Investment Holding (Group) Co., Ltd.", the Management Committee of Mianyang Economic and Technological Development Zone, the Management Committee of Mianyang Agricultural Science and Technology Zone and the Management Committee of Mianyang High tech Zone signed "the Free Transfer Agreement of State owned Equity" with the Company, and agreed to transfer the state-owned equity of Mianyang Sanjiang Development and Construction Investment Co., Ltd., Mianyang Sanjiang Engineering Corporation, Mianyang Science and Agriculture Investment Co., Ltd., and Mianyang High tech Zone Investment Holding (Group) Co., Ltd. held by it to this company for free, and this company shall fulfill the obligations of the investor and enjoy the rights and interests of the investor. According to "the Reply of China (Mianyang) Science and Technology City Management Committee on Approving Mianyang Science & Technology City Development & Investment (Group) Co., Ltd. to Increase Paid-in Capital with Capital Reserve", the Company transferred the capital reserve of 400 million yuan to paid-in capital on February 23, 2009, after this capital increase, the Company's paid-in capital was 500 million yuan. On March 10, 2011, according to "the Notice on Increasing the National Capital of Mianyang Science &

Technology City Development & Investment (Group) Co., Ltd." (Mian Cai Qi [2011] No.3) issued by Mianyang Municipal Finance Bureau, the Company increased paid-in capital by transferring capital reserve by 200.691087 million yuan. After this capital increase, the Company's paid-in capital was 700.691087 million yuan. In July 2017, according to "the Reply on Amending the Kefa Group Articles" of China (Mianyang) Science and Technology City Management Committee, the Company increased Paid-in capital by transferring capital reserve of 425.818650 million yuan, and China Agricultural Development Key Construction Fund Co., Ltd. increased its capital by monetary capital of 360 million yuan, after this capital increase, the Company's paid-in capital was 1,486.5097 million yuan, including 1,126.5097 million yuan from China (Mianyang) Science and Technology City Management Committee, Shareholding of 75.78%; China Agricultural Development Key Construction Fund Co., Ltd. has invested 360 million yuan and Shareholding of 24.22%. In August 2018, according to the spirit of "the Notice on Further Strengthening the Centralized and Unified Supervision of Municipal State owned Enterprises" (Mian Wei Ban [2018] No.78) issued by the Mianyang Municipal Committee Office of the Communist Party of China and the Mianyang Municipal People's Government Office, the China (Mianyang) Science and Technology City Management Committee was originally authorized to perform the responsibilities of a contributor to the Science and Technology Development Group on behalf of Mianyang Municipal People's Government, Now it is adjusted to authorize the Mianyang State-owned Assets Supervision and Administration Commission (hereinafter referred to as "Mianyang SASAC") to perform the responsibilities of a contributor to the Company on behalf of Mianyang Municipal People's Government. The Mianyang SASAC and China (Mianyang) Science and Technology City Management Committee completed the transfer of management relationship with the Company in September 2018, and the Company completed the industrial and commercial registration change procedures in early 2019.

In December 2020, according to "Mianyang SASAC on the Approval of the Capital Increase of Mianyang Science & Technology City Development & Investment (Group) Co., Ltd. by Non-public Agreement" (Mianyang State Assets [2020] No.60), "Mianyang SASAC on the Approval of Mianyang Science & Technology City Development & Investment (Group) Co., Ltd. Charter" (Mianyang State-owned Assets Regulations [2020] No.37), the capital increase agreement, the increase of registered capital of 135.76995096 million yuan, of which: Mianyang Investment Holding (Group) Co., Ltd. increased by 135.76995096 million yuan by debt to equity, after this capital increase, the company's registered paid-in capital reached 1,622.27968806 million yuan, of which: Mianyang SASAC contributed 1,126.5097 million yuan, Shareholding of 69.44%; Mianyang Investment Holding (Group) Co., Ltd. contributed 135.76995096 million yuan, Shareholding of 8.37%; and China Agricultural Development Key Construction Fund Co., Ltd. invested 360 million yuan, Shareholding of 22.19%.

In 2021, according to Mianyang SASAC on "the Approval of Agreeing Mianyang Science & Technology City Development & Investment (Group) Co., Ltd." (Mianyang State-owned Assets Regulations [2021]

No.16), Mianyang SASAC transferred its 7.168% equity in Kefa Group to Sichuan Provincial Finance Department without compensation. After the transfer, the Mianyang SASAC contributed 1,010.22472906 million yuan, Shareholding of 62.272%; Sichuan Provincial Finance Department contributed 116.28500804 million yuan, Shareholding of 7.168%; Mianyang Investment Holding (Group) Co., Ltd. contributed 135.76995096 million yuan, Shareholding of 8.37%; and China Agricultural Development Key Construction Fund Co., Ltd. contributed 360 million yuan, Shareholding of 22.19%.

On May 10, 2022, according to the "Equity Repurchase Agreement of Mianyang Science & Technology City Development & Investment (Group) Co., Ltd." signed between Mianyang Municipal People's Government, Mianyang SASAC, Agricultural Development Bank of China Mianyang Branch and the Company, Mianyang Municipal People's Government repurchased in advance 6.164% of the equity of China Agricultural Development Key Construction Fund Co., Ltd., share repurchase price of 100 million yuan. After the share repurchase, the Mianyang SASAC contributed 1,110.22472906 million yuan, Shareholding of 68.436%; Sichuan Provincial Finance Department contributed 116.28500804 million yuan, Shareholding of 7.168%; Mianyang Investment Holding (Group) Co. Ltd. contributed 135.76995096 million yuan, Shareholding of 8.369%; China Agricultural Development Key Construction Fund Co., Ltd. contributed 260 million yuan, Shareholding of 16.027%.

Investors	Amount of paid-up registered capital (yuan)	Contribution ratio (%)
Mianyang State-owned Assets Supervision and Administration Commission	1,110,224,729.06	68.436
Sichuan Provincial Finance Department	116,285,008.04	7.168
Mianyang Investment Holding (Group) Co., Ltd.	135,769,950.96	8.369
China Agricultural Development Key Construction Fund Co., Ltd.	260,000,000.00	16.027
Total	1,622,279,688.06	100.00

The ultimate controlling party of the Company: Mianyang State-owned Assets Supervision and Administration Commission.

## II. Preparation basis of financial statements

The financial statements of the Company have been prepared on the basis of the going concern assumption and on the basis of transactions and events actually occurring in accordance with "the Accounting Standards for Business Enterprises - Basic Standards" issued by the Ministry of Finance (issued by Ministry of Finance Order No.33 and revised by Ministry of Finance Order No.76), the 42 specific accounting standards issued and revised on and after February 15, 2006, the Guidelines for the

Application of Accounting Standards for Business Enterprises, the Interpretations of Accounting Standards for Business Enterprises and other related regulations (hereinafter collectively referred to as: Accounting Standards for Business Enterprises).

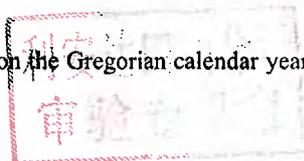
### III. Statement of compliance with accounting standards for enterprises

The financial statements prepared by the Company comply with the requirements of the Accounting Standards for Business Enterprises and the relevant financial accounting system and give a true and complete view of the financial position of the Company as at December 31, 2022 and the operating results and cash flows for the year 2022 and other relevant information.

### IV. Description of significant accounting policies and accounting estimates

#### 1. Accounting period

The Company's accounting year is based on the Gregorian calendar year, which begins on January 1 and ends on December 31 of each year.



#### 2. Reporting currency

The Company's reporting currency is RMB.

#### 3. Basis of accounting and valuation principles

The Company uses the accrual basis of accounting. In measuring accounting elements, the Company generally uses historical cost; in cases where other attributes such as replacement cost, net realizable value, present value or fair value are used for measurement in accordance with the standards, the Company will provide special explanations.

#### 4. Accounting treatments of Business combination under common control and non- common control

(1) The terms, conditions and economic effects of each transaction in the step-by-step realization of the business combination process meet one or more of the following conditions, the multiple transactions are accounted for as a package transaction

- ① The transactions were entered into simultaneously or with consideration of their mutual effects;
- 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;
- ④ A transaction is uneconomic when viewed alone, but is economic when considered together with other transactions.

#### (2) Business combination under common control

Assets and liabilities acquired in a business combination are measured at their carrying value in the

consolidated financial statements of the ultimate controlling party at the date of combination for the assets and liabilities of the consolidated party (including goodwill resulting from the acquisition of the consolidated party by the ultimate controlling party). The difference between the carrying value of the net assets acquired in the merger and the carrying value of the merger consideration paid (or the aggregate nominal value of shares issued) is adjusted against the equity premium in capital reserve, and if the equity premium in capital reserve is not sufficient for elimination, it is adjusted against retained earnings.

If a contingent consideration exists and requires recognition of a projected liability or asset, the difference between the amount of such projected liability or asset and the settlement amount of the subsequent contingent consideration is adjusted to capital reserve (capital premium or equity premium), and if capital reserve is insufficient, retained earnings are adjusted.

For a business combination that is ultimately achieved through multiple transactions, if it is a package transaction, each transaction is accounted for as one transaction to obtain control; if it is not a package transaction, on the date of acquisition of control, the difference between the initial investment cost of the long-term equity investment, and the sum of the carrying value of the long-term equity investment before reaching the merger plus the carrying value of the new consideration paid for further acquisition of shares at the date of the merger is adjusted to capital reserve; if capital reserve is not sufficient to offset the difference, adjust retained earnings. For equity investments held before the date of consolidation, other comprehensive income recognized as a result of the adoption of the equity method of accounting or accounting under the Standard on Recognition and Measurement of Financial Instruments is not accounted for until the disposal of the investment is accounted for on the same basis as the direct disposal of the related assets or liabilities by the investee; Changes in owners' equity other than net profit or loss, other comprehensive income and profit distribution in the net assets of the investee recognized as a result of the adoption of the equity method of accounting, are not accounted for until the investment is disposed of and transferred to current period profit or loss.

### **(3) Business combinations under non-common control**

The date of purchase is the date on which the Company actually acquires control of the acquiree, also known as the date on which control of the acquiree's net assets or production and operating decisions is transferred to the Company. The Company generally considers that the transfer of control is achieved when the following conditions are also met:

- ① The business combination contract or agreement has been approved by the Company's internal authority.
- ② If the matter of business combination needs to be approved by the relevant state authorities, approval has been obtained.
- ③ The necessary procedures for the transfer of property rights have been completed.
- ④ The Company has paid the majority of the merger price and has the ability and plan to pay the

remaining amount.

⑤ The Company has effectively controlled the financial and operating policies of the acquiree, and enjoys the corresponding benefits and bears the corresponding risks.

The Company measures assets paid for, liabilities incurred or assumed as consideration for a business combination at fair value at the date of purchase, and the difference between the fair value and its carrying value is recognized in profit or loss for the current period.

The Company recognizes goodwill for the difference that the merger cost is greater than the fair value share of the identifiable net assets obtained from the acquiree in the merger; the difference that the merger cost is less than the fair value share of the identifiable net assets obtained from the acquiree in the merger, after review, shall be included in the current period profit and loss.

For business combinations under non-common control achieved in stages through multiple exchange transactions, if they are a package transaction, each transaction is accounted for as a transaction to obtain control; If they are not a package transaction, and the equity investment held prior to the date of consolidation is accounted for under the equity method, the sum of the carrying value of the equity investment held prior to the date of purchase and the cost of the increase investment at the date of purchase is used as the initial investment cost of that investment, other comprehensive income recognized on equity investments held prior to the date of purchase due to the adoption of the equity method of accounting is accounted for on the same basis as the disposal of the related assets or liabilities directly by the investee when the investment is disposed of. If an equity investment held prior to the date of consolidation is accounted for using the standard on recognition and measurement of financial instruments, the sum of the fair value of the equity investment at the date of consolidation plus the cost of the additional investment is used as the initial investment cost at the date of consolidation. The difference between the fair value and the carrying value of the equity originally held and the accumulated changes in fair value previously recognized in other comprehensive income should be transferred in full to investment income for the period at the date of consolidation.

#### (4) Expenses related to the merger

Intermediary fees such as auditing, legal services, appraisal and consulting and other directly related costs incurred for the business combination are charged to current profit or loss as incurred; transaction costs for the issuance of equity securities for the business combination are deducted from equity if they are directly attributable to the equity transaction.

### **5. Preparation method of consolidated financial statements**

#### (1) Scope of consolidation

The scope of consolidation of the Company's consolidated financial statements is determined on the basis

of control, and all subsidiaries (including separate entities controlled by the Company) are included in the consolidated financial statements.

## (2) Consolidation Process

The Company prepares consolidated financial statements on the basis of its own financial statements and those of its subsidiaries, and on the basis of other relevant information. The Company prepares consolidated financial statements by considering the entire enterprise group as one accounting entity, reflecting the financial position, results of operations and cash flows of the enterprise group as a whole in accordance with the recognition, measurement and presentation requirements of relevant accounting standards for enterprises and in accordance with uniform accounting policies.

The accounting policies and accounting periods adopted by all subsidiaries included in the scope of consolidation of the consolidated financial statements are consistent with those of the Company. If the accounting policies and accounting periods adopted by a subsidiary are not consistent with those of the Company, the necessary adjustments are made in accordance with the Company's accounting policies and accounting periods when preparing the consolidated financial statements.

The effect on the consolidated balance sheet, consolidated income statement, consolidated statement of cash flows, and consolidated statement of changes in shareholders' equity of internal transactions that occur between the Company and each subsidiary and between each subsidiary is offset in the consolidated financial statements. If the transaction is recognized differently from the perspective of the consolidated financial statements of the enterprise group than if the same transaction is recognized with the Company or a subsidiary as the accounting entity, the transaction is adjusted from the perspective of the enterprise group.

The share of the subsidiary's ownership interest, net profit or loss for the period and comprehensive income attributable to minority shareholders are presented separately in the consolidated balance sheet under the item of ownership interest, in the consolidated income statement under the item of net profit and in the consolidated statement of total comprehensive income, respectively. The balance resulting from the excess of the minority shareholders' share of the subsidiary's loss for the period over the minority shareholders' share of the subsidiary's ownership interest at the beginning of the period is eliminated to reduce shareholders' equity.

For a subsidiary acquired through a business combination under the common control, its financial statements are adjusted on the basis of the carrying value of the assets and liabilities (including goodwill resulting from the acquisition of the subsidiary by the ultimate controlling party) in the financial statements of the ultimate controlling party.

For subsidiaries acquired through business combinations under non-common control, their financial statements are adjusted based on the fair value of identifiable net assets at the date of purchase

### ① Increase in subsidiaries or operations

During the reporting period, if a subsidiary or business is added as a result of a business combination under the common control, the opening number of the consolidated balance sheet is adjusted; the revenues, expenses and profits for the period from the beginning to the end of the reporting period of the subsidiary or business combination are included in the consolidated income statement; and the cash flows for the period from the beginning to the end of the reporting period of the subsidiary or business combination are included in the consolidated cash flow statement, while the relevant items in the comparative statements are adjusted as if the consolidated reporting entity had been in existence since the point when the ultimate controlling party began to control it.

If it is possible to exercise control over an investee under the common control due to additional investment, etc., the parties involved in the consolidation are treated as if they existed in their current state at the time when the ultimate controlling party began to exercise control for adjustment purposes. For equity investments held prior to the acquisition of control of the consolidated party, the related gains or losses, other comprehensive income and other changes in net assets recognized between the later of the date of acquisition of the original equity and the date when the consolidated party and the consolidated party are under the common control and the date of consolidation are eliminated from opening retained earnings or current profit or loss, respectively, in the period of the comparative statements.

During the reporting period, if a subsidiary or business is added as a result of a business combination under non-common control, the opening balance of the consolidated balance sheet is not adjusted; the revenue, expenses and profit of such subsidiary or business from the date of purchase to the end of the reporting period are included in the consolidated income statement; and the cash flows of such subsidiary or business from the date of purchase to the end of the reporting period are included in the consolidated cash flow statement.

If the Company is able to exercise control over an investee under non-common control due to additional investment, etc., the Company remeasures the equity in the investee held prior to the date of purchase at the fair value of the equity at the date of purchase, and the difference between the fair value and its carrying amount is recognized as investment income for the period. If the equity in the investee held before the purchase date involves other comprehensive income under the equity method of accounting and other changes in owners' equity other than net profit or loss, other comprehensive income and profit distribution, the related other comprehensive income and other changes in owners' equity are transferred to investment income for the period to which the purchase date belongs, except for other comprehensive income resulting from the remeasurement of the investee's net liabilities or changes in net assets of the defined benefit plan.

## ② Disposal of subsidiaries or operations

### a. General treatment method

If the Company disposes of a subsidiary or business during the reporting period, the revenues, expenses and profits of the subsidiary or business from the beginning of the period to the date of disposal are included in the consolidated income statement; the cash flows of the subsidiary or business from the beginning of the period to the date of disposal are included in the consolidated cash flow statement.

When control over an investee is lost due to the disposal of a portion of the equity investment or for other reasons, the Company remeasures the remaining equity investment after disposal at its fair value at the date of loss of control. The difference between the sum of the consideration received for the disposal of the equity and the fair value of the remaining equity, less the sum of the share of the net assets of the original subsidiary calculated on a continuing basis from the date of purchase or consolidation in proportion to the original shareholding and goodwill, is recognized as investment income in the period in which control is lost. Other comprehensive income related to the equity investment in the original subsidiary or other changes in owners' equity other than net profit or loss, other comprehensive income and profit distribution is transferred to investment income in the period when control is lost, except for other comprehensive income resulting from the remeasurement of the investee's net liabilities or changes in net assets of the defined benefit plan.

### b. Step-by-step disposal of subsidiaries

Where an equity investment in a subsidiary is disposed of in steps through multiple transactions until control is lost, the terms, conditions and economic effects of each transaction to dispose of the equity investment in the subsidiary are such that one or more of the following circumstances normally indicate that the multiple transaction event should be accounted for as a package transaction:

- (a) The transactions were entered into simultaneously or after consideration of their mutual effects;
- (b) The transactions as a whole are necessary to achieve a complete business result;
- (c) The occurrence of one transaction is dependent on the occurrence of at least one other transaction;
- (d) A transaction is uneconomic when viewed alone, but is economic when considered together with other transactions.

If each transaction for the disposal of an equity investment in a subsidiary until the loss of control is a package transaction, the Company accounts for each transaction as a disposal of a subsidiary and loss of control; however, the difference between the disposal price and the share of the net assets of the subsidiary corresponding to the disposal of the investment for each disposal prior to the loss of control is recognized in the consolidated financial statements as other comprehensive income and is transferred to profit or loss in the period in which control is lost.

If the various transactions for the disposal of equity investments in subsidiaries prior to the loss of control are not a package transaction, the accounting treatment is based on the policies related to partial disposal of equity investments in subsidiaries without loss of control; upon the loss of control, the accounting treatment is based on the general treatment of disposal of subsidiaries.

③ Purchase of minority interests in subsidiaries

The difference between the Company's newly acquired long-term equity investment due to the purchase of minority interest and its share of the net assets of the subsidiary calculated on a continuing basis from the date of purchase (or the date of consolidation) based on the newly acquired shareholding is adjusted to the equity premium in capital reserve in the consolidated balance sheet, and if the equity premium in capital reserve is not sufficient for elimination, it is adjusted to retained earnings.

④ Partial disposal of equity investments in subsidiaries without loss of control

The difference between the disposal price obtained from partial disposal of long-term equity investments in subsidiaries without loss of control and the share of the net assets of the subsidiaries calculated on a continuing basis from the date of purchase or the date of consolidation corresponding to the disposal of long-term equity investments is adjusted against the equity premium in capital reserve in the consolidated balance sheet, and if the equity premium in capital reserve is not sufficient for elimination, it is adjusted against retained earnings.

**6. Classification of joint venture arrangements and Accounting Treatment Method for Joint operations**

(1) Classification of joint venture arrangements

The Company classifies joint venture arrangements into joint operation and joint venture based on the structure of the joint venture arrangement, its legal form and the terms agreed in the joint venture arrangement, and other relevant facts and circumstances.

Joint venture arrangements not entered into through separate entities are classified as joint operation; joint venture arrangements entered into through separate entities are usually classified as joint ventures; however, there is conclusive evidence that any of the following conditions are met and that the joint venture arrangement is classified as a joint operation in accordance with the relevant laws and regulations:

- ① The legal form of the joint venture arrangement indicates that the joint venture parties have rights and obligations, respectively, with respect to the relevant assets and liabilities in the arrangement.
- ② The contractual terms of the joint venture arrangement stipulate that the joint venture parties have rights and obligations, respectively, with respect to the relevant assets and liabilities in the

arrangement.

③ Other relevant facts and circumstances indicate that the joint venture party has separate rights and obligations with respect to the relevant assets and liabilities in the arrangement, such as the joint venture party's enjoyment of substantially all of the output associated with the joint venture arrangement and the settlement of liabilities in the arrangement is continuously dependent on the support of the joint venture party.

#### (2) Accounting treatment method for joint operation

The Company recognizes the following items in its share of interest in a joint operation that relate to the Company and accounts treatment for them in accordance with the provisions of the relevant ASBE:

- ① Recognition of assets held separately and, in proportion to their shares, of jointly held assets;
- ② Recognition of liabilities assumed individually, and of liabilities assumed jointly in proportion to their shares;
- ③ Recognition of income from the sale of its share of the output of a joint operation;
- ④ Recognition of income from joint operation arising from the sale of output in accordance with its share;
- ⑤ Recognition of expenses incurred separately and, in proportion to their shares, expenses incurred by joint operation.

When the Company contributes or sells assets, etc. to a joint operation (except when such assets constitute a business), only the portion of the gain or loss attributable to the other participants in the joint operation arising from the transaction is recognized until such assets, etc. are sold by the joint operation to a third party. The Company recognizes the full amount of impairment losses on assets invested or sold that comply with the provisions of "ASBE No. 8 - Impairment of Assets" and other regulations.

When the Company purchases assets, etc. from a joint operation (except when such assets constitute a business), it recognizes only the portion of the gain or loss attributable to the other participants in the joint operation arising from the transaction until the assets, etc. are sold to a third party. If an acquired asset qualifies for an impairment loss under "ASBE No.8 - Impairment of Assets", etc., the Company recognizes that portion of the loss in accordance with its share of the loss.

The Company does not have common control over a joint operation. If the Company is entitled to the assets and bears the liabilities related to such common operation, it shall still be accounted for in accordance with the above principles; otherwise, it shall be accounted for in accordance with the provisions of the relevant ASBE.

#### 7. Cash and cash equivalents

In preparing the statement of cash flows, the Company recognizes cash on hand and deposits that are

readily available for payment as cash. Investments that have all four conditions: short maturity (generally within three months from the date of purchase), high liquidity, easy conversion to known amounts of cash, and minimal risk of changes in value are identified as cash equivalents.

## **8. Foreign operations and foreign currency translation**

### **(1) Foreign currency operations**

On initial recognition, foreign currency transactions are recorded in RMB using the spot exchange rate on the date of the transaction as the translation rate.

At the balance sheet date, monetary items denominated in foreign currencies are translated at the spot exchange rate at the balance sheet date, and the resulting exchange differences are recognized in current period profit or loss, except for those arising from special borrowings in foreign currencies related to the acquisition of assets eligible for capitalization, which are treated in accordance with the principle of capitalizing borrowing costs. Non-monetary items measured in terms of historical cost in foreign currencies are still translated using the spot exchange rate at the date of the transaction, without changing the amount of the local currency of account.

Non-monetary items measured at fair value in foreign currencies are translated using the spot exchange rate at the date the fair value is determined, and the resulting exchange differences are recognized in current period profit or loss as a gain or loss on changes in fair value. If the items are available-for-sale foreign currency non-monetary items, the resulting exchange differences are recognized in other comprehensive income.

### **(2) Translation of foreign currency financial statements**

Assets and liabilities in the balance sheet are translated using the spot rate of exchange at the balance sheet date; items in owners' equity, except for "retained earnings", are translated using the spot rate of exchange at the time of occurrence. Income and expense items in the income statement are translated using the spot exchange rate at the date of the transaction. Translation differences arising from the above translation are recognized in other comprehensive income.

When a foreign operation is disposed of, the foreign currency translation difference shown in other comprehensive income in the balance sheet related to the foreign operation is transferred from other comprehensive income to profit or loss in the period of disposal. When a portion of the equity investment is disposed of or otherwise causes a reduction in the proportion of interest held in a foreign operation without loss of control over the foreign operation, the discounting differences in foreign currency statements relating to the portion of the foreign operation disposed of will be attributed to minority interests and will not be transferred to profit or loss in the current period. When a foreign operation is

disposed of as part of an associate or joint venture, the discounting differences in foreign currency statements related to the foreign operation are transferred to profit or loss in the period of disposal in proportion to the disposal of the foreign operation.

## 9. Financial instruments

A financial asset or a financial liability is recognized when the Company becomes a party to a financial instrument contract.

### (1) Classification, recognition and measurement of financial assets

Based on the business model for managing financial assets and the contractual cash flow characteristics of financial assets, the Company classifies financial assets as follows: financial instruments reported at amortized cost; Fair value through other comprehensive income; Fair value through profit or loss.

Financial assets are measured at fair value at initial recognition. For fair value through profit or loss, the related transaction costs are recognized directly in profit or loss; for other categories of financial assets, the related transaction costs are recognized in the initial recognition amount. For accounts receivable or notes receivable arising from the sale of products or provision of services that do not contain or consider significant financing components, the Company recognizes the initial recognition amount based on the amount of the consideration to which it expects to be entitled.

#### ① Financial instruments reported at amortized cost

The Company's business model for managing financial instruments reported at amortized cost is to target the collection of contractual cash flows, and the contractual cash flow characteristics of such financial assets are consistent with the underlying borrowing and lending arrangements, i.e., the cash flows generated on a specific date are solely payments of principal and interest based on the principal amount outstanding. The Company uses the effective interest rate method for such financial assets, which are subsequently measured at amortized cost, and gains or losses arising from their amortization or impairment are recognized in profit or loss for the current period.

#### ② Fair value through other comprehensive income

The Company's business model for managing such financial assets is to both collect the contractual cash flows and sell them, and the contractual cash flow characteristics of such financial assets are consistent with the underlying borrowing and lending arrangements. The Company measures such financial assets at fair value and the changes are recognized in other comprehensive income, except for impairment losses or gains, foreign exchange gains or losses and interest income calculated under the effective interest rate method, which are recognized in profit or loss for the current period.

In addition, the Company designates some of its investments in non-trading equity instruments as fair

value through other comprehensive income. The Company recognizes the dividend income related to such financial assets in current profit or loss and the change in fair value in other comprehensive income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is transferred from other comprehensive income to retained earnings and is not recognized in profit or loss for the current period.

③ Fair value through profit or loss

The Company classifies financial assets other than those at financial instruments reported at amortized cost and those at fair value through other comprehensive income as fair value through profit or loss as described above. In addition, upon initial recognition, the Company designates some financial assets as fair value through profit or loss in order to eliminate or significantly reduce accounting mismatches. For such financial assets, the Company uses fair value for subsequent measurement, and changes in fair value are recognized in current profit or loss.

(2) Classification, recognition and measurement of financial liabilities

Financial liabilities are classified at initial recognition as fair value through profit or loss and other financial liabilities. For fair value through profit or loss, the related transaction costs are recognized directly in profit or loss, and for other financial liabilities, the related transaction costs are recognized in their initial recognition amounts.

① Fair value through profit or loss

Fair value through profit or loss, including financial liabilities held for trading (including derivatives that are financial liabilities) and designated as at fair value through profit or loss on initial recognition.

Trading financial liabilities (including derivatives that are financial liabilities) are subsequently measured at fair value, and changes in fair value are recognized in current profit or loss, except when they relate to hedge accounting.

For designated as at fair value through profit or loss, changes in fair value arising from changes in the Company's own credit risk are recognized in other comprehensive income, and upon derecognition of the liability, the cumulative change in its fair value arising from changes in its own credit risk included in other comprehensive income is transferred to retained earnings. The remaining changes in fair value are recognized in profit or loss for the current period. If the treatment of the effects of changes in the financial liabilities' own credit risk in the manner described above would result in or enlarge the accounting mismatch in profit or loss, the Company recognizes the entire gain or loss on the financial liabilities (including the amount of the effect of changes in the enterprise's own credit risk) in profit or loss for the current period.

## ② Other financial liabilities

Financial liabilities other than those arising from transfers of financial assets that do not qualify for derecognition or from continuing involvement in the transferred financial assets and financial guarantee contracts are classified as financial liabilities measured at amortized cost and are subsequently measured at amortized cost, with gains or losses arising from derecognition or amortization recognized in profit or loss for the current period.

### (3) Recognition basis and measurement method for transfer of financial assets

A financial asset is derecognized when one of the following conditions is met: ①the contractual rights to receive cash flows from the financial asset cease; ②the financial asset is transferred and substantially all the risks and rewards of ownership of the financial asset are transferred to the transferring party; ③the financial asset is transferred and, although the enterprise neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it relinquishes control over the financial asset.

If an enterprise neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset and does not relinquish control over the financial asset, it recognizes the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes the related liability accordingly. The extent of continuing involvement in the transferred financial asset is the level of risk to which the enterprise is exposed as a result of changes in the value of the financial asset.

If a transfer of a financial asset as a whole satisfies the derecognition condition, the difference between the carrying value of the financial asset transferred and the sum of the cumulative amount of changes in fair value originally recognized in other comprehensive income is recognized in profit or loss for the current period.

If a partial transfer of a financial asset satisfies the derecognition condition, the carrying value of the transferred financial asset is apportioned between the derecognized and unrecognized portions at their relative fair values, and the difference between the sum of the consideration received for the transfer and the cumulative amount of changes in fair value that should be apportioned to the derecognized portion that was previously recognized in other comprehensive income and the apportioned previously mentioned carrying amount is recognized in profit or loss.

The Company is required to determine whether substantially all the risks and rewards of ownership of a financial asset have been transferred when the financial asset is sold using the recourse method or when the financial asset held by the Company is transferred by endorsement. If substantially all the risks and rewards of ownership of the financial asset have been transferred to the transferor, the financial asset is derecognized; if substantially all the risks and rewards of ownership of the financial asset have been

retained, the financial asset is not derecognized; if neither substantially all the risks and rewards of ownership of the financial asset have been transferred nor retained, the Company continues to determine whether the enterprise retains control over the asset and, in accordance with the preceding paragraphs The accounting treatment is based on the principles described in the preceding paragraphs.

#### (4) Derecognition of financial liabilities

If the present obligation of a financial liability (or a portion thereof) is discharged, the Company derecognizes the financial liability (or the portion of the financial liability). If the Company (the borrower) enters into an agreement with the lender to replace the original financial liability by assuming a new financial liability, and the contractual terms of the new financial liability are materially different from those of the original financial liability, the original financial liability is derecognized and a new financial liability is recognized at the same time. If the Company materially modifies the contractual terms of the original financial liability (or a part thereof), the original financial liability is derecognized and a new financial liability is recognized at the same time in accordance with the modified terms.

If a financial liability (or a portion thereof) is derecognized, the Company recognizes the difference between its carrying value and the consideration paid (including non-cash assets transferred or liabilities assumed) in profit or loss for the current period.

#### (5) Offsetting of financial assets and financial liabilities

When the Company has a legal right to offset the recognized amounts of financial assets and financial liabilities, and such legal right is currently enforceable, and the Company plans to settle the financial assets and settle the financial liabilities on a net basis or simultaneously, the financial assets and financial liabilities are presented in the balance sheet at their net amounts after offsetting each other. Otherwise, financial assets and financial liabilities are presented separately in the balance sheet without offsetting each other.

#### (6) Methods for determining the fair value of financial assets and financial liabilities

Fair value is the price that market participants would receive to sell an asset or pay to transfer a liability in an orderly transaction occurring on the measurement date. If an active market exists for a financial instrument, the Company uses quoted prices in the active market to determine its fair value. Quoted prices in active markets are prices that are readily and regularly available from exchanges, brokers, industry associations, pricing services, etc., and that represent market transactions that actually occur at arm's length. If there is no active market for a financial instrument, the Company uses valuation techniques to determine its fair value. Valuation techniques include reference to prices used in recent market transactions conducted by familiar and voluntarily trading parties, reference to current fair values of other financial instruments that are substantially the same, discounted cash flow methods, and option pricing

models. In valuation, the Company uses valuation techniques that are applicable in the current circumstances and supported by sufficient available data and other information, selects inputs 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 use of relevant observable inputs whenever possible. Where relevant observable inputs are unavailable or impractical to obtain, unavailable inputs are used.

#### (7) Equity instruments

An equity instrument is a contract that evidences ownership of the Company's residual interest in the assets after deducting all liabilities. The Company issues (including refinancing), repurchases, sells or writes off equity instruments as changes in equity, and transaction costs associated with equity transactions are deducted from equity. The Company does not recognize changes in the fair value of equity instruments.

Distributions of dividends (including "interest" from instruments classified as equity instruments) during the life of the Company's equity instruments are treated as an appropriation of earnings.

### 10. Impairment of financial assets

The Company's financial assets subject to impairment loss recognition are financial instruments reported at amortized cost, investments in debt instruments at fair value through other comprehensive income, and lease receivables, mainly including notes receivable, accounts receivable, other receivables, debt investments, other debt investments, and long-term receivables. In addition, for certain financial guarantee contracts, provision for impairment and credit impairment losses are also recognized in accordance with the accounting policies described in this section.

#### (1) Method of recognition of provision for impairment

The Company uses expected credit losses as the basis, for each of the above items, a provision for impairment is made and a credit impairment loss is recognized in accordance with the expected credit loss measurement method (general method or simplified method) applicable to that item.

Credit losses represent the difference between all contractual cash flows receivable under the contracts and all cash flows expected to be collected, discounted at the Company's original effective interest rate, which is the present value of all cash shortages. Of which, for financial assets purchased or originated that credit impairment has been incurred, the Company discounts the credit-adjusted effective interest rate of the financial assets.

The general approach to measuring expected credit losses is that the Company assesses at each balance sheet date whether the credit risk of a financial asset has increased significantly since initial recognition,

and measure the provision for losses and recognize expected credit losses and changes therein, respectively, in accordance with the following circumstances, and the resulting increase or reversal in the provision for losses is recognized as an impairment loss or gain in profit or loss for the current period:

- ① If the credit risk of the financial instrument has not increased significantly since initial recognition and is in the first stage, the Company measures the allowance for losses at an amount equal to the expected credit losses on the financial instrument over the next 12 months and calculates interest income based on the carrying amount and effective interest rate;
- ② If the credit risk of the financial instrument has increased significantly since initial recognition but no credit impairment has occurred, in the second stage, the Company measures its loss allowance at an amount equal to the expected credit loss over the entire life of the financial instrument and calculates interest income based on the carrying amount and effective interest rate;
- ③ If the credit risk of the financial instrument has become credit impaired since initial recognition and is in the third stage, the Company measures its loss allowance at an amount equal to the expected credit loss over the entire life of the financial instrument and calculates interest income based on the amortized cost and effective interest rate.

(2) With low credit risk

A financial instrument is considered to have low credit risk if the risk of default is low, the borrower's ability to meet its contractual cash flow obligations in the short term is strong, and even if adverse changes in economic conditions and business environment in the longer term do not necessarily reduce the receivables' ability to meet their contractual cash flow obligations.

(3) Significant increase in credit risk

The credit risk of a financial asset increases significantly if the probability of default over the expected life of the financial asset determined at the balance sheet date is significantly higher than the probability of default over the expected life of the financial asset determined at initial recognition. Except in special circumstances, the Company uses the change in the risk of default occurring within the next 12 months as a reasonable estimate of the change in the risk of default occurring over the entire duration to determine whether the credit risk has increased significantly since initial recognition. In determining whether credit risk has increased significantly since initial recognition, the Company considers reasonable and substantiated information, including forward-looking information, that is available without unnecessary additional cost or effort. The information considered by the Company includes:

- ① Beneficial changes in business, financial or economic conditions that are expected to result in significant changes in the debtor's ability to meet its debt service obligations.
- ② Whether there is a significant change in the actual or expected results of the debtor's operations.

- ③ Whether the credit risk of other financial instruments issued by the same debtor has increased significantly.
- ④ Whether there is a significant adverse change in the regulatory, economic or technological environment in which the debtor operates.
- ⑤ Whether there is a significant change in the debtor's expected performance and repayment behavior.

At the balance sheet date, if the Company determines that a financial instrument has only low credit risk, the Company assumes that the credit risk of the financial instrument has not increased significantly since initial recognition.

(4) Financial assets that have suffered credit impairment

A financial asset becomes credit impaired when one or more events occur that the Company expects to have an adverse effect on the future cash flows of the financial asset. Evidence that a financial asset is credit impaired includes the following observable information:

- ① Significant financial difficulties of the issuer or debtor;
- ② Breach of contract by the debtor, such as default or overdue in the payment of interest or principal;
- ③ The creditor grants concessions to the debtor that it would not have made under any other circumstances for economic or contractual considerations related to the debtor's financial difficulties;
- ④ The debtor is likely to become insolvent or otherwise financially reorganized;
- ⑤ The disappearance of an active market for the financial asset as a result of the financial difficulties of the issuer or the debtor;
- ⑥ A financial asset is purchased or originated at a significant discount that reflects the fact that a credit loss has occurred.

(5) Combination approach to assess expected credit risk on a combination basis

The Company evaluates credit risk individually for financial assets with significantly different credit risks, such as: receivables from related parties; receivables that are in dispute with the other party or involved in litigation or arbitration; and receivables for which there are clear indications that the debtor is likely to fail to meet its repayment obligations, etc.

In addition to financial assets for which credit risk is assessed individually, the Company divides financial assets into different groups based on common risk characteristics and assesses credit risk on a combination basis.

(6) Accounting treatment method for impairment of financial assets

To reflect changes in the credit risk of financial instruments since initial recognition, the Company remeasures the expected credit losses at each balance sheet date, and the resulting increase or reversal in

the provision for losses should be recognized as an impairment loss or gain in profit or loss for the current period. For financial instruments reported at amortized cost, the provision for losses is offset against the carrying amount of the financial assets presented in the balance sheet; for debt investments measured at fair value through other comprehensive income, the Group recognizes its provision for losses in other comprehensive income without offsetting the carrying amount of the financial assets.

**(7) Methods for determining credit losses on various types of financial assets**

**① Notes receivable**

The Company measures the allowance for losses on notes receivable at an amount equal to the expected credit losses over the entire life of the notes. Based on the credit risk characteristics of the notes receivable, they are classified into different combinations:

Item	Basis for determining the combination
Bank acceptances	The acceptor is a bank with low credit risk
Commercial acceptances	Based on the credit risk classification of the acceptor, the classification should be the same as that of the "accounts receivable" combination

**② Accounts receivable**

For accounts receivable, contract assets, lease receivables and commercial acceptances receivable, whether or not they contain significant financing components, the Company always measures its allowance for losses at an amount equal to the expected credit losses throughout their lives, and the resulting increase or reversal of the allowance for losses is recorded as an impairment loss or gain in profit or loss for the current period.

The Company combined this notes receivable and commercial acceptances receivable according to similar credit risk characteristics and provides for losses on accounts receivable based on all reasonable and substantiated information, including forward-looking information.

The Company uses different methods to provide for bad debts for accounts receivable based on their credit risk characteristics:

Name	Determination basis	Accrual method
Receivables with provision for bad debts based on a combination of credit risk characteristics	Except for accounts receivable for which the provision for losses has been separately measured, The Company prepares a comparison table between the aging of accounts receivable and the expected credit loss rate for the entire lifespan based on the expected credit losses of same or similar accounts receivable combinations with similar credit risk characteristics divided by aging groups in previous years, considering forward-looking information, and calculates the expected credit loss rate	Ageing analysis method

Name	Determination basis	Accrual method
Receivables with a single provision for bad debts	Including related party receivables (all related party customers), receivables without credit risk (such as receivables from government departments), other receivables with obvious signs of impairment, etc.	Single-assessment credit risk accrual

a. Accrual method for expected credit losses using a combination of credit risk characteristics:

Age of accounts	Percentage of accrual for accounts receivable (%)
Within 6 months (including 6 months)	0
7-12 months (including 1 year)	0.5
1-2 years (including 2 years)	10
2-3 years (including 3 years)	20
3-4 years (including 4 years)	50
4-5 years (including 5 years)	50
More than 5 years	100

b. Accounting method using a single provision for expected credit losses

No provision for expected credit losses is made for accounts receivable between related parties' entities and receivables without credit risk, except when objective evidence exists that the Company will not be able to collect the amounts in accordance with the terms of the relevant contracts.

③ Other receivables

The Company uses a simplified approach based on whether the credit risk of other receivables has increased significantly since initial recognition, whereby impairment losses are always measured at the amount of expected credit losses over the entire life of the receivables. Other receivables are provided for as bad debts using different methods based on their credit risk characteristics:

Name	Determination basis	Accrual Method
Receivables with provision for bad debts based on a combination of credit risk characteristics	Except for other receivables for which the provision for losses has been separately measured, The Company determines the allowance for losses between the aging of other receivables based on the expected credit losses of same or similar other receivables combinations with similar credit risk characteristics divided by aging groups in previous years, considering forward-looking information	Ageing analysis method
Receivables with a single provision for bad debts	Including related party receivables (all related parties), receivables without credit risk (receivables for land and other deposits, receivables from minority shareholders and partners for operating transactions, receivables from government departments, employee reserve funds, export tax refunds receivable, letters of credit, deposits, etc.), other receivables with obvious signs of impairment, etc.	Single-assessment credit risk accrual

**a. Accrual method for expected credit losses using combination of credit risk characteristics:**

Age of accounts	Accrual ratio of other receivables (%)
Within 6 months (including 6 months)	0
7-12 months (including 1 year)	0.5
1-2 years (including 2 years)	10
2-3 years (including 3 years)	20
3-4 years (including 4 years)	50
4-5 years (including 5 years)	50
More than 5 years	100

**b. Accrual method in accordance with single provision for expected credit losses:**

The recovery of other receivables assessed individually is subject to the calculation of expected credit losses on an individual basis, taking into account the actual situation of the related receivables. No allowance for expected credit losses is provided for receivables between related parties' entities and receivables without credit risk, except when objective evidence exists that the Company will not be able to collect the amounts in accordance with the terms of the relevant contracts.

**④ Debt investment**

Debt investments mainly account for investments in bonds, etc., which are measured at amortized cost. The Company measures impairment losses using an amount equal to the expected credit losses over the next 12 months, or the entire duration, based on whether the credit risk has increased significantly since initial recognition.

**⑤ Other debt investments**

Other debt investments mainly account for investments in bonds that are measured at fair value and changes in which are recognized in other comprehensive income, etc. The Company measures impairment losses using an amount equal to the expected credit losses over the next 12 months or the entire life of the investment, based on whether the credit risk has increased significantly since initial recognition.

**⑥ Long-term receivables (excluding receivables with significant financing components and lease receivables)**

The Company measures impairment losses on long-term receivables using an amount equal to the expected credit losses over the next 12 months or over the entire life of the receivables, based on whether their credit risk has increased significantly since initial recognition.

## 11. Contract costs

Incremental costs incurred by the Company to acquire a contract that are expected to be recovered are recognized as an asset as contract acquisition costs. However, if the amortization period of the asset does not exceed one year, it is recognized in profit or loss as incurred.

Costs incurred to perform a contract that are not regulated by other ASBE other than "ASBE No.14 - Revenue (revised 2017)" and that also meet the following conditions are recognized as a contract performance cost as an asset: ① the cost is directly related to a current or expected to be obtained contract, including direct labor, direct materials, manufacturing costs (or similar costs), costs explicitly borne by the customer and other costs incurred solely as a result of that contract; ② the cost increases the Group's future resources available to meet performance obligations; ③ the cost is expected to be recovered.

Assets related to contract costs are amortized using the same basis as the revenue recognition of the commodity to which the asset relates and are recognized in profit or loss.

See Note IV (10) Impairment of financial assets for the method of determining expected credit losses on contract costs.

## 12. Inventories

### (1) Category of inventory

Inventories are finished goods or merchandise held for sale in the ordinary course of the Company's activities, products in process of production, materials and supplies consumed in the course of production or provision of services, etc. They mainly include development products, development costs, engineering construction, raw materials, work in process, and inventory goods, etc.

### (2) Valuation method of inventories

The Company's general merchandise and product inventories are valued at actual cost at the time of acquisition, and the cost of inventories includes purchase cost, processing cost and other costs. Upon receipt and issuance, depending on the inventory, it is valued on the basis of the first-in, first-out method, the weighted-average method, and the individually determined method.

Inventories formed from the Company's immovable property and real estate development are initially measured at cost. Inventories mainly consist of inventory materials, development products under construction (development costs), completed development products and development products temporarily leased with the intention to sell, etc. The cost of development products includes land premiums, expenditures for infrastructure facilities, construction and installation expenditures, borrowing costs incurred prior to the completion of development projects and other related costs in the development process.

The Company's construction contracts are measured at actual cost, which includes direct and indirect costs incurred in connection with the execution of the contract from the time the contract is entered into until its completion. Business travel costs and bidding costs incurred to enter into contracts that can be separately distinguished and reliably measured and for which it is probable that the contract will be concluded are included in the cost of the contract when it is obtained; if the above conditions are not met, they are included in profit or loss for the current period.

The cumulative costs incurred and the cumulative recognized gross profit (loss) on contracts under construction are presented in the balance sheet as net amounts after offsetting the settled prices. The excess of the sum of the cumulative costs incurred and the cumulative recognized gross profit (loss) on contracts under construction over the settled price is shown as inventory; the excess of the settled price on contracts under construction over the sum of the cumulative costs incurred and the cumulative recognized gross profit (loss) is shown as advance receipts.

### (3) Inventory system of inventory

Use the perpetual inventory system.

### (4) The basis for determination of the net realizable value of inventories and the accrual method of provision for inventories

Inventories are fully inventoried at the end of the period, the provision for inventory is extracted or adjusted at the lower of the cost and net realizable value of the inventories. The inventories directly for sale, such as finished goods, inventory goods and materials for sale, the net realizable value of the inventory is determined in the ordinary course of production and operation as the estimated selling price of the inventory less estimated selling expenses and related taxes; For material inventories that are subject to processing, the net realizable value of the inventory is determined in the ordinary course of production operations as the estimated selling price of the finished goods produced, less the estimated costs to be incurred to completion, estimated selling expenses and related taxes; The net realizable value of inventory held for the execution of sales contracts or labor contracts is calculated on the basis of the contract price. If the quantity of inventory held exceeds the quantity ordered in the sales contract, the net realizable value of the excess inventory is calculated on the basis of the general sales price.

Provision for inventories at the end of the period is accrued according to individual inventory items; however, for inventories with large quantities and lower unit prices, provision for inventories is accrued according to inventory categories; and for inventories that are related to product lines manufactured and sold in the same region, have the same or similar end use or purpose, and are difficult to be measured separately from other items, provision for inventories is accrued on a consolidated basis.

If the factors affecting the value of inventories previously written down have disappeared, the amount of

the write-down is restored and reversed within the amount of the original provision for inventory decline, and the reversed amount is recognized in profit or loss for the current period.

### **13. Contract assets and contract liabilities**

#### **(1) Contract assets**

The Company presents contract assets in the balance sheet when the customer has not yet paid the contract consideration, but the Company has fulfilled its performance obligations under the contract and the right to collect from the customer is not unconditional (i.e., dependent only on the passage of time). 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 offset.

The method of determining expected credit losses on contract assets is described in Note IV (10) Impairment of financial assets.

#### **(2) Contractual liabilities**

A contract liability is an obligation to transfer merchandise to a customer for which the Company has received or is due to receive consideration from the customer. If, before the Company transfers goods to a customer, the customer has paid the contract consideration or the Company has obtained an unconditional right to receive payment, the Company presents such received or receivable as a contract liability at the earlier of the actual payment by the customer or the amount due and payable. 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 offset.

### **14. Long-term equity investments**

Long-term equity investments referred to in this section are long-term equity investments in which the Company has control, common control or significant influence over the investee. Long-term equity investments in which the Company does not have control, common control or significant influence over the investee may be designated as fair value through other comprehensive income at the time of initial recognition at the option of the Company, the accounting policies of which are described in Note IV (9) Financial instruments.

Common control, which refers to the control shared by the Company over an arrangement in accordance with the relevant agreement, and where the relevant activities of the arrangement can only be decided with the unanimous consent of the participants sharing the control. Significant influence means that the Company has the power to participate in decision-making over the financial and operating policies of the investee, but does not control or share control with other parties over the formulation of those policies.

### (1) Determination of investment cost

For long-term equity investments acquired through business combinations under common control, the initial investment cost of long-term equity investments is determined at the date of consolidation based on the share of the ownership interest of the consolidated party in the carrying amount of the consolidated financial statements of the ultimate controlling party. The difference between the initial investment cost of the long-term equity investment and the carrying amount of cash paid, non-cash assets transferred and liabilities assumed is adjusted to capital reserve; if capital reserve is not sufficient to offset the difference, retained earnings is adjusted. If equity securities are issued as consideration for a merger, the share of the ownership interest of the consolidated party in the carrying value of the consolidated financial statements of the ultimate controlling party is used as the initial investment cost of the long-term equity investment at the date of the merger, and the total par value of the shares issued is used as share capital. The difference between the initial investment cost of the long-term equity investment and the total par value of the shares issued is adjusted to capital reserve; if capital reserve is not sufficient to offset the difference, capital reserve is adjusted to retained earnings. If the equity of the party under the common control is acquired in stages through multiple transactions, resulting in a business combination under the common control, it should be treated as a "package transaction" or not: if it is a "package transaction", each transaction should be treated as a single transaction to obtain control. If the transaction is a "package transaction", each transaction will be accounted for as a transaction to obtain control. If the transaction is not a "package transaction", the initial investment cost of the long-term equity investment at the date of consolidation is based on the share of the carrying value of the ownership interest of the consolidated party in the consolidated financial statements of the ultimate controlling party, and the initial investment cost of the long-term equity investment is equal to the carrying value of the long-term equity investment before the consolidation plus the carrying value of the further acquisition of shares at the date of consolidation. The difference between the initial investment cost of the long-term equity investment and the sum of the carrying value of the long-term equity investment prior to consolidation and the carrying value of the consideration paid for further acquisition of shares is adjusted to capital reserve; if capital reserve is not sufficient to offset the difference, retained earnings is adjusted. Other comprehensive income recognized for equity investments held prior to the date of consolidation due to the adoption of the equity method of accounting or as other equity instruments investments is not accounted for the time being.

For long-term equity investments acquired through a business combination under non-common control, the initial investment cost of the long-term equity investment at the date of purchase is based on the cost of the combination, which includes the sum of the fair value of the assets paid, liabilities incurred or assumed, and equity securities issued by the purchaser. Acquisition of the equity interest of the purchased party in stages through multiple transactions, resulting in a business combination under non-common control, it should be treated as a "package transaction" or not: if it is a "package transaction", each

transaction is treated as a transaction to obtain control. If the transaction is not a "package transaction", the initial investment cost of the long-term equity investment accounted for under the cost method instead is the sum of the carrying value of the equity investment in the investee plus the cost of the new investment. If the equity held is accounted for under the equity method, the related other comprehensive income is not accounted for the time being. If the formerly held equity investment is other equity instruments investments, the difference between its fair value and carrying value, as well as the accumulated changes in fair value previously recognized in other comprehensive income, are transferred to profit or loss for the current period.

Intermediary fees such as audit, legal services, appraisal and consulting, and other related administrative expenses incurred by the merging parties or the purchaser for the business combination are recognized in profit or loss when incurred.

Long-term equity investments other than those resulting from business combinations are initially measured at cost, which is determined, depending on the method of acquisition of the long-term equity investment, by the actual cash purchase price paid by the Company, the fair value of equity securities issued by the Company, the value agreed in the investment contract or agreement, the fair value or original carrying amount of the assets exchanged in a non-monetary asset exchange transaction, and the fair value of the long-term equity investment itself, respectively. Costs, taxes and other necessary expenses directly related to the acquisition of long-term equity investments are also counted in the cost of investments. For additional investments that enable significant influence or joint control over the investee but do not constitute control, the cost of the long-term equity investment is the sum of the fair value of the originally held equity investment plus the cost of the additional investment as determined in accordance with "ASBE No.22 - Recognition and Measurement of Financial Instruments".

## (2) Subsequent measurement and profit and loss recognition methods

Long-term equity investments in which the Company has common control (except for those that constitute joint operators) or significant influence over the investee are accounted for using the equity method. In addition, the financial statements use the cost method to account for long-term equity investments that are capable of exercising control over the investee.

### ① Long-term equity investments accounted for under the cost method

When the cost method of accounting is adopted, long-term equity investments are carried at initial investment cost, and the cost of long-term equity investments is adjusted for additional or recovered investments. Except for cash dividends or profits declared but not yet paid included in the actual price or consideration paid for the investment at the time of acquisition, current investment income is recognized on the basis of entitlement to cash dividends or profits declared by the investee.

## ② Long-term equity investments accounted for under the equity method

When the equity method of accounting is adopted, if the initial investment cost of a long-term equity investment is greater than the share of the fair value of the identifiable net assets of the investee at the time of investment, the initial investment cost of the long-term equity investment is not adjusted; if the initial investment cost is less than the share of the fair value of the identifiable net assets of the investee at the time of investment, the difference is recognized in profit or loss for the current period and the cost of the long-term equity investment is adjusted.

Under the equity method of accounting, investment income and other comprehensive income are recognized respectively in accordance with the investee's share which should be enjoyed or contributed of net profit or loss and other comprehensive income, and the carrying value of long-term equity investments is adjusted; the carrying value of long-term equity investments is reduced accordingly to the extent of the investee's share of profits or cash dividends declared by the investee; For changes in the ownership interest of the investee other than net profit or loss, other comprehensive income and profit distribution, the carrying value of the long-term equity investment is adjusted and recognized as capital reserve. In recognizing the share of net profit or loss of the investee, the fair value of each identifiable asset of the investee at the time the investment is acquired is used as the basis for recognition, after adjusting the net profit of the investee. If the accounting policies and accounting periods adopted by the investee are different from those of the Company, the financial statements of the investee are adjusted in accordance with the Company's accounting policies and accounting periods, and investment income and other comprehensive income are recognized accordingly. For transactions between the Company and its associates and joint ventures, if the assets invested or sold do not constitute a business, the unrealized internal transaction gains or losses are offset in proportion to the percentage of enjoyment that is attributable to the Company, and investment gains or losses are recognized on this basis. However, unrealized internal transaction losses incurred by the Company and its investees that are attributable to impairment losses on the assets transferred are not offset. If the assets invested by the Company in a joint venture or an associate constitute a business, and the investor thus acquires a long-term equity investment but does not obtain control, the fair value of the business invested is used as the initial investment cost of the new increase long-term equity investment, and the difference between the initial investment cost and the carrying amount of the business invested is recognized in full in profit or loss for the current period. If the assets sold by the Company to a joint venture or an associate constitute a business, the difference between the consideration received and the carrying value of the business is recognized in full in profit or loss for the current period. If the assets acquired by the Company from its associates and joint ventures constitute a business, they are accounted for in accordance with "the ASBE No.20 - Business Combinations", and the full amounts of transaction-related gains or losses is recognized.

In recognizing the share of net loss incurred by an investee, the carrying value of long-term equity investments and other long-term interests that substantially constitute a net investment in the investee to the extent it is written down to zero. In addition, if the Company has an obligation to assume additional losses of the investee, it recognizes a projected liability for the expected obligation to be assumed, which is included in the current investment loss. If the investee achieves net profit in a subsequent period, the Company resumes recognition of revenue sharing after the revenue sharing amount makes up for the unrecognized loss sharing amount.

### ③ Acquisition of minority interests

In preparing the consolidated financial statements, the difference between the additional long-term equity investment resulting from the purchase of minority interest and the share of net assets of the subsidiary calculated on a continuing basis from the date of purchase (or the date of consolidation) based on the percentage of new increase shareholding is adjusted to capital reserve, and if capital reserve is not sufficient for elimination, retained earnings are adjusted.

### ④ Disposal of long-term equity investments

In the consolidated financial statements, if the parent company partially disposes of its long-term equity investments in subsidiaries without loss of control, the difference between the disposal price and the net assets of the subsidiaries corresponding to the disposal of the long-term equity investments is recorded in shareholders' equity; if the parent company partially disposes of its long-term equity investments in subsidiaries resulting in loss of control over the subsidiaries, it is treated in accordance with the relevant accounting policies described in Note IV (5) "Preparation method of consolidated financial statements".

For the disposal of long-term equity investments in other cases, the difference between the carrying amount and the actual acquisition price of the disposed equity is recognized in profit or loss for the current period.

For long-term equity investments accounted for using the equity method, if the remaining equity after disposal is still accounted for using the equity method, the portion of other comprehensive income originally recognized in owners' equity is accounted for at the time of disposal on the same basis as the direct disposal of the related assets or liabilities by the investee in proportion to the corresponding percentage. Owner's equity recognized as a result of changes in the investee's ownership interest other than net profit or loss, other comprehensive income and profit distribution is carried forward to current profit or loss on a proportionate basis.

For long-term equity investments accounted for using the cost method, if the remaining equity after disposal is still accounted for using the cost method, other comprehensive income recognized as a result of the equity method accounting or accounting for financial instruments recognition and measurement

standards prior to the acquisition of control over the investee is accounted for on the same basis as the direct disposal of the related assets or liabilities by the investee and is carried forward to current profit or loss on a proportionate basis; changes in owners' equity other than net profit or loss, other comprehensive income and profit distribution in the net assets of the investee recognized as a result of the equity method accounting are carried forward to current profit or loss on a proportionate basis.

If the Company loses control over an investee due to the disposal of a portion of its equity investment, the remaining equity after the disposal is able to exercise common control or significant influence over the investee when preparing the individual financial statements is accounted for under the equity method, and the remaining equity is adjusted as if it had been accounted for under the equity method since its acquisition; if the remaining equity after the disposal is unable to exercise common control or significant influence over the investee, it is accounted for in accordance with the relevant provisions of the guidelines on recognition and measurement of financial instruments. The difference between the fair value and the carrying amount at the date of loss of control is recognized in profit or loss for the current period. For other comprehensive income recognized as a result of the adoption of the equity method of accounting or the standard on recognition and measurement of financial instruments before the Company gained control over the investee, the same basis of accounting as that used for the direct disposal of the related assets or liabilities of the investee is used when control over the investee is lost, and changes in owner's equity recognized in the net assets of the investee as a result of the adoption of the equity method of accounting, other than net profit or loss, other comprehensive income and profit distribution are transferred to profit or loss in current period when control over the investee is lost. Of these, if the remaining equity after disposal is accounted for under the equity method, other comprehensive income and other owners' equity are carried forward proportionately; if the remaining equity after disposal is accounted for under the recognition and measurement of financial instruments standard instead, other comprehensive income and other owners' equity are carried forward in full.

If the Company loses common control or significant influence over an investee as a result of the disposal of a portion of its equity investment, the remaining equity after disposal is accounted for in accordance with the criteria for recognition and measurement of financial instruments, and the difference between its fair value and carrying amount at the date of loss of common control or significant influence is recognized in profit or loss for the current period. Other comprehensive income recognized as a result of the adoption of the equity method of accounting for the former equity investment is accounted for on the same basis as the direct disposal of the related assets or liabilities by the investee upon the termination of the equity method of accounting. Owner's equity recognized as a result of changes in the investee's ownership interest other than net profit or loss, other comprehensive income and profit distribution is transferred in full to current investment income upon the termination of the equity method of accounting.

The Company disposes of its equity investments in subsidiaries through multiple transactions in stages until it loses control. If the above transactions are package transaction, each transaction is accounted for as a disposal of equity investments in subsidiaries and loss of control, and the difference between the disposal price and the carrying value of the long-term equity investment corresponding to the equity disposed of in each case before the loss of control is first recognized as other comprehensive income and then transferred to profit or loss for the period in which control is lost when control is lost.

### (3) Impairment testing methods and impairment provisioning methods

The impairment test method and provision method for impairment of long-term equity investments are detailed in Note IV (21) Impairment of long-term assets.

## 15. Investment properties

Investment properties are real estate held to earn rentals or for capital appreciation, or both. It includes land use rights that have been leased out, land use rights that are held and intended to be transferred after appreciation, and buildings that have been leased out (including buildings that are used for leasing after completion of construction or development activities by the Company and buildings that will be used for leasing in the process of construction or development); In addition, vacant buildings held by the Company for operating lease are also treated as investment properties if it is clear that they will be used for operating lease and the intention to hold them will not change in the near future.

### (1) Accounting method for investment properties using the fair model

Investment properties are subsequently measured using the fair value model, No depreciation or amortization is provided on investment properties, and the carrying amount is adjusted at the balance sheet date based on the fair value of investment properties, with the difference between the fair value and the original carrying amount recognized in profit or loss for the current period, taking into account the effect of deferred income tax or deferred income tax liabilities.

When the Company has conclusive evidence of a change in the use of real estate and converts an investment property into a self-use property, the fair value of the property at the date of conversion is used as the carrying value of the self-use property, and the difference between the fair value and the original carrying value is recognized in profit or loss for the current period;

When owner-occupied properties or inventories are converted to investment properties measured using the fair value model, investment properties are carried at fair value on the date of conversion. If the fair value on the date of conversion is less than the original carrying amount, the difference is recognized in profit or loss for the current period; if the fair value on the date of conversion is greater than the original carrying amount, the difference is recognized in owners' equity.

Investment properties are derecognized when they are disposed of, or permanently withdrawn from use, and no economic benefits are expected from their disposal. Proceeds from disposal of investment properties that are sold, transferred, scrapped or destroyed, net of their carrying amounts and related taxes, are recognized in profit or loss in the current period.

(2) Basis for selecting fair value

The company uses the fair value model for subsequent measurement of investment properties at the balance sheet date and the accounting policy selection is based on:

① There is an active market for real estate transactions in the location of the investment property.

The Company's investment properties located regions with more developed economic development, real estate transaction market is more active.

② The Company is able to obtain market prices for similar or comparable properties and other relevant information from the real estate transaction market in order to make a reasonable estimate of the fair value of investment properties.

Through the real estate market transaction inquiry and other surveys, the market price of same or similar real estate market and other related information can be obtained from the real estate transaction market, The fair value of investment properties can be obtained by reasonably valuing the fair value of investment properties at the end of the accounting period through such means as hiring professionally qualified professional appraisers to issue appraisal reports for valuation.

③ The key assumptions and main uncertainties used by the Company in estimating the fair value of investment properties are:

Due to changes in the operating environment and the changing factors that affect the value of assets, assumptions must be established to determine the value of assets. These include general assumptions and specific assumptions, among the general assumptions including: going concern assumptions; trading assumptions; open market assumptions. Special assumptions include:

a. Stable economic environment assumption: It is assumed that there are no significant changes in the relevant laws and regulations and policies in force in the country and the macroeconomic situation of the country after the valuation reference date, no significant changes in the political, economic and social environment of the regions in which the parties to the transaction are located, and no significant adverse impact caused by other unpredictable and force majeure factors.

b. No significant change assumption: It is assumed that there are no significant changes in national interest rates, exchange rates, tax bases and rates, policy levy fees, etc.

c. No adverse effect assumption: it is assumed that there are no other human force majeure and

unforeseen factors that have a significant adverse effect on the assets to be valued.

In determining the fair value of investment properties, reference is made to the prevailing market price of same or similar properties in an active market; if the prevailing market price of same or similar properties is not available, reference is made to the most recent transaction price of same or similar properties in an active market, taking into account factors such as the circumstances of the transaction, the date of the transaction and the area in which it is located, so as to make a reasonable estimate of the fair value of the investment property; or its fair value is determined based on the present value of rental income and related cash flows expected to be obtained in the future.

## 16. Fixed Assets

### (1) Conditions for recognition of fixed assets

Fixed assets account for tangible assets such as houses, buildings, machines, machinery, transportation means and other equipment, appliances and tools related to production and operation that are held by an enterprise for the production of goods, provision of services, rental or operation management and have a useful life of more than one fiscal year. Fixed assets are recognized when the following conditions are also met:

- ① It is probable that the economic benefits associated with the fixed asset will flow to the enterprise;
- ② The cost of the fixed asset can be measured reliably.

### (2) Initial measurement of fixed assets

The Company's fixed assets are initially measured at cost, of which:

- ① The cost of purchased fixed assets includes the purchase price, import duties and other related taxes, and other expenses directly attributable to the fixed assets incurred before they reach their intended useable state.
- ② The cost of self-constructed fixed assets consists of the necessary expenditures incurred before the construction of the asset reaches its intended useable state.
- ③ The fixed assets invested by investors are recorded at the value agreed in the investment contract or agreement, but the value agreed in the contract or agreement is not fair and is recorded at fair value.
- ④ Where the purchase price of a fixed asset is deferred beyond normal credit terms and is substantially of a financing nature, the cost of the fixed asset is determined on the basis of the present value of the purchase price. The difference between the actual price paid and the present value of the purchase price, except for those to be capitalized, is recognized in current profit or loss over the credit period.

**(3) Subsequent measurement and disposal of fixed assets****① Depreciation of fixed assets**

Depreciation of fixed assets, except for fully depreciated fixed assets that continue to be used and land that is separately valued in the accounts, is provided using the average annual method, depreciation rates are determined based on the type of fixed assets, estimated useful life and estimated net salvage value.

Fixed assets formed using special reserve expenditures are written off against the special reserve at the cost of forming the fixed assets, and accumulated depreciation of the same amount is recognized. The fixed assets are not depreciated in subsequent periods.

The Company determines the useful life and estimated net salvage values of fixed assets based on the nature and utilization of the fixed assets. We also review the useful lives, estimated net salvage values and depreciation methods of fixed assets at the end of the year, and make adjustments accordingly if there are differences from the original estimates.

The depreciable lives and annual depreciation rates of various types of fixed assets are as follows:

Category	Depreciable life (years)	Residual value rate (%)	Annual depreciation rate (%)
Houses and buildings	20-40	3	2.43-4.85
Transport equipment	8-18	3	5.39-12.12
Machinery equipment	3-10	5	9.50-31.67
Office equipment	3-5	3	19.4-32.33
Electronic equipment	5	3	19.4
Others (Including gas transmission lines)	3-30	5	3.17-31.67

**② Subsequent expenses of fixed assets**

Subsequent expenditures related to fixed assets are charged to the cost of fixed assets if the conditions for recognition of fixed assets are met; if the conditions for recognition of fixed assets are not met, they are charged to current profit or loss as incurred.

**③ Disposal of fixed assets**

A fixed asset is derecognized when it is disposed of, or when no economic benefits are expected to arise from its use or disposal. Proceeds from disposal of fixed assets that are sold, transferred, scrapped or destroyed, net of their carrying amounts and related taxes, are recognized in profit or loss for the current period.

**(4) Impairment testing methods and impairment provisioning methods for fixed assets**

For details of the impairment testing method and impairment provision for fixed assets, see Note IV (21)

Impairment of long-term assets.

### **17. Construction in progress**

#### **(1) Type of construction in progress**

The Company's self-constructed construction in progress is valued at actual cost, which consists of the necessary expenditures incurred to construct the asset to its intended useable condition, including the cost of materials for construction, labor costs, related taxes and fees paid, borrowing costs to be capitalized and overhead costs to be apportioned. The Company's construction in progress is accounted for by project classification.

#### **(2) Criteria and point of time for transferring construction in progress to fixed assets**

Construction-in-progress projects are recorded as fixed assets at the value of all expenditures incurred before the construction of the asset reaches its intended useable state. If the construction in progress has reached its intended useable state but has not yet been completed, the estimated value is transferred to fixed assets based on the budget, cost or actual cost of the project from the date it reaches its intended useable state, and the depreciation of fixed assets is recorded in accordance with the Company's depreciation policy for fixed assets, and the original provisional estimated value is adjusted based on the actual cost after the completion of the final account, but the original depreciation is not adjusted. However, the depreciation originally charged is not adjusted.

#### **(3) Impairment testing methods for construction in progress and impairment provisioning methods**

For details of the impairment testing method and impairment provision for construction in progress, see Note IV (21) Impairment of long-term Assets.

### **18. Borrowing costs**

#### **(1) The recognition principle of capitalization of borrowing costs**

Borrowing costs incurred by the Company that are directly attributable to the acquisition or production of assets eligible for capitalization are capitalized and charged to the cost of the related assets; other borrowing costs are recognized as expenses as incurred and charged to current profit or loss based on the amount incurred.

Assets eligible for capitalization are assets such as property, plant and equipment, investment properties and inventories that require a substantial period of time for their acquisition or production activities to reach their intended use or saleable condition.

Borrowing costs begin to be capitalized when both of the following conditions are met:

- ① Expenditure on assets has been incurred, which includes expenditure incurred in the form of cash

payments, transfer of non-cash assets or assumption of interest-bearing debt for the acquisition or production of assets eligible for capitalization;

② Borrowing costs have been incurred;

③ The acquisition or production activities necessary to bring the asset to its intended use or saleable condition have begun.

#### (2) Period of capitalization of borrowing costs

The capitalization period refers to the period from the point at which capitalization of borrowing costs commences to the point at which capitalization ceases, excluding the period during which capitalization of borrowing costs is suspended.

Borrowing costs cease to be capitalized when the acquisition or production of assets eligible for capitalization reaches its intended use or saleable condition.

When part of the acquisition or production of an asset eligible for capitalization is completed separately and can be used separately, the borrowing costs for that part of the asset cease to be capitalized.

The capitalization of borrowing costs ceases when the asset is completed as a whole if the parts of the asset that are acquired or produced are completed separately but must wait until the whole is completed before it can be used or sold to the public.

#### (3) Suspension of capitalization period

Borrowing costs are suspended if there is an unusual interruption in the process of acquisition or production of an asset eligible for capitalization and the interruption lasts for more than three consecutive months; if the interruption is necessary to bring the asset eligible for capitalization to its intended useable or marketable condition, the borrowing costs continue to be capitalized. Borrowing costs incurred during the interrupted period are recognized as current profit or loss until the construction or production of the asset is restarted before the borrowing costs continue to be capitalized.

#### (4) Calculation method of the capitalization amount of borrowing costs

Interest expenses on special borrowings (net of interest income earned on unused borrowed funds deposited in banks or investment income earned on temporary investments) and their ancillary costs are capitalized until the acquired or produced assets that qualify for capitalization reach their intended use or saleable condition.

The amount of interest to be capitalized on general borrowings is calculated by multiplying the weighted-average number of asset expenditures in excess of the portion of accumulated asset expenditures over special borrowings by the capitalization rate of the general borrowings occupied. The capitalization rate is determined based on the weighted-average interest rate on general borrowings.

If there is a discount or premium on the borrowings, the amount of discount or premium to be amortized in each accounting period is determined by the effective interest method, and the amount of interest is adjusted for each period.

#### 19. Intangible assets

Intangible assets are identifiable non-monetary assets, that are owned or controlled by the company and are not exist in physical form, including software.

##### (1) Initial measurement of intangible assets

The cost of an externally acquired intangible asset includes the purchase price, related taxes and other expenses directly attributable to bringing the asset to its intended usage. Where the purchase price of an intangible asset is deferred payment beyond normal credit terms and is substantially of a financing nature, the cost of the intangible asset is determined on the basis of the present value of the purchase price.

Debt restructuring acquisition of intangible assets used by the debtor to offset debt, the fair value of the intangible asset is used to determine its recorded value, and the difference between the carrying amount of the restructured debt and the fair value of the intangible asset used to offset the debt is recognized in profit or loss in current period.

Provided that the exchange of non-monetary assets has commercial substance and the fair value of the exchange of incoming assets or exchange of outgoing assets can be measured reliably, Recorded value of intangible assets acquired in exchange for non-monetary assets are Determined at the basis on fair value of the exchange of outgoing assets, unless there is conclusive evidence that the fair value of the exchange of incoming assets is more reliable; for non-monetary assets exchanges that do not satisfy the above premise, the carrying amount of the asset exchange of outgoing assets and the related tax are used as the cost of the exchange of intangible assets of the exchange of incoming assets, and no gain or loss is recognized.

The recorded value of intangible assets acquired by way of absorption of enterprises under common control is determined at the carrying value of the consolidated party; the recorded value of intangible assets acquired by way of absorption of enterprises under non-common control is determined at fair value.

The cost of an intangible assets developed internally includes materials used in developing the intangible asset, labor costs, registration fees, amortization of other patents and licenses used in the development process and interest expense that conforms to the capitalization conditions, and other direct costs incurred before bring the intangible asset to its intended usage.

##### (2) Subsequent measurement of intangible assets

The Company analyzes and determines the useful life of intangible assets at the time of acquisition and

classifies them as intangible assets with finite useful life and those with indefinite useful life.

① Intangible assets with finite useful life

Intangible assets with finite useful life are amortized on a straight-line basis over the period that provides economic benefits to the enterprise.

At the end of each period, the useful lives and amortization methods of intangible assets with finite useful lives are reviewed and adjusted accordingly if they differ from the original estimates.

② Intangible assets with indefinite useful life

Intangible assets with indefinite useful life are considered to be intangible assets for which the period of economic benefits to the enterprise is not foreseeable. Intangible assets with indefinite useful life are not amortized over the holding period, and the life of intangible assets are reviewed at the end of each period. If it is still uncertain after re-examination at the end of the period, the impairment test is continued in each accounting period.

③ Provision for impairment of intangible assets

For details of the impairment testing method and impairment provision method for intangible assets, see Note IV (21) Impairment of long-term Assets.

## 20. Long-term prepaid expenses

Long-term amortization expenses refers to all expenses that have been incurred but should be borne by the Company in the current and future periods and are apportioned over a period of more than one year. Long-term amortization is amortized on a straight-line basis over the benefit period.

Long-term amortization expenses incurred by the Company are valued at actual cost and amortized evenly over the estimated benefit period. For items of long-term amortization expenses that will not benefit subsequent accounting periods, the amortized value of the items is fully charged to current profit or loss when determined.

## 21. Impairment of long-term assets

For non-current non-financial assets such as fixed asset, construction in progress, intangible assets with finite useful lives and long-term equity investments in subsidiaries, joint ventures and associates, etc., the Company determines whether there is an indication of impairment at the balance sheet date. If there is an indication of impairment, the recoverable amount is estimated and tested for impairment. Goodwill, intangible assets with indefinite useful life and intangible assets that have not yet reached their serviceable status are tested for impairment annually regardless of whether there is an indication of impairment.

If the result of the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, provision for impairment is made for the difference and impairment loss is recorded. The recoverable amount is the higher of the asset's fair value less costs of disposal and the present value of estimated future cash flows of the asset. The fair value of an asset is determined based on the Sales agreement price of the asset in a fair trade; if no sales agreement exists but an active market for the asset exists, the fair value is determined based on the buyer's bid for the asset; if no sales agreement and no active market for the asset exist, the fair value of the asset is estimated based on the best available information. Disposal costs include legal fees, related taxes, removal costs and direct costs incurred to bring the asset to a saleable condition in connection with the disposal of the asset. The present value of the expected future cash flows of an asset is determined by discounting the asset at an appropriate discount rate based on the expected future cash flows arising from its continuing use and eventual disposal. The provision for asset impairment is calculated and recognized on an individual asset basis. If it is difficult to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group is determined using the asset group to which the asset belongs. An asset group is the smallest combination of assets that can generate cash inflows independently.

Goodwill that is separately presented in the financial statements is tested for impairment by apportioning the carrying amount of goodwill to the group of assets or combination of groups of assets that are expected to benefit from the synergies of the business combination. If the result of the test indicates that the recoverable amount of the asset group or group of assets containing the apportioned goodwill is less than its carrying amount, a corresponding impairment loss is recognized. The amount of the impairment loss is reduced first by the carrying amount of the goodwill apportioned to the asset group or group of assets, and then Prorated reduction of the carrying value of each other asset that based on the proportion of the carrying value of each asset other than goodwill in the asset group or group of assets.

Once the above impairment loss is recognized, the portion of the asset whose value can be restored is not reversed in subsequent periods.

## **22. Employee compensation**

Employee compensation refers to various forms of remuneration or compensation given by the Company to obtain the services provided by the employee or to terminate the employment relationship. Employee compensation includes short-term salary, post-employment benefits, severance benefits and other long-term employee benefits.

### **(1) Short-term salary**

Short-term salary is defined as employee compensation, excluding post-employment benefits and termination benefits, that is payable in full within twelve months after the end of the annual reporting

period in which the employees render the related services. The Company recognizes short-term compensation payable as a liability in the accounting period in which the employee provides services, and counts as the cost of related assets and expenses according to the beneficiary of the services provided by the employee.

### (2) Post-employment benefit

Post-employment benefits are all forms of compensation and benefits provided by the Company after staff retirement or termination of employment with the Company, except short-term salary and termination benefits.

The Company's postemployment benefit plans are classified as defined contribution plans and defined benefit plans.

The defined contribution plan for post-employment benefits is mainly for participation in basic social pension insurance and unemployment insurance organized and implemented by local labor and social security institutions; the amount to be contributed under the defined contribution plan is recognized as a liability in the accounting period in which the employee provides services to the Company and is charged to current profit or loss or the cost of related assets.

### (3) Termination benefits

Termination benefits are compensation given by the Company to employees for the termination of their employment relationship before the expiration of their employment contracts or to encourage employees to voluntarily accept redundancy. A liability arising from the compensation given for the termination of employment relationship with employees is recognized at the earlier of the time when the Company cannot unilaterally withdraw the termination plan or the proposed redundancy and the time when costs related to the restructuring involving the payment of termination benefits are recognized, and is also recognized in profit or loss for the current period.

The Company provides internal retirement benefits to employees who accept internal retirement arrangements. Internal retirement benefits refer to salaries and social insurance contributions paid to employees who have not reached the retirement age set by the State and who voluntarily withdraw from their jobs with the approval of the Company's management. The Company pays internal retirement benefits to internally retired employees from the date of commencement of internal retirement arrangements until the employees reach normal retirement age. For internal retirement benefits, the Company accounts for them as if they were termination benefits, and recognizes as a liability the salaries to be paid and social insurance premiums to be paid on behalf of internally retired employees from the date the employees cease to render services to the normal retirement date, etc., when the conditions related to recognition of termination benefits are met, and records them as a lump sum in current profit or

loss. Differences arising from changes in actuarial assumptions and adjustments to benefit standards for internally retired benefits are recognized in profit or loss as incurred.

### **23. Bonds Payable**

#### **(1) General corporate bonds**

Bonds payable at fair value through profit or loss are initially recognized at their fair value, and the related transaction costs are recognized directly in current profit or loss and subsequently measured at fair value.

For other categories of bonds payable, the sum of the fair value and related transaction costs is used as the initial recognition amount, and amortized cost is used for subsequent measurement. The premium or discount is an adjustment to interest expense over the life of the bonds payable and is amortized over the life of the bonds using the effective interest method.

#### **(2) Convertible corporate bonds**

The convertible bonds issued by the Company are initially recognized by splitting the liability component and the equity component, with the liability component recognized as bonds payable and the equity component recognized as capital reserve. The initial recognition amount of the liability component is determined by discounting the future cash flows of the liability component, and then the initial recognition amount of the equity component is determined by deducting the initial recognition amount of the liability component from the total issue price. Transaction costs incurred for the issuance of convertible bonds are apportioned between the liability component and the equity component based on their respective relative fair values.

### **24. Provisions**

#### **(1) Criteria for recognition of provision**

The Company recognizes a provision when the obligation associated with the contingency meets both of the following conditions:

the obligation is a present obligation assumed by the Company;

It is probable that the performance of the obligation will result in an outflow of economic benefits to the Company;

The amount of the obligation can be measured reliably.

#### **(2) Measurement method of provision**

The Company's provisions are initially measured at the best estimate of the expenditure required to settle the related present obligation.

In determining the best estimate, considering Comprehensively the factors such as risks associated with contingencies, uncertainties and the time value of money, etc. For those with a significant impact on the time value of money, the best estimate is determined by discounting the related future cash outflows.

The best estimates are handled separately as follows:

Where a continuous range (or interval) of required expenditures exists and the likelihood of various outcomes within that range is equal, the best estimate is determined as the middle value of the range, i.e., the average of upper and lower amounts.

If there is no continuous range (or interval) of expenditures required, or if there is a continuous range but the probabilities of various outcomes within that range are not the same, the best estimate is determined based on the most probable amount if the contingency relates to a single item; if the contingency relates to multiple items, the best estimate is determined based on various probable outcomes and related probabilities.

If all or part of the expenditures required to settle a projected liability are expected to be reimbursed by a third party, the amount of reimbursement is recognized separately as an asset when it is substantially certain that it will be received, and the amount of reimbursement recognized does not exceed the carrying amount of the projected liability.

## 25. Revenue

When the contract between the company and the customer simultaneously meets the following conditions, revenue is recognized when the customer obtains control of the relevant goods: all parties to the contract have approved the contract and promised to fulfill their respective obligations; The contract specifies the rights and obligations of all parties involved in the transfer of goods or provision of services; The contract has clear payment terms related to the transferred goods; The contract has commercial substance, which means that fulfilling the contract will change the risk, time distribution, or amount of the company's future cash flow; The consideration that the company is entitled to receive due to the transfer of goods to customers is likely to be recovered.

At the contract commencement date, the Company identifies each individual performance obligation that exists in the contract and apportions the transaction price to each individual performance obligation in relative proportion to the individual selling price of the commodity promised by each individual performance obligation. The impact of factors such as variable consideration, existence of significant financing components in the contract, non-cash consideration, and consideration payable to customers are considered in determining the transaction price.

For each individual performance obligation under a contract, the Company recognizes as revenue the

transaction price apportioned to that individual performance obligation in accordance with the progress of performance during the relevant performance period if one of the following conditions is met: the customer obtains and consumes the economic benefits from the Company's performance at the same time as the Company's performance; the customer is able to control the goods under construction in the course of the Company's performance; The goods produced in the course of the Company's performance have irreplaceable usage, and the Company is entitled to receive payments for the portion of performance that has been completed to date on a cumulative basis throughout the contract period. The progress of performance is determined using the input method or output method depending on the nature of the goods transferred, When the progress of performance cannot be reasonably determined, the Company recognizes revenue in the amount of costs already incurred until the progress of performance can be reasonably determined, if the costs already incurred are expected to be reimbursed.

If one of the above conditions is not met, the company will recognize revenue based on transaction price apportioned to the individual performance obligation at the time when the customer obtains control of the relevant goods. When judging whether the customer has obtained control of the product, the company considers the following indications: the enterprise has the current right to receive payment for the product, that is, the customer has the current payment obligation for the product; The enterprise has transferred the legal ownership of the product to the customer, that is, the customer already has the legal ownership of the product; The enterprise has transferred the physical item of the product to the customer, that is, the customer has taken physical possession of the product; The enterprise has transferred the main risks and rewards of ownership of the goods to the customer, that is, the customer has obtained the main risks and rewards of ownership of the goods; The customer has accepted the product; Other signs indicating that the customer has obtained control of the product. The main business confirmation methods of our company are as follows:

(1) Revenue from real estate sales

For real estate sales that satisfy the condition of fulfilling performance obligations within a certain period of time in accordance with the terms of the sales contract and the legal and regulatory requirements of each location, the Company recognizes revenue in accordance with the progress of performance within that period; for other real estate sales, revenue is recognized when the property is completed and accepted, the conditions for delivery as agreed in the sales contract are met, and at the point when the customer obtains control of the related goods or services.

(2) Revenue from sales of goods

Contracts for the sale of goods between the Group and its customers usually contain only performance obligations for the transfer of goods. The Group usually recognizes revenue at the point of transfer of control of the merchandise based on considering comprehensively the following factors: acquisition of the

present right to receive current payment of the merchandise, transfer of the principal risks and rewards of ownership of the merchandise, transfer of legal title to the merchandise, transfer of the physical assets of the merchandise, and acceptance of the merchandise by the customer.

### (3) Construction contract

Contract revenue and contract costs are recognized on the balance sheet date under the percentage of completion method when the outcome of the construction contract can be reliably estimated. The progress of contract completion is determined by the proportion of accumulated actual contract costs incurred to the total estimated contract costs, the proportion of contract workload performed to the total estimated contract workload, and the actual measured progress of completion.

The results of a construction contract can be reliably estimated means that both: ① the total contract revenue can be measured reliably; ② it is probable that the economic benefits associated with the contract will flow to the enterprise; ③ the actual contract costs incurred can be clearly distinguished and measured reliably; ④ the progress of completion of the contract and the costs still to be incurred to complete the contract can be reliably determined.

If the outcome of a construction contract cannot be reliably estimated, but the contract costs can be recovered, contract revenue is recognized based on the actual contract costs that can be recovered, and contract costs are recognized as contract expenses in the period in which they are incurred; if it is not probable that the contract costs will be recovered, they are recognized as contract expenses immediately when incurred, and no contract revenue is recognized. If the uncertainties that make the outcome of the construction contract cannot be reliably estimated no longer exist, the revenue and expenses related to the construction contract are determined in accordance with the percentage of completion method.

If the total expected cost of a contract exceeds the total contract revenue, the expected loss is recognized as a current expense.

The cumulative costs incurred and the cumulative recognized gross profit (loss) on contracts under construction are presented in the balance sheet as net amounts after offsetting the settled prices. The excess of the sum of the cumulative costs incurred and the cumulative recognized gross profit (loss) on contracts under construction over the settled price is shown as inventory; the excess of the settled price on contracts under construction over the sum of the cumulative costs incurred and the cumulative recognized gross profit (loss) is shown as advance receipts.

## 26. Government grants

Government grants, which are monetary and non-monetary assets acquired by the Company from the government without compensation, do not include capital invested by the government as the owner of the

enterprise. Government grants are classified as asset-related government grants and revenue-related government grants based on the objects of the grants specified in the relevant government documents.

Government grants related to assets are government grants acquired by the Company for the acquisition and construction or other formation of long-term assets. Government grants related to revenue are government grants other than those related to assets.

#### (1) Recognition of government grants

Government grants are recognized at the amount receivable if there is evidence that the Company can meet the relevant conditions set forth in the financial support policy at the end of the period and the financial support funds are expected to be received. Other than that, government grants are recognized when they are actually received.

Government grants that are monetary assets are measured at the amounts received or receivable. Government grants that are non-monetary assets are measured at fair value; if the fair value cannot be reliably obtained, they are measured at a nominal amount (RMB1 yuan). Government grants measured at nominal amount are recognized directly in profit or loss for the current period.

#### (2) Accounting treatment

Government grants related to assets are recognized as deferred income and are recognized in profit or loss in accordance with a reasonable and systematic method over the useful lives of the assets constructed or purchased;

Government grants related to income, which are used to compensate the enterprise for related expenses or losses in subsequent periods, are recognized as deferred income and recognized in profit or loss in the current period in which the related expenses or losses are recognized; if they are used to compensate the enterprise for related expenses or losses already incurred, they are recognized directly in current profit or loss when acquired.

Government grants related to the daily activities of the enterprise are included in other income; government grants not related to the daily activities of the enterprise are included in non-operating income and expenses.

Government subsidies received in connection with the policy preferential loan discount are offset against the related borrowing costs; if a policy preferential interest rate loan is obtained from a lending bank, the actual amount of the loan received is used as the recorded value of the loan, and the related borrowing costs are calculated based on the principal amount of the loan and the policy preferential interest rate.

When a recognized government subsidy is required to be returned, the carrying amount of the asset is adjusted if the initial recognition is reduced by the carrying value of the related asset; if there is a related

deferred revenue balance, the carrying value of the related deferred revenue is reduced and the excess is recognized in profit or loss for the current period; if there is no related deferred revenue, it is recognized directly in profit or loss for the current period.

## **27. Deferred tax assets and deferred tax liabilities**

### **(1) Basis for recognition of deferred income tax assets**

The Company recognizes deferred income tax assets arising from deductible temporary differences to the extent that it is probable that taxable income will be available against which the deductible temporary differences can be utilized.

### **(2) Basis for recognition of deferred income tax liabilities**

The Company recognizes deferred income tax liabilities for unpaid taxable temporary differences between the current and prior periods. However, temporary differences arising from goodwill, transactions not resulting from business combinations and which, when they occur, affect neither accounting profit nor taxable income (or deductible losses) are excluded.

(3) Deferred income tax assets and deferred income tax liabilities are presented as net amounts after offsetting when the following conditions are met:

- ① An enterprise has the legal right to settle current income tax assets and current income tax liabilities on a net basis;
- ② Deferred income tax assets and deferred income tax liabilities relate to income taxes levied by the same tax authority on the same taxable entity or to different taxable entities, but in each future period in which a significant deferred income tax assets and a significant deferred income tax liabilities reversed, the taxable entities involved intend to settle the current income tax assets and current income tax liabilities on a net basis, or acquire assets and settle debts at the same time.

Generally, in the individual financial statements, current income tax assets and liabilities and deferred income tax assets and deferred income tax liabilities are presented on a net basis after offsetting. In the consolidated financial statements, and the enterprises included in the scope of consolidation, current income tax assets or deferred income tax assets of one party and current income tax liabilities or deferred income tax liabilities of the other party are generally not offset, unless the companies involved have a legal right to settle on a net basis and intend to settle on a net basis.

## **28. Leases**

A lease is a contract in which the lessor cedes the right to use an asset to the lessee for a certain period of time in return for consideration.

At the contract start date, the Company assesses whether the contract is a lease or contains a lease. The

Company does not reassess whether a contract is a lease or contains a lease unless the terms and conditions of the contract have changed.

(1) The Company as the lessee

① Right-of-use assets

Except for short-term leases, the Company recognizes right-of-use assets for leases at the commencement date of the lease term. The commencement date of the lease term is the date from which the lessor makes the leased asset available for use by the Group. Right-of-use assets are initially measured at cost. Such cost includes: the initial measurement amount of the lease liability; the amount of lease payments made on or before the commencement date of the lease term, net of the amount related to the lease incentives taken, if any; the initial direct costs incurred by the Company; and the costs expected to be incurred by the Company to disassemble and remove the leased asset, restore the site where the leased asset is located or restore the leased asset to the condition agreed under the terms of the lease.

The Company depreciates right-of-use assets with reference to the depreciation provisions of "the ASBE No.4 - Fixed Assets". If the Company is able to obtain ownership of the leased asset at the end of the lease term with reasonable certainty, the right-of-use asset is depreciated over the remaining useful life of the leased asset. If it is not reasonably certain that ownership of the leased asset can be obtained at the end of the lease term, depreciation is provided over the shorter of the lease term and the remaining useful life of the leased asset.

The Company follows the regulations of "the ASBE No.8 - Impairment of Assets" to determine whether a right-of-use asset has been impaired and to account for the identified impairment loss.

② Lease liabilities

Except for short-term leases, the Company initially measures the lease liability at the commencement date of the lease term based on the present value of the lease payments outstanding at that date. In calculating the present value of the lease payments, the Company uses the incremental borrowing rate as the discount rate because the Company is unable to determine the interest rate implicit in lease.

Lease payments are payments made by the Company to the lessor related to the right to use the leased asset during the lease term, including: fixed payments and substantially fixed payments, net of amounts related to lease incentives if lease incentives exist; variable lease payments that depend on an index or rate; the exercise price of purchase options that the Company reasonably determines will be exercised; payments required to exercise termination options if the lease term reflects that the Company will exercise the termination options; and payments expected to be made based on the residual value of guarantees provided by the Company.

Variable lease payments that depend on an index or rate are determined at initial measurement based on the index or rate at the inception date of the lease term. Variable lease payments that are not included in the measurement of the lease liability are recognized in profit or loss or the cost of the related asset when they are actually incurred.

After the commencement date of the lease term, the Company calculates the interest expense on the lease liability for each period of the lease term based on a fixed periodic interest rate, which is charged to current profit or loss or the cost of the related assets.

After the commencement date of the lease term, if the following situations occurred, the Company remeasures the lease liability and adjusts the corresponding right-of-use asset if the carrying value of the right-of-use asset has been reduced to zero but the lease liability still needs to be further reduced, the Company recognizes the difference in profit or loss for the current period:

Due to changes in the lease term or changes in the evaluation results of the purchase option, the company remeasures lease liabilities based on the present value of the revised lease payments and discount rate after changes.

When changes occurs which in the payable expected based on the residual value of the guarantee or in the index or ratio used to determine the lease payments, the Company remeasures the lease liability according to the present value of the lease payments and the original discount rate after the change.

#### ③ Short-term leases and leases of low-value assets

For short-term leases (leases with a lease term of not more than 12 months at the commencement date of the lease and not including a purchase option) and leases of low-value assets, the Company adopts a simplified treatment by not recognizing right-of-use assets and lease liabilities, and instead recognizes lease payments in the cost of the related assets or in current profit or loss on a straight-line basis or other systematic and reasonable method over the respective periods of the lease term.

#### ④ Lease changes

The Company accounts for a lease change as a separate lease if the lease is changed and both of the following conditions are met:

The lease change expands the scope of lease by adding the right to use one or more of the leased assets;

The increased consideration is equivalent to the separate price for the expanded portion of the lease adjusted for the circumstances of that contract.

If a lease change is not accounted for as a separate lease, on the effective date of the lease modification, the Company reapportioned the consideration of the modified contract, redetermined the lease term, and

remeasured the lease liability based on the present value of the modified lease payments and the revised discount rate.

If a lease change results in a reduction in the scope of the lease or a shortening of the lease term, the Company reduces the carrying value of the right-of-use asset accordingly and recognizes the gain or loss related to the partial termination or complete termination of the lease in profit or loss for the current period.

**(2) The Company as lessor**

**① Leasing classification**

A lease that transfers substantially almost all of the risks and rewards associated with the ownership of the leased asset is a finance lease. Leases other than finance leases are operating leases.

**② The Company records operating lease business as a lessor**

The Group recognizes lease receipts from operating leases as rental income on a straight-line basis over the respective periods of the lease term. The initial direct costs incurred by the Company in connection with operating leases are capitalized when incurred, apportioned over the lease term on the same basis as rental income is recognized, and recognized in profit or loss in the current period.

Variable lease receipts acquired by the Company in connection with operating leases that are not included in the lease receipts are recognized in current profit or loss when they are actually incurred.

**(3) Sale and leaseback transactions**

The transfer of assets in sale-and-leaseback transactions is assessed to determine whether it is a sale in accordance with the principles described in Note IV (25) Revenue of this note.

**① As a lessee**

If the transfer of an asset in a sale-and-leaseback transaction is a sale, the company, as the lessee, measures the right-of-use asset resulting from the sale-and-leaseback at the portion of the original asset's carrying value that relates to the right of use acquired by the leaseback and recognizes a gain or loss related to the right transferred to the lessor only; if the transfer of an asset in a sale-and-leaseback transaction is not a sale, the company, as the lessee, continues to recognize the transferred asset and also recognizes a financial liability equal to the transferred income. For details of the accounting treatment of financial liabilities, please refer to Note IV (9) Financial instruments in this note.

**② As a lessor**

If the transfer of assets in a sale-and-leaseback transaction is a sale, the Company accounts for the purchase of the assets as a lessor and accounts for the lease of the assets in accordance with the

aforementioned policy "2. the Company, as the lessor"; If the transfer of assets in a sale-and-leaseback transaction is not sale, The company as lessor does not recognize the transferred assets, but recognizes a financial asset equal to the transferred revenue. For details of the accounting treatment of financial assets, see Note IV (9) Financial instruments.

## 29. Fair value measurement

Fair value is the price that a market participant would receive to sell an asset or pay to transfer a liability in an orderly transaction occurring on the measurement date. Whether the fair value is observable or estimated using valuation techniques, the fair value measured or disclosed in these financial statements is determined on this basis.

### (1) Assets and liabilities measured at fair value

The Company's assets measured at fair value at the end of the year mainly included trading financial assets, derivative financial assets, other non-current financial assets, investments in other equity instruments and investment properties, etc. The liabilities measured at fair value mainly included trading financial liabilities and derivative financial liabilities.

### (2) Valuation techniques

When measuring the relevant assets or liabilities at fair value, the Company uses valuation techniques that are applicable in the current circumstances and supported by sufficient available data and other information. The valuation techniques used primarily include the market approach, the income approach and the cost approach. The Company measures fair value using one or more of these valuation techniques that are consistent with each other, giving full consideration to the reasonableness of each valuation result, and selects the amount that best represents the fair value under current circumstances as the fair value.

Fair value measurements are classified into three levels based on the observability of the inputs and the significance of those inputs to the fair value measurement as a whole:

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that are available at the measurement date. An active market is one in which the volume and frequency of transactions for the relevant asset or liability are sufficient to provide pricing information on a continuous basis. Level 2 inputs are inputs other than Level 1 inputs that are observable for the relevant asset or liability, either directly or indirectly. Level 2 inputs include: ① Quoted prices for similar assets or liabilities in active markets. ② Quoted prices for identical or similar assets or liabilities in markets that are not active. ③ Observable inputs other than quoted prices, including interest rates, yield curves, implied volatilities, credit spreads, etc. that are observable during the normal quotation interval. ④ Inputs for market validation. Level 3 inputs are unobservable inputs. The Company uses Level 3 inputs

only when there is no market activity for the relevant assets or liabilities or when market activity is so minimal that the relevant observable inputs are unavailable or impracticable to obtain.

When measuring assets and liabilities at fair value, the Company uses Level 1 inputs first, followed by Level 2 inputs and finally Level 3 inputs.

### **(3) Accounting treatment**

The accounting treatment of the Company's measurement of related assets or liabilities at fair value and whether changes in fair value should be recognized in current profit or loss or other comprehensive income are governed by other relevant accounting standards that require or permit the Company to use fair value for measurement or disclosure purposes, as described in the relevant contents elsewhere in this Note IV.

## **V. Description of accounting policies, changes in accounting estimates and corrections of significant prior period errors**

### **1. Changes in significant accounting policies**

There was no significant change in the Company's accounting policy during the year.

### **2. Changes in significant accounting estimates**

There were no significant changes in Company's accounting estimates during the year.

### **3. Correction of Prior Period Errors**

The effect on the Group's consolidated financial statements after retrospective adjustments for material errors in the prior year's financial statements, after adjustments for additions and subtractions, was a net increase of 16,283,025.58 yuan in opening assets, a net increase of 18,545,690.99 yuan in opening liabilities, a net increase of -2,262,665.41 yuan in opening owners' equity, an increase of 516,506.82 yuan in total profit for the prior period, and the net profit of the previous period was increased by -8,166,562.14 yuan, and the significant adjustments of its main adjusting units were as follows:

#### **(1) The content of important prior errors**

##### **① Parent company**

During the period, the retroactive adjustment of 9,277,668.73 yuan for the retroactive payment of income tax for fiscal 2021, the deferred income tax corresponding to the change in fair value of investment in other equity instruments was measured separately, and the deferred income tax assets of 16,525,278.81 yuan and the deferred income tax liabilities of 16,525,278.81 yuan were retroactively adjusted. After the retroactive adjustment, the effect on the beginning of the reporting period was an increase in total assets

by 16,525,278.80 yuan, an increase in total liabilities by 25,802,947.53 yuan, an increase in owners' equity by -9,277,668.73 yuan, and an increase in net income by -9,277,668.73 yuan.

② Tongfu Hongye Co., Ltd.

The current period is retroactively adjusted for the financial under-capitalization of interest from 2014-2021. After the adjustment, the effect on the beginning of the statement period is an increase of 10,691,335.66 yuan in total assets, an increase of 10,691,335.66 yuan in owner's equity, an increase of 10,691,335.66 yuan in total profit and an increase of 10,691,335.66 yuan in net profit.

③ Mianyang Kefa Construction Engineering Group Co., Ltd.

During the period, the reclassification adjustment of the opening amount of taxes payable pending reversal resulted in an increase of -35,262,763.94 yuan in taxes payable and an increase of 35,262,763.94 yuan in other current liabilities.

④ Mianyang High-tech Zone Investment Holding (Group) Co., Ltd.

During the period, the impairment loss of equity investment in other non-current assets and the difference in equity method accounting of high-tech water supply company in long-term equity investment were retroactively adjusted, and after the adjustment, the total assets at the beginning of the period increased by 7,243,570.65 yuan; the owner's equity at the beginning of the period increased by 7,243,570.65 yuan, the total profit of the previous period increased by -16,262,788.94 yuan, and the net profit of the previous period increased by -16,262,788.94 yuan.

⑤ Mianyang Gas Group Co., Ltd.

The effect of the retroactive adjustment of some assets based on the results of asset inventory in the current period on the beginning of the statement period was an increase of -18,177,159.53 yuan in total assets, -7,257,256.54 yuan in total liabilities, 6,087,960.10 yuan in total profit and 6,682,559.87 yuan in net profit.

(2) The names and corrected amounts of the affected items in the consolidated financial statements of each presentation pre-period are as follows:

Item	Impact on opening financial statements
I. Total assets	16,283,025.58
II. Total liabilities	18,545,690.99
III. Total shareholders' equity	-2,262,665.41
IV. Total equity attributable to owners of the parent company	-7,715,246.59
Including: Paid-in capital (share capital)	
Capital reserve	-15,717,227.91

Item	Impact on opening financial statements
Surplus reserve	-927,766.87
Retained earnings	8,929,748.19
V. Minority interests	5,452,581.18
VI. Total operating revenue	
VII. Total profit	516,506.82
VIII. Net profit	-8,166,562.14
IX. Net profit attributable to owners of the parent company	-13,619,143.32
X. Minority interests in profit or loss	5,452,581.18

## VI. Taxation

### 1. The principal kinds of taxes and related tax rates

Tax	Specific tax rates
Value added tax	Tax rates of 1%, 3%, 5%, 6%, 9% and 13% of taxable income, respectively
City construction and maintenance tax	7%, 5% of the actual turnover tax paid
Education Fee Surcharge	3% of the actual turnover tax paid
House property tax	If levied ad valorem, 1.2% of the residual value of the property after a one-time deduction of 30% of the original value 12% of the rental income if levied on a rental basis
Local education fee surcharge	2% of the actual turnover tax paid
Income tax	15%, 20%, 25% of taxable income

### 2. Preferential taxation and approvals

The tax benefits enjoyed by the major members company of the Group are as follows:

(1) Mianyang Financial Guarantee Group Limited Liability Company, Mianyang City Small and Medium-sized Enterprise Financing Guarantee Limited Liability Company, Mianyang City Tianli Financing Guarantee Limited Liability Company and other three guarantee companies, according to the Ministry of Finance, State Administration of Taxation "Notice on the Policy on Enterprise Income Tax Deduction for Reserves Related to Small and Medium-sized Enterprise Credit Guarantee Institutions" (Finance and Tax [2017] No.22), the three guarantee companies meet the regulations "The provision for unexpired liabilities at a rate not exceeding 50% of the guarantee fee income for the year is allowed to be deducted before enterprise income tax, while the balance of the provision for unexpired liabilities for the previous year is transferred to the current income" and "the provision for guarantee liabilities at a rate not exceeding 1% of the guarantee liability balance at the end of the year is allowed to be deducted before

enterprise income tax, and the balance of the provision for guarantee indemnity in the previous year is transferred to the current income".

(2) Mianyang Kefa Equity Investment Fund Management Co., Ltd., Mianyang Kefa Property Services Co., Ltd., Sichuan Liuhe Special Metal Materials Co., Ltd. and its subsidiary Deyang Liuhe Energy Materials Co., Ltd., Mianyang Xingmian Gas Co., Ltd., a subsidiary of Mianyang Gas Group Co., Ltd., and Beichuan Yongchang Gas Co., Ltd. enjoy a 15% preferential corporate income tax rate for the western development, specifically:

① Mianyang Kefa Equity Investment Fund Management Co., Ltd. According to "the Announcement on the Implementation of the Catalogue of Encouraged Industries in the Western Region Related to Enterprise Income Tax" (Announcement of the State Administration of Taxation [2015] No.14) issued by the State Administration of Taxation, it is stipulated that for enterprises located in the Western Region whose main business is the projects of the new encouraged industries in "the Catalogue of Encouraged Industries in the Western Region", and whose main business income for the current year Enterprises whose main business income accounts for more than 70% of the total income of the enterprise, since October 1, 2014, can pay corporate income tax at a reduced rate of 15%. At the same time, according to the State Administration of Taxation Announcement No.(23) of 2018: enterprises enjoy preferential matters by "self-judgment, declaration of enjoyment, and retention of relevant information for inspection". Mianyang Kefa Equity Investment Fund Management Co., Ltd. is mainly engaged in equity investment management and related consulting services, according to the above-mentioned documents, the company discerned that it is in line with the "Guidance Catalogue for Industrial Structure Adjustment (2011) (Amendment)" in the encouraged category 32 business services, Article 2: economic, management, information, accounting, taxation, forensics (including audit services), legal, energy saving, environmental protection and other consulting and services Provisions, and the annual main business income accounted for more than 70% of the total income of enterprises, enjoy the western development of enterprise income tax rate of 15% preferential.

② Mianyang KeFa Property Services Co., Ltd. was identified as "national encouragement industry project" according to Sichuan Economic and Information Commission Chuan Economic and Information Industry Letter [2014] No.917, and was entitled to enjoy the preferential income tax policy for the development of western China according to Sichuan State Taxation Bureau Chuan State Tax Letter [2010] No.135, which implemented a 15% income tax rate.

③ Sichuan Liuhe Special Metal Materials Co., Ltd. and its subsidiary Deyang Liuhe Energy Materials Co., Ltd. are deemed to have "main business as national encouraged industrial projects" according to Sichuan Provincial Economic and Information Commission Chuan Economic and Information Industry Letter [2014] No.917, and are entitled to enjoy preferential income tax policy for western development

according to Sichuan Provincial Tax Service Administration Chuan State Tax Letter [2010] No.135, and are exempted from corporate income tax at 15% of income tax.

④ Mianyang Xingmian Gas Co., Ltd. and Beichuan Yongchang Gas Co., Ltd., subsidiaries of Mianyang Gas Group Co., Ltd. according to the notice of taxation matters from the Fucheng Local Taxation Bureau of Mianyang City, Sichuan Province, the main businesses fall within the scope of "the Catalogue of Industries Encouraged in the Western Region", and as confirmed by the competent taxation authorities, Mianyang Xingmian Gas Co., Ltd. and Beichuan Yongchang Gas Co., Ltd. are entitled to enjoy the preferential corporate income tax policy for the development of the western region and may pay corporate income tax at a reduced rate of 15%.

(3) The industry to which Mianyang Kefa Property Service Co., Ltd. belongs is property management, which belongs to the taxpayer of living service industry, and according to "the Announcement of the General Administration of Taxation of the Ministry of Finance on Clarifying the Policy of Adding Credit to the VAT of Living Service Industry" (Announcement of the General Administration of Taxation of the Ministry of Finance No.87 of 2019) from October 1, 2019 to December 31, 2021, the taxpayer of living service industry is allowed to add 15% to offset the taxable amount according to the current deductible input tax amount by adding 15% to offset the taxable amount (hereinafter referred to as the policy of adding 15% to offset). According to "the Announcement of the Ministry of Finance and the State Administration of Taxation on the VAT Policies Relating to Promoting the Relief and Development of Difficult Industries in the Service Industry" (Announcement of the State Administration of Taxation of the Ministry of Finance No.11 of 2022) and "the Announcement of the State Administration of Taxation of the Ministry of Finance and the State Administration of Taxation on the Clarification of the Policy of Adding Credit to VAT for Living Service Industry" (Announcement of the State Administration of Taxation of the Ministry of Finance No.87 of 2019), the implementation period of the policy of adding credit to VAT for production and living service industries is extended to 2022. Policy, the implementation period of which is extended to December 31, 2022.

(4) Mianyang Kefa Property Services Co., Ltd., Mianyang Jiusheng Technology Venture Investment Co., Ltd., Beichuan Qiang Autonomous County Liuhe Turbine Materials Co., Ltd., a subsidiary of Sichuan Liuhe Special Metal Materials Co., Ltd., Mianyang Municipal Engineering Survey and Design Co., Ltd., a subsidiary of Mianyang Gas Group Co., Ltd., etc., enjoyed preferential policies for small and micro enterprise. Specifically:

① According to "the Announcement of the General Administration of Taxation of the Ministry of Finance on the VAT Policy for Supporting Individual Businessmen to Resume Work and Resume Business" (Announcement of the General Administration of Taxation of the Ministry of Finance No.13 of 2020), from March 1 to May 31, 2020, for small-scale VAT payers in Hubei Province, taxable sales

income subject to 3% levy rate shall be exempted from VAT; prepayment of VAT items subject to 3% prepayment rate shall be suspended VAT. Except for Hubei Province, small-scale VAT payers in other provinces, autonomous regions and municipalities directly under the Central Government will be levied VAT at a reduced rate of 1% on taxable sales income subject to the 3% levy rate, and VAT prepayment at a reduced rate of 1% on prepaid VAT items subject to the 3% prepayment rate.

② According to "the Announcement of the General Administration of Taxation of the Ministry of Finance on the Renewal of the Implementation of Some Preferential Tax Policies in Response to the Epidemic" (Announcement of the General Administration of Taxation of the Ministry of Finance No.7 of 2021): "The Implementation Period of the Tax Preferential Policies Stipulated in the Announcement of the General Administration of Taxation of the Ministry of Finance on the VAT Policies for Supporting Individual Businesses to Resume Work and Resume Business" (Announcement of the General Administration of Taxation of the Ministry of Finance No.13 of 2020) has been extended to 2021 December 31. According to "the Announcement of the Ministry of Finance and the State Administration of Taxation on the Exemption from VAT for Small-scale VAT Payers" (Announcement of the Ministry of Finance and the State Administration of Taxation No.15 of 2022), from April 1, 2022 to December 31, 2022, small-scale VAT payers shall be exempted from VAT on their taxable sales income subject to a 3% levy rate; and VAT prepayment shall be suspended for VAT prepayment items subject to a 3% prepayment rate. The implementation period of the tax preferential policies stipulated in Article 1 of "the Notice of the Ministry of Finance and the State Administration of Taxation on the Renewal of the Implementation of Some Tax Preferential Policies in Response to the Epidemic" (Notice No.7 of 2021 of the Ministry of Finance and the State Administration of Taxation) is extended to March 31, 2022.

③ According to "the Announcement of the General Administration of Taxation of the Ministry of Finance on Clarifying the VAT Exemption Policy for Small-scale VAT Taxpayers" (Announcement of the General Administration of Taxation of the Ministry of Finance No.11 of 2021), in order to further support the development of small and micro enterprises, the VAT exemption policy for small-scale VAT taxpayers is announced as follows: From April 1, 2021 to December 31, 2022, small-scale VAT taxpayers with monthly sales of up to 150,000 yuan (inclusive) shall be exempted from VAT.

④ According to "the Ministry of Finance Announcement of the State Administration of Taxation on the Implementation of Preferential Income Tax Policies for Small and Micro Enterprises and Individual Entrepreneurs" (No.12 of 2021), State Administration of Taxation Announcement No.8 of 2021, "Announcement of the State Administration of Taxation on Matters Relating to the Implementation of Preferential Income Tax Policies to Support the Development of Small and Micro Profit Enterprises and Individual Entrepreneurs" "I. For small micro-profit enterprises whose annual taxable income does not exceed 1 million yuan shall be reduced by 12.5% of the taxable income and shall pay enterprise income

tax at a rate of 20%." Effective from January 1, 2021 and terminated on December 31, 2022.

⑤ According to "the Announcement on Further Implementation of Preferential Income Tax Policies for Small and Micro Enterprises" (Announcement No.13 of 2022 of the General Administration of Taxation of the Ministry of Finance), the portion of the annual taxable income of small and micro enterprises exceeding 1 million yuan but not exceeding 3 million yuan shall be reduced by 25% of the taxable income and subject to corporate income tax at a rate of 20%. The implementation period of this announcement is from January 1, 2022 to December 31, 2024.

(5) Mianyang Jiusheng Technology Venture Investment Co., Ltd., Mianyang Kefa Changtai Industrial Co., Ltd., Mianyang Gas Group Co., Ltd. according to "the Municipal Finance Bureau, Municipal State-owned Assets Supervision & Administration Bureau of Municipal Organs on Municipal Administrative and Public Institutions and Municipal State-owned Enterprises to Small and Micro Enterprises and Individual Business Households In the Service Industry Rent Reduction and Exemption of Supplementary Notice" (Mianyang Finance Assets [2022] No.31) document, for the tenant of municipal state-owned housing small and micro enterprises and individual entrepreneurs in the service industry, the period of rent reduction in 2022 was adjusted to a unified exemption of six months rent. Lessor reduced rent can be exempted from house property tax and urban land use tax in accordance with the provisions of the year.

## VII. Business combination and consolidated financial statements

The data presented in this section are in RMB10 thousand yuan unless otherwise stated.

### 1. Situation of subsidiaries

Serial number	Company name	Level	Business type	Registration place	Main business locations	Business nature
1	Mianyang Kefa Construction Engineering Group Co., Ltd.	2	Domestic non-financial subsidiaries	Mianyang	Mianyang	Architectural construction
2	Mianyang High-tech Zone Investment Holding (Group) Co., Ltd.	2	Domestic non-financial subsidiaries	Mianyang	Mianyang	Land development
3	Mianyang Kefa Changtai Industry Co., Ltd.	2	Domestic non-financial subsidiaries	Mianyang	Mianyang	Land development
4	Mianyang Financial Guarantee Group Co., Ltd.	2	Domestic Financial Sub-companies	Mianyang	Mianyang	Financial guarantee
5	Mianyang Kejiu Real Estate Co., Ltd.	2	Domestic non-financial subsidiaries	Mianyang	Mianyang	Real estate development

Serial number	Company name	Level	Business type	Registration place	Main business locations	Business nature
6	Mianyang Kefa Exhibition and Tourism Co., Ltd.	2	Domestic non-financial subsidiaries	Mianyang	Mianyang	Exhibition and Travel services
7	Kefa International Industrial Co., Ltd.	2	Hong Kong non-financial subsidiaries	Hong Kong	Hong Kong	Business services
8	Mianyang Jiusheng Technology Venture Investment Co., Ltd.	2	Domestic non-financial subsidiaries	Mianyang	Mianyang	Investment
9	Mianyang City Tianli Financing Guarantee Co., Ltd.	2	Domestic Financial Sub-companies	Mianyang	Mianyang	Financial guarantee
10	Mianyang City Small and Medium-sized Enterprise Financing Guarantee Co., Ltd.	2	Domestic Financial Sub-companies	Mianyang	Mianyang	Financial guarantee
11	Sichuan Liuhe Special Metal Materials Co., Ltd.	2	Domestic non-financial subsidiaries	Jiangyou	Jiangyou	Metal forgings manufacturing
12	Tongfu Hongye Co., Ltd.	2	Domestic non-financial subsidiaries	Mianyang	Mianyang	Logistics services
13	Sichuan Fada Weiye Investment Co., Ltd.	2	Domestic non-financial subsidiaries	Mianyang	Mianyang	Engineering projects investment management
14	Mianyang Kefa Equity Investment Fund Management Co., Ltd.	2	Domestic non-financial subsidiaries	Mianyang	Mianyang	Fund investment
15	Sichuan Kefa Hechuang Technology Co., Ltd.	2	Domestic non-financial subsidiaries	Mianyang	Mianyang	Metals, Chemicals product sales
16	Mianyang Kefa Property Services Co., Ltd.	2	Domestic non-financial subsidiaries	Mianyang	Mianyang	Property service
17	Mianyang Kexinhong Enterprise Management Co., Ltd.	2	Domestic non-financial subsidiaries	Mianyang	Mianyang	Investment
18	Mianyang Gas Group Co., Ltd.	2	Domestic non-financial subsidiaries	Mianyang	Mianyang	Gas
19	Mianyang Electrical and Electronic Testing Co., Ltd.	2	Domestic non-financial subsidiaries	Mianyang	Mianyang	Electrical and electronic testing
20	Mianyang Huize Investment Co., Ltd.	2	Domestic non-financial subsidiaries	Mianyang	Mianyang	Investment

Serial number	Company name	Level	Business type	Registration place	Main business locations	Business nature
21	Mianyang Science and Technology City Industrial Development Fund (Limited Partnership)	3	Limited Partnership	Mianyang	Mianyang	Equity investment
22	Mianyang Keyuan Enterprise Management Consulting Co., Ltd.	2	Domestic non-financial subsidiaries	Mianyang	Mianyang	Management consulting
23	Mianyang Kefa Dirun Asset Management Co., Ltd.	2	Domestic non-financial subsidiaries	Mianyang	Mianyang	Business services
24	Mianyang Keyou Urban Renewal and Development Co., Ltd.	2	Domestic non-financial subsidiaries	Mianyang	Mianyang	Business services
25	Mianyang Keda Innovation Technology Development Co., Ltd.	2	Domestic non-financial subsidiaries	Mianyang	Mianyang	Business services
26	Junrong Equity Investment Fund Partnership (Limited Partnership) in Mianyang Science and Technology City New District	2	Domestic non-financial subsidiaries	Mianyang	Mianyang	Equity investment

Continued from the table above:

Serial number	Company name	Paid-in capital	Shareholding percentage (%)	Voting rights (%)	Investment amount	Acquisition way
1	Mianyang Kefa Construction Engineering Group Co., Ltd.	47,000.00	100.00	100.00	65,456.88	Under non-common control business combination
2	Mianyang High-tech Zone Investment Holding (Group) Co., Ltd.	20,924.23	100.00	100.00	3,107.05	Under non-common control business combination
3	Mianyang Kefa Changtai Industry Co., Ltd.	73,775.90	89.16	89.16	66,629.02	Under non-common control business combination
4	Mianyang Financial Guarantee Group Co., Ltd.	11,745.36	85.14	85.14	10,500.01	Under non-common control business combination
5	Mianyang Kejiu Real Estate Co., Ltd.	8,000.00	100.00	100.00	31,870.02	Investment establishment
6	Mianyang Kefa Exhibition and Tourism Co., Ltd.	10,079.84	100.00	100.00	24,763.45	Investment establishment

Serial number	Company name	Paid-in capital	Shareholding percentage (%)	Voting rights (%)	Investment amount	Acquisition way
7	Kefa International Industrial Co., Ltd.	0.83	100.00	100.00	0.83	Investment establishment
8	Mianyang Jiusheng Technology Venture Investment Co., Ltd.	20,481.48	100.00	100.00	27,858.85	Investment establishment
9	Mianyang City Tianli Financing Guarantee Co., Ltd.	26,100.00	98.08	98.08	29,177.39	Under non-common control business combination
10	Mianyang City Small and Medium-sized Enterprise Financing Guarantee Co., Ltd.	3,500.00	71.43	71.43	4,092.93	Under non-common control business combination
11	Sichuan Liuhe Special Metal Materials Co., Ltd.	8,243.54	40.13	40.13	11,015.64	Under non-common control business combination
12	Tongfu Hongye Co., Ltd.	4,000.00	49.00	49.00	1,470.00	Investment establishment
13	Sichuan Fada Weiye Investment Co., Ltd.	30,619.95	51.00	51.00	10,200.00	Investment establishment
14	Mianyang Kefa Equity Investment Fund Management Co., Ltd.	3,350.00	49.25	49.25	1,650.00	Investment establishment
15	Sichuan Kefa Hechuang Technology Co., Ltd.	100.00	40.13	40.13	40.13	Investment establishment
16	Mianyang Kefa Property Services Co., Ltd.	1,000.00	100.00	100.00	1,000.00	Investment establishment
17	Mianyang Kexinhong Enterprise Management Co., Ltd.		60.45	60.45		Investment establishment
18	Mianyang Gas Group Co., Ltd.	20,000.00	100.00	100.00	102,817.50	Under non-common control business combination
19	Mianyang Electrical and Electronic Testing Co., Ltd.	2,900.00	51.67	51.67		Under non-common control business combination
20	Mianyang Huize Investment Co., Ltd.	5,000.00	100.00	100.00	110,034.66	Under non-common control business combination
21	Mianyang Science and Technology City Industrial Development Fund (Limited Partnership)	157,561.00	99.99	99.99	153,751.00	Under non-common control business combination

Serial number	Company name	Paid-in capital	Shareholding percentage (%)	Voting rights (%)	Investment amount	Acquisition way
22	Mianyang Keyuan Enterprise Management Consulting Co., Ltd.		100.00	100.00		Investment establishment
23	Mianyang Kefa Dirun Asset Management Co., Ltd.		100.00	100.00		Investment establishment
24	Mianyang Keyou Urban Renewal and Development Co., Ltd.		100.00	100.00		Investment establishment
25	Mianyang Keda Innovation Technology Development Co., Ltd.		100.00	100.00		Investment establishment
26	Junrong Equity Investment Fund Partnership (Limited Partnership) in Mianyang Science and Technology City New District		99.92	99.92		Investment establishment

2. Reasons why the parent company owns less than half of the voting rights of the investee but is able to form control over the investee

Serial number	Company name	Shareholding percentage (%)	voting rights (%)	Registered capital	Investment amount	Level	Reasons for inclusion in the scope of consolidation
1	Sichuan Liuhe Special Metal Materials Co., Ltd.	40.13	40.13	8,243.54	11,015.64	2	The Board of Directors consists of 7 directors, of which the Company holds 4 seats and is able to form control
2	Tongfu Hongye Co., Ltd.	49.00	49.00	21,000.00	9,800.00	2	The Board of Directors consists of 7 directors, of which the Company holds 4 seats and is able to form control
3	Mianyang Kefa Equity Investment Fund Management Co., Ltd.	49.25	49.25	6,700.00	1,650.00	2	The Board of Directors consists of 5 directors, and the Company holds 3 seats and is able to form control
4	Sichuan Kefa Hechuang Technology Co., Ltd.	40.13	40.13	100.00	40.13	2	The Board of Directors consists of 7 directors, of which the Company holds 4 seats and is able to form control

### 3. Subjects newly included in the scope of consolidation and those no longer included in the scope of consolidation during the period

#### (1) Entities newly included in the scope of consolidation in the current period

Serial number	Company name	End of period net assets	Current year net profit	Level	Shareholding percentage (%)	Voting rights (%)	Reason of newly become this year subsidiary
1	Mianyang Kefa Dirun Asset Management Co., Ltd.	-0.11	-0.11	2	100.00	100.00	Newly established company
2	Mianyang Keyou Urban Renewal and Development Co., Ltd.			2	100.00	100.00	Newly established company
3	Mianyang Keda Innovation Technology Development Co., Ltd.			2	100.00	100.00	Newly established company
4	Junrong Equity Investment Fund Partnership (Limited Partnership) in Mianyang Science and Technology City New District			2	100.00	100.00	Newly established company

Note: The Company has not yet made capital contributions to the four newly established companies included in the scope of consolidation in the current period, and three of these units are not yet engaged in operating activities.

#### (2) Decrease in units no longer included in the scope of consolidation during the period

None.

### VIII. Notes to Items of the Consolidated Financial Statements

The following note items unless otherwise specified, "beginning" refers to January 1, 2022, "ending" refers to December 31, 2022, "previous period" refers to the year 2021, and "current period" refers to the year 2022.

#### 1. Monetary funds

Item	Closing balance	Opening balance
Cash on hand	298,333.41	209,148.36
Bank deposits	1,747,574,511.66	1,710,449,107.67
Other monetary funds	1,743,886,181.82	1,199,375,562.60
Total	3,491,759,026.89	2,910,033,818.63
Including: Total amount deposited in foreign countries		46,712.54

The details of restricted monetary funds are as follows:

Item	Closing balance	Opening balance
Acceptances deposit	1,453,478,880.00	524,000,000.00
Performance deposit	10,843,813.20	7,996,740.00
Term deposit or call deposit for guarantee	580,905,684.74	607,895,547.41
Migrant workers' salary deposit	1,011,734.86	1,008,799.16
House property customer mortgage payments deposit	14,400,623.50	15,809,227.98
Reclamation deposit	145,793.54	146,089.58
Pre-sale of commercial housing funds supervision	67,776,767.28	61,721,709.93
Time deposit	100,000,000.00	100,000,000.00
Total	2,228,563,297.12	1,318,578,114.06

## 2. Notes receivable

Category	Closing balance			Opening balance		
	Book balance	Bad debt provision	Carrying value	Book balance	Bad debt provision	Carrying value
Bank acceptances	144,319,058.72		144,319,058.72	15,667,448.53		15,667,448.53
Commercial acceptances	53,691,902.69		53,691,902.69	89,735,712.70	8,723.47	89,726,989.23
Total	198,010,961.41		198,010,961.41	105,403,161.23	8,723.47	105,394,437.76

Endorsed or discounted notes receivable that is not yet matured as at the end of the reporting period:

Bill classification	Closing balance	Opening balance
Bank acceptances	747,064,796.45	1,334,699,864.58
Commercial acceptances	303,636,424.55	591,946,520.91
Total	1,050,701,221.00	1,926,646,385.49

## 3. Accounts receivable

Category	Closing balance				
	Book balance		Bad debt provision		Carrying value
	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable for which bad debt provision assessed individually	5,855,946,328.71	82.70	116,638,727.93	1.99	5,739,307,600.78
Accounts receivable for which bad debt provision assessed by groups	1,224,832,577.82	17.30	105,648,497.64	8.63	1,119,184,080.18
Including: Aging combination	1,224,832,577.82	17.30	105,648,497.64	8.63	1,119,184,080.18

Category	Closing balance				Carrying value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Proportion (%)	
Total	7,080,778,906.53	100.00	222,287,225.57		6,858,491,680.96

Continued from the table above:

Category	Opening balance				Carrying value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable for which bad debt provision assessed individually	5,152,559,087.35	79.49	10,617,289.60	0.21	5,141,941,797.75
Accounts receivable for which bad debt provision assessed by groups	1,329,537,973.99	20.51	73,649,663.29	5.54	1,255,888,310.70
Including: Aging combination	1,329,537,973.99	20.51	73,649,663.29	5.54	1,255,888,310.70
Total	6,482,097,061.34	100.00	84,266,952.89		6,397,830,108.45

(1) Accounts receivable for which bad debt provision assessed individually at the end of the reporting period

① Classification of accounts receivable for which bad debt provision assessed individually at the end of the reporting period

Accounts receivable content	Book balance	Bad debt provision	Proportion (%)	Reason
Accounts receivable from related parties	199,456,977.84			Related party transactions
Accounts receivable without recovery risk	5,476,852,332.93			Accounts receivable without credit risk
Other accounts receivable with obvious signs of impairment	179,637,017.94	116,638,727.93	64.93	See details ②
Total	5,855,946,328.71	116,638,727.93		

② Other account receivables with obvious signs of impairment

Accounts receivable content	Book balance	Bad debt provision	Aging	Proportion (%)	Reason
Mianyang Tongxin Copper Industry Co., Ltd.	94,166,666.63	94,166,666.63	0-3 years	100.00	Expected uncollectible
Kunshan Yi Yuan Xing Mould Technology Co., Ltd.	8,930,568.00	8,930,568.00	3-4 years	100.00	Expected uncollectible
3-1-5 Zhang Baiyu	6,463,306.44	6,463,306.44	More than 5 years	100.00	Expected uncollectible
Qingdao Jenergy Materials Trading Co., Ltd.	4,283,249.66	2,141,624.83	3-5 years	50.00	Expected partial uncollectible

Accounts receivable content	Book balance	Bad debt provision	Aging	Proportion (%)	Reason
Mianyang Chuangneng Technology Co., Ltd.	907,780.00	907,780.00	More than 5 years	100.00	Expected uncollectible
Sichuan Golden Magpie Technology Co., Ltd.	780,000.00	780,000.00	More than 5 years	100.00	Expected uncollectible
Mianyang Jiushuo Magnetic Material Technology Co., Ltd.	1,426,770.99	713,385.51	2-3 years	50.00	Expected partial uncollectible
Mianyang Daxiang Decoration & Decoration Co., Ltd.	226,259.60	226,259.60	2-3 years	100.00	Expected uncollectible
Youxian Economic Pilot Zone Management Committee	380,000.00	190,000.00	3-4 years	50.00	Expected partial uncollectible
Zhang Shuiying	238,000.00	183,100.00	1-5 years	76.93	Expected partial uncollectible
High-tech Construction Liu Qilin Project Department	154,900.00	154,900.00	More than 5 years	100.00	Expected uncollectible
Mianyang Anzhou District Jinquan Breeding Co., Ltd.	170,000.00	129,000.00	2-5 years	75.88	Expected partial uncollectible
Other fractional receivables	61,509,516.62	1,652,136.92		2.69	Expected partial uncollectible
<b>Total</b>	<b>179,637,017.94</b>	<b>116,638,727.93</b>		<b>64.93</b>	

## (2) Accounts receivable with provision for bad debts by combination

## Accounts receivable with provision for bad debts using aging analysis method

Aging	Closing balance			Opening balance		
	Book balance		Bad debt provision	Book balance		Bad debt provision
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 6 months (including 6 months)	660,004,966.70	53.88		957,490,613.24	72.02	
7-12 months (including 1 year)	170,856,384.58	13.95	854,281.94	195,393,609.90	14.70	976,968.04
1-2 years (including 2 years)	282,425,911.85	23.06	28,242,591.20	88,303,827.25	6.64	8,830,382.73
2-3 years (including 3 years)	35,158,611.27	2.87	7,031,722.26	14,799,354.73	1.11	2,959,870.95
3-5 years (including 5 years)	13,733,602.37	1.12	6,866,801.19	25,336,254.60	1.90	12,668,127.30
More than 5 years	62,653,101.05	5.12	62,653,101.05	48,214,314.27	3.63	48,214,314.27
<b>Total</b>	<b>1,224,832,577.82</b>		<b>105,648,497.64</b>	<b>1,329,537,973.99</b>		<b>73,649,663.29</b>

## (3) Recovery or reversal of bad debt provision for the current period

Debtor name	Reversal or recovery amount	Accumulated provision for bad debts before reversal or recovery	Reason and way for reversal or recovery
Mianyang Daxiang Decoration & Decoration Co., Ltd.	30,656.40	30,656.40	Recoveries

Debtor name	Reversal or recovery amount	Accumulated provision for bad debts before reversal or recovery	Reason and way for reversal or recovery
Mianyang Yitong Network Equipment Co., Ltd.	81,534,574.70	161,876.30	Recoveries
Other sporadic units	2,264,405.98	1,714,700.00	Cash recoveries
Total	83,829,637.08	1,907,232.70	

## (4) Top five accounts receivable for closing balance

Debtor name	Book balance	Proportion to total accounts receivable (%)	Bad debt provision
Santai County People's Government	1,327,691,823.19	18.75	
Housing and Urban-Rural Development Bureau of Youxian District, Mianyang	983,715,674.30	13.89	
Mianyang High-tech Industrial Development Zone Management Committee	864,480,596.53	12.21	
Mianyang Economic and Technological Development Zone Management Committee	604,037,961.90	8.53	
People's Government of Fucheng District, Mianyang	554,916,683.84	7.84	
Total	4,334,842,739.76		

## 4. Prepayments

Aging	Closing balance			Opening balance		
	Book balance		Bad debt provision	Book balance		Bad debt provision
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 1 year (including 1 year)	1,300,441,744.01	80.60		734,038,416.18	93.67	
1-2 years (including 2 years)	280,115,185.49	17.36		9,611,627.70	1.23	
2-3 years (including 3 years)	1,031,130.17	0.06		1,108,560.33	0.14	
More than 3 years	31,957,253.60	1.98		38,863,970.47	4.96	
Total	1,613,545,313.27	100.00		783,622,574.68	100.00	

## Top five prepayments for closing balance by debtors

Debtor name	Book balance	Proportion to total prepayments	Bad debt provision
Zhejiang Jusheng Supply Chain Management Co., Ltd.	751,938,556.88	46.6	
Sichuan Zhixin Metal Materials Co., Ltd.	143,527,693.20	8.9	
China Mcc5 Group Corp. Ltd.	131,177,747.68	8.13	

Debtor name	Book balance	Proportion to total prepayments	Bad debt provision
Fuqing Zhongjin Nonferrous Metal Materials Co., Ltd.	88,449,276.70	5.48	
Mianyang Ruida Precision Electronics Co., Ltd.	75,542,365.25	4.68	
Total	1,190,635,639.71		

### 5. Other receivables

Item	Closing balance	Opening balance
Interest receivable	10,821,611.11	7,620,962.50
Dividends receivable		
Other receivables	8,318,471,502.54	8,034,592,162.31
Total	8,329,293,113.65	8,042,213,124.81

#### (1) Interest receivable

Item	Closing balance	Opening balance
Time deposit	10,821,611.11	7,620,962.50
Total	10,821,611.11	7,620,962.50

#### (2) Other receivables

#### Disclosure of other receivables by classification based on bad debt provision method

Category	Closing balance				Carrying value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables for which bad debt provision assessed individually	8,297,599,732.19	97.82	117,421,236.46	1.42	8,180,178,495.73
Other receivables with provision for bad debts based on a combination of credit risk characteristics	185,305,944.01	2.18	47,012,937.20	25.37	138,293,006.81
Including: Aging combination	185,305,944.01	2.18	47,012,937.20	25.37	138,293,006.81
Total	8,482,905,676.20	100	164,434,173.66		8,318,471,502.54

Continued from the table above:

Category	Opening balance				Carrying value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables for which bad debt provision assessed individually	7,975,453,286.49	97.81	92,660,295.97	1.16	7,882,792,990.52

Category	Opening balance				Carrying value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables with provision for bad debts based on a combination of credit risk characteristics	178,613,543.94	2.19	26,814,372.15	15.01	151,799,171.79
Including: Aging combination	178,613,543.94	2.19	26,814,372.15	15.01	151,799,171.79
<b>Total</b>	<b>8,154,066,830.43</b>	<b>100</b>	<b>119,474,668.12</b>		<b>8,034,592,162.31</b>

## ① Other receivables for which bad debt provision assessed individually

## a. Classification of other receivables for which bad debt provision assessed individually at the end of the period

Debtor name	Book balance	Bad debt provision	Proportion (%)	Reason for accrual
Other receivables with obvious signs of impairment	759,716,359.07	117,421,236.46	15.46	See details b
Other receivables from related parties	5,533,763,664.12			Related party transactions
Other receivables with no risk of collection	2,004,119,709.00			Other receivables without credit risk
<b>Total</b>	<b>8,297,599,732.19</b>	<b>117,421,236.46</b>		

## b. Other receivables with obvious signs of impairment

Other receivables content	Book balance	Bad debt provision	Aging	Proportion (%)	Reason
Jiangsu Hongli Geomaterials Co., Ltd.	63,053,386.47	43,481,465.23	0-5 years	68.96	Expected partial uncollectible
Guangyuan Kuangxin Energy Co., Ltd.	34,467,657.49	34,467,657.49	More than 5 years	100.00	Expected uncollectible
Cashier Da Rong corruption case	12,139,980.00	12,139,980.00	More than 5 years	100.00	Expected uncollectible
Huitian Agricultural Technology Company	9,979,598.82	6,838,544.59	0-5 years	68.53	Expected partial uncollectible
Tianguan Restaurant	3,167,814.71	3,167,814.71	0-5 years	100.00	Expected uncollectible
Sichuan Jingjian Animal Pharmaceutical Co., Ltd.	12,000,000.00	2,400,000.00	2-3 years	20.00	Expected partial uncollectible
Sichuan Kelunfahao Packaging Co., Ltd.	5,764,680.55	2,089,626.83	0-5 years	36.25	Expected partial uncollectible
Mianyang Yuhao Auto Trading Co., Ltd.	3,219,817.55	2,055,803.51	More than 5 years	63.85	Expected partial uncollectible

Other receivables content	Book balance	Bad debt provision	Aging	Proportion (%)	Reason
Mianyang Yuhao Auto Trading Co., Ltd.	3,177,804.91	2,047,400.98	More than 5 years	64.43	Expected partial uncollectible
Sichuan Shunjie Clean Car Equipment Manufacturing Co., Ltd.	1,360,000.00	1,360,000.00	More than 5 years	100.00	Expected uncollectible
Yun Dongling	1,905,112.98	1,173,634.36	More than 5 years	61.60	Expected partial uncollectible
Anxian Riyue Vegetable Oil Factory	1,140,322.95	1,140,322.95	More than 5 years	100.00	Expected uncollectible
Beichuan Qiangcheng Tourism Zone Operation and Management Co., Ltd.	1,050,298.43	1,050,298.43	More than 5 years	100.00	Expected uncollectible
Zou Zongqiang	712,543.69	712,543.69	More than 5 years	100.00	Expected uncollectible
Haicheng Aquaculture	471,200.00	471,200.00	More than 5 years	100.00	Expected uncollectible
Sichuan Haochuan Agricultural and Animal Husbandry Technology Co., Ltd.	1,357,605.87	379,643.72	More than 5 years	27.96	Expected partial uncollectible
Mianyang Zengguang Stainless Steel Decoration Products Co., Ltd.	363,683.25	363,683.25	More than 5 years	100.00	Expected uncollectible
Other sporadic units and individuals	604,384,851.40	2,081,616.72	0-5 years or more	0.34	
<b>Total</b>	<b>759,716,359.07</b>	<b>117,421,236.46</b>			

## ② Other receivables with provision for bad debts by combination

## Other receivables with provision for bad debts using aging analysis method

Aging	Closing balance			Opening balance		
	Book balance		Bad debt provision	Book balance		Bad debt provision
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 6 months (including 6 months)	126,928,609.16	68.50	-	116,390,651.43	65.16	-
7-12 months (including 1 year)	90,788.00	0.05	453.94	3,775,250.40	2.11	18,876.25
1-2 years (including 2 years)	2,100,543.89	1.13	210,054.39	10,530,226.63	5.90	1,053,022.66
2-3 years (including 3 years)	8,414,080.86	4.54	1,682,816.17	3,479,772.72	1.95	695,954.54
3-5 years (including 5 years)	5,304,618.80	2.86	2,652,309.40	38,782,248.12	21.71	19,391,124.06

Aging	Closing balance			Opening balance		
	Book balance		Bad debt provision	Book balance		Bad debt provision
	Amount	Proportion (%)		Amount	Proportion (%)	
More than 5 years	42,467,303.30	22.92	42,467,303.30	5,655,394.64	3.17	5,655,394.64
Total	185,305,944.01	100.00	47,012,937.20	178,613,543.94	100.00	26,814,372.15

## ③ Details of bad debt provision for other receivables

Bad debt provision	Stage I	Stage II	Stage III	Total
	Expected credit losses for the next 12 months	Expected credit loss for the entire duration (not impaired)	Expected credit loss for the entire duration (impaired)	
Opening balance		1,767,853.45	117,706,814.67	119,474,668.12
--Transfer to stage II		-	-	-
--Transfer to stage III		-585,965.71	585,965.71	-
--Reverse to stage II		-	-	-
--Reverse to stage I		-	-	-
Provision for the period		711,436.76	44,248,068.78	44,959,505.54
Reversal for the period		-	-	-
Elimination for the period		-	-	-
Write-off for the period		-	-	-
Other changes		-	-	-
Closing balance		1,893,324.50	162,540,849.16	164,434,173.66

## ④ Top five other receivables for closing balance

Debtor name	Book balance	Aging	Proportion (%)
Bohong Group Co., Ltd. (Bohong System)	2,228,735,137.71	Within 0-6 months (including 6 months) 84,744,584.26 yuan; Within 7-12 months (including 1 year) 2,143,990,553.45 yuan	26.27
Sichuan Mianyang Hao Sheng Auto Parts Manufacturing Co., Ltd.	1,028,769,022.69	Within 0-6 months (including 6 months) 275,180,053.23 yuan; Within 7-12 months (including 1 year) 753,588,969.46 yuan	12.13
Sichuan Bohong Industrial Co., Ltd. (Bohong system)	597,393,208.10	Within 0-6 months (including 6 months) 299,878,538.76 yuan; Within 7-12 months (including 1 year) 117,714,500.00 yuan	7.04
Mianyang Forgood distillery Co., Ltd.	458,123,097.19	Within 0-6 months (including 6 months) 299,878,538.76 yuan; Within 7-12 months (including 1 year) 179,800,169.34 yuan; 1-2 years (including 2 years) 117,714,500.00 yuan	5.4
Mianyang Jinxing Pharmaceutical Co., Ltd. (Bohong System)	415,252,520.72	Within 0-6 months (including 6 months) 15,789,405.22 yuan; Within 7-12 months (including 1 year) 399,463,115.50 yuan	4.90
Total	4,728,272,986.41		

## 6. Inventories

### (1) Classification of inventory

Item	Closing balance		
	Book balance	Provision for falling price	Carrying value
Raw materials	204,176,923.04	1,021,539.98	203,155,383.06
Turnover materials (packaging, Low-value consumables, etc.)	4,712,939.12		4,712,939.12
Self-manufactured goods and in-process goods	235,348,785.43		235,348,785.43
Development cost	9,387,990,541.71		9,387,990,541.71
Finished goods	3,630,443,586.52	37,410,926.32	3,593,032,660.20
Consigned processing material	27,848,511.84		27,848,511.84
Land to be developed	4,580,818,872.12		4,580,818,872.12
<b>Total</b>	<b>18,071,340,159.78</b>	<b>38,432,466.30</b>	<b>18,032,907,693.48</b>

Continued from the table above:

Item	Opening balance		
	Book balance	Provision for falling price	Carrying value
Raw materials	192,310,246.13	1,138,781.18	191,171,464.95
Turnover materials (packaging, Low-value consumables, etc.)	6,721,785.33		6,721,785.33
Self-manufactured goods and in-process goods	234,747,255.20		234,747,255.20
Development cost	8,167,635,493.98		8,167,635,493.98
Finish goods	3,162,258,729.07		3,162,258,729.07
Consigned processing material	28,673,566.77		28,673,566.77
Land to be developed	4,622,163,047.25		4,622,163,047.25
<b>Total</b>	<b>16,414,510,123.73</b>	<b>1,138,781.18</b>	<b>16,413,371,342.55</b>

### (2) Major inventories with borrowing costs capitalized in the closing balance

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Group Headquarters Fu River Song Ya River Embankment Project	13,829,378.60			13,829,378.60
Group Headquarters World Bank Loan Project	63,328,729.17	1,559,437.7		64,888,166.87
Transfer of the Group's production base in the Economic Development Zone	158,430,686.85			158,430,686.85

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Disaster Prevention and Mitigation Park, Hi-tech Zone, Group Headquarters	220,709,499.34	-24.00		220,709,475.34
Group Headquarters Disaster Prevention Park II	218,705,574.63	11,417,323.54		230,122,898.17
Group Headquarters Youxian District Chaoyang Area Overall Renovation and Upgrading Project	2,403,447.59			2,403,447.59
Group Headquarters Mianyang Science and Technology City Innovation Centre Project	435,290,409.70	26,095,069.46		461,385,479.16
Group Headquarters Technology City Centralized Development Area Launch Area	446,282,437.12	78,604,536.13		524,886,973.25
Mian An Expressway link to Science and Technology City Avenue, Group Headquarters	32,182,524.33	0.00		32,182,524.33
Integrated pipeline corridor in the Group's centralized development area	60,048,674.18	10,645,833.33		70,694,507.51
Three road projects including North Riverside Road in the core area of the Group's centralised development area	8,905,596.08	2,136,590.38		11,042,186.46
Group Headquarters Mianyang Science and Technology City Innovation Centre Phase III	99,549,825.82	34,964,776.92		134,514,602.74
Group Headquarters Anchang River Comprehensive Improvement Project	134,005,900.25	64,238,979.27		198,244,879.52
Group Headquarters Logistics Park Railway Line Project	12,530,461.94	14,060,974.51		26,591,436.45
Group Headquarters Venture Avenue Crossing Second Ring Road Viaduct Project	4,676,193.29	5,686,485.40		10,362,678.69
Three Roads, Binhe South Road, Group Headquarters	179,607.80	97,554.39		277,162.19
Group Headquarters Bajia Weir Landscape Enhancement Project	20.64	3,736.00		3,756.64
Science City Innovation Hall, Group Headquarters	244.72	2,662,324.81		2,662,569.53
Group Headquarters Square Cabin Hospital Project		16,253.19		16,253.19
825 acres parcel project	63,999,413.21	46,098,336.21		110,097,749.42
Launch Area Project	6,178,011.14			6,178,011.14
The Old Park is developing product project	398,226,736.24	63,550,925.79		461,777,662.03
Independent infrastructure and industrial project	443,246,355.37	73,562,492.72		516,808,848.09

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Shangma Guanhua Residence Phase II real estate development project	15,901,039.60	24,863,678.71		40,764,718.31
Kefa Changtai South Garden Lot 1 project	36,583,739.75	30,942,140.88		67,525,880.63
<b>Total</b>	<b>2,875,194,507.36</b>	<b>491,207,425.34</b>		<b>3,366,401,932.70</b>

## 7. Contract assets

Details of contract assets

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying value	Book balance	provision for impairment	Carrying value
Repurchase payments from government departments	1,076,677,154.32		1,076,677,154.32	1,188,004,354.82		1,188,004,354.82
Mianyang Fire & Rescue Detachment	29,957,991.34		29,957,991.34	40,471,559.63		40,471,559.63
Housing and Urban-Rural Development Bureau of Youxian District, Mianyang	2,376,788.98		2,376,788.98	5,147,706.42		5,147,706.42
Dongxu Construction Group Co., Ltd.	10,695,023.01		10,695,023.01	15,886,930.34		15,886,930.34
Mianyang An Zhou Investment Holding Group	145,275,055.26		145,275,055.26	145,275,055.26		145,275,055.26
Income from land cost rebates for urban environmental management projects in the Economic Development Zone	165,000,000.00		165,000,000.00	165,000,000.00		165,000,000.00
<b>Total</b>	<b>1,429,982,012.91</b>		<b>1,429,982,012.91</b>	<b>1,559,785,606.47</b>		<b>1,559,785,606.47</b>

## 8. Other current assets

(1) Classification by project

Item	Closing balance	Opening balance
Entrusted loans	508,728,531.71	538,063,791.80

Item	Closing balance	Opening balance
Less: Provision for impairment of entrusted loans	64,311,144.97	60,719,351.96
Input tax to be deducted	183,987,845.69	228,110,954.99
Prepaid taxes	63,849,267.87	64,474,707.15
Others	23,157.68	18,999.19
Tooling molds	3,454,908.46	3,359,437.93
Cost of returned goods receivable	4,270,083.65	4,270,083.65
Property losses and gains pending disposal	64,459.47	25,497.64
Total	700,067,109.56	777,604,120.39

## (2) The details of entrusted loans with significant individual amounts at the end of the period

Item	Book balance at the end of the period	Book balance at the beginning of the period
Mianyang Tongxin Copper Industry Co., Ltd.	300,000,000.00	300,000,000.00
Sichuan Jiuyuan Huantong Power Supply Co., Ltd.	28,972,220.00	28,972,220.00
Sichuan Laoshan Mill Food Co., Ltd.	22,769,344.87	22,769,344.87
Jiangyou Xianghong Stainless Steel Products Co., Ltd.	20,000,000.00	20,000,000.00
Sichuan Hanxin Soft Wooden Products Co., Ltd.	14,000,000.00	14,000,000.00
Mianyang Neng Shi Guang Bao Electronics Co., Ltd.	13,555,450.12	13,555,450.12
Sichuan Xijie Microwave Technology Development Co., Ltd.	8,722,762.82	9,338,068.13
Jiangyou Jiefeng Agricultural Products Company	7,915,863.03	8,000,000.00
Jiangyou Xiongfei Forging Co., Ltd.	7,800,000.00	7,800,000.00
Mianyang Leiyao Tourism Development Co., Ltd.	7,699,999.00	7,999,999.00
Mianyang Qixianglin Products Co., Ltd.	7,000,000.00	7,000,000.00
Sichuan Tonghui Steel Structure Co., Ltd.	6,758,090.14	6,758,090.14
An County Xianlin Ecological Agricultural Development Co., Ltd.	5,000,000.00	5,000,000.00
Mianyang Mintian Industrial Co., Ltd.	5,000,000.00	5,000,000.00
Mianyang Zhitong Trading Co., Ltd.	4,943,580.78	4,943,580.78
Mianyang Tonghui Agricultural and Forestry Development Co., Ltd.	4,613,273.24	4,613,273.24
Beichuan Fude New Energy Stock Co., Ltd.	4,480,940.79	4,480,940.79

Item	Book balance at the end of the period	Book balance at the beginning of the period
Sichuan Hongyu Metal Manufacturing Co., Ltd.	3,946,741.91	3,946,741.91
Beichuan Qiang Autonomous County Kui Lin Paper	3,902,147.52	4,423,252.52
Mianyang Tuorui Construction & Decoration Co., Ltd.	3,880,000.00	3,880,000.00
Mianyang Qiheng Food Co., Ltd.	3,087,566.24	3,087,566.24
Mianyang Chunrong Foodstuffs Co., Ltd.	2,770,000.00	2,770,000.00
Mianyang Blue Whale Zhongke Information Technology Co., Ltd.	2,702,429.41	2,702,429.41
Beichuan Hengyuan Industry and Trade Co., Ltd.	2,667,291.32	2,667,291.32
Sichuan Orgel Building Materials Co., Ltd.	2,184,475.00	2,184,475.00
Sichuan Hanxin Soft Wooden Products Co., Ltd.	2,142,538.21	2,142,538.21
Mianyang Meirijia daily chemical products Co., Ltd.	1,986,978.08	1,986,978.08
Mianyang Zijiao Food Co., Ltd.	1,816,935.04	1,816,935.04
Beichuan Fangyuan Pipe Industry Co., Ltd.	1,652,740.97	1,652,740.97
Jiangyou Xiongfei Forging Co., Ltd.	1,356,855.91	1,356,855.91
Mianyang Qianqi Building Materials Co., Ltd.	1,318,317.29	1,318,317.29
An County Paper Co., Ltd.	1,224,416.25	1,224,416.25
Mianyang Qidian Technology Co., Ltd.	1,127,006.52	1,127,006.52
Other companies	1,730,567.25	29,545,280.06
Total carrying amount	508,728,531.71	538,063,791.80
Less: Provision for impairment of entrusted loans	64,311,144.97	60,719,351.96
Total	444,417,386.74	477,344,439.84

### 9. Debt investment

Item	Closing balance			Opening balance		
	Book balance	provision for impairment	Carrying value	Book balance	provision for impairment	Carrying value
CNA Trust Guarantee Fund				3,000,000.00		3,000,000.00

Item	Closing balance			Opening balance		
	Book balance	provision for impairment	Carrying value	Book balance	provision for impairment	Carrying value
Principal amount of trust products of China Railway Trust Company Limited	3,017,961.25		3,017,961.25	23,023,471.19		23,023,471.19
China Railway Trust Mianyang Science and Technology City Innovation Centre Project				19,480,000.00		19,480,000.00
Ping An Bank Structured Deposit Rolling Open Type Product				7,000,000.00		7,000,000.00
<b>Total</b>	<b>3,017,961.25</b>		<b>3,017,961.25</b>	<b>52,503,471.19</b>		<b>52,503,471.19</b>

## 10. Long-term equity investments

### (1) Classification of long-term equity investments

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Investment in joint ventures	225,417,569.67	480,680,619.56	23,822,297.43	682,275,891.80
Investment in associates	169,971,625.03	10,056,689.14	12,238,131.62	167,790,182.55
Subtotal	395,389,194.70	490,737,308.70	36,060,429.05	850,066,074.35
Less: provision for impairment of long-term equity investments	4,063,242.94			4,063,242.94
<b>Total</b>	<b>391,325,951.76</b>	<b>522,707,735.36</b>	<b>68,030,855.71</b>	<b>846,002,831.41</b>

### (2) The details of long-term equity investments

Investee	Investment cost	Opening balance	Changes for the current period			
			Additional investment	Decrease in investment	Investment income or losses recognized under equity method	Adjustment to other comprehensive income
<b>I. Joint ventures</b>						
Mianyang Juxing Permanent Magnet Material Co., Ltd.	100,000,000.00		100,000,000.00		-896,346.94	
Sichuan Shuke Huifu Enterprise Management Co., Ltd.	200,000.00		200,000.00			
Mianyang Forgood distillery Co., Ltd.	260,000,000.00		260,000,000.00		-32,697,695.62	

Investee	Investment cost	Opening balance	Changes for the current period			
			Additional investment	Decrease in investment	Investment income or losses recognized under equity method	Adjustment to other comprehensive income
Mianyang Hongke Optoelectronics Equity Investment Partnership (Limited Partnership)	150,000,000.00	150,000,000.00	139,200,000.00		70,443.66	
Sichuan Guohao Seed Industry Co., Ltd.	25,637,032.00					
Mianyang Sanjiang Meiya Hydropower Co., Ltd.	25,000,000.00	32,093,745.37			3,804,628.56	
Mianyang Weisheng Investment Management Co., Ltd.	3,500,000.00	6,520,296.28			546,715.60	
Mianyang Weisheng Innovation & Venture Equity Investment Fund (Limited Partnership)		15,409,955.23			9,302,900.42	
Mianyang weibo electronic Co., Ltd.	10,787,964.78	17,330,329.85			1,149,973.88	
Sichuan Xijie Microwave Technology Development Co., Ltd.	6,000,000.00					
Subtotal	581,124,996.78	221,354,326.73	499,400,000.00	-	-18,719,380.44	
<b>II. Associates</b>						
Mianyang Agricultural Finance Guarantee Co., Ltd.	51,025,075.73	50,405,146.9			25,627.53	
Mianyang High-Tech Zone Water Supply Co., Ltd.	2,000,000.00	26,435,153.87			1,511,479.50	
Mianyang Science and Technology City Sports and Culture Industry Company	600,000.00	313,767.39			4,624.16	
Sichuan Bangmenghuizhi Technology Services Co., Ltd.	100,000.00	105,013.32			12,841.34	
Sichuan Tianxin Gas Co., Ltd.	5,880,000.00	78,944,933.81			5,139,057.75	
Mianyang Tianrun Gas Co., Ltd.	14,709,564.71	13,767,609.74			3,363,058.86	
Subtotal	74,314,640.44	169,971,625.03			10,056,689.14	
<b>Total</b>	<b>655,439,637.22</b>	<b>391,325,951.76</b>	<b>499,400,000.00</b>		<b>-8,662,691.30</b>	

Continued from the table above:

Investee	Changes for the current period				Closing balance	Closing balance of provision for impairment
	Other equity changes	Declared cash dividends or profits	Provision for impairment	Others		
I. Joint ventures						
Mianyang Juxing Permanent Magnet Material Co., Ltd.					99,103,653.06	
Sichuan Shuke Huifu Enterprise Management Co., Ltd.					200,000.00	
Mianyang Forgood distillery Co., Ltd.					227,302,304.38	
Mianyang Hongke Optoelectronics Equity Investment Partnership (Limited Partnership)					289,270,443.66	
Sichuan Guohao Seed Industry Co., Ltd.						
Mianyang Sanjiang Meiya Hydropower Co., Ltd.		6,732,357.43			29,166,016.50	
Mianyang Weisheng Investment Management Co., Ltd.		2,380,000.00			4,687,011.88	
Mianyang Weisheng Innovation & Venture Equity Investment Fund (Limited Partnership)		14,509,940.00			10,202,915.65	
Mianyang weibo electronic Co., Ltd.		200,000.00			18,280,303.73	
Sichuan Xijie Microwave Technology Development Co., Ltd.						4,063,242.94
Subtotal		23,822,297.43			678,212,648.86	4,063,242.94
II. Associates						
Mianyang Agricultural Finance Guarantee Co., Ltd.		6,800.00			50,423,974.43	
Mianyang High-Tech Zone Water Supply Co., Ltd.					27,946,633.37	
Mianyang Science and Technology City Sports and Culture Industry Company					318,391.55	

Investee	Changes for the current period				Closing balance	Closing balance of provision for impairment
	Other equity changes	Declared cash dividends or profits	Provision for impairment	Others		
Sichuan Bangmenghuizhi Technology Services Co., Ltd.					117,854.66	
Sichuan Tianxin Gas Co., Ltd.		8,870,614.71			75,213,376.85	
Mianyang Tianrun Gas Co., Ltd.		3,360,716.91			13,769,951.69	
Subtotal		12,238,131.62			167,790,182.55	
Total		36,060,429.05			846,002,831.41	4,063,242.94

## (3) Main financial information of important associates

Item	Closing balance		Opening balance	
	Sichuan Tianxin Gas Co., Ltd.	Mianyang Tianrun Gas Co., Ltd.	Sichuan Tianxin Gas Co., Ltd.	Mianyang Tianrun Gas Co., Ltd.
Current assets	180,020,284.11	17,395,087.89	162,003,038.25	29,043,637.99
Non-current assets	53,258,870.69	6,078,560.61	57,264,803.77	6,809,175.54
Total assets	233,279,154.80	23,473,648.50	219,267,842.02	35,852,813.53
Current liabilities	68,911,468.51	3,321,214.82	58,155,732.19	3,994,834.31
Non-current liabilities				
Total liabilities	68,911,468.51	3,321,214.82	58,155,732.19	3,994,834.31
Net Assets	164,367,686.29	20,152,433.68	161,112,109.83	31,857,979.22
Share of net assets calculated by shareholding ratio	80,540,166.28	9,090,762.83	78,944,933.82	14,371,134.43
Adjustments				
Carrying value of equity investment in associates	75,213,376.85	13,769,951.69	78,944,933.81	13,767,609.74
Fair value of equity investment for which publicly quoted prices exist				
Operating revenue	302,755,825.45	68,877,672.60	271,878,595.95	69,525,074.15
Financial expenses	-1,730,468.91	-106,042.28	-2,666,172.14	-140,726.55
Income tax expense	4,147,983.88	1,326,169.93	1,078,603.35	1,305,932.44
Net profit	10,487,872.96	7,455,240.21	14,473,271.27	7,318,516.85
Other comprehensive income				
Total comprehensive income	10,487,872.96	7,455,240.21	14,473,271.27	7,318,516.85
Dividends received from joint ventures in the current period	8,870,614.71	3,360,716.91	8,330,000.00	3,062,988.97

**11. Other equity instruments investment****(1) Details of other equity instruments investment**

Item	Closing balance	Opening balance
Stock investment:		
Changhong Huayi (Stock code 000404)	156,975,000.00	134,837,500.00
Sichuan Jiuzhou (Stock code 000801)	65,200,000.00	95,900,000.00
Dongxu Optoelectronics (Stock code 000413)	20,142,892.05	25,605,371.25
Equity investment:		
Mianyang BOE Optoelectronics Technology Co., Ltd.	4,300,000,001.00	4,300,000,001.00
China Guangfa Bank Co., Ltd.	340,046,451.72	299,999,999.67
Mianyang Science and Technology City Win-Win Help Investment Fund (Limited Partnership)	40,154,980.58	40,287,652.22
Mianyang City Commercial Bank Co., Ltd.	36,278,562.95	33,777,138.41
Mianyang Hongke Optoelectronics Equity Investment Partnership (Limited Partnership)	14,822,128.91	4,494,760.56
Equity investment in Zhongjian Technology Mianyang Co., Ltd.	8,700,000.00	8,700,000.00
Sichuan Zhongwu Technology Co., Ltd.	5,106,846.80	4,931,499.57
Mianyang Jingjiu Medical Industry Equity Investment Partnership (Limited Partnership)	4,896,386.18	1,000,000.00
Mianyang Miangao Equity Investment Fund (Limited Partnership)	4,945,079.90	4,922,351.99
Sichuan Entech Environment Technology Co., Ltd.	4,265,679.49	3,783,268.63
Mianyang Huihang Fuchuang Equity Investment Partnership (Limited Partnership)	1,995,084.99	
Mianyang Keyuan Intelligent Manufacturing Equity Investment Partnership (Limited Partnership)	1,001,689.47	
Mianyang KeFu Equity Investment Fund Partnership (Limited Partnership)	1,000,033.23	
Beichuan Qiangcheng Development Equity Investment Fund Partnership (Limited Partnership)	994,228.87	

Item	Closing balance	Opening balance
Mianyang Huixiang UAV Equity Investment Partnership (Limited Partnership)	974,296.49	992,002.44
Mianyang Huihang Technology Industry Development Equity Investment Partnership (Limited Partnership)	970,410.15	985,675.90
Mianyang Smart City Industry Development Co., Ltd.	648,227.13	1,589,216.05
Mianyang Taishengfa Immovable Property Co., Ltd.		
<b>Total</b>	<b>5,009,117,979.91</b>	<b>4,961,806,437.69</b>

## (2) Significant investments in other equity instrument at the end of the year

Item	Dividends income recognized in the current period	Accumulated profit	Accumulated loss	Accumulated fair value changes recognized in other comprehensive income	Reason
Stock investment:					
Sichuan Jiuzhou (Stock code 000801)	2,157,000.00			22,367,500.00	Investments in non-trading equity instruments
Changhong Huayi (Stock code 000404)	255,000.00			34,200,000.00	Investments in non-trading equity instruments
Dongxu Optoelectronics (Stock code 000413)	-			-92,520,741.45	Investments in non-trading equity instruments
Equity investment:					
Mianyang BOE Optoelectronics Technology Co., Ltd.				-	Investments in non-trading equity instruments
China Guangfa Bank Co., Ltd.	2,791,767.77			40,046,452.05	Investments in non-trading equity instruments
Mianyang Science and Technology City Win-Win Help Investment Fund (Limited Partnership)	-			154,980.58	Investments in non-trading equity instruments
Mianyang City Commercial Bank Co., Ltd.	676,000.00			27,018,562.96	Investments in non-trading equity instruments
Mianyang Hongke Optoelectronics Equity Investment Partnership (Limited Partnership)				-177,871.09	Investments in non-trading equity instruments

Item	Dividends income recognized in the current period	Accumulated profit	Accumulated loss	Accumulated fair value changes recognized in other comprehensive income	Reason
Equity investment in Zhongjian Technology Mianyang Co., Ltd.				-	Investments in non-trading equity instruments
Sichuan Zhongwu Technology Co., Ltd.				3,906,846.80	Investments in non-trading equity instruments
Mianyang Jingjiu Medical Industry Equity Investment Partnership (Limited Partnership)				-3,613.82	Investments in non-trading equity instruments
Mianyang Miangao Equity Investment Fund (Limited Partnership)				-54,920.10	Investments in non-trading equity instruments
Sichuan Entech Environment Technology Co., Ltd.				-2,664,800.51	Investments in non-trading equity instruments
Mianyang Huihang Fuchuang Equity Investment Partnership (Limited Partnership)				-4,915.01	Investments in non-trading equity instruments
Mianyang Keyuan Intelligent Manufacturing Equity Investment Partnership (Limited Partnership)				1,689.47	Investments in non-trading equity instruments
Mianyang KeFu Equity Investment Fund Partnership (Limited Partnership)				33.23	Investments in non-trading equity instruments
Beichuan Qiangcheng Development Equity Investment Fund Partnership (Limited Partnership)				-5,771.13	Investments in non-trading equity instruments
Mianyang Huixiang UAV Equity Investment Partnership (Limited Partnership)				-25,703.51	Investments in non-trading equity instruments
Mianyang Huihang Technology Industry Development Equity Investment Partnership (Limited Partnership)				-29,589.85	Investments in non-trading equity instruments
Mianyang Smart City Industry Development Co., Ltd.				-251,772.87	Investments in non-trading equity instruments

Item	Dividends income recognized in the current period	Accumulated profit	Accumulated loss	Accumulated fair value changes recognized in other comprehensive income	Reason
Mianyang Taishengfa Immovable Property Co., Ltd.				-90,000.00	Investments in non-trading equity instruments
Total	5,879,767.77			31,866,365.75	

## 12. Investment properties

### (1) Investment properties carried at fair value

Item	Opening fair value	Increase in the current period			Decrease in the current period		Closing fair value
		Acquisition	Transferred from self-use real estate or inventory	the profit and loss of fair value changes	Disposal	Convert to self-use real estate	
I. Total cost	7,598,324,531.07	129,752,100.30	336,333,638.12		67,262,122.95	80,109,385.55	7,917,038,760.99
Including: Houses, building	3,777,138,491.99	34,607,174.72	227,840,338.12		1,286,054.43	80,109,385.55	3,958,190,564.85
Land use right	3,821,186,039.08	95,144,925.58	108,493,300.00		65,976,068.52		3,958,848,196.14
II. Total changes in fair value	2,767,409,539.65		16,557,107.31	73,891,607.30	17,812,481.05	80,032,065.91	2,760,013,707.30
Including: Houses, building	533,296,329.73		16,059,339.31	62,059,498.88	388,258.57	80,032,065.91	530,994,843.44
Land use right	2,234,113,209.92		497,768.00	11,832,108.42	17,424,222.48		2,229,018,863.86
III. Total carrying value	10,365,734,070.72	129,752,100.30	352,890,745.43	73,891,607.30	85,074,604.00	160,141,451.46	10,677,052,468.29
Including: Houses, building	4,310,434,821.72	34,607,174.72	243,899,677.43	62,059,498.88	1,674,313.00	160,141,451.46	4,489,185,408.29
Land use right	6,055,299,249.00	95,144,925.58	108,991,068.00	11,832,108.42	83,400,291.00		6,187,867,060.00

### (2) Important investment properties of which certificates of title have not been obtained at the end of period

Serial Number	Affiliated unit	Name	Carrying value	Reasons why certificates of title have not been obtained
1	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Platinum Times (Car Park)	76,783,565.00	In process
2	Mianyang High-tech Construction and Development Co., Ltd.	5-7/F Office Building, Oriental International (120 North Torch Street West, Fucheng District)	557,225.39	In process

Serial Number	Affiliated unit	Name	Carrying value	Reasons why certificates of title have not been obtained
3	Mianyang High-tech Construction and Development Co., Ltd.	Hardware and Machinery City Parking Lot (116 Mianxing East Road, Fucheng District)	2,184,510.55	In process
4	Mianyang Gas Group Co., Ltd.	Gas Group Buildings	152,156,879.64	In process
Total			231,682,180.58	

### 13. Fixed assets

Item	Closing balance	Opening balance
Fixed assets	3,030,178,071.73	2,277,038,734.42
Disposal of fixed assets		
Total	3,030,178,071.73	2,277,038,734.42

#### (1) Details of fixed assets

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Total original book value	3,639,031,352.67	1,204,638,732.14	377,001,374.44	4,466,668,710.37
Including: House and buildings	1,939,812,238.84	1,162,240,256.37	298,188,082.02	2,803,864,413.19
Machinery and equipment	929,200,091.76	13,918,076.79	19,006,754.56	924,111,413.99
Vehicles	42,924,023.72	1,621,224.51	2,665,774.80	41,879,473.43
Electronic equipment	28,505,920.88	2,311,704.02	157,236.61	30,660,388.29
Office equipment	22,229,846.75	8,934,755.59	13,733,429.61	17,431,172.73
Others	676,359,230.72	15,612,714.86	43,250,096.84	648,721,848.74
II. Total accumulated depreciation	1,358,214,950.35	152,758,030.43	78,260,010.04	1,432,712,970.74
Including: House and buildings	527,606,106.68	43,434,119.12	10,766,108.45	560,274,117.35
Machinery and equipment	254,061,743.99	85,754,076.25	17,119,945.86	322,695,874.38
Vehicles	26,506,594.80	3,245,480.26	2,361,232.96	27,390,842.10
Electronic equipment	15,177,634.79	4,775,586.55	112,726.53	19,840,494.81
Office equipment	12,670,032.51	5,393,888.97	6,085,030.14	11,978,891.34
Others	522,192,837.58	10,154,879.28	41,814,966.10	490,532,750.76
III. Total net book value	2,280,816,402.32	—	—	3,033,955,739.63
Including: House and buildings	1,412,206,132.16	—	—	2,243,590,295.84
Machinery and equipment	675,138,347.77	—	—	601,415,539.61
Vehicles	16,417,428.92	—	—	14,488,631.33
Electronic equipment	13,328,286.09	—	—	10,819,893.48

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Office equipment	9,559,814.24	—	—	5,452,281.39
Others	154,166,393.14	—	—	158,189,097.98
<b>IV. Total provision for impairment</b>	<b>3,777,667.90</b>			<b>3,777,667.90</b>
<b>Including: House and buildings</b>				
Machinery and equipment	363,885.56			363,885.56
Vehicles				
Electronic equipment	2,419,886.00			2,419,886.00
Office equipment				
Others	993,896.34			993,896.34
<b>V. Total carrying value</b>	<b>2,277,038,734.42</b>	<b>—</b>	<b>—</b>	<b>3,030,178,071.73</b>
<b>Including: House and buildings</b>	<b>1,412,206,132.16</b>	<b>—</b>	<b>—</b>	<b>2,243,590,295.84</b>
Machinery and equipment	674,774,462.21	—	—	601,051,654.05
Vehicles	16,417,428.92	—	—	14,488,631.33
Electronic equipment	10,908,400.09	—	—	8,400,007.48
Office equipment	9,559,814.24	—	—	5,452,281.39
Others	153,172,496.80	—	—	157,195,201.64

Note: Others include gas companies' high-pressure, sub-pressure, medium-pressure and below gas transmission pipelines.

(2) Important fixed assets of which certificates of title have not been obtained

Serial number	Affiliated unit	Name	Carrying value	Reasons why certificates of title have not been obtained
1	Beichuan Qiang Autonomous County Liuhe Turbine Materials Co., Ltd.	Factory building and accessories	347,921.89	In process
2	Sichuan Liuhe Special Metal Materials Co., Ltd.	Factory building and accessories	196,935,648.03	In process
3	Deyang Liuhe Energy Materials Co., Ltd.	Factory building and accessories	19,524,831.54	In process
4	Mianyang Kefa Changtai Industry Co., Ltd.	Factory building and accessories	1,626,708.16	In process
5	Mianyang Gas Group Co., Ltd.	Factory building and accessories	11,711,190.89	In process
6	Mianyang High-tech Zone Investment Holding (Group) Co., Ltd.	Office building and supporting facilities	1,137,684.01	In process

Serial number	Affiliated unit	Name	Carrying value	Reasons why certificates of title have not been obtained
7	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Office building and supporting facilities	1,910,078.85	In process
Total			233,194,063.37	

#### 14. Construction in progress

##### (1) Details of construction in progress

Item	Closing balance		
	Book balance	Provision for impairment	Carrying value
Wastewater Treatment Plant Japanese Yen Loan Project	168,776,510.42		168,776,510.42
Incubation Building Renovation Project	115,677,118.49		115,677,118.49
Infrastructure Office Engineering +Prince Hotel	103,361,590.49		103,361,590.49
Gas Company Gas Pipeline	84,470,482.17	1,545,725.47	82,924,756.70
Intelligent Logistics Information Centre	49,069,019.85		49,069,019.85
Jiuzhou Gymnasium Renovation Project	31,025,752.96		31,025,752.96
Urban Planning Exhibition Hall Project	20,750,260.39		20,750,260.39
Smartphone Project Standard Workshop Phase I in Economic Development Zone	14,702,952.80	14,702,952.80	
Steel turning machines	14,273,957.34		14,273,957.34
Convention and Exhibition Centre Area Technology Element Project	12,762,666.10		12,762,666.10
Urban Planning Exhibition Hall Project (Old)	9,672,489.76	9,672,489.76	
Smelting centre de-dusting system	8,102,884.73		8,102,884.73
High temperature and high strength projects	8,061,292.78		8,061,292.78
Mianyang Science and Technology City International Convention and Exhibition Centre Phase III			
Projects under 5 million	18,435,946.34		18,435,946.34
<b>Total</b>	<b>659,142,924.62</b>	<b>25,921,168.03</b>	<b>633,221,756.59</b>

Continued from the table above:

Item	Opening balance		
	Book balance	Provision for impairment	Carrying value
Wastewater Treatment Plant Japanese Yen Loan Project	168,785,657.93		168,785,657.93
Incubation Building Renovation Project	417,338.86		417,338.86
Infrastructure Office Engineering +Prince Hotel	1,525,388.04		1,525,388.04
Gas Company Gas Pipeline	58,342,760.25	1,545,725.47	56,797,034.78
Intelligent Logistics Information Centre	35,399,112.58		35,399,112.58
Jiuzhou Gymnasium Renovation Project	23,498,974.77		23,498,974.77
Urban Planning Exhibition Hall Project	263,933.99		263,933.99
Smartphone Project Standard Workshop Phase I in Economic Development Zone	14,702,952.80	14,702,952.80	
Steel turning machines	447,051.56		447,051.56
Convention and Exhibition Centre Area Technology Element Project	9,322,023.91		9,322,023.91
Urban Planning Exhibition Hall Project (Old)	9,672,489.76	9,672,489.76	
Smelting centre de-dusting system			
High temperature and high strength projects	397,185.94		397,185.94
Mianyang Science and Technology City International Convention and Exhibition Centre Phase III	816,089,380.80		816,089,380.80
Projects under 5 million	36,282,915.62		36,282,915.62
Total	1,175,147,166.81	25,921,168.03	1,149,225,998.78

## (2) Changes in significant construction in progress projects during the period

Item	Budget (10 thousand yuan)	Opening balance	Increase in the current period	Transfer to fixed assets	Other decreases	Closing balance
Mianyang Science and Technology City International Convention and Exhibition Centre Phase III	89,700.00	816,089,380.80		816,089,380.80		

Item	Budget (10 thousand yuan)	Opening balance	Increase in the current period	Transfer to fixed assets	Other decreases	Closing balance
Wastewater Treatment Plant Japanese Yen Loan Project	15,948.04	168,785,657.93			9,147.51	168,776,510.42
Incubation Building Renovation Project	18,867.00	417,338.86	115,358,249.22			115,775,588.08

Continued from the table above:

Item	Cumulative investment in the project Percentage of budget (%)	Amount of accumulated capitalized interest	Including: capitalized interest for the current period	Interest capitalization rate for the current period (%)	Source of funds
Mianyang Science and Technology City International Convention and Exhibition Centre Phase III	90.98	99,109,064.57			Borrowing, self-financing
Wastewater Treatment Plant Japanese Yen Loan Project	100.00				Borrowing, self-financing
Incubation Building Renovation Project	61.36	5,880,751.76	5,876,351.55	99.93	Borrowing, self-financing

**15. Right-of-use assets**

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Total original book value	10,529,223.23	2,121,884.99		12,651,108.22
Including: Land				
House and buildings	10,529,223.23	2,121,884.99		12,651,108.22
II. Total accumulated depreciation	2,171,380.76	2,448,685.00		4,620,065.76
Including: Land				
House and buildings	2,171,380.76	2,448,685.00		4,620,065.76
III. Total net book value of right to use assets	8,357,842.47			8,031,042.46
Including: Land				
house and buildings	8,357,842.47			8,031,042.46
IV: Total provision for impairment				
Including: Land				
House and buildings				
V: Total net book value of right to use assets	8,357,842.47			8,031,042.46
Including: Land				
House and buildings	8,357,842.47			8,031,042.46

## 16. Intangible assets

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Total cost	499,507,281.03	13,018,024.14		512,525,305.17
Including: Software	18,630,457.90	3,216,425.31		21,846,883.21
Land use rights	475,458,513.77	9,801,598.83		485,260,112.60
Patents and Non-patents	5,418,309.36			5,418,309.36
II. Total accumulated amortization	42,032,801.90	7,782,593.22		49,815,395.12
Including: Software	6,343,689.05	2,581,350.08		8,925,039.13
Land use rights	30,278,154.05	5,200,205.38		35,478,359.43
Patents and Non-patents	5,410,958.80	1,037.76		5,411,996.56
III. Total provision for impairment				
Including: Software				
Land use rights				
Patents and Non-patents				
IV. Total carrying value	457,474,479.13			462,709,910.05
Including: Software	12,286,768.85			12,921,844.08
Land use rights	445,180,359.72			449,781,753.17
Patents and Non-patents	7,350.56			6,312.80

Including: Land use rights of which certificates of title have not been obtained

Serial number	Affiliated unit	Item	Carrying value	Reasons why certificates of title have not been obtained
1	Mianyang High-tech Zone Investment Holding (Group) Co., Ltd.	North of Demian Road A, South of Demian Road A, North of Demian Road B, South of Demian Road B	150,900,478.41	Problem left over from history
Total			150,900,478.41	

## 17. Goodwill

Carrying value of goodwill

Name of the investee or Item resulting in goodwill	Opening balance	Increase in the current period	Decrease in the current period	Provision for impairment of goodwill	Closing balance
Goodwill arising from the acquisition of Sichuan Weichen Construction Engineering Co., Ltd. by a subsidiary, Sichuan Fada Weiyue Investment Co., Ltd.	1,540,000.00				1,540,000.00
Total	1,540,000.00				1,540,000.00

**18. Long-term prepaid expenses**

Item	Opening balance	Increase in the current period	Amortization for the current period	Other decrease	Closing balance
Steel ingot molds (special)	244,133.42		244,133.42		
Quenched diesel	389,943.12	235,000.00	89,062.04		535,881.08
Factory floor paint	388,481.01		164,780.64		223,700.37
Merchant bank guarantee fees	37,358.46		37,358.46		
Financing costs	17,226,996.17	7,480,000.00	13,014,973.25		11,692,022.92
Repair and renovation costs	15,596,313.64	7,150,151.59	7,149,794.45		15,596,670.78
Others	342,873.01	786,928.35	200,707.35		929,094.01
Total	34,226,098.83	15,652,079.94	20,900,809.61		28,977,369.16

**19. Deferred tax assets and Deferred tax liabilities**

Deferred income tax assets and deferred income tax liabilities are not presented on a net of offsetting

Item	Closing balance		Opening balance	
	Deferred tax assets/Deferred tax liabilities	Deductible temporary differences/ Taxable temporary differences	Deferred tax assets/Deferred tax liabilities	Deductible or taxable Temporary tax differences
I、Deferred income tax assets	133,993,810.05	610,625,873.36	78,320,655.83	331,168,001.10
Provision for impairment of assets	6,093,860.64	24,375,442.56	6,093,860.64	24,375,442.56
Deductible losses	27,739,485.92	184,929,906.15	6,482,471.87	43,216,479.13
Credit impairment losses	76,947,592.67	308,238,979.75	43,975,200.27	176,418,361.09
Changes in fair value of Other financial assets accounted for other comprehensive income	23,212,870.82	93,081,544.90	21,769,123.05	87,157,718.32
II、Deferred income tax liabilities	921,970,730.85	3,733,490,659.96	864,591,538.81	3,512,323,063.13
Investment properties carried at fair value	796,309,588.84	3,185,238,355.37	742,928,607.34	2,971,714,429.14
Asset valuation appreciation of Gas Company	95,587,641.40	423,304,393.88	99,911,090.69	449,496,092.10
Changes in fair value of Other financial assets accounted for other comprehensive income	30,073,500.61	124,947,910.71	21,751,840.78	91,112,541.89

**20. Other non-current assets**

Item	Closing balance	Opening balance
Contract performance costs for projects not delivered for more than 1 year	11,975,956.59	
Offsetting assets of Kefa Guarantee Co., Ltd.	35,301,962.47	35,301,962.47

Item	Closing balance	Opening balance
Entrusted loans of BOE Project		50,380,787.04
Costs associated of BOE projects	2,743,991,507.64	2,313,936,083.41
Original value of external equity investment	559,217,955.41	559,217,955.41
<b>Including: High-tech Industrial Investment Corporation of the New High-tech Zone</b>	<b>1,816,835.98</b>	<b>1,816,835.98</b>
Mianyang High-tech Zone Pujin Investment Co., Ltd.	15,000,000.00	15,000,000.00
Mianyang High-tech Zone Shiquan Comprehensive Market Development Co., Ltd.	602,336.21	602,336.21
High-tech New Area Municipal Corporation	1,476,457.63	1,476,457.63
Mianyang Productivity Promotion Centre Co., Ltd.	1,615,125.59	1,615,125.59
TEDA Biomedical Technology Co., Ltd.	6,800,000.00	6,800,000.00
PolyStar Technology Co., Ltd.	100,000.00	100,000.00
Sichuan Mianyang Nanshan Education Investment Co., Ltd.	6,568,000.00	6,568,000.00
Sichuan Guoke Asset Management Co., Ltd.	102,239,200.00	102,239,200.00
Mianyang Zhongjian Kefa Pipe Corridor Road Investment and Construction Co., Ltd.	363,000,000.00	363,000,000.00
Sichuan Credit Re-Guarantee Co., Ltd.	60,000,000.00	60,000,000.00
Less: Provision for impairment of external equity investments	18,793,919.43	18,793,919.43
<b>Including: Mianyang High-tech Zone Shiquan Comprehensive Market Development Co., Ltd.</b>	<b>602,336.21</b>	<b>602,336.21</b>
Mianyang High-tech Zone Pujin Investment Co., Ltd.	15,000,000.00	15,000,000.00
Mianyang High-tech Industrial Development Zone Municipal Public Utility Corporation	1,476,457.63	1,476,457.63
Mianyang Productivity Promotion Centre Co., Ltd.	1,615,125.59	1,615,125.59
Mianyang High-tech Zone Juxing Supercomputing Technology Co., Ltd.	100,000.00	100,000.00
<b>Total</b>	<b>3,331,693,462.68</b>	<b>2,940,042,868.90</b>

Note: (1) The main body of Sichuan Mianyang Nanshan Education Investment Co., Ltd. is Sichuan Mianyang Nanshan Middle School Bilingual School, in which the Company has a 23% shareholding. The school has a certificate of legal institutions and implements "Accounting Standards for Institutions" and "Accounting System for Primary and Secondary Schools", and has a certain public welfare nature, and the Company does not enjoy investment income or bear investment losses.

(2) Sichuan Guoke Asset Management Co., Ltd. is a limited company jointly established by the Company and Sichuan Sanxin Venture Capital Co., Ltd., a wholly-owned subsidiary of Sichuan Development Asset Management Investment Management Co., Ltd., It was established to properly undertake the disposal of Hanlong's asset package on behalf of Mianyang government, Later, San-Xin transferred its equity interest

in Guoke to Sichuan Development Asset Management Investment Management Co., Ltd. The Company's shareholding ratio is 40% and Sichuan Development's shareholding ratio is 60%, the Company is not entitled to investment income or bear investment losses.

(3) In October 2016, Mianyang Municipal People's Government and BOE Group signed the "Framework Agreement for Investment in the Project", and in March 2017, Kefa Group and BOE signed the "Supplementary Agreement to the Investment Framework Agreement", and in December 2020, Mianyang Municipal People's Government, Kefa Group and BOE Group signed the "Supplementary Agreement to the Investment Framework Agreement". According to the relevant agreement of the supplemental agreement signed in December 2020, BOE Group strives to complete the directed issue or asset reorganization before December 31, 2022, and the equity corresponding to the 4,300 million yuan capital contribution of the project company held by Kefa Group will be replaced with shares of BOE listed company according to the original capital contribution, if BOE Group fails to complete the directed issue or asset reorganization before December 31, 2022, the two parties negotiate to determine the exit method of Kefa Group in accordance with the laws and regulations, regulatory policies and market-oriented principles. Therefore, the Company will carry forward the investment related to the accumulated investment in BOE project at the time of exit in accordance with the principle of income cost matching.

(4) Mianyang Zhongjian Kefa Pipe Corridor Road Investment and Construction Co., Ltd. project is a PPP project, the Company is authorized by the Mianyang Municipal People's Government on behalf of the Government's capital representatives, the investment ratio of 12%, the Company does not enjoy investment income or bear investment losses.

(5) The Company's investee, Mianyang High-tech Zone Investment Holding (Group) Company Limited (hereinafter referred to as: High-tech Investment Holding), its investee was cancelled as follows:

① On October 12, 2021, High-tech Investment Holdings' investee unit, Mianyang High-tech Shiquan Integrated Market Development Co., Ltd. (High-tech Investment Holdings directly holds 80% of the shares and indirectly holds 20% of the shares through High-tech Investment Holdings' wholly-owned subsidiary Mianyang High-tech Zone High-tech Industry Investment Co., Ltd.) obtained "the Notice of Granting Cancellation of Registration" issued by Mianyang Municipal Administration of Market Supervision ((Mianyang Municipal Supervision) Registration Inner Jane Note Verification (2021) No.11015), which granted the cancellation of registration. As of December 31, 2022, High-tech Investment Holdings has not yet completed the write-off of its investment in the investee unit Mianyang High-tech District Shiquan Integrated Market Development Co., Ltd.

② On March 22, 2022, High-tech Investment Holdings' investee unit, Mianyang Productivity Promotion Center Co., Ltd., obtained "the Notice of Granting Cancellation of Registration" issued by Mianyang Municipal Market Supervision Administration ((Mianyang Municipal Supervision) Registration Inner Note Verification

(2022) No.3184). As of December 31, 2022, High-tech Investment Holdings has not yet completed the write-off of the investment in the investee unit Mianyang Productivity Promotion Center Co., Ltd.

③ On April 7, 2022, High-tech Investment Holdings' investee unit, Mianyang High-tech Zone Juxing Supercomputing Technology Co., Ltd., obtained "the Notice of Granting Cancellation of Registration" issued by Mianyang Municipal Market Supervision Administration ((Mianyang Municipal Supervision) Registration Inner Note Verification (2022) No.4017). As of December 31, 2022, High-tech Investment Holdings has not yet completed the write-off of the investment in the investee unit Mianyang High-tech Zone Juxing Supercomputing Technology Co., Ltd.

④ High-tech Investment Holdings' investee, Mianyang High-Tech Industrial Development Zone Municipal Public Utility Corporation, After the sky-eye search, was cancelled on January 13, 2005. As of December 31, 2022, High-tech Investment Holdings has not yet completed the write-off of the investment in its investee, Mianyang High-tech Industrial Development Zone Municipal Public Utility Corporation.

⑤ July 18, 2022, High-tech Investment Holdings' investee, Mianyang High-tech Zone Pujin Investment Co., Ltd. obtained the Mianyang Municipal Bureau of Market Supervision issued a "Notice of Registration" ((Mianyang City Supervision) registration (2022) No.10190) states that "your unit submitted a simple cancellation of registration application materials are complete, in accordance with the statutory form, I will be registered. ". High-tech Investment Holdings has not yet completed the write-off of the investment in its investee, Mianyang High-tech Zone Pujin Investment Co., Ltd.

## 21. Assets with restricted ownership and usage rights

Item	Book balance at the end of the period	Reasons of restriction
Monetary funds	2,228,563,297.12	Bank time deposit, margin deposit, and Pre-sales supervision, etc.
Inventories	2,237,139,003.97	Borrowing collateral, etc., see Note 1 for details
Other equity instruments investments	4,431,202,800.00	Financing and securities lending, pledged borrowings, see Note 2 for details
Fixed assets	1,658,232,548.36	See Note 3 for details
Investment properties	6,204,343,004.00	See Note 4 for details
Construction in progress- Wastewater Treatment Plant Japanese Yen Loan Project	168,776,510.42	Finance lease collateral, see Note 5 for details
Long-term equity investments	169,042,823.64	Collateral for borrowings, see Note 6 for details
Other receivables	124,505,768.95	Land grant borrowing mortgage
Total	17,221,805,756.46	

Note 1. Details of restricted large amounts of inventory are as follows:

Item	Book balance at the end of the period	Reasons of restriction
Sichuan (2020) Mianyang Immovable Property rights No.0031464	488,322,132.20	Mortgage
Sichuan (2020) Mianyang Immovable Property rights No.0009021 (original certificate number: Mianyang State Use (2014) No.34012, Mianyang State Use (2014) No.11433), Sichuan (2020) Mianyang Immovable Property rights No.0009028 (original certificate number: Mianyang State Use (2014) No.34011, Mianyang State Use (2014) No.11432)	473,633,036.39	Mortgage
Sichuan (2018) Mianyang Immovable Property Rights No.0027648 (Mianyang State Use (2014) No.38692)	279,970,198.88	Mortgage
Mianyang State Use (2014) No.038298	256,699,307.12	Mortgage
Coal	186,991,862.79	Involved in litigation
Sichuan (2020) Mianyang Immovable Property rights No.0031462	139,920,067.97	Mortgage
Sichuan (2018) Santai County Immovable Property rights No.0001898	90,200,731.37	Mortgage
Mianyang State Use (2014) No.38299	89,959,409.64	Mortgage
Sichuan (2020) Mianyang Immovable Property rights No.0025978	75,667,527.28	Mortgage

Note 2. Details of restricted large investments in other equity instruments are as follows:

Item	Book balance at the end of the period	Reasons of restriction
Mianyang BOE Optoelectronics Technology Co., Ltd.	4,300,000,000.00	Pledge
Changhong Huayi (Stock code 000404)	131,202,800.00	Financing and securities lending
Dongxu Optoelectronics (Stock code 000413)		Financing and securities lending
Sichuan Jiuzhou (Stock code 000801)		Financing and securities lending

Note 3. Details of restricted large amounts of fixed assets are as follows:

Item	Book balance at the end of the period	Reasons of restriction
Sichuan (2020) Mianyang Immovable Property Right No.0003115, construction in progress on the ground	983,838,590.98	Mortgage
Sichuan (2021) Mianyang Immovable Property Right No.0030908	152,051,391.01	Mortgage
Sichuan (2021) Santai County Immovable Property Right No.0008961, Sichuan (2021) Santai County Immovable Property Right No.0008960, Sichuan (2021) Santai County Immovable Property Right No.0008958	85,078,641.69	Mortgage
Liuhe special materials equipment	437,263,924.68	Sale and Leaseback Mortgage of equipment

Note 4. Details of restricted large amounts of investment properties are as follows:

Item	Book balance at the end of the period	Reasons of restriction
Bei State Use (2014) No.475 to No.509 a total of 35 plots, Beichuan Housing Rights Certificate Supervision No.0033576 to No.0033593, a total of 18 buildings corresponding to 31 pieces of land properties	2,333,107,005.00	Mortgage
Sichuan (2019) Mianyang Immovable Property Right No.0011855 and No.0011859, Sichuan (2019) Mianyang Immovable Property Right No.0011858 and No.0011860	1,046,430,174.00	Mortgage
Sichuan (2019) Mianyang Immovable Property Right No.0011819, Sichuan (2019) Mianyang Immovable Property Right No.0011742, Sichuan (2019) Mianyang Immovable Property Right No.0011745, Sichuan (2019) Mianyang Immovable Property Right No.0011746, Sichuan (2022) Mianyang Immovable Property Right No.0010107 (Original certificate number: Sichuan (2019) Mianyang Immovable Property Right No.0011808), Sichuan (2022) Mianyang Immovable Property Right No.0010108 (Original certificate number: Sichuan (2019) Mianyang Immovable Property Right No.0011802), Sichuan (2022) Mianyang Immovable Property Right No.0010109 (Original certificate number: Sichuan (2019) Mianyang Immovable Property Right No.0010112 (Original certificate number: Sichuan (2019) Mianyang Immovable Property Right No.0011744)	414,973,307.00	Mortgage
Sichuan (2020) Mianyang Immovable Property Right No.0035213 (Original certificate number: Mianyang State Use (2009) No.01500), Sichuan (2020) Mianyang Immovable Property Right No.0022566 (Original certificate number: Mianyang State Use (2008) No.16080)	399,646,467.00	Mortgage
Sichuan (2019) Mianyang Immovable Property Right No.0044458	317,765,373.00	None
Sichuan (2022) Mianyang Immovable Property Right No.0013630 (The Group), Sichuan (2022) Mianyang Immovable Property Right No.0013678 (The Group)	257,571,361.00	Mortgage
Sichuan (2020) Mianyang Immovable Property Right No.0009589 (Original certificate number: Sichuan (2019) Mianyang Immovable Property Right No.0011856), Sichuan (2022) Mianyang Immovable Property Right No.0009544 (Original certificate number: Sichuan (2019) Mianyang Immovable Property Right No.0011747), Sichuan (2019) Mianyang Immovable Property Right No.0011857 (The Group)	236,944,796.00	Mortgage
Sichuan (2022) Mianyang Immovable Property Right No.0000536 (change of mortgage, original mortgage: Sichuan (2020) Mianyang Immovable Property Right No.0035213), Sichuan (2020) Mianyang Immovable Property Right No.0028763 (change of mortgage, original mortgage: Sichuan (2020) Mianyang Immovable Property Right No.0026805 (Changtai))	207,178,609.00	Mortgage
Mianyang State Use (2014) No.29602	197,476,570.00	Secured Borrowing
Mianyang State Use (2002) No.03628	139,357,939.00	Secured Borrowing
Mianyang State Use (2014) No.29598	116,168,397.00	Secured Borrowing
Sichuan (2021) Mianyang Immovable Property Right No.0019151	106,575,319.00	Mortgage
Mianyang State Use (2012) No.18881	100,346,080.00	Secured Borrowing

Note 5. Details of restricted large amounts of construction in progress are as follows:

Item	Book balance at the end of the period	Reasons of restriction
Wastewater Treatment Plant Japanese Yen Loan Project	168,776,510.42	Sichuan Jinshi Leasing Co., Ltd. finance lease mortgage

Note 6. Details of restricted large amounts of long-term equity investments are as follows:

Item	Book balance at the end of the period	Reasons of restriction
Equity in Mianyang Forgood distillery Co., Ltd.	69,939,170.58	Pledged loans
Equity in Mianyang Rare Earth Permanent Magnet New Material Industrial Park Project Company	99,103,653.06	Pledged loans

## 22. Short-term borrowings

(1) Classification of short-term borrowings

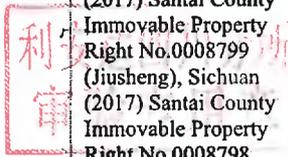
Item	Closing balance	Opening balance
Guaranteed loans	2,946,700,000.00	3,331,729,700.00
Secured loans	4,155,500,000.00	1,060,000,000.00
Secured loans + Guaranteed loans	780,000,000.00	199,500,000.00
Unsecured loans	2,852,395,561.00	707,982,857.98
Pledged loans	237,187,797.35	90,187,797.35
Pledged loans+ Guaranteed loans	10,000,000.00	310,000,000.00
Pledged loans+ Secured loans +Guaranteed loans	400,000,000.00	100,000,000.00
Pledged loans+ Secured loans		400,000,000.00
Total	8,381,783,358.35	6,199,400,355.33

(2) Details of short-term borrowings

Borrow unit	Loan unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Mianyang City Commercial Bank Co., Ltd. High-Tech Sub-branch	150,000,000.00	Pledged loans	Pledge of 1.923% equity in Mianyang BOE Optoelectronics Technology Co., Ltd. held by Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2022/12/25	2023/12/25	

Borrow unit	Loan unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Bank of Communications Co., Ltd. Mianyang Branch	96,000,000.00	Guaranteed loans	Mianyang Kefa Construction Engineering Group Co., Ltd. (Jiaoyin Mian 2022 Bao Zi No.515005), Sichuan Liuhe Special Metal Materials Company Limited (Jiaoyin Mian 2022 Bao Zi No.515007)	2022/2/28	2023/2/27	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Industrial and Commercial Bank of China Limited Mianyang High-Tech Industry Development Sub-branch	144,000,000.00	Unsecured loans		2022/3/30	2023/3/21	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Suining Bank Co., Ltd. Mianyang Branch	60,000,000.00	Guaranteed loans	Mianyang Kefa Changtai Industry Co., Ltd.	2022/11/29	2023/11/28	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Agricultural Bank of China Limited Mianjiang Road Sub-branch	190,000,000.00	Secured loans	Sichuan (2019) Mianyang Immovable Property Right No.0017473 (the Group), Sichuan (2019) Mianyang Immovable Property Right No.0017474 (the Group), Sichuan (2019) Mianyang Immovable Property Right No.0017520 (the Group), Sichuan (2019) Mianyang Immovable Property Right No.0050345 (High-tech Investment Control), Sichuan (2017) Santai County Immovable Property Right No.0008813 (Jiusheng), Sichuan (2017) Santai County Immovable Property Right No.0008812 (Jiusheng), Sichuan	2022/2/1	2023/1/28	

Borrow unit	Loan unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
				(2017) Santai County Immovable Property Right No.0008803 (Jiusheng), Sichuan (2017) Santai County Immovable Property Right No.0008802 (Jiusheng), Sichuan (2017) Santai County Immovable Property Right No.0008808 (Jiusheng), Sichuan (2017) Santai County Immovable Property Right No.0008808 (Jiusheng), Sichuan (2017) Santai County Immovable Property Right No.0008808 (Jiusheng), Sichuan (2017) Santai County Immovable Property Right No.0008928 (Jiusheng), Sichuan (2017) Santai County Immovable Property Right No.0008799 (Jiusheng), Sichuan (2017) Santai County Immovable Property Right No.0008798 (Jiusheng), Sichuan (2017) Santai County Immovable Property Right No.0008801 (Jiusheng), Sichuan (2017) Santai County Immovable Property Right No.0008800 (Jiusheng), Sichuan (2017) Santai County Immovable Property Right No.0008809 (Jiusheng), Sichuan (2017) Santai County Immovable Property Right No.0008814 (Jiusheng), Sichuan (2017) Santai County Immovable Property Right No.0008815 (Jiusheng), Sichuan (2017) Santai County Immovable Property Right No.0008816 (Jiusheng), Sichuan (2017) Santai County Immovable Property rights No.0008705 (Jiusheng)			



Borrow unit	Loan unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Agricultural Bank of China Limited Mianyang Mianjiang Road Sub-branch	199,500,000.00	Secured loans	Sichuan (2019) Mianyang Immovable Property Right No.0011819 (the Group), Sichuan (2019) Mianyang Immovable Property Right No.0011742 (the Group), Sichuan (2019) Mianyang Immovable Property Right No.0011745 (the Group), Sichuan (2019) Mianyang Immovable Property Right No.0011746 (the Group), Sichuan (2022) Mianyang Immovable Property Right No.0010107 (the Group), Sichuan (2022) Mianyang Immovable Property Right No.0010108 (the Group), Sichuan (2022) Mianyang Immovable Property Right No.0010109 (the Group), Sichuan (2022) Mianyang Immovable Property Right No.0010110 (the Group)	2022/8/31	2023/8/29	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Agricultural Bank of China Limited Mianyang Mianjiang Road Sub-branch	237,700,000.00	Guaranteed loans	Mianyang Kefa Changtai Industry Co.,Ltd., Mianyang High-tech Zone Investment Holding (Group) Co., Ltd.	2022/10/10	2023/10/9	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Agricultural Bank of China Limited Mianyang Mianjiang Road Sub-branch	270,000,000.00	Secured loans	Sichuan (2019) Mianyang Immovable Property Right No.0044458 (Jiusheng)	2022/10/21	2023/10/19	

Borrow unit	Loan unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Agricultural Bank of China Limited Mianyang Mianjiang Road Sub-branch	90,000,000.00	Secured loans	Sichuan (2019) Mianyang Immovable Property Right No.0044458 (Jiusheng)	2022/11/2	2023/11/1	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	China Development Bank Sichuan Branch	350,000,000.00	Guarantee+Mortgage	Mianyang Kefa Changtai Industry Co., Ltd. provided assurance guarantee and provided mortgage guarantee by Mianyang State Use (2015) No.18295	2022/4/1	2023/3/31	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	China Development Bank Sichuan Branch	200,000,000.00	Unsecured loans		2022/5/31	2023/5/30	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	China Development Bank Sichuan Branch	30,000,000.00	Unsecured loans		2022/4/29	2023/4/29	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Leshan City Commercial Bank Mianyang Branch	400,000,000.00	Guaranteed loans	Mianyang Kefa Construction Engineering Group Co., Ltd., Mianyang Kefa Tianda Investment Development Co., Ltd.	2022/9/9	2023/9/8	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Leshan City Commercial Bank Mianyang Branch	100,000,000.00	Guaranteed loans	Mianyang Kefa Construction Engineering Group Co., Ltd., Mianyang Kefa Tianda Investment Development Co., Ltd.	2022/9/14	2023/9/13	

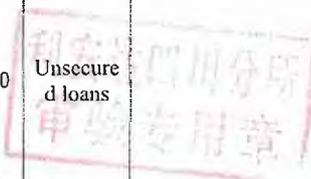
Borrow unit	Loan unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Leshan City Commercial Bank Mianyang Branch	300,000,000.00	Guarantee+Mortgage	Mianyang Kefa Construction Engineering Group Co., Ltd. and Mianyang Kefa Tianda Investment and Development Co., Ltd.; Mianyang Science & Technology City Development & Investment (Group) Co., Ltd. provided mortgage guarantee by Sichuan (2021) Immovable Property Right No.0019246, Sichuan (2021) Immovable Property Right No.0019247 and Sichuan (2021) Immovable Property Right No.0019248	2022/11/8	2023/11/8	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Leshan City Commercial Bank Mianyang Branch	150,000,000.00	Guaranteed loans	Mianyang Kefa Construction Engineering Group Co., Ltd.; Mianyang Kefa Tianda Investment Development Co., Ltd.	2022/4/22	2023/4/21	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Leshan City Commercial Bank Mianyang Branch	130,000,000.00	Guaranteed loans	Mianyang Kefa Construction Engineering Group Co., Ltd.; Mianyang Kefa Tianda Investment Development Co., Ltd.	2022/4/21	2023/4/20	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Leshan City Commercial Bank Mianyang Branch	70,000,000.00	Guaranteed loans	Mianyang Kefa Construction Engineering Group Co., Ltd.; Mianyang Kefa Tianda Investment Development Co., Ltd.	2022/4/25	2023/4/24	

Borrow unit	Loan unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	China Guangfa Bank Co., Ltd., Chengdu Branch	120,000,000.00	Guarantee+Mortgage	Mianyang Kefa Construction Engineering Group Co., Ltd. ((2021) Chengyin Grant No.009962 - Guarantee 02), Mianyang Science & Technology City Development & Investment (Group) Co., Ltd. provided mortgage guarantee by Sichuan (2021) Mianyang Immovable Property Right No.0019151 ((2021) Chengyin Grant No.009962 - Guarantee 01)	2022/10/21	2023/10/20	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Great Wall West China Bank Co., Ltd., Mianyang Branch	199,000,000.00	Guaranteed loans	Mianyang Kefa Construction Engineering Group Co., Ltd., Mianyang Kefa Tianda Investment Development Co., Ltd.	2022/5/12	2023/5/11	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Great Wall West China Bank Co., Ltd., Mianyang Branch	199,000,000.00	Guaranteed loans	Mianyang Kefa Construction Engineering Group Co., Ltd., Mianyang Kefa Tianda Investment Development Co., Ltd.	2022/5/23	2023/5/19	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Great Wall West China Bank Co., Ltd., Mianyang Branch	49,000,000.00	Guaranteed loans	Mianyang Kefa Construction Engineering Group Co., Ltd., Mianyang Kefa Tianda Investment Development Co., Ltd.	2022/2/18	2023/2/16	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Postal Savings Bank of China, Mianyang Branch	200,000,000.00	Guaranteed loans	Mianyang Kefa Construction Engineering Group Co., Ltd.	2022/12/16	2023/12/15	

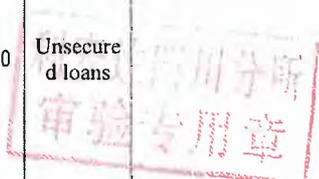
Borrow unit	Loan unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Postal Savings Bank of China, Mianyang Branch	200,000,000.00	Guaranteed loans	Mianyang Kefa Tianda Investment Development Co., Ltd.	2022/3/29	2023/3/27	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Postal Savings Bank of China, Mianyang Branch	150,000,000.00	Unsecured loans		2022/8/19	2023/8/16	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Postal Savings Bank of China, Mianyang Branch	148,000,000.00	Unsecured loans		2022/8/25	2023/8/24	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Sichuan Bank Co., Ltd.	200,000,000.00	Guaranteed+Mortgages+Pledges	Mianyang Kefa Construction Engineering Group Co., Ltd. provides the highest amount of joint and several liability guarantee; Mianyang Science & Technology City Development & Investment (Group) Co., Ltd. holds 2.1% equity (546 million shares) of Mianyang BOE Optoelectronics Technology Co., Ltd.; Mianyang Kefa Changtai Industrial Co., Ltd. provided mortgage guarantee by Sichuan (2020) Mianyang Immovable Property Right No.0024244 and Sichuan (2021) Mianyang Immovable Property Right No.0013075	2022/6/15	2023/6/15	

Borrow unit	Loan unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Sichuan Bank Co., Ltd.	150,000,000.00	Guarantee+Mortgage+Pledges	Mianyang Kefa Construction Engineering Group Co., Ltd. provides the highest amount of joint and several liability guarantee; Mianyang Science & Technology City Development & Investment (Group) Co., Ltd. holds 2.1% equity (546 million shares) of Mianyang BOE Optoelectronics Technology Co., Ltd.; Mianyang Kefa Changtai Industrial Co., Ltd. provided mortgage guarantee by Sichuan (2020) Mianyang Immovable Property Right No.0024244 and Sichuan (2021) Mianyang Immovable Property Right No.0013075	2022/6/17	2023/6/13	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Sichuan Bank Co., Ltd.	50,000,000.00	Guarantee+Mortgage+Pledges	Mianyang Kefa Construction Engineering Group Co., Ltd. provides the highest amount of joint and several liability guarantee; Mianyang Science & Technology City Development & Investment (Group) Co., Ltd. holds 2.1% equity (546 million shares) of Mianyang BOE Optoelectronics Technology Co., Ltd.; Mianyang Kefa Changtai Industrial Co., Ltd. provided mortgage guarantee by Sichuan (2020) Mianyang Immovable Property Right No.0024244 and Sichuan (2021) Mianyang Immovable Property Right No.0013075	2022/6/22	2023/6/16	

Borrow unit	Loan unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Bank of China Co., Ltd. Mianyang Branch	200,000,000.00	Guaranteed loans	Mianyang Kefa Tianda Investment Development Co., Ltd.	2022/3/29	2023/3/27	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	China Construction Bank, Mianyang Branch	190,000,000.00	Secured loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd. provided mortgage guarantee by No.0009028 of Sichuan (2020) Mianyang Immovable Property Right	2022/6/17	2023/6/16	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	China Construction Bank, Mianyang Branch	110,000,000.00	Secured loans	Sichuan Mianyang Hao Sheng Auto Parts Manufacturing Co., Ltd. provided mortgage guarantee by Sichuan (2020) Mianyang Immovable Property Right No.0033286	2022/6/13	2023/6/12	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	China Construction Bank, Mianyang Branch	65,000,000.00	Secured loans	Mianyang Huazheng Electronic Technology Co., Ltd. provided mortgage guarantee by Sichuan (2022) Mianyang Immovable Property Right No.0028066	2022/12/26	2023/12/25	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Mianyang Rural Commercial Bank Co., Ltd.	30,000,000.00	Secured loans	Mianyang Housing Right Certificate Fufang Zi No.200800706 and Mianyang State Use (2010) No.19920 (the Group); Sichuan (2020) Mianyang Immovable Property Right No.0031508 (Changtai), Sichuan (2020) Mianyang Immovable Property Right No.0031507 (Changtai), Sichuan (2020) Mianyang Immovable Property Right No.0031506 (Changtai)	2022/3/24	2023/3/23	

Borrow unit	Loan unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	China Citic Bank Chengdu Branch	300,000,000.00	Unsecured loans		2022/6/29	2023/6/13	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	CITIC Securities Co., Ltd.	40,187,797.35	Pledged loans	14370000 ordinary shares of Changhong Huayi, 11380000 ordinary shares of Dongxu Optoelectronics and 5000000 ordinary shares of Sichuan Jiuzhou	2022/11/30	2023/5/15	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Agricultural Bank Of China Limited (Yunxin Factoring Finance)	269,395,561.00	Unsecured loans				
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Gold Net E-Commerce Ltd.-Hang Jf	120,000,000.00	Unsecured loans				
Mianyang Kefa Construction Engineering Group Co., Ltd.	Mianyang City Commercial Bank Co., Ltd. High-Tech Sub-branch	300,000,000.00	Unsecured loans		2022/9/27	2023/1/27	
Mianyang Kefa Construction Engineering Group Co., Ltd.	Suining Bank Co., Ltd. Mianyang Branch	190,000,000.00	Guaranteed loans	Joint and several liability guarantees provided by Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2022/11/29	2023/11/28	

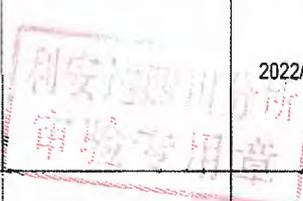
Borrow unit	Loan unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Mianyang Kefa Construction Engineering Group Co., Ltd.	China Development Bank Sichuan Branch	100,000,000.00	Guaranteed loans	Joint and several liability guarantees provided by Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2022/1/4	2023/1/4	
Mianyang Kefa Construction Engineering Group Co., Ltd.	Mianyang Rural Commercial Bank Co., Ltd.	49,000,000.00	Guaranteed loans	Joint and several liability guarantees provided by Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2022/3/26	2023/3/25	
Mianyang Kefa Construction Engineering Group Co., Ltd.	Mianyang City Commercial Bank Co., Ltd. High-Tech Sub-branch	10,000,000.00	Guaranteed loans	Joint and several liability guarantees provided by Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2022/6/9	2023/6/9	
Mianyang Kefa Construction Engineering Group Co., Ltd.	Suining Bank Co., Ltd. Mianyang Branch	10,000,000.00	Guaranteed loans	Joint and several liability guarantees provided by Mianyang Science and Technology City Development Investment (Group) Co., Ltd.	2022/6/29	2023/6/28	
Mianyang Huazheng Electronic Technology Co., Ltd.	Mianyang City Commercial Bank Co., Ltd.	10,000,000.00	Pledge + Guarantee	Pledge guarantee provided by Mianyang High-tech Zone Investment Holding (Group) Co., Ltd.	2022/12/30	2023/12/30	
Mianyang Huazheng Electronic Technology Co., Ltd.	Suining Bank Co., Ltd. Mianyang Branch	10,000,000.00	Guaranteed loans	Joint and several liability guarantees provided by Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2022/6/29	2023/6/28	
Mianyang Kefa Exhibition and Tourism Co., Ltd.	Suining Bank Co., Ltd. Mianyang Branch	10,000,000.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2022/11/29	2023/11/28	

Borrow unit	Loan unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Mianyang Kefa Exhibition and Tourism Co., Ltd.	Mianyang City Commercial Bank Co., Ltd. High-Tech Sub-branch	5,000,000.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2022/6/15	2023/6/15	
Mianyang Kefa Exhibition and Tourism Co., Ltd.	Mianyang City Commercial Bank Co., Ltd.	10,000,000.00	Pledged loans	Pledge guarantee provided by Mianyang High-tech Zone Investment Holding (Group) Co., Ltd.	2022/12/26	2023/12/26	
Mianyang Kefa Exhibition and Tourism Co., Ltd.	Mianyang City Commercial Bank Co., Ltd. High-Tech Sub-branch	5,000,000.00	Unsecured loans		2022/9/23	2023/9/23	
Sichuan Liuhe Special Metal Materials Co., Ltd.	Hua Xia Bank Mianyang Branch	80,000,000.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2022/5/18	2023/5/18	
Sichuan Liuhe Special Metal Materials Co., Ltd.	China Everbright Bank Co., Ltd. Mianyang Fucheng Sub-Branch	20,000,000.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2022/10/26	2023/10/25	
Sichuan Liuhe Special Metal Materials Co., Ltd.	Huishang Bank Qingyang Sub-branch	10,000,000.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2022/5/26	2023/5/26	
Sichuan Liuhe Special Metal Materials Co., Ltd.	China Everbright Bank Co., Ltd. Chengdu Guancheng Sub-Branch	21,000,000.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2022/11/23	2023/11/22	

Borrow unit	Loan unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Sichuan Liuhe Special Metal Materials Co., Ltd.	Bank of China Co., Ltd. Beichuan Sub-branch	3,000,000.00	Guaranteed loans	Sichuan Liuhe Special Metal Materials Co., Ltd.	2022/3/29	2023/3/29	
Sichuan Liuhe Special Metal Materials Co., Ltd.	Agricultural Bank of China Limited	22,800,000.00	Unsecured loans		2022/2/18	2023/2/13	
Sichuan Liuhe Special Metal Materials Co., Ltd.	Agricultural Bank of China Limited	2,200,000.00	Unsecured loans		2022/2/21	2023/2/13	
Sichuan Liuhe Special Metal Materials Co., Ltd.	Agricultural Bank of China Limited	50,000,000.00	Unsecured loans		2022/8/22	2023/8/21	
Sichuan Liuhe Special Metal Materials Co., Ltd.	Agricultural Bank of China Limited	15,000,000.00	Unsecured loans		2022/2/18	2023/2/13	
Tongfu Hongye Co., Ltd.	Mianyang City Commercial Bank High-Tech Sub-branch	10,000,000.00	Pledged loans	Pledge guarantee provided Mianyang High-tech Zone Investment Holding (Group) Co., Ltd.	2022/12/30	2023/12/30	
Tongfu Hongye Co., Ltd.	Industrial Bank Limited Mianyang Sub-branch	50,000,000.00	Guaranteed loans	Joint and several liability guarantees provided by Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2022/10/25	2023/10/24	
Tongfu Hongye Co., Ltd.	Agricultural Bank of China Limited Mianyang Fucheng Sub-branch	50,000,000.00	Unsecured loans		2022/2/18	2023/2/13	
Sichuan Fada Weiye Investment Co., Ltd.	Mianyang Commercial Bank Chengdu Branch	95,000,000.00	Unsecured loans		2022/5/30	2023/1/26	

Borrow unit	Loan unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Mianyang Kefa Yuanda Construction Technology Co., Ltd.	Bank of China Co., Ltd. Santai Xiyang Plaza Sub-branch	8,000,000.00	Guaranteed loans	Sichuan Fada Weiye Investment Co., Ltd.	2022/2/28	2023/2/28	
Mianyang Kefa Yuanda Construction Technology Co., Ltd.	Mianyang Commercial Bank Santai Sub-branch	10,000,000.00	Guaranteed loans	Mianyang Kefa Finance Guarantee Co., Ltd.	2022/7/20	2023/7/19	
Mianyang Kefa Yuanda Construction Technology Co., Ltd.	Mianyang Commercial Bank Santai Sub-branch	11,000,000.00	Secured loans	Machinery and equipment	2022/1/26	2023/1/24	
Mianyang Kefa Yuanda Construction Technology Co., Ltd.	Mianyang Commercial Bank Santai Sub-branch	4,000,000.00	Unsecured loans		2022/1/27	2023/1/26	
Sichuan Ziyue Wenlv Development Co., Ltd.	Mianyang Commercial Bank High-Tech Sub-branch	10,000,000.00	Pledged loans	Mianyang High-tech Zone Investment Holding (Group) Co., Ltd.	2022/6/9	2023/6/9	
Sichuan Ziang Technology Co., Ltd.	Bank of China Co., Ltd. Santai Sub-branch	10,000,000.00	Secured loans+ Guaranteed loans	Sichuan Fada Weiye Investment Co., Ltd. provided assurance guarantee and provided mortgage guarantee by Sichuan (2021) Santai County Immovable Property Right No.0010647	2022/3/30	2023/3/30	
Sichuan Ziang Technology Co., Ltd.	Mianyang City Commercial Bank	10,000,000.00	Pledged loans	Term deposit slip of Mianyang Hi-Tech Investment Holdings	2022/12/30	2023/12/30	
Sichuan Zibang Trading Co., Ltd.	Mianyang City Commercial Bank	10,000,000.00	Guaranteed loans	Term deposit slip of Mianyang Hi-Tech Investment Holdings	2022/12/28	2023/12/28	

Borrow unit	Loan unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Sichuan Zibang Trading Co., Ltd.	Suining Bank Co., Ltd. Mianyang Branch	10,000,000.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd. provided assurance guarantee	2022/11/30	2023/11/28	
Sichuan Liuhe New Material Technology Co., Ltd.	Bank of China Co., Ltd. Jiangyou Fujiang Road Sub-branch	10,000,000.00	Guaranteed loans	Sichuan Liuhe Special Metal Materials Co., Ltd.	2022/10/1	2023/10/1	
Sichuan Kefa Hechuang Technology Co., Ltd.	Agricultural Bank of China Limited Mianyang Fucheng Sub-branch	9,000,000.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2022/2/17	2023/3/17	
Sichuan Kefa Hechuang Technology Co., Ltd.	Agricultural Bank of China Limited Mianyang Fucheng Sub-branch	1,000,000.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2022/3/20	2023/3/20	
Mianyang Kefa Property Services Co., Ltd.	Sichuan Bank Co., Ltd.	10,000,000.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2022/6/24	2023/6/24	
Mianyang Kefa Property Services Co., Ltd.	Business Department, Chengdu Branch, Guangfa Bank Co., Ltd.	5,000,000.00	Unsecured loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2022/11/25	2023/11/3	
Mianyang Kefa Property Services Co., Ltd.	Mianyang City Commercial Bank High-Tech Sub-branch	10,000,000.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2022/6/16	2023/6/16	

Borrow unit	Loan unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Mianyang Kefa Property Services Co., Ltd.	Suining Bank Co., Ltd. Mianyang Branch	10,000,000.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2022/11/29	2023/11/28	
Mianyang Gas Group Co., Ltd.	Mianyang Rural Commercial Bank Co., Ltd. Changhong Zhongduan Sub-branch	7,000,000.00	Pledged loans	50 million of deposit slip	2022/3/31	2023/3/30	
Mianyang Gas Group Co., Ltd.	Bank of Communications Co., Ltd. Mianyang Branch	20,000,000.00	Unsecured loans		2022/4/28	2023/4/28	
Mianyang Gas Group Co., Ltd.	Industrial Bank Mianyang Branch	300,000,000.00	Unsecured loans		2022/12/16	2023/12/16	
	Discounting of banker's acceptances	622,000,000.00	Unsecured loans				
<b>Total</b>		<b>8,381,783,358.35</b>					

**23. Notes payable**

Category	Closing balance	Opening balance
Commercial acceptances	650,000,000.95	718,760,000.00
Bank acceptances	1,880,478,800.00	1,104,000,000.00
Domestic letter of credit	9,180,000.00	
<b>Total</b>	<b>2,539,658,800.95</b>	<b>1,822,760,000.00</b>

**24. Accounts payable**

Aging	Closing balance	Opening balance
Within 1 year (including 1 year)	1,231,836,590.83	940,717,424.05
1-2 years (including 2 years)	495,881,177.72	620,048,269.53

Aging	Closing balance	Opening balance
2-3 years (including 3 years)	59,596,829.81	20,557,005.28
More than 3 years	138,957,830.22	163,531,737.02
Total	1,926,272,428.58	1,744,854,435.88

## Significant accounts payable aged over 1 year:

Creditor name	Closing balance	Reasons for non-reimbursement
Provisional estimate ecological function area costs	101,215,252.31	Not settled
Jiangyou Construction Co., Ltd.	58,049,879.68	Not settled
China Mcc5 Group Corp. Ltd.	44,312,344.71	Not settled
China Railway 17 Bureau Group Co., Ltd.	31,409,935.76	Not settled
Mianyang Brilliant Construction Development Co., Ltd.	29,089,998.97	Not settled
Sichuan Langyu Ruifei Trading Co., Ltd.	20,573,223.03	Not settled
Sichuan Huashi Group Co., Ltd.	15,308,158.06	Not settled
Sichuan Huayuan Construction Engineering Co., Ltd.	14,414,040.66	Not settled
Santai County Lilu Trading Co., Ltd.	10,236,425.47	Not settled
Mianyang Municipal Finance Treasury Payment Centre	10,000,000.00	Not settled
Total	334,609,258.65	

## 25. Receipts in advance

Aging	Closing balance	Opening balance
Within 1 year (including 1 year)	494,854,822.75	12,958,091.03
More than 1 year	10,177,336.40	11,263,192.14
Total	505,032,159.15	24,221,283.17

## Significant receipts in advance aged over 1 year

Creditor name	Closing balance	Reasons for non-reimbursement
Economic Development Zone Demolition and Relocation Office	3,427,414.03	Not settled
Hong Kong Tao Yuan Entertainment Company	2,000,000.00	Not settled
Lin Ming	800,000.00	Not settled
Total	6,227,414.03	

**26. Contract liabilities**

Item	Closing balance	Opening balance
Receipt of house payment in advance	125,784,998.66	238,058,289.74
Receipt of construction payment in advance	208,237,819.04	198,140,763.01
Receipt of gas in advance	126,368,099.48	114,632,028.71
Receipt of goods in advance	68,908,565.41	100,572,052.18
Receipt of land in advance		22,157,817.67
Receipt of parking spaces in advance	337,930.29	1,635,055.07
Receipt of property management in advance	2,335,205.61	639,641.11
Advance deposit (hotel accommodation, membership card, etc.)	2,363,895.50	1,110,371.48
Other fractional payments	1,783,932.93	1,521,492.58
<b>Total</b>	<b>536,120,446.92</b>	<b>678,467,511.55</b>

**27. Payroll payable****(1) List of payroll and employee benefits payable**

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Short-term salary	105,797,963.61	450,651,824.12	451,685,717.86	104,764,069.87
II. Post-employment benefits – Defined contribution plan	4,040,440.16	45,197,592.63	48,354,842.85	883,189.94
III. Termination benefits		438,300.09	438,300.09	
IV. Other benefits due within one year				
V. Others		375,130.00	375,130.00	
<b>Total</b>	<b>109,838,403.77</b>	<b>496,662,846.84</b>	<b>500,853,990.80</b>	<b>105,647,259.81</b>

**(2) List of short-term salary**

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Salaries, bonuses, allowances and subsidies	102,615,678.82	382,893,854.42	383,770,086.09	101,739,447.15
II. Staff welfare		20,319,750.56	20,319,750.56	
III. Social security contributions	218,538.59	22,072,866.42	21,975,553.58	315,851.43

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Including: Medical insurance	202,322.07	20,295,703.26	20,201,576.22	296,449.11
Work injury insurance	4,179.67	1,251,066.65	1,241,290.33	13,955.99
Maternity insurance	12,036.85	525,916.51	532,507.03	5,446.33
Others		180.00	180.00	
IV. Housing funds	121,355.88	18,830,463.87	18,856,363.87	95,455.88
V. Labor union and employee education funds	2,842,390.32	6,534,888.85	6,763,963.76	2,613,315.41
VI. Short-term paid leave				
VII. Short-term profit sharing plan				
VIII. Other Short-term salary				
Total	105,797,963.61	450,651,824.12	451,685,717.86	104,764,069.87

## (3) List of defined contribution plan

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Basic pension insurance	88,788.38	36,521,294.11	35,848,047.43	762,035.06
II. Unemployment insurance	3,227.65	1,320,931.87	1,296,220.82	27,938.70
III. Enterprise annuity	3,948,424.13	7,355,366.65	11,210,574.60	93,216.18
Total	4,040,440.16	45,197,592.63	48,354,842.85	883,189.94

## 28. Taxes and surcharges payable

Item	Closing balance	Opening balance
Value added tax	83,337,977.05	21,871,333.20
Business tax	812,618.97	858,456.23
Enterprise income tax	51,854,807.54	55,202,924.89
City construction and maintenance tax	1,694,282.56	1,376,163.73
Education fee surcharges	774,753.85	584,225.00
Local education fee surcharge	505,537.14	445,844.53
House property tax	30,963.03	367,039.74
Land use tax	119.12	9,302.69
Individual income tax	502,513.31	979,809.42
Stamp tax	2,557,438.62	1,687,896.06
Increment tax on land value	6,909,704.05	318,999.87
deed tax	1,713,208.55	1,717,950.80
Other taxes	21,880.12	23,196.28
Total	150,715,803.91	85,443,142.44

## 29. Other payables

Item	Closing balance	Opening balance
Interest payable	312,131,980.68	222,206,199.61
Dividends payable		
Other payables	4,564,105,079.21	3,826,878,993.18
Total	4,876,237,059.89	4,049,085,192.79

## (1) Interest payable

Item	Closing balance	Opening balance
Interest of long-term borrowings with interest payable by installments and principal payable on maturity	22,763,693.00	17,147,832.24
Interest on corporate bond	171,911,986.41	194,376,027.37
Interest payable on short-term borrowings	117,456,301.27	10,682,340.00
Total	312,131,980.68	222,206,199.61

## (2) Other payables

## ① Other payables presented by nature

Item	Closing balance	Opening balance
Down payment, warranties, deposit and other payments	160,540,184.07	269,460,234.93
Receipt and payment on behalf of others	109,856,186.93	99,477,273.80
Engineering project transactions	698,636,757.10	684,486,257.10
Non-consolidated related party transactions	1,627,578,392.70	1,676,935,935.22
Borrowing from external units	1,502,218,370.00	582,218,370.00
Other transactions	275,435,828.97	279,998,861.01
Payable of integrated housing	19,098,293.40	19,098,293.40
Land payable	3,856,273.00	3,856,273.00
Soccer club shareholders' shares capital, etc.	5,322,849.50	5,322,849.50
Investment funds	161,561,943.54	206,024,645.22
Total	4,564,105,079.21	3,826,878,993.18

## ② Significant other payables aged over 1 year

Creditor name	Closing balance	Reasons for non-reimbursement
Mianyang Investment Holding (Group) Co., Ltd.	1,607,335,973.12	Associated transactions

Creditor name	Closing balance	Reasons for non-reimbursement
Jiuzhou Qiancheng Real Estate Co., Ltd.	400,000,000.00	Special loan for Shangma II project, the deposit for the thermal power plant project
Sichuan Jiuyuan New Energy Technology Co., Ltd.	115,650,940.35	Current account
Sichuan Hengye Real Estate Development Co., Ltd.	111,333,330.00	Current account
Mianyang Fucheng Investment Co., Ltd.	86,322,082.00	Project payment for Changhong Industrial Park project in Economic Development Zone
Mianyang Zhongsheng Real Estate Co., Ltd.	75,500,000.00	Lot 1 project payment
Mianyang Municipal Finance Bureau	70,417,738.98	Not yet settled
Nominee shareholding (City, County and District Finance)	55,109,974.47	Ongoing investment
Finance Bureau of Mianyang Science and Technology City Science and Education Entrepreneurship Park	39,066,722.63	Not yet settled
Mianyang Sanhui Real Estate Development Co., Ltd.	32,218,370.00	Not yet settled
Total	2,592,955,131.55	

### 30. Non-current liabilities due within 1 year

Item	Closing balance	Opening balance
Long-term borrowings due within one year	3,700,135,211.54	4,816,159,564.78
Bonds payable due within one year	1,520,000,000.00	2,537,500,000.00
Long-term payables due within one year	2,073,618,382.50	1,440,157,694.05
Lease liabilities due within one year	2,415,779.66	
Total	7,296,169,373.70	8,793,817,258.83

### 31. Other current liabilities

Item	Closing balance	Opening balance
Output VAT to be transferred	246,169,367.36	303,481,548.98
Deposit of margin by guaranteed clients	3,470,240.00	7,996,740.00
Unmatured discounted commercial acceptances	300,636,424.55	
Total	550,276,031.91	311,478,288.98

**32. Provision for insurance reserves**

Item	Closing balance	Opening balance
Reserve for guaranteed indemnity	152,639,134.79	152,639,134.79
Provision for unexpired liabilities	3,252,216.91	4,110,550.57
<b>Total</b>	<b>155,891,351.70</b>	<b>156,749,685.36</b>

**33. Long-term borrowings****(1) Classification of long-term borrowings**

Item	Closing balance	Opening balance
Guaranteed loans	5,714,152,400.00	3,779,600,000.00
Secured loans+ Guaranteed loans	2,211,531,048.71	1,703,000,000.00
Secured loans	2,399,855,686.81	4,837,486,735.52
Unsecured loans	1,757,128,061.73	1,277,279,947.74
Pledged loans+ Guaranteed loans	681,500,000.00	536,500,000.00
Pledged loans	1,829,400,000.00	1,604,500,000.00
<b>Subtotal</b>	<b>14,593,567,197.25</b>	<b>13,738,366,683.26</b>
Less: long-term loans due within 1 year	3,700,135,211.54	4,816,159,564.78
<b>Total</b>	<b>10,893,431,985.71</b>	<b>8,922,207,118.48</b>

**(2) Details of long-term borrowings (Including long-term loans due within 1 year)**

Borrow unit	Loan Unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Mianyang Commercial Bank Co., Ltd. High-Tech Sub-branch	237,500,000.00	Secured loans	Mianyang Immovable Property Right Certificate Gao Zi No.201006587 and Sichuan (2019) Mianyang Immovable Property Right No.0013528 (High-tech Construction), Sichuan (2020) Mianyang Immovable Property Right No.0025978 (High-tech Construction), Sichuan (2019) Mianyang Immovable Property Right No.0011857 (the Group), Sichuan (2022) Mianyang Immovable Property Right No.0009589 (the Group), Sichuan (2022) Mianyang Immovable Property Right No.0009544 (the Group)	2021/12/16	2024/12/16	

Borrow unit	Loan Unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Bank of Communications Co., Ltd. Mianyang Branch	310,500,000.00	Secured loans	Sichuan (2020) Mianyang Immovable Property Right No.0003115, construction in progress on the ground Sichuan (2020) Mianyang Immovable Property Right No.0003115, construction in progress on the ground	2020/1/21	2030/1/20	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Bank of Communications Co., Ltd. Mianyang Branch	38,700,000.00	Secured loans	Sichuan (2020) Mianyang Immovable Property Right No.0003115, construction in progress on the ground	2020/2/13	2030/1/20	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Industrial Bank Limited Mianyang Branch	497,000,000.00	Secured loans	Properties in a total of 4 (the Group) of Bei State Use (2014) No.475 to No.478, 31 (Group) of Bei State Use (2014) No.479 to No.509, and 18 (the Group) of Beichuan Housing Rights Supervision Certificate No.0033576 to No.0033593 corresponding to 31 pieces of land	2014/6/30	2025/1/6	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Luzhou Bank Co., Ltd. Chengdu Branch	61,500,000.00	Guaranteed loans	Mianyang Kefa Tianda Investment Development Company Limited, Sichuan Fada Weiye Investment Co., Ltd.	2022/2/18	2025/2/18	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Suining Bank Co., Ltd. Mianyang Branch	200,000,000.00	Guaranteed loans	Mianyang Kefa Changtai Industry Co., Ltd., Mianyang Kefa Construction Engineering Group Co., Ltd.	2021/9/26	2023/9/25	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Agricultural Bank of China Limited, Mianyang Branch	85,000,000.00	Guaranteed loans	Mianyang Kefa Changtai Industry Co., Ltd.	2022/9/28	2025/9/26	

Borrow unit	Loan Unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Agricultural Bank of China Limited, Mianyang Branch	10,000,000.00	Guaranteed loans	Mianyang Kefa Changtai Industry Co., Ltd.	2022/9/27	2025/9/26	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Agricultural Bank of China Limited, Mianyang Branch	10,000,000.00	Guaranteed loans	Mianyang Kefa Changtai Industry Co., Ltd.	2022/12/31	2025/9/26	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	China Development Bank Sichuan Branch	890,281,048.71	Secured loans	Mianyang State Use (2010) No.01412 (the Group), Mianyang State Use (2010) No.05050 (the Group), Mianyang State Use (2010) No.05051 (the Group), Mianyang State Use (2010) No.05046 (the Group), Mianyang Guoyu (2011) No.02725 (the Group), Mianyang Guoyu (2012) 19401 (Tianda), Miancheng State Use (2012) No.18881 (Tianda)	2017/4/12	2027/4/11	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	China Development Bank Sichuan Branch	80,000,000.00	Secured loans	Mianyang High-tech Zone Investment Holding (the Group) Co., Ltd. provided mortgage guarantee by Mianyang Housing Right Certificate Gao Zi No.200801840 and the corresponding land Mianyang State Use (2008) No.13027, Mianyang Housing Right Certificate Gao Zi No.200801841 and the corresponding land Mianyang State Use (2008) No.13028; Mianyang Science & Technology City Development & Investment (Group) Co., Ltd. provided mortgage guarantee by Sichuan (2019) Mianyang Immovable Property Right No.0017514, Sichuan (2019) Mianyang Immovable Property Right No.0017477, Sichuan (2019) Mianyang Immovable Property Right No.0017498, Sichuan (2019) Mianyang Immovable Property Right No.0017499, Sichuan (2019) Mianyang Immovable Property Right No.0017476, Sichuan (2019) Mianyang Immovable Property Right No.0017521	2020/6/30	2023/6/30	

Borrow unit	Loan Unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	China Construction Bank, Mianyang Branch	100,000,000.00	Pledged loans+ Guaranteed loans	Sichuan Kefa Hechuang Technology Co., Ltd. and Tongfu Hongye Co., Ltd. provide assurance guarantee; Mianyang Science & Technology City Development & Investment (Group) Co., Ltd. holds 154 million shares of Mianyang BOE Optoelectronics Technology Co., Ltd.	2022/5/26	2024/5/25	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Leshan City Commercial Bank Mianyang Branch	280,000,000.00	Guaranteed loans	Mianyang Kefa Construction Engineering Group Co.,Ltd., Mianyang Kefa Tianda Investment Development Co., Ltd.	2022/12/23	2027/12/22	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Guangfa Bank Chengdu Branch	432,000,000.00	Guarantee+Mortgage	Sichuan (2021) Mianyang Immovable Property Right No.0019151 (Group), Mianyang Kefa Construction Engineering Group Co., Ltd. provides assurance guarantee	2021/11/22	2023/11/22	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Chengdu Rural Commercial Bank Co., Ltd.	485,000,000.00	Guaranteed loans	Mianyang Kefa Tianda Investment Development Co., Ltd.	2021/5/14	2024/5/13	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Chengdu Rural Commercial Bank Co., Ltd.	500,000,000.00	Guaranteed loans	Mianyang Kefa Tianda Investment Development Co., Ltd.	2021/5/26	2024/5/13	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Chengdu Rural Commercial Bank Co., Ltd.	358,000,000.00	Guaranteed loans	Mianyang Kefa Construction Engineering Group Co., Ltd., Mianyang Kefa Tianda Investment Development Co., Ltd., Mianyang Kejiu Real Estate Co., Ltd.	2022/1/11	2024/1/10	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Chengdu Rural Commercial Bank Co., Ltd.	290,000,000.00	Guaranteed loans	Mianyang Kefa Construction Engineering Group Co., Ltd., Mianyang Kefa Tianda Investment Development Co., Ltd., Mianyang Kejiu Real Estate Co., Ltd.	2022/1/10	2024/1/9	

Borrow unit	Loan Unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Chengdu Rural Commercial Bank Co., Ltd.	192,000,000.00	Guaranteed loans	Mianyang Kefa Construction Engineering Group Co., Ltd., Mianyang Kefa Tianda Investment Development Co., Ltd., Mianyang Kejiu Real Estate Co., Ltd.	2022/1/13	2024/1/12	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	China Everbright Bank Co., Ltd. Mianyang Fucheng Sub-Branch	150,000,000.00	Guarantee+Mortgage	Sichuan Fada Weiye Investment Co., Ltd. provided assurance guarantee and provided mortgage guarantee by Sichuan (2021) Santai County Immovable Property Right No.0008965, Sichuan (2021) Santai County Immovable Property Right No.0008962, Sichuan (2021) Santai County Immovable Property Right No.0008964, Sichuan (2021) Santai County Immovable Property Right No.0008966, Sichuan (2021) Santai County Immovable Property Right No.0008963, Sichuan (2021) Santai County Immovable Property Right No.0000187, Sichuan(2021) Santai County Immovable Property Right No.00008959 and Sichuan (2021) Santai County Immovable Property Right No.00008956; Mianyang Kefa Construction Engineering Group Co.,Ltd. provided mortgage guarantee by Sichuan (2019) Mianyang Immovable Property Right No.0033533, Sichuan (2019) Mianyang Immovable Property Right No.0033539, Sichuan (2019) Mianyang Immovable Property Right No.0033534, Sichuan (2019) Mianyang Immovable Property Right No.0033540, Sichuan (2019) Mianyang Immovable Property Right No.0033535, Mianyang State Use (2011) No.22964, Mianyang State Use (2011) No.22965, Mianyang State Use (2011) No.22966, Mianyang State Use (2011) No.22967, Mianyang State Use (2011) No.22968, and Sichuan (2019) Mianyang Immovable Property Right No.0033541; Mianyang Kefa Tianda Investment Development Co., Ltd. provided assurance guarantee	2022/4/2	2024/4/1	

Borrow unit	Loan Unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	China Everbright Bank Co., Ltd. Mianyang Fucheng Sub-Branch	150,000,000.00	Guarantee+Mortgage	Sichuan Fada Weiye Investment Co., Ltd. provided assurance guarantee and provided mortgage guarantee by Sichuan (2021) Santai County Immovable Property Right No.0008965, Sichuan (2021) Santai County Immovable Property Right No.0008962, Sichuan (2021) Santai County Immovable Property Right No.0008964, Sichuan (2021) Santai County Immovable Property Right No.0008966, Sichuan (2021) Santai County Immovable Property Right No.0008963, Sichuan (2021) Santai County Immovable Property Right No.0000187, Sichuan(2021) Santai County Immovable Property Right No.00008959 and Sichuan (2021) Santai County Immovable Property Right No.00008956; Mianyang Kefa Construction Engineering Group Co., Ltd. provided mortgage guarantee by Sichuan (2019) Mianyang Immovable Property Right No.0033533, Sichuan (2019) Mianyang Immovable Property Right No.0033539, Sichuan (2019) Mianyang Immovable Property Right No.0033534, Sichuan (2019) Mianyang Immovable Property Right No.0033540, Sichuan (2019) Mianyang Immovable Property Right No.0033535, Mianyang State Use (2011) No.22964, Mianyang State Use (2011) No.22965, Mianyang State Use (2011) No.22966, Mianyang State Use (2011) No.22967, Mianyang State Use (2011) No.22968, and Sichuan (2019) Mianyang Immovable Property Right No.0033541; Mianyang Kefa Tianda Investment Development Co., Ltd. provided assurance guarantee	2022/4/13	2024/4/12	

Borrow unit	Loan Unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	China Everbright Bank Co., Ltd. Mianyang Fucheng Sub-Branch	100,000,000.00	Guarantee+Mortgage	Sichuan Fada Weiye Investment Co., Ltd. provided assurance guarantee and provided mortgage guarantee by Sichuan (2021) Santai County Immovable Property Right No.0008965, Sichuan (2021) Santai County Immovable Property Right No.0008962, Sichuan (2021) Santai County Immovable Property Right No.0008964, Sichuan (2021) Santai County Immovable Property Right No.0008966, Sichuan (2021) Santai County Immovable Property Right No.0008963, Sichuan (2021) Santai County Immovable Property Right No.0000187, Sichuan(2021) Santai County Immovable Property Right No.00008959 and Sichuan (2021) Santai County Immovable Property Right No.00008956; Mianyang Kefa Construction Engineering Group Co., Ltd. provided mortgage guarantee by Sichuan (2019) Mianyang Immovable Property Right No.0033533, Sichuan (2019) Mianyang Immovable Property Right No.0033539, Sichuan (2019) Mianyang Immovable Property Right No.0033534, Sichuan (2019) Mianyang Immovable Property Right No.0033540, Sichuan (2019) Mianyang Immovable Property Right No.0033535, Mianyang State Use (2011) No.22964, Mianyang State Use (2011) No.22965, Mianyang State Use (2011) No.22966, Mianyang State Use (2011) No.22967, Mianyang State Use (2011) No.22968, and Sichuan (2019) Mianyang Immovable Property Right No.0033541; Mianyang Kefa Tianda Investment Development Co., Ltd. provided assurance guarantee	2022/6/7	2024/6/7	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Hengfeng Bank Co., Ltd. Zigong Branch	126,000,000.00	Guaranteed loans	Mianyang Kefa Changtai Industry Co., Ltd., Mianyang Kefa Construction Engineering Group Co., Ltd.	2022/6/14	2025/3/24	

Borrow unit	Loan Unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Hengfeng Bank Co., Ltd. Zigong Branch	64,000,000.00	Guaranteed loans	Mianyang Kefa Changtai Industry Co., Ltd., Mianyang Kefa Construction Engineering Group Co., Ltd.	2022/3/25	2025/3/24	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Chengdu Bank Co., Ltd. Qingbaijiang Sub-branch	500,000,000.00	Unsecured loans		2021/9/8	2024/9/6	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Sichuan Bank Co., Ltd.	500,000,000.00	Guaranteed loans	Mianyang Kefa Construction Engineering Group Co., Ltd.	2022/10/28	2024/10/28	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Sichuan Bank Co., Ltd.	270,000,000.00	Guaranteed loans	Mianyang Kefa Construction Engineering Group Co., Ltd.	2022/10/14	2024/10/14	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Sichuan Bank Co., Ltd.	230,000,000.00	Guaranteed loans	Mianyang Kefa Construction Engineering Group Co., Ltd.	2022/9/30	2024/9/30	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Mianyang Rural Commercial Bank Co., Ltd.	31,500,000.00	Pledged loans	1 billion shares of Mianyang BOE Optoelectronics Technology Co., Ltd.	2021/2/19	2024/2/8	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Mianyang Rural Commercial Bank Co., Ltd.	35,000,000.00	Pledged loans	1 billion shares of Mianyang BOE Optoelectronics Technology Co., Ltd.	2021/2/10	2024/2/8	

Borrow unit	Loan Unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Mianyang Rural Commercial Bank Co., Ltd.	283,500,000.00	Pledged loans	1 billion shares of Mianyang BOE Optoelectronics Technology Co., Ltd.	2021/2/9	2024/2/8	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Bank of China Co., Ltd. Mianyang Science and Technology Park Sub-branch	280,000,000.00	Secured loans	Sichuan (2022) Mianyang Immovable Property Right No.0000536 (the Group) (change of collateral, original collateral: Sichuan (2020) Mianyang Immovable Property Right No.0035213 (the Group)), Sichuan (2020) Mianyang Immovable Property Right No.0028763 (the Group) (change of collateral, original collateral: Sichuan (2020) Mianyang Immovable Property Right No.0026805 (Changtai))	2021/3/24	2023/3/24	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Bank of China Co., Ltd. Mianyang Branch	426,400,000.00	Pledged loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd. hold 80 million equity in Mianyang Forgood distillery Co., Ltd.	2022/4/20	2029/4/17	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Chengdu Bank Co., Ltd. Mianyang Branch	300,000,000.00	Unsecured loans		2022/1/24	2025/1/23	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	The Export-Import Bank of China, Sichuan Branch	100,000,000.00	Secured loans	Sichuan Mianyang Haosheng Auto Parts Manufacturing Co., Ltd. provided mortgage guarantee by its factory building and Immovable Property for office use located in Building 1-9, No.1 Road, Songya Town, Economic Development Zone, Mianyang City	2022/6/28	2024/6/27	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	The Export-Import Bank of China, Sichuan Branch	400,000,000.00	Pledged loans	Mianyang Kefa Changtai Industrial Co., Ltd. pledged its 34339087 shares of China Guangfa Bank Bank Co., Ltd.	2022/5/30	2025/5/29	

Borrow unit	Loan Unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	China Construction Investment Trust Co., Ltd.	111,400,000.00	Unsecured loans		2021/9/29	2023/9/28	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	China Construction Investment Trust Co., Ltd.	103,500,000.00	Unsecured loans		2021/10/15	2023/10/14	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	China Construction Investment Trust Co., Ltd.	84,700,000.00	Unsecured loans		2021/10/22	2023/10/21	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	The World Bank	65,721,447.90	Unsecured loans		2011/11/15	2026/11/15	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Industrial Bank Limited Mianyang Branch	320,000,000.00	Secured loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd. provided mortgage guarantee by Sichuan (2020) Mianyang Immovable Property Right No.0035213 (Original certificate number: Mianyang State Use (2009) No.01500), Sichuan (2020) Mianyang Immovable Property Right No.0022566 (Original certificate number: Mianyang State Use (2008) No.16080), Sichuan (2020) Mianyang Immovable Property Right No.0009021 (Original certificate number: Mianyang State Use (2014) 34012, Mianyang State Use (2014) No.11433), Sichuan (2020) Mianyang Immovable Property No.0009028 (Original certificate number: Mianyang State Use (2014) No.34011, Mianyang State Use(2014) No.11432); Mianyang Kefa Tianda Investment Development Co., Ltd. provided mortgage guarantee by Miancheng Mianyang State Use(2014) No.29602 and Mianyang State Use (2014) No.29598	2014/12/31	2024/12/30	

Borrow unit	Loan Unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Industrial and Commercial Bank of China Limited Mianyang High-Tech Industry Development Sub-branch	200,000,000.00	Unsecured loans		2016/11/25	2026/11/24	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	China Agricultural Development Bank, Mianyang Branch	331,555,686.82	Secured loans	Sichuan (2019) Mianyang Immovable Property Right No.0011855 and 0011859, Sichuan (2019) Mianyang Immovable Property Right No.0011858 and 0011860	2019/8/28	2029/8/27	
Sichuan Weichen Construction Engineering Co., Ltd.	Sichuan Santai Rural Commercial Bank Co., Ltd.	19,200,000.00	Secured loans	Sichuan (2018) Santai County Immovable Property Right No.0001898	2020/12/29	2023/12/24	
Mianyang Kefa Tianda Investment Development Co., Ltd.	Japan Bank for International Cooperation	103,099,941.57	Unsecured loans		2007/3/5	2047/3/5	
Mianyang Kefa Tianda Investment Development Co., Ltd.	China Development Bank Sichuan Branch	115,000,000.00	Unsecured loans		2015/12/30	2035/12/30	
Mianyang Kefa Tianda Investment Development Co., Ltd.	CITIC Bank Limited, Chengdu Branch	1,040,000.00	Unsecured loans		2017/4/7	2027/4/7	
Mianyang Kefa Tianda Investment Development Co., Ltd.	Mianyang City Commercial Bank Co., Ltd. High-Tech Sub-branch	90,000,000.00	Guaranteed loans	Joint and several liability guarantees provided by Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2021/12/8	2024/11/24	
Sichuan Weichen Construction Engineering Co., Ltd.	China Guangfa Bank Co., Ltd. Chengdu Branch	98,000,000.00	Guaranteed loans	Joint and several liability guarantees provided by Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2021/12/8	2023/12/7	

Borrow unit	Loan Unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Mianyang Kefa Tianda Investment Development Co., Ltd.	China Development Bank , Sichuan Branch	390,000,000.00	Pledged loans+ Guaranteed loans	Pledge of accounts receivable from Sichuan Urban and Rural Construction Investment Co., Ltd.	2015/2/9	2030/2/9	
Mianyang Kefa Construction Engineering Group Co., Ltd.	Mianyang Rural Commercial Bank Co., Ltd.	44,000,000.00	Guarantee+Mortgage	The joint liability guarantees provided by Mianyang Science & Technology City Development & Investment (Group) Co., Ltd. and the pledged of term deposit certificate of 5 million yuan	2022/12/29	2025/12/27	
Mianyang Kefa Construction Engineering Group Co., Ltd.	Head Office of Sichuan Bank Co., Ltd.	100,000,000.00	Guarantee+Mortgage	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd., Construction in progress of Shangma Guanghua Lakeside	2022/12/22	2025/12/25	
Mianyang Kefa Tianda Investment Development Co., Ltd.	Mianyang City Commercial Bank Co., Ltd. High-Tech Sub-branch	31,250,000.00	Guarantee+Mortgage	Land at Bijia Mountain (Lot A), Certificate number: Mianyang State Use (2014) No.38298; Land at Bijia Mountain (Lot B), Certificate number: Mianyang State Use (2014) No.38299; guarantor of the loan: Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2020/12/7	2023/12/7	
Mianyang Kefa Tianda Investment Development Co., Ltd.	Mianyang City Commercial Bank Co., Ltd. High-Tech Sub-branch	24,000,000.00	Guarantee+Mortgage	Land at Bijia Mountain (Lot A), Certificate number: Mianyang State Use (2014) No.38298; Land at Bijia Mountain (Lot B), Certificate number: Mianyang State Use (2014) No.38299; guarantor of the loan: Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2021/6/17	2023/12/7	
Mianyang Kefa Tianda Investment Development Co., Ltd.	Mianyang City Commercial Bank Co., Ltd. High-Tech Sub-branch	80,000,000.00	Guarantee+Mortgage	Land at Bijia Mountain (Lot A), Certificate number: Mianyang State Use (2014) No.38298; Land at Bijia Mountain (Lot B), Certificate number: Mianyang State Use (2014) No.38299; guarantor of the loan: Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2021/10/12	2023/12/7	
Mianyang Kefa Tianda Investment Development Co., Ltd.	Mianyang City Commercial Bank Co., Ltd. High-Tech Sub-branch	30,000,000.00	Guarantee+Mortgage	Land at Bijia Mountain (Lot A), Certificate number: Mianyang State Use (2014) No.38298; Land at Bijia Mountain (Lot B), Certificate number: Mianyang State Use (2014) No.38299; guarantor of the loan: Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2021/12/30	2023/12/28	

Borrow unit	Loan Unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Mianyang Kefa Tianda Investment Development Co., Ltd.	Mianyang City Commercial Bank Co., Ltd. High-Tech Sub-branch	20,000,000.00	Guarantee+Mortgage	Land at Bijia Mountain (Lot A), Certificate number: Mianyang State Use (2014) No.38298; Land at Bijia Mountain (Lot B), Certificate number: Mianyang State Use (2014) No.38299; guarantor of the loan: Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2022/6/30	2023/12/7	
Mianyang High-tech Zone Investment Holding (Group) Co., Ltd.	Mianyang Rural Commercial Bank Co., Ltd.	50,000,000.00	Pledged loans+Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd. provided assurance guarantee, pledged by High-tech Investment Holding Company with RMB5 million certificates of deposit	2022/1/6	2025/1/5	
Mianyang Huazheng Electronic Technology Co., Ltd.	Mianyang Rural Commercial Bank Co., Ltd.	50,000,000.00	Pledged loans+Guaranteed loans	Joint liability guarantees provided by Mianyang Science & Technology City Development & Investment (Group) Co., Ltd., pledged of RMB5 million deposit receipts	2022/1/6	2025/1/5	
Mianyang Kefa Changtai Industry Co., Ltd.	Mianyang Rural Commercial Bank Co., Ltd.	47,500,000.00	Pledged loans+Guaranteed loans	RMB5 million term deposit certificate of Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2020/1/6	2023/1/3	
Mianyang Kefa Changtai Industry Co., Ltd.	Suining Bank Co., Ltd. Mianyang Branch	60,000,000.00	Guarantee+Mortgage	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd. provided assurance guarantee, Mianyang Kefa Exhibition and Tourism Co., Ltd. provided mortgage guarantee by Sichuan (2021) Mianyang Immovable Property Right No.0030908	2021/12/24	2023/12/23	
Mianyang Kefa Changtai Industry Co., Ltd.	Mianyang City Commercial Bank Co., Ltd. High-Tech Sub-branch	300,000,000.00	Guaranteed loans	BZ220628098041	2022/6/29	2025/6/29	
Mianyang Kefa Changtai Industry Co., Ltd.	Agricultural Development Bank of China Mianyang Sub branch	172,452,400.00	Guaranteed loans	51070100-2022 Mianying guarantee) Zi No.0009	2022/6/1	2029/5/31	
Mianyang Kefa Changtai Industry Co., Ltd.	The World Bank	56,896,672.26	Unsecured loans		2012/5/15	2026/11/15	

Borrow unit	Loan Unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Mianyang Kefa Exhibition and Tourism Co., Ltd.	Sichuan Tianfu Bank Co., Ltd. Chengdu Jinjiang Branch	95,000,000.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd., Dong Ping	2021/12/23	2024/12/23	
Mianyang Kefa Exhibition and Tourism Co., Ltd.	Suining Bank Co., Ltd. Mianyang Branch Sales Department	10,000,000.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2021/11/30	2023/11/29	
Mianyang Kefa Exhibition and Tourism Co., Ltd.	Mianyang Rural Commercial Bank Co., Ltd.	44,000,000.00	Pledged loans+ Guaranteed loans		2022/12/30	2025/12/27	
Mianyang Kefa Exhibition and Tourism Co., Ltd.	Mianyang Rural Commercial Bank Co., Ltd.	50,000,000.00	Pledged loans	The deposit receipt of Mianyang Science & Technology City Development & Investment (Group) Co., Ltd. with a per value of 5 million yuan	2022/1/29	2025/1/28	
Sichuan Liuhe Special Metal Materials Co., Ltd.	Mianyang Commercial Bank Military-civil fusion Sub branch	120,000,000.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2022/12/30	2024/12/30	
Sichuan Liuhe Special Metal Materials Co., Ltd.	Mianyang Commercial Bank Military-civil fusion Sub branch	120,000,000.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2022/12/29	2024/12/23	
Sichuan Liuhe Special Metal Materials Co., Ltd.	Mianyang Rural Commercial Bank Co., Ltd. (Fucheng Credit Cooperative)	48,000,000.00	Guaranteed loans	The deposit receipt of Mianyang Science & Technology City Development & Investment (Group) Co., Ltd. with a per value of 5 million yuan	2022/12/29	2025/12/27	
Sichuan Liuhe Special Metal Materials Co., Ltd.	China Development Bank	95,000,000.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2020/5/29	2023/5/29	

Borrow unit	Loan Unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Sichuan Liuhe Special Metal Materials Co., Ltd.	China Guangfa Bank Co., Ltd. Chengdu Branch	59,400,000.00	Guaranteed loans	Xiong Jianxin, Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2022/5/13	2024/5/12	
Sichuan Liuhe Special Metal Materials Co., Ltd.	China Guangfa Bank Co., Ltd. Chengdu Branch	39,200,000.00	Guaranteed loans	Xiong Jianxin, Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2021/12/1	2023/11/30	
Sichuan Liuhe Special Metal Materials Co., Ltd.	China Everbright Bank Co., Ltd. Mianyang Fucheng Sub-Branch	80,000,000.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2022/4/27	2023/7/26	Transfer of financial foreign-related borrowings
Sichuan Liuhe Special Metal Materials Co., Ltd.	China CITIC Bank Chengdu Branch	99,500,000.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2022/6/29	2024/6/29	
Sichuan Liuhe Special Metal Materials Co., Ltd.	Mianyang City Commercial Bank Military-civil fusion Technology Sub branch	70,000,000.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2021/12/9	2024/12/9	
Tongfu Hongye Co., Ltd.	Chengdu Rural Commercial Bank Co., Ltd.	90,000,000.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2022/4/29	2024/4/28	
Tongfu Hongye Co., Ltd.	Chengdu Rural Commercial Bank Co., Ltd.	120,000,000.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2022/5/6	2024/5/5	
Tongfu Hongye Co., Ltd.	Chengdu Rural Commercial Bank Co., Ltd.	100,000,000.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2022/5/7	2024/5/6	

Borrow unit	Loan Unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Sichuan Fada Weiye Investment Co., Ltd.	Industrial and Commercial Bank of China, Santai Sub-branch	99,999,999.99	Secured loans	Mianyang Technology Development Investment (Group) Co., Ltd. + mortgage	2016/12/27	2026/12/20	
Mianyang Zibang Trade Co., Ltd.	Rural Commercial Bank Santai Business Department	19,200,000.00	Secured loans	Land (Sichuan (2018) Santai County Immovable Property Right No.0001898	2020/12/10	2023/12/6	
Mianyang Zibang Trade Co., Ltd.	Rural Commercial Bank Santai Business Department	19,400,000.00	Secured loans	Land (Sichuan (2018) Santai County Immovable Property Right No.0001898	2021/4/27	2024/4/25	
Mianyang Zibang Trade Co., Ltd.	China Guangfa Bank Co., Ltd.	76,440,000.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2021/12/3	2023/12/2	Transfer of financial foreign-related borrowings
Mianyang Zibang Trade Co., Ltd.	China Guangfa Bank Co., Ltd.	21,560,000.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2021/12/8	2023/12/7	
Sichuan Ziyue Wenlv Development Co., Ltd.	Rural Commercial Bank Santai Business Department	19,200,000.00	Secured loans	Land (Sichuan (2018) Santai County Immovable Property Right No.0001898	2020/12/29	2023/12/24	
Sichuan Ziyue Wenlv Development Co., Ltd.	Rural Commercial Bank Santai Business Department	19,600,000.00	Secured loans	Immovable Property (Sichuan (2021) Santai County Immovable Property Right No.0008958, No.0008960, No.0008961)	2021/10/21	2024/10/13	
Sichuan Ziyue Wenlv Development Co., Ltd.	China Guangfa Bank Co., Ltd.	93,100,000.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2021/12/8	2023/12/7	
Mianyang Gas Group Co., Ltd.	China Development Bank Sichuan Branch	15,770,000.00	Unsecured loans		2022/9/13	2041/9/13	

Borrow unit	Loan Unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Mianyang Gas Group Co., Ltd.	Mianyang Rural Commercial Bank Co., Ltd. Changhong Zhongduan Sub-branch	100,000,000.00	Pledged loans	110 million deposit of Mianyang Xingmian Gas Co., Ltd.	2022/4/8	2025/4/2	
Mianyang Gas Group Co., Ltd.	Industrial and Commercial Bank of China Limited Mianyang High-Tech Industry Development Sub-branch	450,000,000.00	Pledged loans	"Gas Business Licence" No.: Sichuan 20180619017G Pledge	2022/6/12	2027/6/16	
Mianyang Gas Group Co., Ltd.	Mianyang Rural Commercial Bank Co., Ltd. Changhong Zhongduan Sub-branch	100,000,000.00	Unsecured loans		2022/6/17	2025/6/16	
Mianyang Gas Group Co., Ltd.	Mianyang Rural Commercial Bank Co., Ltd. Changhong Zhongduan Sub-branch	53,000,000.00	Pledged loans	56 million of deposit slip	2022/7/8	2025/6/30	
Mianyang Huize Investment Co., Ltd.	Agricultural Bank of China Limited Beichuan Qiang Autonomous County Sub-branch	4,000,000.00	Secured loans	Bei State Use (2011) No.175, Bei State Use (2011) No.176, Bei State Use (2011) No.177, Bei State Use (2011) No.178, Bei State Use (2011) No.179, Bei State Use (2011) No.180, Bei State Use (2011) No.181	2014/7/1	2024/6/21	
Mianyang Huize Investment Co., Ltd.	Agricultural Bank of China Limited Beichuan Qiang Autonomous County Sub-branch	4,000,000.00	Secured loans	Bei State Use (2011) No.175, Bei State Use (2011) No.176, Bei State Use (2011) No.177, Bei State Use (2011) No.178, Bei State Use (2011) No.179, Bei State Use (2011) No.180, Bei State Use (2011) No.181	2015/3/12	2024/6/21	

Borrow unit	Loan Unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Sichuan Kefa Hechuang Technology Co., Ltd.	Fucheng District Rural Credit Cooperative Society, Mianyang	46,500,000.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2020/1/3	2023/1/2	
Mianyang Kefa Property Services Co., Ltd.	Mianyang Rural Commercial Bank Co., Ltd. Mianxing Sub-branch	8,500,000.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2020/12/30	2023/12/29	
Total		14,593,567,197.25					

#### 34. Bonds payable

Item	Closing balance	Opening balance
17 Kefa bond (143350.SH)	-	1,537,500,000.00
18 Miankefa (114342.SZ)	340,000,000.00	340,000,000.00
19 Sichuan Mianyang Science and Technology City ZR001 (19CFZR0182)	-	1,000,000,000.00
20 Mianyang Kefa PPN001 (032000854)	500,000,000.00	500,000,000.00
20 Kefa bond (2080420.IB (Interbank Bond), 152706.SH (Shanghai))	1,600,000,000.00	1,600,000,000.00
21Kefa01 (188203.SH)	420,000,000.00	420,000,000.00
21Kefa02 (188459)	375,000,000.00	375,000,000.00
21Mianke 02 (114933)	200,000,000.00	200,000,000.00
21Mianke03 (114985)	2,000,000,000.00	2,000,000,000.00
22 Sichuan Mianyang Science and Technology City ZR001 (Bond financing plan, 22CFZR018)	400,000,000.00	-
22 Sichuan Mianyang Science and Technology City ZR001 (Bond financing plan, 22CFZR018)	400,000,000.00	-
22 Kefa01 (Public issuance of corporate bonds, 137739, Dongxing Securities Co., Ltd.)	1,403,878,917.81	-
Subtotal	7,638,878,917.81	7,972,500,000.00
Less: bonds payable due within one year	1,520,000,000.00	2,537,500,000.00
Total	6,118,878,917.81	5,435,000,000.00

#### (1) Details of bonds payable (Including bonds payable due within 1 year)

Bond name	Per value	Issue date	Maturity of bond	Issue amount	Opening balance
17 Kefa bond (143350.SH)	1,537,500,000.00	2017/10/31	5 years	1,537,500,000.00	1,537,500,000.00

Bond name	Per value	Issue date	Maturity of bond	Issue amount	Opening balance
18Miankefa (114342.SZ)	340,000,000.00	2021/6/24	2 years	340,000,000.00	340,000,000.00
19 Sichuan Mianyang Science and Technology City ZR001 (19CFZR0182)	1,000,000,000.00	2019/3/8	3 years	1,000,000,000.00	1,000,000,000.00
20 Mianyang Kefa PPN001 (032000854)	500,000,000.00	2020/9/29	3+2 years	500,000,000.00	500,000,000.00
20 Kefa bond (2080420.IB (Interbank Bond), 152706.SH (Shanghai))	1,600,000,000.00	2020/12/21	5 years	1,600,000,000.00	1,600,000,000.00
21 Kefa01 (188203.SH)	420,000,000.00	2021/7/2	3 years	420,000,000.00	420,000,000.00
21 Kefa02 (188459)	375,000,000.00	2021/8/5	3 years	375,000,000.00	375,000,000.00
21 Mianke02 (114933)	200,000,000.00	2021/2/9	2 years	200,000,000.00	200,000,000.00
21 Mianke03 (114985)	2,000,000,000.00	2021/4/27	3 years	2,000,000,000.00	2,000,000,000.00
22 Sichuan Mianyang Science and Technology City ZR001 (Bond financing plan, 22CFZR018)	400,000,000.00	2022/2/18	3 years	400,000,000.00	-
22 Sichuan Mianyang Science and Technology City ZR001 (Bond financing plan, 22CFZR018)	400,000,000.00	2022/3/18	3 years	400,000,000.00	-
22Kefa01 (Public issuance of corporate bonds, 137739, Dongxing Securities Co., Ltd.)	1,405,000,000.00	2022/9/6	3 years	1,405,000,000.00	-
<b>Total</b>	<b>10,177,500,000.00</b>			<b>10,177,500,000.00</b>	<b>7,972,500,000.00</b>

Continued from the table above:

Bond name	Issued in the current period	Interest accrued per value	Amortization of premium and discount	Repaid in the current period	Closing balance
17 Kefa bond (143350.SH)				1,537,500,000.00	-
18Miankefa (114342.SZ)					340,000,000.00
19 Sichuan Mianyang Science and Technology City ZR001 (19CFZR0182)				1,000,000,000.00	-
20 Mianyang Kefa PPN001 (032000854)					500,000,000.00

Bond name	Issued in the current period	Interest accrued per value	Amortization of premium and discount	Repaid in the current period	Closing balance
20 Kefa bond (2080420.IB (Interbank Bond), 152706.SH (Shanghai))					1,600,000,000.00
21 Kefa01 (188203.SH)					420,000,000.00
21 Kefa02 (188459)					375,000,000.00
21 Mianke02 (114933)					200,000,000.00
21 Mianke03 (114985)					2,000,000,000.00
22 Sichuan Mianyang Science and Technology City ZR001 (Bond financing plan, 22CFZR018)	400,000,000.00				400,000,000.00
22 Sichuan Mianyang Science and Technology City ZR001 (Bond financing plan, 22CFZR018)	400,000,000.00				400,000,000.00
22Kefa01 (Public issuance of corporate bonds, 137739, Dongxing Securities Co., Ltd.)	1,405,000,000.00	26,571,821.92	27,692,904.11		1,403,878,917.81
<b>Total</b>	<b>2,205,000,000.00</b>	<b>26,571,821.92</b>	<b>27,692,904.11</b>	<b>2,537,500,000.00</b>	<b>7,638,878,917.81</b>

### 35. Lease liabilities

Item	Closing balance	Opening balance
lease payment amount	9,464,297.80	9,426,993.23
Less: unrecognized financing expenses	1,072,474.49	1,066,125.28
Reclassify to non-current liabilities due within one year	<b>2,415,779.66</b>	
Net lease liabilities	5,976,043.65	8,360,867.95

### 36. Long-term payable

Item	Closing balance	Opening balance
Long-term payable	1,958,495,161.73	2,081,325,746.35
Special payable	1,059,539,919.59	2,093,697,037.25
<b>Total</b>	<b>3,018,035,081.32</b>	<b>4,175,022,783.60</b>

## (1) Long-term payable

Item	Closing balance	Opening balance
China Huarong Asset Management Co., Ltd., Sichuan Province Branch	250,000,000.00	360,000,000.00
The World Bank (Song Ya Riverbank Project)	62,577,288.94	62,577,288.94
Far East International Leasing Limited	153,560,000.00	34,125,000.00
Hubei Financial Leasing Co., Ltd.	624,713,333.34	624,151,666.68
Huaxia Financial Leasing Co., Ltd.	270,003,748.40	267,331,500.00
Sinopharm Holdings (China) Finance Leasing Co., Ltd.	60,143,961.84	108,366,846.88
Sichuan Jinshi Leasing Co., Ltd.	818,037,659.06	166,728,386.02
Guangxi Finance & Leasing Co., Ltd.	107,327,342.38	71,361,750.01
Chengyu Financial Leasing Co., Ltd.	148,823,520.13	157,536,146.33
Beijing Culture, Science & Technology Finance Leasing Co., Ltd.	27,571,368.48	101,029,630.40
China Universal Leasing Co., Ltd.	206,171,875.00	265,078,125.00
Huishang Bank Financial Leasing Co., Ltd.	209,134,667.70	
JIC Trust Co., Ltd.	108,647,614.00	
Luzhou Development Finance & Leasing Co., Ltd.	81,945,987.00	
Henan Jiuding Financial Leasing Co., Ltd.	112,875,331.20	
CCCC Financial Leasing Co., Ltd.	110,187,392.88	
Chengdu Gongtong Finance Leasing Co., Ltd.	212,110,299.00	64,850,000.00
Yuandong Hongxin Finance & Leasing Co., Ltd.	9,225,000.00	46,125,000.00
China Development Bank Leasing	269,411,000.00	386,015,000.00
Yangtze United Financial Leasing Co., Ltd.	97,725,633.69	128,918,555.57
Yuandong Hongxin (Tianjin) Finance & Leasing Co., Ltd.	157,300,000.00	205,700,000.00
Jiangxi Zhongtong Financial Leasing Co., Ltd.		50,000,000.00
Hengqin Huatong Financial Leasing Co., Ltd.	230,456,543.40	217,743,564.53
BOL Financial Leasing Co., Ltd.	81,027,012.73	248,079,483.49
JC Finance & Leasing Co., Ltd.		8,582,027.31

Item	Closing balance	Opening balance
Ping An International Finance Leasing (tianjin) Co., Ltd.		11,751,982.01
Haitong Unitrust International Leasing Co., Ltd.	34,910,600.00	153,256,923.03
CITIC Trust Co., Ltd.		97,392,783.30
unrecognized financing expenses	-411,773,634.94	-315,218,219.10
Less: long-term payable due within one year	2,073,618,382.50	1,440,157,694.05
Total	1,958,495,161.73	2,081,325,746.35

## (2) Special payable

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Integrated pipeline corridors in centralised development areas	966,989,032.76		100,000,000.00	866,989,032.76
2021 Municipal science and technology plan projects		10,000.00		10,000.00
High temperature alloy intelligent manufacturing new mode application project		2,400,000.00		2,400,000.00
High purity GH4738 turbine disc stabilisation technology and engineering applications		1,877,250.00		1,877,250.00
Excellence programme funding for the Tech City talent programme	1,000,000.00			1,000,000.00
Ful River Song Ya River embankment project	4,342,099.41			4,342,099.41
World Bank project	10,736,412.24	2,117,107.26		12,853,519.50
Disaster Prevention Park II High-tech Zone land special bond funding	30,000,000.00			30,000,000.00
Special bond funding for the Anchang River comprehensive improvement project	200,000,000.00		200,000,000.00	
Special bond funding for the Logistics Park railway line project	170,000,000.00	50,000,000.00	220,000,000.00	
The square cabin hospital project		3,000,000.00		3,000,000.00
Special bond funding for Science and Technology City Exhibition Centre phase III	350,000,000.00	50,000,000.00	400,000,000.00	
Special fund for talent development	300,000.00			300,000.00
Mianyang Science and Technology City Innovation Centre Phase III	6,990.00			6,990.00
Platinum Age maintenance fund	97,088.30	1,284.80		98,373.10

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Tech City Innovation Pavilion matching funds	25,000,000.00	13,272,356.50	25,000,000.00	13,272,356.50
General bond funding for Eco-Functional Area projects	287,423,274.00		222,430,000.00	64,993,274.00
Building maintenance and equipment renewal payments	1,200,000.00			1,200,000.00
Special funds for transformation of scientific and technological achievements	958,000.00			958,000.00
Gas guarantee project for major projects	3,000,000.00			3,000,000.00
Technology City Centralized Development Area supporting gas field station and pipeline construction project	3,500,000.00			3,500,000.00
Renovation and upgrading of old pipe networks in urban areas, etc.	640,000.00		22,806.38	617,193.62
Payables specific to the Office of Infrastructure	5,147,596.14		1,207,186.72	3,940,409.42
Special bond funding for gas supply assurance and utilisation project	15,004,853.27			15,004,853.27
Sichuan Credit Re-Guarantee Company substitute subsidy fund	2,140,351.19	1,817,896.00		3,958,247.19
Mianyang Municipal Finance Bureau in lieu of subsidy funds	13,755,970.00			13,755,970.00
Other special funds	2,455,369.94	6,980.88		2,462,350.82
Renovation of old gas pipeline network in urban areas		10,000,000.00		10,000,000.00
Total	2,093,697,037.25	134,502,875.44	1,168,659,993.10	1,059,539,919.59

## 37. Provisions

Item	Closing balance	Opening balance	Reasons of the formation
Estimated return cost	5,236,796.23	5,236,796.23	Estimated return cost for this year based on historical return rates
Total	5,236,796.23	5,236,796.23	

## 38. Deferred income

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Government grants	117,880,342.92	2,472,349.62	11,495,038.50	108,857,654.04
Total	117,880,342.92	2,472,349.62	11,495,038.50	108,857,654.04

## Details of government grants:

Item	Opening balance	Increase in grants in the current period	Amount included in current profits and losses	Other changes	Closing balance	Asset-related/Income-related
Incubation building grants	1,995,588.35		86,764.68		1,908,823.67	Asset-related
Special funds for reserve stations	55,089,125.48	1,207,186.72	5,134,743.83		51,161,568.37	Asset-related
Job Stabilization grants	20,897.33	564,162.90	289,730.42		295,329.81	Income-related
Grants for gas distribution stations in agricultural areas	1,366,533.44		47,108.81		1,319,424.63	Asset-related
Employment grants		1,000.00			1,000.00	Income-related
Post-disaster reconstruction project funds	4,879,211.36		924,532.08		3,954,679.28	Asset-related
Technical reform and elimination of backward production capacity special funds	1,503,333.33		205,000.00		1,298,333.33	Asset-related
Special funds for balanced development of the financial industry	733,333.33		100,000.00		633,333.33	Asset-related
Made in China 2025 Sichuan action special funds	2,420,000.00		330,000.00		2,090,000.00	Asset-related
Special funds for strategic emerging industries	4,546,666.67		620,000.00		3,926,666.67	Asset-related
Research and development of key accessories for naval gas turbines	800,000.00		100,000.00		700,000.00	Asset-related
Special funds for the development of the military-civilian integration industry	8,916,666.67		1,000,000.00		7,916,666.67	Asset-related
Dedicated land construction compensation	4,485,036.96	700,000.00	367,158.68		4,817,878.28	Asset-related
2019 provincial investment promotion incentive award funds	15,966,450.00				15,966,450.00	Income-related

Item	Opening balance	Increase in grants in the current period	Amount included in current profits and losses	Other changes	Closing balance	Asset-related/Income-related
Taziba sewage treatment plant supporting pipe network project special funds for treasury bonds	3,000,000.00		1,000,000.00		2,000,000.00	Asset-related
2019 emerging industry cultivation funds	6,937,500.00		750,000.00		6,187,500.00	Income-related
Industrial development funding smart manufacturing	5,220,000.00		540,000.00		4,680,000.00	Income-related
<b>Total</b>	<b>117,880,342.92</b>	<b>2,472,349.62</b>	<b>11,495,038.50</b>		<b>108,857,654.04</b>	

### 39. Other non-current liabilities

Item	Closing balance	Opening balance
Work funding	107,398.73	107,398.73
Receipt of land in advance	28,088,679.39	
<b>Total</b>	<b>28,196,078.12</b>	<b>107,398.73</b>

### 40. Paid-in capital

#### (1) Details of paid-in capital

Investors name	Opening balance		Increase in the current period	Decrease in the current period	Closing balance	
	Investment amount	Proportion (%)			Investment amount	Proportion (%)
Mianyang State-owned Assets Supervision and Administration Commission	1,010,224,729.06	62.27	100,000,000.00		1,110,224,729.06	68.43
Sichuan Provincial Finance Department	116,285,008.04	7.17			116,285,008.04	7.17
Mianyang Investment Holding (Group) Co., Ltd.	135,769,950.96	8.37			135,769,950.96	8.37

Investors name	Opening balance		Increase in the current period	Decrease in the current period	Closing balance	
	Investment amount	Proportion (%)			Investment amount	Proportion (%)
China Agricultural Development Key Construction Fund Co., Ltd.	360,000,000.00	22.19		100,000,000.00	260,000,000.00	16.03
<b>Total</b>	<b>1,622,279,688.06</b>	<b>100.00</b>	<b>100,000,000.00</b>	<b>100,000,000.00</b>	<b>1,622,279,688.06</b>	<b>100.00</b>

## (2) Explanation of changes in paid-in capital

According to the "Equity Repurchase Agreement of Mianyang Science & Technology City Development & Investment (Group) Co., Ltd." entered by Mianyang Municipal People's Government, Mianyang SASAC, China Agricultural Development Bank Mianyang Branch and the Company on May 10, 2022, Mianyang Municipal People's Government repurchased 6.164% of the equity of China Agricultural Development Key Construction Fund Co., Ltd., share repurchase price of 100 million yuan. After the adjustment, the investment amount of Mianyang SASAC was changed to 1,110,224,729.06 yuan and the shareholding ratio was changed to 68.44%, while the investment amount of China Agricultural Development Key Construction Fund Co., Ltd. was changed to 260,000,000.00 yuan and the shareholding ratio was changed to 16.03%.

## 41. Capital reserve

### (1) Details of capital reserve

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Capital(share) premium	3,057,013,823.20			3,057,013,823.20
II. Other capital reserves	3,942,286,938.78	225,753,492.73		4,168,040,431.51
III. Asset appraisal value-added	2,269,135,283.51		1,894,465.19	2,267,240,818.32
<b>Total</b>	<b>9,268,436,045.49</b>	<b>225,753,492.73</b>	<b>1,894,465.19</b>	<b>9,492,295,073.03</b>

### (2) Major changes in capital reserve

① On April 20, 2022, the Company received 200 million yuan from the Mianyang Municipal Finance Treasury Payment Center, with a note for the usage: capital injection, increasing capital reserve by RMB200 million;

② On December 30, 2022, the Company received 25 million yuan from the Mianyang Municipal Finance Treasury Payment Center for the 2022 state capital operating budget project funds, etc., with an increase in capital reserve of 25 million yuan;

③ During the period, based on the equity transfer agreement with the base date of August 31, 2022, Transfer of 100% equity interest in Sichuan Weichen Construction Engineering Co., Ltd. from subsidiary Sichuan Fada Weiye Investment Co., Ltd. to subsidiary Mianyang Kefa Construction Engineering Group Co., Ltd., resulting in an increase in capital reserve by 753,492.73 yuan from the acquisition of minority interests;

④ The amount of other capital reserve was reduced by 1,894,465.19 yuan in accordance with the request for adjustment of the accounts of working capital materials of Mianyang Gas Group Co., Ltd. (Prince Hotel) and the approval of the adjustment of the value-added portion of asset appraisal during the period.

#### 42. Special reserve

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Notes
Safety fund	25,967,742.99	9,891,771.55	7,101,967.05	28,757,547.49	
Total	25,967,742.99	9,891,771.55	7,101,967.05	28,757,547.49	

Note: Safety fund are provided by subsidiaries Sichuan Liuhe Special Metal Materials Co., Ltd., Mianyang Kefa Tianda Investment Development Co., Ltd. and Mianyang Gas Group Co., Ltd. are accrued in accordance with the provisions of the national "Management Measures for the Withdrawal and Use of Enterprise Safety Production Costs".

#### 43. Provision for general reserve

Item	Closing balance	Opening balance
General reserve	24,582,585.47	24,058,676.95
Total	24,582,585.47	24,058,676.95

Note: The general risk allowance is drawn down by the subsidiaries, Mianyang Kefa Finance Guarantee Co., Ltd., Mianyang City Tianli Financing Guarantee Co., Ltd., Mianyang City Small and Medium-sized Enterprise Financing Guarantee Co., Ltd. and Mianyang Kefa Equity Investment Fund Management Co., Ltd. in accordance with relevant regulations.

#### 44. Surplus reserve

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Legal surplus reserve	312,801,167.91	27,555,326.60		340,356,494.51
Total	312,801,167.91	27,555,326.60		340,356,494.51

Note: In accordance with "the Company Law" and the Company's Articles of Incorporation, the Company

sets aside 10% of its net profit as legal surplus reserve.

#### 45. Retained earnings

Item	Amount incurred in the current period		Amount incurred in the prior period	
	Revenue	Cost	Revenue	Cost
Opening balance of the current period		2,152,878,416.18		1,998,353,899.54
Increase in current period		225,658,489.38		237,542,379.72
Including: Net profit transferred in current period		226,411,982.15		237,542,379.72
Other adjustment factors		-753,492.77		-
Decrease in current period		96,776,043.60		83,017,863.08
Including: withdrawal of surplus reserves in the current period		27,555,326.60		20,427,412.56
Withdrawal of general risk reserves in this period		523,908.52		289,121.56
Distribution to owners (or shareholders)		68,696,808.48		62,301,328.96
Conversion increases share capital				
Other decreases				
Closing balance of the current period		2,281,760,861.96		2,152,878,416.18

#### 46. Operating revenue and operating costs

Item	Amount incurred in the current period		Amount incurred in the prior period	
	Revenue	Cost	Revenue	Cost
1. Subtotal of principal operating revenue	12,729,592,033.77	12,223,705,716.84	11,783,054,427.44	10,735,264,411.42
Revenue from sales of Immovable Property	18,319,538.54	43,089,508.12	683,620,730.76	609,982,404.80
Guarantee fee revenue	4,969,339.60	1,998,997.63	7,472,597.94	160,611.99
Engineering construction and installation revenue	666,401,307.11	645,218,394.47	982,817,296.49	943,216,922.72
Hotel revenue	50,875,843.78	25,416,724.52	52,066,398.29	25,679,989.24
Exhibition and display services revenue	36,092,656.44	32,999,969.73	20,883,933.65	22,229,418.14
Consulting revenue	30,068,504.13	6,810,383.83	33,805,458.21	3,746,253.47
Asset leasing and property management revenue	41,930,661.57	23,713,230.46	65,882,469.02	19,508,416.32
Revenue from sales of industrial products	1,035,073,221.13	896,153,460.38	1,184,549,472.38	936,007,308.09

Item	Amount incurred in the current period		Amount incurred in the prior period	
	Revenue	Cost	Revenue	Cost
Revenue from trade sales	8,799,582,759.83	8,778,626,656.69	6,266,354,372.45	6,204,443,027.60
Real Estate sales revenue	668,417,258.37	558,029,922.25	1,088,258,304.06	921,536,496.74
Land development revenue	856,386,860.15	791,000,687.62	952,194,460.78	655,222,591.60
Fund management services revenue	10,637,736.47	-	8,977,002.44	-
Sports industry revenue	674,130.01	3,447,243.34	-	-
Revenue from electricity sales	8,463,519.00	8,020,436.00	-	-
Natural gas sales and installation revenue	501,698,697.64	409,180,101.80	436,171,930.97	393,530,970.71
2. Subtotal of other operating revenue	54,933,487.55	50,041,673.85	57,488,298.91	39,344,926.76
Other revenues	33,812,608.01	31,127,375.63	41,529,971.82	29,498,587.40
Escrow project management revenue	207,573.93	425,155.21	5,799,847.14	3,585,655.07
Processing and material sales revenue	20,913,305.61	18,489,143.01	10,158,479.95	6,260,684.29
Total	12,784,525,521.32	12,273,747,390.69	11,840,542,726.35	10,774,609,338.18

## 47. Withdrawal of net insurance contract reserves

Item	Amount incurred in the current period	Amount incurred in the prior period
Unmatured Premium Reserve	-858,333.66	-890,644.81
Guarantee claims reserve		
Total	-858,333.66	-890,644.81

## 48. Reinsurance expenses

Item	Amount incurred in the current period	Amount incurred in the prior period
Reinsurance expenses	-77,645.07	109,348.61
Total	-77,645.07	109,348.61

## 49. Taxes and surcharges

Item	Amount incurred in the current period	Amount incurred in the prior period
Business tax	4,736.65	1,178,373.03
City construction and maintenance tax	6,264,593.89	7,096,194.85
Education fee surcharges	2,793,340.70	3,186,971.33

Item	Amount incurred in the current period	Amount incurred in the prior period
Local education fee surcharges	1,863,268.06	2,139,667.94
Stamp tax	10,204,050.08	9,668,091.18
House property tax	13,966,200.23	12,043,062.91
Land use tax	22,089,563.28	11,506,376.55
Vehicle and vessel tax	56,636.96	69,106.13
Increment tax on land value	24,766,464.02	15,441,092.99
Environmental protection tax	32,049.44	51,237.34
Total	82,040,903.31	62,380,174.25

#### 50. Selling expenses

Item	Amount incurred in the current period	Amount incurred in the prior period
Salary and Remuneration	37,921,904.99	41,345,822.94
Staff welfare	1,178,338.41	982,857.62
Social insurance and Housing Fund	1,172,337.63	756,515.93
Office expenses	436,858.49	486,331.92
Communication expenses	203,962.83	144,443.97
Business travel expenses	542,122.04	578,662.55
Business entertainment expenses	6,922,560.19	5,198,076.76
Vehicle usage expenses	998,361.98	2,127,576.16
Transportation expenses	9,463,999.51	15,487,756.36
Advertising and exhibition expenses	14,443,836.80	18,805,286.01
Export expenses	886,177.99	849,638.79
Lease expenses	715,077.54	1,283,452.14
Property management expenses	6,647,667.80	2,353,950.62
Amortization expenses	4,033,457.84	2,954,290.04
Depreciation expenses	741,608.43	493,207.92
Intermediary expenses	12,905,990.32	5,298,856.25
Repair expenses	407,403.42	3,606.88
Storage supervision expenses	9,339.38	8,996,997.70
Energy expenses	4,939,824.59	4,209,769.42
Material expenses	1,447,896.35	999,709.91
Labor protection expenses	110,222.74	105,099.35
Conference expenses	11,486.79	2,055,159.67

Item	Amount incurred in the current period	Amount incurred in the prior period
Other expenses	3,432,566.97	7,624,114.76
Total	109,573,003.03	123,141,183.67

### 51. Administrative expenses

Item	Amount incurred in the current period	Amount incurred in the prior period
Salary bonus	168,342,119.57	171,410,840.74
Welfare	8,624,054.50	9,070,880.82
Trade union expenses and staff education expenses	4,922,258.03	5,300,038.47
Social insurance and Housing Fund	38,501,661.84	31,184,241.81
Enterprise annuity	4,151,575.44	3,303,926.26
Office expenses	5,377,363.85	5,083,475.74
Depreciation expenses	38,139,718.71	42,036,384.11
Amortization expenses	9,780,288.93	9,443,976.37
Reception expenses	6,431,954.82	6,604,720.05
Lease expenses	2,784,810.83	5,688,959.93
Business travel expenses	2,430,113.40	3,057,514.80
Intermediary expenses	17,190,356.96	20,721,326.45
Vehicle usage expenses	2,109,098.80	2,508,496.86
Property management expenses and utilities	3,768,284.16	5,223,161.83
Repair (Install) expenses	19,694,343.48	17,087,338.89
Board fund	5,520.34	94,093.00
Conference expenses	344,357.60	212,907.75
Party Building expenses	1,179,813.10	1,017,246.04
Litigation expenses	1,920,241.98	2,674,948.90
Disability Employment Guarantee Fund	2,671,057.03	1,019,172.78
Property insurance premium	369,946.85	192,640.72
Commercial insurance premium	720,637.12	23,681.11
Communication expenses	565,319.90	536,977.71
Labor expenses	3,430,854.25	2,262,890.43
Technical advisory service expenses	869,423.04	227,675.26
Property rights, patent agency expenses	63,165.20	294,360.60

Item	Amount incurred in the current period	Amount incurred in the prior period
Labor protection expenses	572,667.94	385,368.64
Safety expenses	3,063,249.53	1,836,176.02
Advertising and promotion expenses	835,597.72	660,925.56
Other expenses	3,019,627.79	7,484,733.92
<b>Total</b>	<b>351,879,482.71</b>	<b>356,649,081.57</b>

## 52. Research and development expenses

Item	Amount incurred in the current year	Amount incurred in the prior year
Salary and welfare	20,973,947.82	16,127,619.85
Social insurance and Housing Fund	360,023.84	218,409.00
Depreciation expenses	1,705,427.40	1,437,441.03
Material fuels and power expenses	22,651,028.37	20,075,845.89
Instrument maintenance expenses		
Others	31,386.85	27,741.94
Test and laboratory processing expenses	44,554.87	210,788.74
Tooling and inspection expenses	497,877.16	1,186,365.23
Business travel expenses	1,178,303.32	1,154,574.30
Conference expenses		1,415.09
Publication/Documentation/information dissemination/intellectual property services expenses	10,106.60	101,192.57
New process protocol formulation expenses	4,186,114.64	2,142,192.09
Research and development expenses to be apportioned	114,486.84	41,553.42
Patent registration application expenses	187.09	6,134.61
Technical advisory service expenses	291,262.14	
<b>Total</b>	<b>52,044,706.94</b>	<b>42,731,273.76</b>

## 53. Financial expenses

Category	Amount incurred in the current period	Amount incurred in the prior period
Interest expenses	2,198,706,097.86	2,030,616,587.08
Less: Interest income	510,149,445.50	518,479,476.96
Less: Interest capitalization	1,112,703,363.29	1,072,680,460.72

Category	Amount incurred in the current period	Amount incurred in the prior period
Net exchange losses (net gain is marked with "-")	-890,803.06	79,440.80
Handling and other expenses	202,236,721.25	310,581,887.52
Total	777,199,207.26	750,117,977.72

#### 54. Other income

Item	Amount incurred in the current period
Municipal government project grant funds	820,000,000.00
Infrastructure construction grant funds	226,890,000.00
Youxian District government sunrise factory project grant	59,339,405.09
Mianyang Municipal Finance Bureau innovation pavilion government grant funds	25,000,000.00
Xianhai Management Committee financial grant	12,670,000.00
Depreciation of assets earmarked for storage and distribution stations	5,134,743.83
Job stabilisation allowance	1,248,511.22
Other income related to taxation	1,015,920.87
Research and development of key accessories for naval gas turbines	1,000,000.00
Provincial special funds for military-civilian integration industry development projects" grant from industry and information technology bureau of Deyang economic development zone	980,000.00
Value added tax refunds received	924,532.08
2022 small and micro enterprise financing guarantee fee reduction incentive award funds	751,761.13
Industrial fevelopment funds smart manufacturing	750,000.00
Made in China 2025 Sichuan action special funds	620,000.00
Mianyang High-tech Zone convention and exhibition innovation development leading zone project Grant	600,000.00
Science and Technology Park Finance Bureau policy incentive funds	594,000.00
Special funds for strategic emerging industries	540,000.00
Special funds for the development of the military-civilian integration industry	500,000.00
2020 Fiscal and financial interaction award grant	500,000.00
Mianyang Municipal Finance Treasury Payment Center fiscal and financial interaction award Fund	500,000.00
Youxian District Finance Bureau enterprise for promoting development grant	460,000.00
2022 Mianyang housing rental market development demonstration government award fund	430,000.00
Special funds for balanced development of the financial industry	330,000.00

Item	Amount incurred in the current period
2022 contingency transfer work funds	283,018.87
Dedicated land construction compensation	218,698.72
Post-disaster reconstruction project funds	205,000.00
Mianyang Science and Technology New District Finance and Finance Bureau open door incentive fund	200,000.00
Jiangyou Bureau of Industry and Information Technology disburses 2022 funds for relief of small and medium-sized enterprises	200,000.00
2022 small and micro enterprise financing guarantee fee reduction incentive award fund (provincial)	188,679.24
2022 fiscal and financial interaction award grant	154,320.93
Total other income of less than 100,000 yuan	2,107,600.65
Total	1,164,336,192.63

#### 55. Investment income

Details of investment income

Sources of investment income generation	Amount incurred in the current period	Amount incurred in the prior period
Income from long-term equity investments under equity method	-8,662,691.30	33,541,945.66
Investment income on disposal of long-term equity investments		1,020,758.56
Investment income from disposal of held-for-trading financial assets (application of new financial standards)		52,928.14
Interest income from holding debt investments (application of new financial standards)	3,553,212.27	
Dividends income from holding other equity instruments (application of new financial standards)	5,879,767.77	2,275,600.00
Total	770,288.74	36,891,232.36

#### 56. Gains on the changes in fair value

Source resulting in gains from changes in fair values	Amount incurred in the current period	Amount incurred in the prior period
Changes in fair value of financial assets held for trading		-6,371.43
Investment properties carried at fair value	73,891,607.30	196,019,486.75
Total	73,891,607.30	196,013,115.32

**57. Credit impairment losses (loss is marked with "-")**

Item	Amount incurred in the current period	Amount incurred in the prior period
Bad debt losses	-182,991,899.15	-19,119,351.66
Impairment losses on debt investments		
Impairment losses on other debt investments		
Impairment losses on entrusted loans	-3,591,793.01	-43,492,272.66
Total	-186,583,692.16	-62,611,624.32

Note: Bad debt loss of 91,942,499.96 yuan was charged to Mianyang Tongxin Copper Industry Co., Ltd. in the current year.

**58. Assets impairment losses (losses is marked with "-")**

Item	Amount incurred in the current period	Amount incurred in the prior period
Written-down losses of inventories	-37,293,685.12	
Impairment losses on construction materials		-997,077.43
Impairment losses on construction in progress		-24,375,442.56
Other impairment losses		-17,793,919.43
Total	-37,293,685.12	-43,166,439.42

Note: Subsidiary Tongfu Hongye Co., Ltd. recorded an impairment loss of 20% on the inventory (coal) involved in the lawsuit for a total amount of 37,398,372.56 yuan for the year.

**59. Gains from disposal of assets (losses is marked with "-")**

Item	Amount incurred in the current period	Amount incurred in the prior period
Gains from disposal of assets	106,895.79	1,222,105.74
Total	106,895.79	1,222,105.74

**60. Non-operating income**

Item	Amount incurred in the current period	Amount incurred in the prior period	Amount included in non-recurring profit or loss for the current period
Gains on destruction and scrapping of non-current assets	1,103,619.94	1,685,269.96	1,103,619.94
Government grants (see the table below for details)	5,995,127.07	6,119,671.68	5,995,127.07
Liquidated damages	184,269.48	578,882.60	184,269.48

Item	Amount incurred in the current period	Amount incurred in the prior period	Amount included in non-recurring profit or loss for the current period
Income of penalty and late payment charge	73,435.52	408,502.24	73,435.52
Inventory profit	435,140.24		435,140.24
Capital occupancy expenses		103,772.07	
Non-payment of debts	488,218.93	28,154,281.35	488,218.93
Others	1,494,739.26	1,445,152.29	1,494,739.26
<b>Total</b>	<b>9,774,550.44</b>	<b>38,495,532.19</b>	<b>9,774,550.44</b>

## (1) Details of government grants

Item	Amount incurred in the current period	Amount incurred in the prior period
Technology city new district incentive funds (for 2021 incentives)	2,959,800.00	
Transfer of 1 million yuan of Taziba sewage treatment plant supporting pipe network project special funds for treasury bonds in 2017-2021 year to non-operating income - government grant income	1,000,000.00	1,000,000.00
Special funds for Mianyang Fucheng District Business Bureau to promote the development of modern logistics	1,000,000.00	
Santai County Development and Reform Bureau 2022 first quarter incentive bonus for grasping projects, promoting investment and stabilizing Growth	160,000.00	
Collection of economic stabilisation incentive funds	110,000.00	
Collection of second quarter incentive cashing funds from Fucheng District Business Bureau, Mianyang	100,000.00	
Science and Technology Park Management Committee allocates funds for 2020 incentives		3,404,872.00
2019 Provincial Fiscal and Financial Interaction Awards		550,000.00
Science and Innovation Zone Management Committee allocates service sector growth incentives		300,000.00
Sichuan Green Pharmaceutical Company Management Co., Ltd. financing interest grants, etc.		101,250.00
2020 service industry project investment grants		100,000.00
Other government grants under 100,000 yuan	665,327.07	663,549.68
<b>Total</b>	<b>5,995,127.07</b>	<b>6,119,671.68</b>

**61. Non-operating expenses**

Item	Amount incurred in the current period	Amount incurred in the prior period	Amount included in non-recurring profit or loss for the current period
Losses on destruction and scrapping of non-current assets	75,156.68	463,112.36	75,156.68

Item	Amount incurred in the current period	Amount incurred in the prior period	Amount included in non-recurring profit or loss for the current period
External Donation	44,992.00	100,000.00	44,992.00
Late payment charge	27,562,075.00	8,119,527.65	27,562,075.00
Penalty	114,500.00	1,930,266.00	114,500.00
Inventory losses of fixed asset		5,424.74	
Liquidated damages	0.50	12,400.00	0.50
Payout	86,789.40	588,251.79	86,789.40
Others	1,218,734.06	884,490.05	1,218,734.06
Total	29,102,247.64	12,103,472.59	29,102,247.64

## 62. Income tax expenses

Item	Amount incurred in the current period	Amount incurred in the prior period
Current tax expenses	29,346,545.39	53,918,317.85
Deferred tax expenses	-8,827,271.49	47,671,254.77
Total	20,519,273.90	101,589,572.62

## 63. Other comprehensive income attributable to owners of the parent company

(1) Each item of other comprehensive income and its income tax effect and transfer to profit or loss

Item	Amount incurred in the current period		
	Pre-tax amount	Income Tax	Net income after tax
I. Other comprehensive income that cannot be reclassified to profit or loss in the future	27,660,228.47	6,815,144.12	20,845,084.35
Changes in fair value of investments in other equity instruments	27,660,228.47	6,815,144.12	20,845,084.35
II. Other comprehensive income that will be reclassified to profit or loss in the future	14,597,658.82	3,631,029.03	10,966,629.79
1. Under the equity method, entitlement share of other comprehensive income that will be reclassified to profit or loss in subsequent accounting periods by investee when the prescribed conditions are met			
Less: Transfer from prior period to other comprehensive income current period to profit or loss			
Subtotal			
2. Gains or losses arising from changes in the fair value of available-for-sale financial assets			
Less: Transfer from prior period to other comprehensive income current period to profit or loss			
Subtotal			

Item	Amount incurred in the current period		
	Pre-tax amount	Income Tax	Net income after tax
3. Discounting differences in foreign currency statements	73,542.79		73,542.79
Less: Net income after tax that transfer from prior period to other comprehensive income current period to profit or loss			
Subtotal	73,542.79		73,542.79
4. Others	14,909,680.60	3,727,420.16	11,182,260.44
Less: Transfer from prior period to other comprehensive income current period to profit or loss	385,564.57	96,391.13	289,173.44
Subtotal	14,524,116.03	3,631,029.03	10,893,087.00
III. Total other comprehensive income	42,257,887.29	10,446,173.15	31,811,714.14

Continued from the table above:

Item	Amount incurred in the prior period		
	Pre-tax amount	Income Tax	Net income after tax
I. Other comprehensive income that cannot be reclassified to profit or loss in the future	22,622,531.92	5,568,752.62	17,053,779.30
Changes in fair value of investments in other equity instruments	22,622,531.92	5,568,752.62	17,053,779.30
II. Other comprehensive income that will be reclassified to profit or loss in the future	2,220,939,433.08	562,780,655.10	1,658,158,777.98
1. Under the equity method, entitlement share of other comprehensive income that will be reclassified to profit or loss in subsequent accounting periods by investee when the prescribed conditions are met	-30,183,187.27		-30,183,187.27
Less: Transfer from prior period to other comprehensive income current period to profit or loss			
Subtotal	-30,183,187.27		-30,183,187.27
2. Gains or losses arising from changes in the fair value of available-for-sale financial assets			
Less: Transfer from prior period to other comprehensive income current period to profit or loss			
Subtotal			
3. Discounting differences in foreign currency statements	698,616.96	174,654.24	523,962.72
Less: Net income after tax that transfer from prior period to other comprehensive income current period to profit or loss			
Subtotal	698,616.96	174,654.24	523,962.72
4. Others	2,250,424,003.39	562,606,000.86	1,687,818,002.53

Item	Amount incurred in the prior period		
	Pre-tax amount	Income Tax	Net income after tax
Less: Transfer from prior period to other comprehensive income current period to profit or loss			
Subtotal	2,250,424,003.39	562,606,000.86	1,687,818,002.53
<b>III. Total other comprehensive income</b>	<b>2,243,561,965.00</b>	<b>568,349,407.72</b>	<b>1,675,212,557.28</b>

## Reconciliation of various items of other comprehensive income

Item	Under the equity method, entitlement share of other comprehensive income that will be reclassified to profit or loss in subsequent accounting periods by investee	Changes in fair value of investments in other equity instruments	Gains or losses from changes in the fair value of available-for-sale financial assets
Opening balance of the last period	30,183,187.27	-16,619,003.95	
Increase/Decrease during the last period	-30,183,187.27	17,053,779.30	
Opening balance of the current period	-	434,775.35	
Increase/Decrease during the current period	-	20,845,084.35	
Closing balance of the current period	-	21,279,859.70	

Continued from the table above:

Item	Discounting differences in foreign currency statements	Others	Total other comprehensive income
Opening balance of the last period	14,500.98	290,275,630.57	303,854,314.87
Increase/decrease during the last period	523,962.72	1,687,818,002.53	1,675,212,557.28
Opening balance of the current period	538,463.70	1,978,093,633.10	1,979,066,872.15
Increase/decrease during the current period	73,542.79	10,893,087.00	31,811,714.14
Closing balance of the current period	612,006.49	1,988,986,720.10	2,010,878,586.29

## 64. Consolidated cash flow statement

## (1) Reconciliation of net profit to cash flow from operating activities

Item	Amount incurred in the current period	Amount incurred in the prior period
1.Reconciliation of net profit to cash flow from operating activities:		

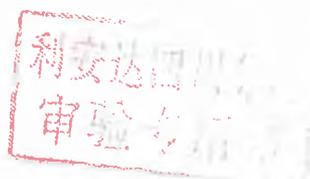
Item	Amount incurred in the current period	Amount incurred in the prior period
Net profit	114,357,442.19	253,077,067.88
Add: Provision for impairment of assets	37,293,685.12	43,166,439.42
Credit impairment losses	186,583,692.16	62,611,624.32
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets	148,853,838.88	141,228,142.71
Depreciation of right-of-use assets	2,448,685.00	2,171,380.76
Amortization of intangible assets	7,782,593.22	6,810,985.37
Amortization of Long-term amortized expenses	20,891,635.97	10,360,889.50
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains is marked with "-")	-106,895.79	-1,222,105.74
Losses on retirement of fixed assets (gains is marked with "-")	-1,028,463.26	-1,216,732.86
Losses on changes in fair values (gains is marked with "-")	-73,891,607.30	-196,013,115.32
Financial expenses (gains is marked with "-")	1,086,002,734.57	1,191,487,999.37
Losses on investments (gains is marked with "-")	-770,288.74	-36,891,232.36
Decrease in deferred tax assets (increase is marked with "-")	-54,229,406.45	-23,192,943.79
Increase in deferred tax liabilities (decrease is marked with "-")	49,057,532.21	71,458,798.33
Decrease in inventories (increase is marked with "-")	-1,656,830,036.05	1,268,466,613.18
Decrease in receivables from operating activities (increase is marked with "-")	-1,723,457,008.25	2,036,856,189.62
Increase in payables from operating activities (decrease is marked with "-")	1,913,210,151.13	-3,950,882,861.55
Others	-	-
Net cash flow from operating activities	56,168,284.61	878,277,138.84
2. Significant investing and financing activities that do not involve cash receipts and payments		
Conversion of debt into capital		
Convertible bonds due within one year		
Fixed assets acquired under finance leases		
3. Net changes in cash and cash equivalents:		
Closing balance of cash	1,263,195,729.77	1,591,455,704.57
Less: Opening balance of cash	1,591,455,704.57	1,924,868,151.55
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	-328,259,974.80	-333,412,446.98

## (2) Composition of cash and cash equivalents

Item	Closing balance	Opening balance
<b>I. Cash</b>	<b>1,263,195,729.77</b>	<b>1,591,455,704.57</b>
Including: Cash on hand	298,333.41	209,148.36
Bank deposits readily available for payment	1,261,969,698.74	1,586,717,905.54
Other monetary funds readily available for payment	927,697.62	4,528,650.67
Deposits with the central bank funds available for payment		
Interbank deposits		
Loan of interbank funds		
<b>II. Cash equivalents</b>		
Including: Investments in bond due within three months		
<b>III. Closing balance of cash and cash equivalents</b>	<b>1,263,195,729.77</b>	<b>1,591,455,704.57</b>

## IX. Notes on Contingencies

## 1. Significant litigation and arbitration



As of December 31, 2022, the Group was involved in significant pending litigation as follows:

(1) The Group mainly has the following significant litigation or arbitration pending:

## ① Subsidiary Mianyang Kefa Construction Engineering Group Co., Ltd.

Serial Number	Case Number	Plaintiff	Defendant	Trial stage (filing, ongoing trial, judgment, enforcement)	Preservation measures and period	Other information needed to explain
1	(2021) Sichuan 07 Min Chu No.362	Sichuan Shanggao Real Estate Development Co., Ltd.	Mianyang Kefa Construction Engineering Group Co., Ltd., Mianyang Kefa Changtai Industry Co., Ltd., Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	A case has been filed and the parties are preparing litigation materials, not yet heard	None	
2	(2021) Sichuan 06 Min Chu No.342	Mianyang High-tech Construction and Development Co., Ltd.	Chengdu HuanMei Landscape Ecology Co., Ltd., Shifang City Changda Traffic Construction Co., Ltd., Shifang City Hengji Construction Investment Development Co., Ltd.	Trial in progress	None	Judgement delivered in March 2023

Serial Number	Case Number	Plaintiff	Defendant	Trial stage (filing, ongoing trial, judgment, enforcement)	Preservation measures and period	Other information needed to explain
3	(2022) Sichuan 0792 Min Chu No.419	Yue Xiugang	Mianyang Kefa Construction Engineering Group Co., Ltd., Sichuan Shangyuan Construction Engineering Co., Ltd., Luo Xiao	The prosecution was dismissed	None	

② Subsidiary Mianyang Kefa Tianda Investment Development Co., Ltd.

The Company's subsidiary Mianyang Kefa Tianda Investment Development Co., Ltd. (hereinafter referred to as: Kefa Tianda Company), and Sichuan Jingjian Animal Pharmaceutical Co., Ltd. (hereinafter referred to as: Jingjian Animal Pharmaceutical Company) and Liu Mingjun in a dispute over the right of recovery, on November 9, 2022, the People's Court of Mianyang Economic and Technological Development Zone of Sichuan Province issued an enforcement ruling ((2022) Sichuan 0793 Execution No.527 One), which ruled as follows:

The People's Court of Mianyang Economic and Technological Development Zone, Sichuan Province, based on the legally effective civil judgment No.(2021) Sichuan 0793 Min Chu No.2008, ruled that Jingjian Animal Pharmaceutical Company paid 12,000,000.00 yuan to Kefa Tianda Company; Liu Mingjun assumed 50% of the payment obligation for the above-mentioned part of Jingjian Animal Pharmaceutical Company that could not be paid off. As the executor failed to fulfill the obligations determined by the effective legal documents, Kefa Tianda applied to the Court for compulsory enforcement, The People's Court of Mianyang Economic and Technological Development Zone, Sichuan Province, froze part of the policy insurance taken out by Liu Mingjun in Taiping Life Insurance Co., Ltd. and China Life Insurance Co., Ltd. and the funds in his account in the Century Avenue Securities Department of Huatai Securities in Pudong New Area, Shanghai; seized a vehicle with the number plate Chuan BOZL88 Toyota under the name of the executee Liu Mingjun; and seized the house No.4 on the 16th floor of Unit 1, Building 1, Tianhao Linjiang Building, No.268, South Section of the First Ring Road, Fucheng District, Mianyang City [Certificate number: Sichuan (2021) Mianyang City Immovable Property Right No.1011919] under the name of Liu Mingjun, which had been registered as a mortgage; froze a number of bank accounts and network funds in the names of the executee Jingjian Animal Pharmaceutical Company and Liu Mingjun; seized the executee Precision Jingjian Animal Pharmaceutical Company in the name of the executor is located in Mianyang City, Song Ya Town, Agricultural Science Zone, Building 10, 1st floor, 2nd floor houses (right certificate number: 201202366); seized the executor Precision Jingjian Animal Pharmaceutical Company in the name of machinery and equipment, structures, landscape trees three parts [to Mianyang High-tech

Development Zone People's Court (2021) Chuan 0792 executive recovery No.110 case in Taobao auction information production list shall prevail], The house was first seized by the People's Court of Mianyang High-Tech Development Zone in the case of (2021) Chuan 0792 Execution Recovery No.110. Sichuan Mianyang Economic and Technological Development Zone People's Court in November 15, 2022 to the Mianyang High-tech Development Zone People's Court issued a notice of assistance in the implementation of the above property auction property disposal surplus to freeze, the freeze period of three years.

As of December 31, 2022, the actual amount in place for this case for this execution was 0 yuan.

③ Subsidiary Mianyang Kefa Exhibition and Tourism Co., Ltd.

As of December 31, 2022, Greenland Holdings Group Co., Ltd. owed the Company's subsidiary Mianyang Kefa Exhibition and Tourism Co., Ltd. 2 million yuan in advertising expenses, which had been adjudicated by the People's Court of Mianyang High-Tech Industrial Development Zone of Sichuan Province in the "Civil Judgment (2022) Chuan 0792 Min Chu No.2674". However, on December 15, 2022, Greenland Holdings Group Co., Ltd. filed an appeal and the verdict is still pending.

④ Subsidiary Tongfu Hongye Co., Ltd.

As of December 31, 2022, the closing balance of the inventory - inventory goods (finished goods) of the subsidiary Tongfu Hongye Co., Ltd. was 186,991,862.79 yuan (excluding tax), which is now involved in a litigation case, in which Tongfu Hongye Co., Ltd. initiated litigation against its asset custodian Jiangsu Minsheng Port Co., Ltd. and Jingjiang Taihe Port Co., Ltd. in connection with a contract dispute. The litigation cases have been accepted by the Mianyang Intermediate People's Court of Sichuan Province (hereinafter referred to as: the Intermediate Court), which has issued civil rulings (2019) Sichuan 07 Min Chu No.324 I, (2019) Sichuan 07 Min Chu No.298 I and (2019) Sichuan 07 Min Chu No.300 I as of the date of this report, with the total amount of litigation being 216,511,014.92 yuan (including tax). The details of the cases are as follows: Tongfu Hongye Co., Ltd. had disputes with storage parties, downstream enterprises and guarantors over storage responsibilities and delayed pickup in coal trading business, and involved in three lawsuits, namely: 1. Tongfu Hongye Co., Ltd. prosecuted Jiangsu Minsheng Port Co. Ltd.; 2. Tongfu Hongye Co., Ltd. prosecuted Jingjiang Taihe Port Co., Ltd., Jiangsu Bodhi Energy Co., Ltd., Chen Haiyang; 3. Tongfu Hongye Co., Ltd. prosecuted Jingjiang Taihe Port Co., Ltd., Taixing Hongfutai Industry Co., Ltd. and Chen Haiyang; the above cases have been heard in Mianyang Intermediate Court, but need to be transferred to Nanjing Maritime Court due to jurisdictional issues during the process. For the above three cases, as some of the cooperative enterprises are involved in criminal offences, some of the contents of the matters have not yet been disclosed, so the risk that the above cases may be suspended in the future due to criminal issues cannot be ruled out.

The Nanjing Maritime Court issued a civil judgment on December 30, 2021 (2021) Jiangsu 72 Min Chu No.99, in which the plaintiff Tongfu Hongye Co., Ltd. (hereinafter referred to as Tongfu Company), in a dispute with the defendant Jiangsu Minsheng Port Co., Ltd. (hereinafter referred to as Minsheng Port Company) over the contract of custody of port cargo, ruled that the defendant Jiangsu Minsheng Port Co., Ltd. pay the plaintiff Tongfu Hongye Co., Ltd. for damages of 149,019,046.40 yuan and interest within ten days after the entry into force of this judgment (interest calculated on the basis of 149,019,046.40 yuan from December 17, 2019 to the date of actual payment by the defendant, calculated at the market quoted interest rate for loans LPR published by the National Interbank Offered Rate Center for the same period).

Nanjing Maritime Court on August 10, 2021 issued (2021) Jiangsu 72 Min Chu No.350, the plaintiff Tongfu Hongye Co., Ltd. and the defendant Jingjiang Taihe Port Co., Ltd., Taixing Hongfutai Industry Co., Ltd., Chen Haiyang, Third party Jiangsu Zhongchu Coal Industry Co., Ltd. about the case of port cargo storage contract dispute, On August 10, 2021, the plaintiff Tongfu Hongye Co., Ltd., filed a motion to dismiss the case with the Nanjing Maritime Court, On August 10, 2021, the Nanjing Maritime Court granted the plaintiff Tongfu Hongye Co., Ltd.

Nanjing Maritime Court on August 10, 2021 issued (2021) Jiangsu 72 Min Chu No.351, the plaintiff Tongfu Hongye Co., Ltd. and the defendant Jingjiang Taihe Port Co., Ltd., Jiangsu Bodhi Energy Co., Ltd., Chen Haiyang, Third party Jiangsu Zhongchu Coal Industry Co. Ltd. about the case of port cargo storage contract dispute, On August 10, 2021, the plaintiff, Tongfu Hongye Co., Ltd., filed a motion to dismiss the case with the Nanjing Maritime Court, On August 10, 2021, the Nanjing Maritime Court granted the plaintiff Tongfu Hongye Co., Ltd.

⑤ Subsidiary Sichuan Kefa Hechuang Technology Co., Ltd.

Subsidiary Sichuan Kefa Hechuang Technology Co., Ltd., initiated litigation proceedings against sales customers such as Shenzhen Caiqiao Trading Co., Ltd., Mianyang Baohe Taiyue Communication Cable Co., Ltd., Ningbo Xiangbei Supply Chain Management Co., Ltd., Sichuan Baohe New Century Cable Co., Ltd. and Ningbo JinXuan Nonferrous Metal Material Co., Ltd. and their guarantors with joint and several liability, the balance of accounts receivable and prepaid accounts on the Company's books The total amount of accounts receivable and prepaid accounts is 486,264,418.39 yuan, and the amount of litigation (including: capital appropriation fee, etc.) is 552,169,928.58 yuan.

**2. Significant contingent liabilities arising from debt guarantees provided to other units**

As of December 31, 2022, the Group mainly provided guarantees for loans to the following entities (excluding the balance of guarantee liabilities provided externally by the three guarantee companies operating guarantee business)

Name of guarantee unit	Name of guaranteed unit	Guarantee matters	Amount (10 thousand yuan)	Period	Notes
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Wecast Industries (China) Co., Ltd.	Borrowing from Industrial and Commercial Bank of China Limited	6,000.00	2022.8.11-2023.8.10	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Sichuan Guohao Seed Industry Co., Ltd.	Borrowing from Mianyang City Commercial Bank Co., Ltd. High-Tech Sub-branch	1,375.00	2022.1.14-2023.1.14	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Sichuan Wecast Industries Co., Ltd.	Borrowing from Mianyang Rural Commercial Bank Co., Ltd.	4,850.00	2022.11.14-2025.11.11	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Wecast Industries (China) Co., Ltd.	Borrowing from Bank of China Co., Ltd.	11,000.00	2022.2.17-2023.3.22	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Wecast Industries (China) Co., Ltd.	Borrowing from China Everbright Bank Co., Ltd. Wuhan Sub-Branch	4,000.00	2022.10.13-2023.10.12	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Wecast Industries (China) Co., Ltd.	Borrowing from China Everbright Bank Co., Ltd. Wuhan Sub-Branch	1,505.48	2022.7.27-2023.2.13	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Wecast Industries (China) Co., Ltd.	Borrowing from China Construction Bank Wuhan Sub-branch	6,000.00	2022.6.28-2023.6.27	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Wecast Industries (China) Co., Ltd.	Borrowing from China Construction Bank Wuhan Sub-branch	8,884.73	2022.3.21-2027.2.20	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Sichuan Wecast Industries Co., Ltd.	Borrowing from Bank of Dalian Co., Ltd. Chengdu Branch	15,000.00	2022.11.24-2025.11.23	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Sichuan Guohao Seed Industry Co., Ltd.	Borrowing from China Guangfa Bank Co., Ltd. Chengdu Branch	5,390.00	2021.12.31-2023.12.30	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Sichuan Guohao Seed Industry Co., Ltd.	Borrowing from China Guangfa Bank Co., Ltd. Chengdu Branch	495.00	2022.1.25-2024.1.24	

Name of guarantee unit	Name of guaranteed unit	Guarantee matters	Amount (10 thousand yuan)	Period	Notes
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Sichuan Hongfu Zixing Industrial Co., Ltd.	Borrowing from China Guangfa Bank Co., Ltd. Chengdu Branch	11,714.00	2022.6.16-2024.8.3	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Wescast Industries (China) Co., Ltd.	Borrowing from Bank of Communications Co., Ltd.	8,000.00	2022.9.21-2023.9.20	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Wescast Industries (China) Co., Ltd.	Borrowing from Bank of Communications Co., Ltd.	300.00	2022.9.28-2023.06.28	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Wescast Industries (China) Co., Ltd.	Borrowing from Bank of Communications Co., Ltd.	700.00	2022.9.28-2023.03.28	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Wescast Industries (China) Co., Ltd.	Borrowing from Bank of Communications Co., Ltd.	1,000.00	2022.11.28-2023.5.22	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Sichuan Wescast Industries Co., Ltd.	Borrowing from Yanting County Rural Credit Cooperatives Union	2,500.00	2022.1.27-2025.1.20	

### 3. Other significant commitments

The closing balance of accounts receivable - Fuqing Zhongjin Nonferrous Metal Materials Co., Ltd. of the subsidiary Tongfu Hongye Co., Ltd. was 99,968,740.82 yuan, As agreed the receiving time are September 2021 and October 2021, Fuqing Zhongjin Nonferrous Metal Materials Co., Ltd. has not yet paid currently the above amount, Tongfu Hongye Co., Ltd. has provided a bad debt provision of 9,996,874.08 yuan at 10% according to the age of the account, and there is certain uncertainty about the repayment ability and willingness of Fuqing Zhongjin Nonferrous Metal Materials Co., Ltd. The closing balance of accounts receivable - Mianyang Yuxin Recycling Resources Development Co., Ltd. of Tongfu Hongye Co., Ltd. was 3,961,700.00 yuan, As agreed the receiving time is September 2021, Mianyang Yuxin Recycling Resources Development Co., Ltd. has not yet paid currently the above amount, Tongfu Hongye Co., Ltd. has provided a bad debt provision of 396,170.00 yuan at 10% according to the age of the account, and there is certain uncertainty about the repayment ability and willingness of Mianyang Yuxin Recycling Resources Development Co., Ltd.

## X. Matters after the balance sheet date

As of the reporting date, significant non-adjusting matters after the balance sheet date that the Company needs to account for:

### 1. Important investment matters

As of March 31, 2023, the Company paid 200 million yuan (Kefa Group subscribed 784 million yuan, accounting for 49% of the shares) to Mianyang Juxing Permanent Magnet Material Co., Ltd.;

2. In March 2023, the registered capital of Kefa Group of 200 million yuan was received from Mianyang Municipal Finance Bureau, which is intended to be used for the reorganization and internal equity restructuring of a subsidiary of the Group, Mianyang Financial Guarantee Group Co., Ltd.

### 3. Bohong Group and Kefa Group on the matter of offsetting the debt of Yanting land

On March 23, 2023, Mianyang Yaoda Investment Co., Ltd. and Yanting County Land Acquisition Reserve Center signed the "Yanting County State-owned Land Use Right Resumption Contract", agreeing that Yanting County Land Acquisition Reserve Center would pay the land compensation within 30 days after the recovered land and above-ground structures were publicly transferred by Yanting County People's Government and all the land premium was received, which had not been paid by March 31, 2023. As a result, the creditors have a claim of 1,300,405,800.00 yuan (in capital letters: 1,300,405,800.00 whole yuan) on the Yanting County Land Acquisition and Reserve Center.

On March 31, 2023, eleven debtors of the Bohong system, including Mianyang Yaoda Investment Co., Ltd., Mianyang Guanghong Automotive Sales & Service Co., Ltd. Yanting Branch, Sichuan Xinhong Real Estate Development Co., Ltd., entered into "the Credit Set-off Agreement" with the Company apply their aforesaid claims against the debts of 1,300,405,800.00 yuan due to the Company.

## XI. Related party relationship and transactions

### 1. Related party relationship

#### (1) Funders

Name of funders	Registration address	Business nature	Registered capital (100 million yuan)	Shareholding percentage (%)	Voting rights percentage (%)
Mianyang State-owned Assets Supervision and Administration Commission	Mianyang	Government agency		68.43	68.43
Sichuan Provincial Finance Department	Chengdu	Government agency		7.17	7.17
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang	Corporate entity	8.50	8.37	8.37

Name of funders	Registration address	Business nature	Registered capital (100 million yuan)	Shareholding percentage (%)	Voting rights percentage (%)
China Agricultural Development Key Construction Fund Co., Ltd.	Beijing	Corporate entity	500.00	16.03	16.03

(2) For more related information on subsidiaries, see Note VII, Business Combinations and Consolidated Financial Statements

(3) For details of joint ventures and associates, see Note VIII (11) Long-term equity investments

(4) Major other related parties

Name of major related parties	Relationship between other related parties and the Company
Sichuan Bohong Industrial Co., Ltd.	Shareholder Affiliate
Sichuan Mianyang Haosheng Auto Parts Manufacturing Co., Ltd.	Shareholder Affiliate
Bohong Group Co., Ltd.	Shareholder Affiliate
Sichuan Xinhong Real Estate Development Co., Ltd.	Shareholder Affiliate
Wecast Industries (China) Co., Ltd.	Shareholder Affiliate
Mianyang Yuxing Machinery Manufacturing Co., Ltd.	Shareholder Affiliate
Mianyang Yaoda Investment Co., Ltd.	Shareholder Affiliate
Mianyang Yutong Machinery Manufacturing Co., Ltd.	Shareholder Affiliate
Deyang Bohong Automobile Sales & Service Co., Ltd.	Shareholder Affiliate
Mianyang Runxin Automobile Sales & Service Co., Ltd.	Shareholder Affiliate
Deyang Ruihong Automobile Sales & Service Co., Ltd.	Shareholder Affiliate
Mianyang Huiping Automobile Sales & Service Co., Ltd.	Shareholder Affiliate
Mianyang Jinxing Pharmaceutical Co., Ltd.	Shareholder Affiliate
Mianyang Wanhong Real Estate Development Co., Ltd.	Shareholder Affiliate
Sichuan Wecast Industries Co., Ltd.	Shareholder Affiliate
Mianyang Zhongjian Kefa Pipe Corridor Road Investment and Construction Co., Ltd.	Project Company
Mianyang Education Investment Development (Group) Co., Ltd.	Shareholder Affiliate
Mianyang Transportation Development Group Co., Ltd.	Shareholder Affiliate
Mianyang Science and Technology City Win-Win Help Investment Fund (Limited Partnership)	Other Related Party
Mianyang Huihang Technology Industry Development Equity Investment Partnership (Limited Partnership)	Other Related Party
Mianyang Huixiang UAV Equity Investment Partnership (Limited Partnership)	Other Related Party
Beichuan Qiangcheng Development Equity Investment Fund Partnership (Limited Partnership)	Other Related Party
Mianyang Huihang Fuchuang Equity Investment Partnership (Limited Partnership)	Other Related Party

Name of major related parties	Relationship between other related parties and the Company
Mianyang Keyuan Intelligent Manufacturing Equity Investment Partnership (Limited Partnership)	Other Related Party
Mianyang Miangao Equity Investment Fund (Limited Partnership)	Other Related Party
Mianyang Jingjiu Medical Industry Equity Investment Partnership (Limited Partnership)	Other Related Party

## 2. Major related party transactions

### (1) Provision of labor services to related parties

Name of unit	Pricing Policy	Amount in the current period		Amount in the prior period		Notes
		Amount(10 thousand yuan)	Percentage of the amount of similar transactions(%)	Amount(10 thousand yuan)	Percentage of the amount of similar transactions(%)	
Mianyang Hongke Optoelectronics Equity Investment Partnership (Limited Partnership)	Agreement price	727.11	17.86	407.39	45.38	
Mianyang Science and Technology City Win-Win Help Investment Fund (Limited Partnership)	Agreement price	93.14	2.29	57.39	6.39	
Mianyang Huihang Technology Industry Development Equity Investment Partnership (Limited Partnership)	Agreement price	91.70	2.25	91.70	10.21	
Mianyang Huixiang UAV Equity Investment Partnership (Limited Partnership)	Agreement price	30.57	0.75	30.57	3.41	
Beichuan Qiangcheng Development Equity Investment Fund Partnership (Limited Partnership)	Agreement price	1.17	0.03			
Mianyang Huihang Fuchuang Equity Investment Partnership (Limited Partnership)	Agreement price	8.24	0.20			
Mianyang Keyuan Intelligent Manufacturing Equity Investment Partnership (Limited Partnership)	Agreement price	17.64	0.43			
Mianyang Miangao Equity Investment Fund (Limited Partnership)	Agreement price	1,021.56	25.10			

Name of unit	Pricing Policy	Amount in the current period		Amount in the prior period		Notes
		Amount(10 thousand yuan)	Percentage of the amount of similar transactions(%)	Amount(10 thousand yuan)	Percentage of the amount of similar transactions(%)	
Mianyang Jingjiu Medical Industry Equity Investment Partnership (Limited Partnership)	Agreement price	25.23	0.62			
Sichuan Bohong Industrial Co., Ltd.	Agreement price			347.58	13.15	

## (2) Sales of goods to related parties

Name of unit	Pricing Policy	Amount in the current period		Amount in the prior period		Notes
		Amount (10 thousand yuan)	Percentage of the amount of similar transactions (%)	Amount (10 thousand yuan)	Percentage of the amount of similar transactions (%)	
Wecast Industries (China) Co., Ltd.	Agreement price	499.85	0.00	48.29	0.00	
Sichuan Wecast Industries Co., Ltd.	Agreement price	2,837.51	0.00	3,803.54	0.00	
Sichuan Mianyang Haosheng Auto Parts Manufacturing Co., Ltd.	Agreement price	335.96	0.00	2,255.29	0.00	

## (3) Provision of funds (loans) interest income/expenses

Name of related parties	Interest income on funds provided to related parties	Interest expenses on funds provided to related parties
Sichuan Wecast Industries Co., Ltd.	1,951,903.68	3,869,753.31
Bohong Group Co., Ltd.	150,417,103.92	
Sichuan Mianyang Haosheng Auto Parts Manufacturing Co., Ltd.	72,850,511.28	
Sichuan Xinhong Real Estate Development Co., Ltd.	25,308,737.91	
Mianyang Jinxing Pharmaceutical Co., Ltd.	28,025,349.69	
Mianyang Yuxing Machinery Manufacturing Co., Ltd.	13,336,615.94	
Wecast Industries (China) Co., Ltd.	17,298,191.10	950,094.67
Sichuan Bohong Industrial Co., Ltd.	25,041,901.60	
Mianyang Yutong Machinery Manufacturing Co., Ltd.	1,408,746.89	
Deyang Bohong Automobile Sales & Service Co., Ltd.	1,151,561.70	

Name of related parties	Interest income on funds provided to related parties	Interest expenses on funds provided to related parties
Mianyang Wanhong Real Estate Development Co., Ltd.	806,577.35	
Deyang Ruihong Automobile Sales & Service Co., Ltd.	667,252.55	
Mianyang Huiping Automobile Sales & Service Co., Ltd.	666,075.15	
Mianyang Runxin Automobile Sales & Service Co., Ltd.	388,179.26	
Mianyang Forgood distillery Co., Ltd.	21,985,549.03	
Sichuan Guohao Seed Industry Co., Ltd.	5,150,834.04	1,824,131.96
Mianyang Guoxing Investment & Investment Holding Co., Ltd.	337,566.73	
Mianyang Yaoda Investment Co., Ltd.	34,614.61	
Mianyang Weisheng Innovation & Venture Equity Investment Fund (Limited Partnership)		599,940.00
Mianyang Investment Holding (Group) Co., Ltd.		100,893,333.33
Mianyang Transportation Development Group Co., Ltd.		10,130,425.00

### 3. Related party guarantees

For details of major related party guarantees, see "Note IX (2) Significant contingent liabilities arising from debt guarantees provided to other entities".

### 4. Balance of related party receivables and payables

#### (1) Major receivables from related parties

Item name	Related parties	Closing balance		Opening balance	
		Book balance	Bad debts	Book balance	Bad debts
Accounts receivable	Mianyang Investment Holding (Group) Co., Ltd.	198,027,239.39		198,027,239.39	
Accounts receivable	Mianyang Zhongjian Kefa Pipe Corridor Road Investment and Construction Co., Ltd.	214,012.00			
Accounts receivable	Sichuan Mianyang Haosheng Auto Parts Manufacturing Co., Ltd.	174,638.34		25,484,721.38	
Accounts receivable	Sichuan Wecast Industries Co., Ltd.	892,485.06		511,154.49	
Accounts receivable	Sichuan Bohong Industrial Co., Ltd.			318,000.00	

Item name	Related parties	Closing balance		Opening balance	
		Book balance	Bad debts	Book balance	Bad debts
Accounts receivable	Sichuan Guohao Seed Industry Co., Ltd.	148,603.05		124,942.50	
Other receivables	Sichuan Wecast Industries Co., Ltd.			262,143,295.83	
Other receivables	Mianyang High-tech Zone Pujin Investment Co., Ltd.	4,780,000.00		4,780,000.00	
Other receivables	Sichuan Mianyang Haosheng Auto Parts Manufacturing Co., Ltd.	1,153,274,791.64		1,210,556,853.59	
Other receivables	Sichuan Bohong Industrial Co., Ltd.	597,393,208.10		313,585,405.42	
Other receivables	Mianyang Yuxing Machinery Manufacturing Co., Ltd.	197,609,073.14		183,472,260.28	
Other receivables	Mianyang Yutong Machinery Manufacturing Co., Ltd.	12,059,372.48		219,389,367.22	
Other receivables	Mianyang Yaoda Investment Co., Ltd.	512,885.91		476,194.44	
Other receivables	Mianyang Wanhong Real Estate Development Co., Ltd.	11,951,082.59		11,096,110.60	
Other receivables	Sichuan Xinhong Real Estate Development Co., Ltd.	375,000,395.37		348,173,133.21	
Other receivables	Mianyang Runxin Automobile Sales & Service Co., Ltd.	9,547,603.31		9,136,133.34	
Other receivables	Mianyang Jinxing Pharmaceutical Co., Ltd.	415,252,520.72		385,545,650.07	
Other receivables	Mianyang Huiping Automobile Sales & Service Co., Ltd.	9,869,257.11		9,163,217.45	
Other receivables	Bohong Group Co., Ltd.	2,228,735,137.71		2,069,293,007.53	
Other receivables	Deyang Ruihong Automobile Sales & Service Co., Ltd.	9,886,703.03		9,179,415.31	
Other receivables	Deyang Bohong Automobile Sales & Service Co., Ltd.	17,062,726.72		15,842,071.34	
Other receivables	Wecast Industries (China) Co., Ltd.	100.00		232,049,150.15	
Other receivables	Sichuan Guohao Seed Industry Co., Ltd.	23,581,991.72		58,993,932.60	
Other receivables	Mianyang Zhongjian Kefa Pipe Corridor Road Investment and Construction Co., Ltd.	355,328.80		248,492.47	
Other receivables	Mianyang Guoxing Investment & Investment Holding Co., Ltd.	8,768,388.58		365,834.99	
Other receivables	Mianyang Forgood distillery Co., Ltd.	458,123,097.19			

## (2) Major payables to related parties

Item name	Related parties	Closing balance	Opening balance
Accounts payable	Wescast Industries (China) Co., Ltd.		3,023,770.09
Accounts payable	Mianyang Investment Holding (Group) Co., Ltd.	2,710,830.00	
Other payables	Mianyang Investment Holding (Group) Co., Ltd.	1,665,353,577.19	1,604,131,046.02
Other payables	Sichuan Wescast Industries Co., Ltd.	20,242,419.58	49,000,000.00
Other payables	Mianyang Transportation Development Group Co., Ltd.		200,000,000.00

## XII. Notes to major account of the parent company's financial statements

## 1. Accounts receivable

Category	Closing balance				Carrying value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable for which bad debt provision assessed individually	2,434,364,339.15	97.56	94,166,666.63	3.87	2,340,197,672.52
Accounts receivable with provision for bad debts based on a combination of credit risk characteristics	60,830,575.63	2.44	49,812,818.72	81.89	11,017,756.91
Including: Aging combination	60,830,575.63	2.44	49,812,818.72	81.89	11,017,756.91
<b>Total</b>	<b>2,495,194,914.78</b>	<b>100</b>	<b>143,979,485.35</b>		<b>2,351,215,429.43</b>

Continued from the table above:

Category	Opening balance				Carrying value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable for which bad debt provision assessed individually	2,317,685,296.91	89.6			2,317,685,296.91
Accounts receivable with provision for bad debts based on a combination of credit risk characteristics	269,089,777.67	10.4	45,164,590.85	16.78	223,925,186.82
Including: Aging combination	269,089,777.67	10.4	45,164,590.85	16.78	223,925,186.82
<b>Total</b>	<b>2,586,775,074.58</b>	<b>100</b>	<b>45,164,590.85</b>		<b>2,541,610,483.73</b>

## (1) Accounts receivable for which bad debt provision assessed individually

Accounts receivable content	Book balance	Bad debt provision	Proportion (%)	Reason
Accounts receivable from related parties	360,738,685.56			related party transactions
Accounts receivable without recovery risk	1,979,458,986.96			Accounts receivable without credit risk
Other accounts receivable with obvious signs of impairment	94,166,666.63	94,166,666.63	100.00	Expected uncollectible
Total	2,434,364,339.15	94,166,666.63		

## (2) Accounts receivable with provision for bad debts by combination

## ① Accounts receivable with provision for bad debts using aging analysis method

Aging	Closing balance			Opening balance		
	Book balance		Bad debt provision	Book balance		Bad debt provision
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 6 months (including 6 months)	6,387,256.91	10.50		144,486,198.96	53.69	
7-12 months (including 1 year)				50,541,926.66	18.78	252,709.63
1-2 years (including 2 years)	1,715,000.00	2.82	171,500.00	23,048,333.33	8.57	2,304,833.33
2-3 years (including 3 years)	1,715,000.00	2.82	343,000.00	1,715,000.00	0.64	343,000.00
3-5 years (including 5 years)	3,430,000.00	5.64	1,715,000.00	14,068,541.67	5.23	7,034,270.84
More than 5 years	47,583,318.72	78.22	47,583,318.72	35,229,777.05	13.09	35,229,777.05
Total	60,830,575.63	100.00	49,812,818.72	269,089,777.67	100.00	45,164,590.85

## (3) Recovery or reversal of bad debt provision for the current period

Debtor name	Amount of recovery or reversal	Accumulated provision for bad debts before reversal or recovery	Reason and way for reversal or recovery
Mianyang Yitong Network Equipment Co., Ltd.	81,534,574.70	161,876.30	Recovery of payment for goods
Total	81,534,574.70	161,876.30	

## (4) Top five accounts receivable for closing balance

Debtor name	Book balance	Proportion to total accounts receivable (%)	Bad debt provision
Mianyang High-tech Industrial Development Zone Management Committee	864,465,130.53	34.65	

Debtor name	Book balance	Proportion to total accounts receivable (%)	Bad debt provision
People's Government of Fucheng District, Mianyang	554,916,683.84	22.24	
Mianyang Science and Technology Park Finance Bureau	447,248,196.87	17.92	
Mianyang Huazheng Electronic Technology Co., Ltd.	359,904,822.52	14.42	
Mianyang Tongxin Copper Industry Co., Ltd.	94,166,666.63	3.77	94,166,666.63
<b>Total</b>	<b>2,299,099,070.53</b>	<b>93.01</b>	<b>94,166,666.63</b>

## 2. Other receivables

Item	Closing balance	Opening balance
Interest receivable	10,821,611.11	7,620,962.50
Dividends receivable		
Other receivables	13,137,553,018.74	13,745,335,614.54
<b>Total</b>	<b>13,148,374,629.85</b>	<b>13,752,956,577.04</b>

### (1) Interest receivable

Item	Closing balance	Opening balance
Time deposit	10,821,611.11	7,620,962.50
<b>Total</b>	<b>10,821,611.11</b>	<b>7,620,962.50</b>

### (2) Other receivables

#### Disclosure of other receivables by classification based on bad debt provision method

Category	Closing balance				Carrying value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables for which bad debt provision assessed individually	13,113,060,623.31	99.22	43,481,465.23	0.33	13,069,579,158.08
Other receivables with provision for bad debts based on a combination of credit risk characteristics	103,730,370.36	0.78	35,756,509.70	34.47	67,973,860.66
Including: Aging combination	103,730,370.36	0.78	35,756,509.70	34.47	67,973,860.66
<b>Total</b>	<b>13,216,790,993.67</b>	<b>100.00</b>	<b>79,237,974.93</b>		<b>13,137,553,018.74</b>

Continued from the table above:

Category	Opening balance				Carrying value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables for which bad debt provision assessed individually	13,652,083,597.95	99.00	25,282,168.21	0.19	13,626,801,429.74
Other receivables with provision for bad debts based on a combination of credit risk characteristics	137,412,237.65	1.00	18,878,052.85	13.74	118,534,184.80
Including: Aging combination	137,412,237.65	1.00	18,878,052.85	13.74	118,534,184.80
Total	13,789,495,835.60	100.00	44,160,221.06		13,745,335,614.54

## ① Other receivables for which bad debt provision assessed individually

a. Classification of other receivables for which bad debt provision assessed individually at the end of the period

Debtor name	Book balance	Bad debt provision	Proportion (%)	Reasons for accrual
Related Party combination	11,858,753,101.95			related party transactions
Risk-free combination	1,191,254,134.89			Other receivables without credit risk
Other receivables with obvious signs of impairment	63,053,386.47	4,348,1465.23	0.25	Expected partial unreceivable
Total	13,113,060,623.31	4,348,1465.23		

b. Other receivables with obvious signs of impairment

Other receivables content	Book balance	Bad debt provision	Aging	Proportion (%)	Reasons
Jiangsu Hongli Geomaterials Co., Ltd.	63,053,386.47	4,348,1465.23	Within 0-6 months 4192635.80 yuan, 1-2 years (including 2 years) 11627230.40 yuan, 2-3 years (including 2 years) 2770034.24 yuan, 3-4 years (including 4 years) 5397501.38 yuan, more than 5 years 39065984.65 yuan	68.96	Expected partial unreceivable
Total	63,053,386.47	4,348,1465.23		68.96	

## ② Other receivables with provision for bad debts based on a combination of credit risk characteristics

## Other accounts receivable with provision for bad debts using aging analysis method

Aging	Closing balance			Opening balance		
	Book balance		Bad debt provision	Book balance		Bad debt provision
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 1 year (including 1 year)	67,893,464.66	65.45		101,656,131.95	73.98	
1-2 years	80,800.00	0.08	404.00			
2-3 years						
3-4 years						
4-5 years				33,756,105.70	24.57	16,878,052.85
More than 5 years	35,756,105.70	34.47	35,756,105.70	2,000,000.00	1.45	2,000,000.00
Total	103,730,370.36	100.00	35,756,509.70	137,412,237.65	100.00	18,878,052.85

## ③ Details of bad debt provision for other receivables

Bad debt provision	stage I	stage II	stage III	Total
	Expected credit losses for the next 12 months	Expected credit loss for the entire duration (not impaired)	Expected credit loss for the entire duration (impaired)	
Opening balance			44,160,221.06	44,160,221.06
--Transfer to stage II				
--Transfer to stage III				
--Reverse to stage II				
--Reverse to stage I				
Provision for the period		404.00	35,077,349.87	35,077,753.87
Reversal for the period				
Elimination for the period				
Write-off for the period				
Other changes				
Closing balance		404.00	79,237,570.93	79,237,974.93

## ④ Top five other receivables for closing balance

Debtor name	Nature of payment	Book balance	Percentage of the total closing balance of other receivables (%)
Bohong Group Co., Ltd.	Related party transaction	2,228,735,137.71	16.86

Debtor name	Nature of payment	Book balance	Percentage of the total closing balance of other receivables (%)
Bohong Group Co., Ltd.	Related party transaction	2,228,735,137.71	16.86
Mianyang Kefa Tianda Investment Development Co., Ltd.	Related party transaction	1,900,499,823.90	14.38
Sichuan Fada Weiye Investment Co., Ltd.	Related party transaction	1,237,020,820.66	9.36
Sichuan Mianyang Haosheng Auto Parts Manufacturing Co., Ltd.	Related party transaction	1,028,769,022.69	7.78
Mianyang Kefa Changtai Industry Co., Ltd.	Related party transaction	965,050,306.37	7.30
Total		7,360,075,111.33	55.68

### 3. Long-term equity investments

#### (1) Classification of long-term equity investments

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Investments in subsidiaries	6,459,152,606.27	110,000,000.00	138,000,000.00	6,431,152,606.27
Investment in joint ventures	154,896,621.29	499,400,000.00	38,420,220.19	615,876,401.10
Investment in associates				
Subtotal	6,614,049,227.56	609,400,000.00	176,420,220.19	7,047,029,007.37
Less: provision for impairment of long-term equity investments				
Total	6,614,049,227.56	609,400,000.00	176,420,220.19	7,047,029,007.37

#### (2) The details of long-term equity investments

Investee	Investment cost	Opening balance	Changes for the current period		
			Additional investment	Reduce investment	Investment income or losses recognized under equity method
I. Subsidiaries					
Mianyang Kejiu Real Estate Co., Ltd.	318,700,200.00	318,700,200.00			
Mianyang Kefa Property Services Co., Ltd.	10,000,000.00	10,000,000.00			
Sichuan Kefa Hechuang Technology Co., Ltd.	401,284.00	401,284.00			

Investee	Investment cost	Opening balance	Changes for the current period		
			Additional investment	Reduce investment	Investment income or losses recognized under equity method
Tongfu Hongye Co., Ltd.	14,700,000.00	14,700,000.00			
High-Tech Investment Holdings (Group) Co., Ltd.	31,070,479.41	31,070,479.41			
Mianyang Kefa Tianda Investment Development Co., Ltd.	0.00	100,000,000.00		100,000,000.00	
Mianyang Kefa Changtai Industry Co., Ltd.	666,290,207.25	656,290,207.25	10,000,000.00		
Kefa International Industrial Co., Ltd.	8,333.33	8,333.33			
Mianyang City Small and Medium-sized Enterprise Financing Guarantee Co., Ltd.	40,929,332.24	40,929,332.24			
Mianyang City Tianli Financing Guarantee Co., Ltd.	291,773,909.07	291,773,909.07			
Mianyang Kefa Equity Investment Fund Management Co., Ltd.	16,500,000.00	16,500,000.00			
Mianyang Kefa Construction Engineering Group Co., Ltd.	654,568,754.59	554,568,754.59	100,000,000.00		
Mianyang Kefa Exhibition and Tourism Co., Ltd.	247,634,485.65	247,634,485.65			
Sichuan Fada Weiye Investment Co., Ltd.	102,000,000.00	102,000,000.00			
Mianyang Jiusheng Technology Venture Investment Co., Ltd.	278,588,499.84	278,588,499.84			
Mianyang Kefa Finance Guarantee Co., Ltd.	105,000,075.18	105,000,075.18			

Investee	Investment cost	Opening balance	Changes for the current period		
			Additional investment	Reduce investment	Investment income or losses recognized under equity method
Mianyang Gas Group Co., Ltd.	1,028,175,026.55	1,028,175,026.55			
Mianyang Huize Investment Co., Ltd.	1,100,346,621.48	1,100,346,621.48			
Sichuan Liuhe Special Metal Materials Co., Ltd.	110,156,400.00	110,156,400.00			
Mianyang Science and Technology City Industrial Development Fund (Limited Partnership)	1,537,510,000.00	1,452,308,997.68		38,000,000.00	
Subtotal	6,554,353,608.59	6,459,152,606.27	110,000,000.00	138,000,000.00	
<b>II. Joint ventures</b>					
Mianyang Juxing Permanent Magnet Material Co., Ltd.	100,000,000.00		100,000,000.00		-896,346.94
Sichuan Shuke Huifu Enterprise Management Co., Ltd.	200,000.00		200,000.00		
Mianyang Forgood distillery Co., Ltd.	260,000,000.00		260,000,000.00		-32,697,695.62
Mianyang Hongke Optoelectronics Equity Investment Partnership (Limited Partnership)	289,200,000.00	150,000,000.00	139,200,000.00		70,443.66
Sichuan Guohao Seed Industry Co., Ltd.	25,637,032.00				
Mianyang Weisheng Innovation & Venture Equity Investment Fund (Limited Partnership)	0.00	4,896,621.29			123,318.71
Subtotal	675,037,032.00	154,896,621.29	499,400,000.00	0.00	-33,400,280.19
<b>Total</b>	<b>7,229,390,640.59</b>	<b>6,614,049,227.56</b>	<b>609,400,000.00</b>	<b>138,000,000.00</b>	<b>-33,400,280.19</b>

Continued from the table above:

Investee	Changes for the current period					Closing balance	Closing balance of provision for impairment
	Other comprehensive Revenue adjustments	Other interests Changes in equity	Declaration of cash dividends or profits	Provision for impairment	Others		
<b>I. Subsidiaries</b>							
Mianyang Kejiu Real Estate Co., Ltd.						318,700,200.00	
Mianyang Kefa Property Services Co., Ltd.						10,000,000.00	
Sichuan Kefa Hechuang Technology Co., Ltd.						401,284.00	
Tongfu Hongye Co., Ltd.						14,700,000.00	
High-Tech Investment Holdings (Group) Co., Ltd.						31,070,479.41	
Mianyang Kefa Tianda Investment Development Co., Ltd.						-	
Mianyang Kefa Changtai Industry Co., Ltd.						666,290,207.25	
Kefa International Industrial Co., Ltd.						8,333.33	
Mianyang City Small and Medium-sized Enterprise Financing Guarantee Co., Ltd.						40,929,332.24	
Mianyang City Tianli Financing Guarantee Co., Ltd.						291,773,909.07	
Mianyang Kefa Equity Investment Fund Management Co., Ltd.						16,500,000.00	
Mianyang Kefa Construction Engineering Group Co., Ltd.						654,568,754.59	
Mianyang Kefa Exhibition and Tourism Co., Ltd.						247,634,485.65	
Sichuan Fada Weiye Investment Co., Ltd.						102,000,000.00	
Mianyang Jiusheng Technology Venture Investment Co., Ltd.						278,588,499.84	

Investee	Changes for the current period					Closing balance	Closing balance of provision for impairment
	Other comprehensive Revenue adjustments	Other interests Changes in equity	Declaration of cash dividends or profits	Provision for impairment	Others		
Mianyang Kefa Finance Guarantee Co., Ltd.						105,000,075.18	
Mianyang Gas Group Co., Ltd.						1,028,175,026.55	
Mianyang Huize Investment Co., Ltd.						1,100,346,621.48	
Sichuan Liuhe Special Metal Materials Co., Ltd.						110,156,400.00	
Mianyang Science and Technology City Industrial Development Fund (Limited Partnership)						1,414,308,997.68	
Subtotal						6,431,152,606.27	
<b>II. Joint ventures</b>							
Mianyang Juxing Permanent Magnet Material Co., Ltd.						99,103,653.06	
Sichuan Shuke Huifu Enterprise Management Co., Ltd.						200,000.00	
Mianyang Forgood distillery Co., Ltd.						227,302,304.38	
Mianyang Hongke Optoelectronics Equity Investment Partnership (Limited Partnership)						289,270,443.66	
Sichuan Guohao Seed Industry Co., Ltd.							
Mianyang Weisheng Innovation & Venture Equity Investment Fund (Limited Partnership)			5,019,940.00				
Subtotal			5,019,940.00			615,876,401.10	
Total			5,019,940.00			7,047,029,007.37	

Note: During the year, according to the document "Notice of Mianyang Science and Technology City Development Investment (Group) Co., Ltd. on the Issuance of Notice of Equity Integration Plan for the Formation of Construction Engineering Group" (No.231 [2022] of Mianyang Science and Technology Development Division), The Company transferred 60% equity interest in Mianyang Kefa Tianda

Investment Development Co., Ltd. to Mianyang Kefa Construction Engineering Group Co., Ltd.

**4. Operating revenue and operating costs**

Item	Amount in the current period		Amount in the prior period	
	Revenue	Cost	Revenue	Cost
Subtotal of principal operating revenue	692,319,009.33	693,347,565.50	2,378,115,081.95	1,964,039,326.45
Including: Land operations			402,669,900.00	112,781,441.08
Engineering and construction operations			588,228,648.94	562,457,432.50
Revenue from sales of immovable property operations	18,319,538.54	43,089,508.12	683,620,730.76	609,982,404.80
Asset leasing and property management operations	22,539,409.65	2,759,510.07	18,647,959.60	51,581.06
Consultancy operations	5,660,377.32		5,660,377.32	
Merchandising operations	645,799,683.82	647,498,547.31	679,287,465.33	678,766,467.01
Subtotal other operations	1,730,953.03		3,303,609.62	
Others	1,730,953.03		3,303,609.62	
Total	694,049,962.36	693,347,565.50	2,381,418,691.57	1,964,039,326.45

**5. Investment income**

Sources of investment income generation	Amount incurred in the current year	Amount incurred in the prior year
Income from long-term equity investments accounted for under the cost method		601,926.00
Income from long-term equity investments under equity method	-33,400,280.19	3,770,705.42
Investment income on disposal of financial assets held for trading		52,928.14
Dividend income earned while holding other equity instruments	2,412,000.00	1,855,600.00
Total	-30,988,280.19	6,281,159.56

**6. Cash flow statement**

(1) Information on the reconciliation of net profit to cash flows from operating activities using the indirect method:

Item	Amount incurred in the current period	Amount incurred in the prior period
1. Reconciliation of net profit to cash flow from operating activities:		

Item	Amount incurred in the current period	Amount incurred in the prior period
Net profit	275,553,266.03	204,274,125.57
Add: Provision for impairment losses of assets	-	24,375,442.56
Credit impairment losses	133,892,648.37	-2,331,390.47
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets	3,952,009.84	1,856,024.66
Depreciation of right-of-use assets	-	-
Amortization of intangible assets	811,602.40	771,417.24
Amortization of Long-term amortized expenses	-	-
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains is marked with "-")	-	-32,067.96
Losses on retirement of fixed assets (gains is marked with "-")	-	-1,500,873.13
Losses on changes in fair values (gains is marked with "-")	6,604,225.41	-83,034,492.11
Financial expenses (gains is marked with "-")	1,058,238,237.80	984,108,738.96
Losses on investments (gains is marked with "-")	30,988,280.19	-6,281,159.56
Decrease in deferred tax assets (Increase is marked with "-")	-33,473,162.09	-5,511,013.02
Increase in deferred tax liabilities (Decrease is marked with "-")	28,955,441.18	43,156,628.17
Decrease in inventories (Increase is marked with "-")	-584,251,343.80	456,182,056.21
Decrease in receivables from operating activities (increase is marked with "-")	-1,835,184,519.41	-3,207,304,072.35
Increase in payables from operating activities (decrease is marked with "-")	1,597,262,910.04	1,972,889,434.63
Others		
Net cash flow from operating activities	683,349,595.96	381,618,799.40
2. Significant investing and financing activities that do not involve cash receipts and payments		
Conversion of debt into capital		
Convertible bonds due within one year		
Fixed assets acquired under finance leases		
3. Net changes in cash and cash equivalents:		
Closing balance of cash	312,851,947.28	465,924,324.19
Less: Opening balance of cash	465,924,324.19	1,287,854,016.37
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	-153,072,376.91	-821,929,692.18

## (3) Composition of cash and cash equivalents

Item	Closing balance	Opening balance
I. Cash	312,851,947.28	465,924,324.19
Including: Cash on hand	10,010.08	26,071.38

Item	Closing balance	Opening balance
Bank deposits readily available for payment	311,914,239.58	461,901,742.26
Other monetary funds readily available for payment	927,697.62	3,996,510.55
Deposits with the central bank funds available for payment		
Interbank Deposits		
Loan of interbank funds		
II. Cash equivalents		
Including: Investments in bond due within three months		
III. Closing balance of cash and cash equivalents	312,851,947.28	465,924,324.19

### XIII. Other content to be disclosed in accordance with relevant financial accounting and systems

None.

### XIV. Approval of financial statements

The financial statements were adopted and approved for issue by the Board of Directors on April 25, 2023.

Company Name: Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.



The financial statements and notes on pages 4 to 194 are signed by the following principals:

Legal Representative:



Date: April 25, 2023

Chief Accountant:



Date: April 25, 2023

Head of Accounting Department:



Date: April 25, 2023

**Mianyang Science & Technology City  
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Auditor's Report  
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Commissioned units: Mianyang Science & Technology City Development &  
Investment (Group) Co., Ltd.

Audit unit: Reanda Certified Public Accountants LLP

Contact number: (010) 85886680

Fax number: (010) 85886690

Website: <http://www.Reanda.com>

# Auditor's Report

Reanda SZ[2022]No.2266

**To all shareholders of Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.:**

## **I. Audit Opinion**

We have audited the accompanying financial statements of Mianyang Science & Technology City Development & Investment (Group) Co., Ltd. (hereinafter referred to as "Kefa Group"), which comprise the consolidated and company balance sheets as of December 31, 2021, the consolidated and company income statements, the consolidated and company cash flows statements, and the consolidated and company statements of changes in shareholder's equity for the year 2021, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company financial position of Kefa Group as of December 31, 2021, and the consolidated and company results of its operations and its cash flows for the year ended December 31, 2021, in conformity with accounting principles generally accepted in the Republic of China.

## **II. Basis for Audit Opinion**

We conducted our audit in accordance with the provisions of the Chinese Standards on Auditing for Certified Public Accountants. Our responsibilities under those standards are further described in the section "Responsibilities of Certified Public Accountants for the Audit of Financial Statements" of the audit report. In accordance with the Code of Ethics for Certified Public Accountants in China, we are independent of Kefa Group and have fulfilled our other responsibilities with respect to ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **III. Other Information**

The management of Kefa Group (hereinafter: management) is responsible for other information. Other information includes the information covered in the annual report of Kefa Group 2021, but excludes the financial statements and our audit report.

Our audit opinion on the financial statements does not cover other information, and we do not express any form of assurance conclusion on other information.

In connection with our audit of the financial statements, it is our responsibility to read the other information and, in doing so, consider whether the other information is materially inconsistent

with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Based on the work we have performed, if we determine that other information is materially misstated, we should report that fact. In this regard, we have nothing to report.

#### **IV. Responsibilities of Management and Those Charged with Governance for the Financial Statements**

The management of Kefa Group is responsible for the preparation of the financial statements in accordance with the Accounting Standards for Business Enterprises, for the fair presentation of the financial statements and for designing, implementing and maintaining a system of internal control necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Kefa Group's ability to continue as a going concern and for applying the going concern assumptions unless management plans to liquidate Kefa Group, terminate its operations or has no realistic alternative.

Governance is responsible for overseeing the financial reporting process of Kefa Group.

#### **V. Responsibilities of Certified Public Accountants for the Audit of Financial Statements**

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes an audit opinion. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit performed in accordance with auditing standards will always detect a material misstatement when it exists. Misstatements may result from fraud or error and are generally considered material if they could reasonably be expected, individually or in the aggregate, to affect the economic decisions of users of financial statements based on the financial statements.

In performing the audit in accordance with auditing standards, we use professional judgment and maintain professional skepticism. We also perform the following:

(I) Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures to address those risks, and obtaining audit evidence that is sufficient and appropriate to form the basis of an audit opinion. The risk of not detecting material misstatements due to fraud is higher than the risk of not detecting material misstatements due to error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation or overriding internal controls.

(II) Obtaining 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.

(III) Evaluating the appropriateness of accounting policies selected and the reasonableness of accounting estimates and related disclosures made by management.

(IV) Concluding on the appropriateness of management's use of the going concern assumption. At the same time, based on the audit evidence obtained, we conclude whether there is a material uncertainty about the existence of matters or circumstances that may cast significant doubt on Kefa Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, auditing standards require that we draw the attention of the users of the statements to the relevant disclosures in the financial statements in our audit report; if the disclosures are not sufficient, we should express an unqualified opinion. Our conclusions are based on information available as of the date of the audit report. However, future events or circumstances may cause Kefa Group to be unable to continue as a going concern.

(V) Evaluating the overall presentation, structure and content (including disclosures) of the financial statements and whether the financial statements present fairly the underlying transactions and events.

(VI) Obtaining audit evidence that is sufficient and appropriate to provide an opinion on the financial statements of the entities or business activities in the Kefa Group. We are responsible for directing, supervising and performing the audit of the Group. We take full responsibility for the audit opinion.

We communicate with governance on matters such as the scope, timing, and significant findings of our planned audits, including communicating internal control deficiencies of concern identified in our audits.

  
Renmin Certified Public Accountants (LLP)  
Beijing, China

Certified Public Accountant of China  
(Engagement Partner)

  
中国注册会计师  
黄超惠  
510100180365

Certified Public Accountant of China

  
中国注册会计师  
任爱民  
510601861935

April 18, 2022

# Consolidated Balance Sheet

31 December 2021

Prepared by: Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.

Unit: RMB Yuan

Item	Notes	Closing balance	Opening balance
<b>Current assets:</b>			
Monetary funds	VIII. 1	2,910,033,818.63	3,888,632,586.03
Settlements provision			
Loans to banks and other financial institutions			
Financial assets held for trading	VIII. 2		17,028.82
Financial assets at fair value through profit or loss			
Derivative financial assets			
Notes receivable	VIII. 3	105,394,437.76	74,521,981.79
Accounts receivable	VIII. 4	6,397,014,348.45	5,315,461,081.41
Financing receivables			
Prepayments	VIII. 5	783,622,574.68	950,267,128.55
Insurance receivables			
Reinsurance receivables			
Provision of reinsurance receivable			
Other receivables	VIII. 6	8,042,419,581.80	7,879,636,473.46
Including: Dividends receivable			
Financial assets purchased under agreements to resell			
Inventories	VIII. 7	16,403,403,170.19	20,957,789,464.64
Including: Raw materials		191,168,200.88	179,755,460.38
Finished goods		2,397,366,639.46	4,024,331,200.89
Contract assets	VIII. 8	1,559,785,606.47	260,397,572.10
Assets held for sale			
Non-current assets due within 1 year			
Other current assets	VIII. 9	777,604,120.39	671,597,912.58
<b>Total current assets</b>		<b>36,979,277,658.37</b>	<b>39,998,321,229.38</b>
<b>Non-current assets:</b>			
Loans and advances			
Debt investment	VIII. 10	52,503,471.19	42,480,000.00
Available-for-sale financial assets			
Other debt investment			
Held-to-maturity investment			
Long-term receivable			
Long-term equity investments	VIII. 11	366,890,797.89	5,567,547,919.59
Other equity instruments investment	VIII. 12	4,961,806,437.69	2,592,802,407.70
Other non-current financial assets			
Investment properties	VIII. 13	10,366,107,985.72	2,935,248,217.72
Fixed assets	VIII. 14	2,295,451,281.96	2,293,368,157.26
Including: Cost		3,664,489,682.17	3,687,074,133.01
Accumulated depreciation		1,365,260,732.31	1,389,996,242.64
Provision for impairment		3,777,667.90	3,777,667.90
Construction in progress	VIII. 15	1,148,502,835.48	1,204,622,170.58
Productive biological assets			
Oil-gas assets			
Right-of-use assets	VIII. 16	8,357,842.47	
Intangible assets	VIII. 17	457,474,479.13	618,743,039.11
Development expenditures			
Goodwill	VIII. 18	1,540,000.00	1,540,000.00
Long-term prepaid expenses	VIII. 19	34,226,098.83	30,654,513.66
Deferred tax assets	VIII. 20	61,795,377.03	45,822,913.77
Other non-current assets	VIII. 21	2,957,234,452.12	1,146,640,263.59
Including: pecifically authorized reserve materials			
<b>Total non-current assets</b>		<b>22,711,891,059.51</b>	<b>16,479,469,602.98</b>
<b>Total assets</b>		<b>59,691,168,717.88</b>	<b>56,477,790,832.36</b>

Legal Representative:

Chief Accountant:

王霞

Head of Accounting Department:

唐菊英



## Consolidated Balance Sheet (continued)

31 December 2021

Prepared by: Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.

Unit: RMB Yuan

Item	Notes	Closing balance	Opening balance
<b>Current liabilities:</b>			
Short-term borrowings	VIII. 23	6,199,400,355.33	6,613,370,418.48
Borrowing from the central bank			
Loans from banks and other financial institutions			
Financial liabilities held for trading			
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Notes payable	VIII. 24	1,822,760,000.00	1,802,101,060.00
Accounts payable	VIII. 25	1,744,854,435.88	1,972,683,224.14
Receipts in advance	VIII. 26	24,221,283.17	24,747,431.16
Contract liabilities	VIII. 27	678,467,511.55	1,006,875,686.55
Financial assets sold under agreements to repurchase			
Deposits from customers and interbank			
Acting trading securities			
Acting underwriting securities			
Payroll payable	VIII. 28	109,838,403.77	86,659,848.77
Including: Payroll payable		102,610,678.82	82,904,314.47
Welfare payable			
Including: Bonus and welfare fund for staff and workers			
Taxes and surcharges payable	VIII. 29	111,360,881.32	155,862,246.23
Including: Taxes payable		110,330,811.79	154,568,518.36
Other payables	VIII. 30	4,049,085,192.79	2,902,094,160.86
Including: Dividend payable			
Handling charges and commissions payable			
Reinsurance payable			
Liabilities held for sale			
Non-current liabilities due within 1 year	VIII. 31	8,793,817,258.83	6,674,167,294.71
Other current liabilities	VIII. 32	276,215,525.04	1,041,465,513.89
<b>Total current liabilities</b>		<b>23,810,020,847.68</b>	<b>22,280,026,884.79</b>
<b>Non-current liabilities:</b>			
Provision for insurance contracts	VIII. 33	156,749,685.36	154,340,330.17
Long-term borrowings	VIII. 34	8,922,207,118.48	8,765,810,639.92
Bonds payable	VIII. 35	5,435,000,000.00	4,977,500,000.00
Including: Preference share			
Perpetual debt			
Lease liabilities	VIII. 36	8,360,867.95	
Long-term payable	VIII. 37	4,175,022,783.60	4,403,537,040.52
Long-term payroll payable			
Provisions	VIII. 38	5,236,796.23	
Deferred income	VIII. 39	117,880,342.92	98,072,246.80
Deferred tax liabilities	VIII. 20	855,390,872.88	223,330,155.24
Other non-current liabilities	VIII. 40	107,398.73	107,398.73
Including: pecifically authorized reserve fund			
<b>Total non-current liabilities</b>		<b>19,675,955,866.15</b>	<b>18,622,697,811.38</b>
<b>Total liabilities</b>		<b>43,485,976,713.83</b>	<b>40,902,724,696.17</b>
<b>Shareholders' equity:</b>			
Paid-in capital (or share capital)	VIII. 41	1,622,279,688.06	1,622,279,688.06
Including: State capital		1,126,509,737.10	1,126,509,737.10
State-owned corporate capital		495,769,950.96	495,769,950.96
Collective capital			
Private capital			
Foreign capital			
Less: Investment Returned			
Net paid in capital (or share capital)		1,622,279,688.06	1,622,279,688.06
Other equity instruments			
Including: Preference share			
Perpetual debt			
Capital reserve	VIII. 42	9,284,153,273.40	10,532,025,215.09
Less: treasury shares			
Other comprehensive income		1,979,066,872.15	303,854,314.87
Including: Translation reserve		538,463.70	14,500.98
Special reserve	VIII. 43	25,967,742.99	24,269,414.97
Surplus reserve	VIII. 45	313,728,934.78	292,373,755.35
Including: Statutory common reserve		313,728,934.78	292,373,755.35
Discretionary common reserve			
Reserve fund			
Enterprise expansion fund			
Profits capitalizad on return of investment			
Provision for general reserve	VIII. 44	24,058,676.95	31,997,666.70
Retained earnings	VIII. 46	2,143,948,667.99	1,976,732,774.90
<b>Total equity attributable to owners of the parent company</b>		<b>15,393,203,856.32</b>	<b>14,783,532,829.94</b>
Minority interests		811,988,147.73	791,533,306.25
<b>Total shareholders' equity</b>		<b>16,205,192,004.05</b>	<b>15,575,066,136.19</b>
<b>Total liabilities and Shareholders' equity</b>		<b>59,691,168,717.88</b>	<b>56,477,790,832.36</b>

Legal Representative:

Chief Accountant:

Head of Accounting Department:



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# Consolidated Income Statement

Year of 2021

Prepared by: Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.

Unit: RMB yuan

Item	Notes	Current year	Last year
<b>1. Total operating revenue</b>		11,840,542,726.35	11,703,938,225.13
Including: Operating revenue	VIII. 47	11,840,542,726.35	11,703,938,225.13
Interest income			
Earned premiums			
Handling charges and commissions revenue			
<b>2. Total cost of operation</b>		12,120,418,923.93	12,103,123,736.43
Including: Operating costs	VIII. 47	10,774,825,731.38	11,124,545,156.98
Interest expenses			
Handling charges and commissions expenses			
Surrenders value			
Net payments for insurance claims			
Withdrawal of net insurance contract reserves	VIII. 48	-890,644.81	-1,160,232.07
Policyholder dividends expenses			
Reinsurance expenses	VIII. 49	109,348.61	112,586.08
Taxes and surcharges	VIII. 50	62,380,174.25	47,094,513.52
Selling expenses	VIII. 51	123,141,183.67	100,318,497.11
Administrative expenses	VIII. 52	357,312,543.69	289,191,812.52
Research and development expenses	VIII. 53	42,731,273.76	30,962,649.04
Financial expenses	VIII. 54	760,809,313.38	512,058,753.25
Including: Interest expenses		968,627,462.02	662,602,228.56
Interest income		518,479,476.96	267,512,842.94
Net exchange losses (Net gains is marked with "-")		79,440.80	290,168.56
Others			
Add: Other income	VIII. 55	468,231,197.82	1,024,258,984.31
Investment income (loss is marked with "-")	VIII. 56	35,962,438.08	-256,785,340.82
Including: Investment income in associates and joint ventures		32,613,151.38	-259,032,937.82
Gains from derecognition of financial assets measured at amortized cost			
Exchange gains (losses is marked with "-")			
Net exposure hedging gains (losses is marked with "-")			
Gains on the changes in fair value (losses is marked with "-")	VIII. 57	190,598,553.55	-37,008,173.40
Credit impairment losses (losses is marked with "-")	VIII. 58	-62,405,167.33	
Assets impairment losses (losses is marked with "-")	VIII. 59	-25,974,856.20	-28,480,894.71
Gains from disposal of assets (losses is marked with "-")	VIII. 60	1,222,105.74	2,512,301.90
<b>3. Operating profit (loss is marked with "-")</b>		327,758,074.08	305,311,365.98
Add: Non-operating income	VIII. 61	38,495,532.19	48,764,534.78
Including: Government grants		6,119,671.68	14,550,709.60
Less: Non-operating expenses	VIII. 62	12,103,472.59	5,107,671.85
<b>4. Total profit (total loss is marked with "-")</b>		354,150,133.68	348,968,228.91
Less: Income tax expenses	VIII. 63	92,906,503.66	57,331,854.90
<b>5. Net profit (Net loss is is marked with "-")</b>		261,243,630.02	291,636,374.01
(1) Classification by ownership			
Net profit attributable to owners of the parent company		251,161,523.04	246,523,041.65
Net profit attributable to minority interests in profit or loss		10,082,106.98	45,113,332.36
(2) Classification by operation continuity			
Net profit from continuing operations		261,243,630.02	291,636,374.01
Net profit from discontinuing operations			
<b>6. Other comprehensive income, net of tax</b>		1,676,769,627.15	66,113,573.69
Other comprehensive income, net of tax, attributable to owners of the parent company	VIII. 64	1,675,212,557.28	66,117,254.98
(1) Other comprehensive income that will not be reclassified to profit or loss		17,053,779.30	
(i) Remeasurement gains or losses of a defined benefit plan			
(ii) Other comprehensive income using the equity method that will not be reclassified to profit or loss			
(iii) Changes in fair value of other equity instrument investments		17,053,779.30	
(iv) Changes in fair value of enterprise's own credit risk			
(v) Others			
(2) Other comprehensive income to be reclassified to profit or loss		1,658,158,777.98	66,117,254.98
(i) Other comprehensive income that can be reclassified to profit or loss in equity method		-30,183,187.27	21,778,854.66
(ii) Changes in fair value of other debt investments			
(iii) Change in the fair value of available-for-sale financial assets			23,246,901.00
(iv) Amount of financial assets reclassified into other comprehensive income			
(v) Reclassification of held-to-maturity investments as available-for-sale financial assets			
(vi) Provision for credit impairment of other debt investments			
(vii) Cash flow hedging reserves (effective part of profit and loss of cash flow hedging)			
(viii) Exchange differences on translation of foreign currency financial statements		523,962.72	-2,467.52
(ix) Others		1,687,818,002.53	21,093,966.84
Other comprehensive income, net of tax, attributable to non-controlling interests		1,557,069.87	-3,681.29
<b>7. Total comprehensive income</b>		1,938,013,257.17	357,749,947.70
Total comprehensive income attributable to owners of the parent company		1,926,374,080.32	312,640,296.63
Total comprehensive income attributable to minority interests		11,639,176.85	45,109,651.07

Legal Representative:

Chief Accountant:

Head of Accounting Department:



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# Consolidated Cash Flow Statement

Year of 2021

Prepared by: Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.

Unit: RMB yuan

Item	Notes	Current year	Last year
<b>1. Cash flow from operating activities:</b>	VIII. 65		
Cash receipts from the sale of goods and the rendering of services		11,636,844,360.17	11,980,642,355.37
Net increase in customer bank deposits and due to banks and other financial institutions			
Net increase in loans from the central bank			
Net increase in funds borrowed from other financial institutions			
Cash premiums received on original insurance contracts			
Net cash received from re-insurance business			
Net increase in deposits and investments from insurers			
Disposal of financial assets at fair value through profit or loss			
Cash received from interest, fees and commission			
Net increase in funds deposit			
Net increase in repurchase business funds			
Net income from securities trading brokerage business			
Tax refunds received		28,504,854.49	65,284,054.09
Cash received relating to other operating activities		4,165,307,902.75	4,859,434,506.62
<b>Sub-total of cash inflows from operating activities</b>		<b>15,830,657,117.41</b>	<b>16,905,360,916.08</b>
Cash paid for purchase of goods and services		9,777,972,489.83	11,489,301,103.25
Net increase in loans and payments on behalf of customers			
Net increase in deposits with central bank and other financial institutions			
Payments for claims for original insurance contracts			
Net increase in funds lent			
Cash paid for interest, fees and commission			
Commissions on insurance policies paid			
Cash paid to and on behalf of employee		415,201,800.89	345,990,800.99
Cash paid for taxes		269,549,729.64	239,400,245.16
Cash paid relating to other operating activities		4,489,655,958.21	4,116,409,585.91
<b>Sub-total of cash outflows from operating activities</b>		<b>14,952,379,978.57</b>	<b>16,191,101,735.31</b>
<b>Net cash flows from operating activities</b>		<b>878,277,138.84</b>	<b>714,259,180.77</b>
<b>2. Cash flow from investment activities:</b>			
Cash received from disposal of investments		3,127,371,259.93	98,440,975.42
Cash received from investment income		20,698,804.47	27,310,435.46
Net proceeds from disposal of property, plant and equipment, intangible assets and other long-term assets		558,792.44	3,944,964.00
Cash received from disposal of subsidiaries and other business units		991,095.81	
Cash received relating to other investing activities		475,586,812.05	454,893,066.91
<b>Sub-total of cash inflows from investment activities</b>		<b>3,625,206,764.70</b>	<b>584,589,441.79</b>
Purchase of property, plant and equipment, intangible assets and other non-current assets		309,307,614.07	1,124,058,959.52
Cash paid for investments		2,526,573,086.37	1,953,938,899.91
Net increase in secured loans			
Net cash paid for acquisition of a subsidiary and other operating units			
Cash paid relating to other investing activities		849,618,656.43	2,909,414,145.06
<b>Sub-total of cash outflows from investment activities</b>		<b>3,685,499,356.87</b>	<b>5,987,412,004.49</b>
<b>Net cash flows from investing activities</b>		<b>-60,292,592.17</b>	<b>-5,402,822,562.70</b>
<b>3. Cash flows from financing activities:</b>			
Cash received from investment		328,000,000.00	1,092,000,000.00
Including: Cash receipts from capital contributions from non-controlling interests of subsidiaries		50,000.00	
Proceeds from borrowings		18,772,455,000.00	20,382,394,666.96
Cash receipts relating to other financing activities		396,708,124.71	127,294,851.40
<b>Subtotal of cash inflows from financing activities</b>		<b>19,497,163,124.71</b>	<b>21,601,689,518.36</b>
Repayments for debts		17,447,770,994.91	13,873,382,583.31
Cash payments for distribution of dividends or profit and interest expenses		2,211,557,445.87	2,060,135,348.49
Including: Dividends or profit paid to non-controlling shareholders of subsidiaries			
Cash payments relating to other financing activities		989,120,384.17	229,488,240.81
<b>Subtotal of cash outflows from financing activities</b>		<b>20,648,448,824.95</b>	<b>16,163,006,172.61</b>
<b>Net cash flows from financing activities</b>		<b>-1,151,285,700.24</b>	<b>5,438,683,345.75</b>
<b>4. Effect of exchange rate changes on cash and cash equivalents</b>		<b>-111,293.41</b>	
<b>5. Net increase in cash and equivalents</b>		<b>-333,412,446.98</b>	<b>750,119,963.82</b>
Add: Cash and cash equivalents at beginning of year		1,924,868,151.55	1,174,748,187.73
<b>6. Cash and cash equivalents at end of year</b>		<b>1,591,455,704.57</b>	<b>1,924,868,151.55</b>

Legal Representative:

Chief Accountant:

王霞

Head of Accounting Department:

唐菊英



# Consolidated Statement of Changes in Shareholders' Equity

Year of 2021

Prepared by Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.

Unit: RMB yuan

Items	Amount - Current year													Total shareholders' equity
	Equity attributable to owners of the parent													
	Share capital	Other equity instruments		Capital reserve	Less: Treasury Shares	Other comprehensive income	Special reserve	Surplus reserve	General reserve	Retained earnings	Minority interests			
1	2	Perpetual debt	Others	3	4	5	6	7	8	9	10	11	12	13
<b>1. Balance at the end of previous year</b>	1,622,279,688.06					10,532,025,215.09		289,366,760.50	24,289,414.97	292,373,755.35	31,997,666.70	1,976,732,774.90	788,096,708.87	15,557,141,984.44
Add: Changes in accounting policies							14,487,564.37						3,436,597.38	17,924,151.75
Correction of prior period errors														
Others														
<b>2. Balance at the beginning of current year</b>	1,622,279,688.06					10,532,025,215.09		303,854,314.87	24,289,414.97	292,373,755.35	31,997,666.70	1,976,732,774.90	791,533,306.25	15,575,066,136.19
<b>3. Increase/Decrease during the period (decrease is marked with "-")</b>						-1,247,871,941.69		1,675,212,557.28	1,698,328.02	21,355,179.43	-7,938,989.75	167,215,893.09	20,454,841.48	630,125,867.86
(1) Total comprehensive income						-1,247,871,941.69		1,675,212,557.28				251,161,523.04	11,639,176.85	1,938,013,257.17
(2) Shareholders' contributions and reduction in capital						-458,111,674.72							10,657,781.33	-1,237,214,160.36
(i) Shareholders' contributions in ordinary share						-458,111,674.72							10,657,781.33	-1,237,214,160.36
(ii) Other equity instruments contributions														
(iii) Amount of share-based payments recognized in equity													12,250,000.00	471,361,574.72
(iv) Others						1,706,983,516.41								
(3) Addition and Utilisation of special reserve									1,698,328.02				-1,592,218.67	-1,708,575,735.08
(i) Addition									1,698,328.02				-395,021.03	1,303,306.99
(ii) Utilisation									6,933,225.46				2,602,189.68	9,535,419.14
(4) Profit distribution									-5,234,901.44				-2,997,210.71	-8,232,112.15
(i) Transfer to surplus reserve										21,355,179.43			-1,447,095.67	-71,976,535.94
Including: Statutory surplus reserve										21,355,179.43				
Discretionary surplus reserve														
#Reserve fund										21,355,179.43				
#Enterprise expansion fund														
#Profits capitalized on return of investment														
(ii) Transfer to general Reserve											288,121.56		-289,121.56	
(iii) Distribution to shareholders													-62,301,328.96	-61,403,254.96
(iv) Others													-8,228,111.31	-10,573,280.98
(5) Transfer within equity														
(i) Capital reserves converted to capital (or share capital)														
(ii) Surplus reserves converted to capital (or share capital)														
(iii) Loss made up by surplus reserves														
(iv) Changes in the defined benefit plan transferred to retained earnings														
*(v) Other comprehensive income transferred to retained earnings														
(vi) Others														
<b>4. Balance at the end of the period</b>	1,622,279,688.06					9,284,153,273.40		1,979,066,872.15	25,967,742.99	313,728,934.78	24,058,676.95	2,143,948,667.99	811,988,147.73	16,205,192,004.05

Chief Accountant:

Head of Accounting Department:

Legal representative:

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# Consolidated Statement of Changes in Shareholders' Equity (continued)

Year of 2021

Prepared by: Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.

Unit: RMB yuan

Items	Amount - Last year											Total shareholders' equity	
	Equity attributable to equity holders												Minority interests
	Share capital	Other equity instruments		Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General reserve	Retained earnings			
14	15	16	17	18	19	20	21	22	23	24	25	26	
<b>1. Balance at the end of previous year</b>	1,486,509,737.10				10,359,696,626.65		-78,133,831.43	20,012,110.84	272,822,290.37	22,317,029.75	1,628,726,166.11	1,457,815,086.49	15,169,765,215.88
Add: Changes in accounting policies						269,181,663.73			1,596,207.61		-43,064,277.55	-3,158,755.52	224,554,838.27
Correction of prior period errors						10,388,852.78							10,388,852.78
Others													
<b>2. Balance at the beginning of current year</b>	1,486,509,737.10				10,359,696,626.65		201,416,685.08	20,012,110.84	274,418,497.98	22,317,029.75	1,585,661,888.56	1,454,656,330.97	15,404,688,906.93
<b>3. Increase/Decrease during the period (decrease is marked with "-")</b>	135,769,950.96				172,328,588.44		87,950,075.42	4,257,304.13	17,955,257.37	9,680,636.95	391,070,886.34	-666,559,622.10	152,453,077.51
(1) Total comprehensive income						66,117,254.98					246,523,041.65	45,109,651.07	357,749,947.70
(2) Shareholders' contributions and reduction in capital	135,769,950.96				172,328,588.44		21,832,820.44				299,089,827.70	-711,942,810.80	-82,921,623.26
(i) Shareholders' contributions in ordinary share	135,769,950.96				1,214,557,689.61								1,350,327,640.47
(ii) Other equity instruments contributions													
(iii) Amount of share-based payments recognized in equity													
(iv) Others													
(3) Addition and Utilisation of special reserve					-1,042,229,101.07		21,832,820.44	4,257,304.13			299,089,827.70	-711,942,810.80	-1,433,249,263.73
(i) Addition								6,746,887.71				2,701,087.88	9,447,975.59
(ii) Utilisation								-2,489,583.58				-2,427,550.25	-4,917,133.83
(4) Profit distribution									17,955,257.37	9,680,636.95	-154,541,983.01		-126,906,088.69
(i) Transfer to surplus reserve									17,955,257.37	-17,955,257.37			
Including: Statutory surplus reserve									17,955,257.37	-17,955,257.37			
Discretionary surplus reserve													
#Reserve fund													
#Enterprise expansion fund													
#Profits capitalized on return of investment													
(ii) Transfer to general Reserve										1,452,525.64	-1,452,525.64		
(iii) Distribution to shareholders											-135,134,200.00		-135,134,200.00
(iv) Others										8,228,111.31			8,228,111.31
(5) Transfer within equity													
(i) Capital reserves converted to capital (or share capital)													
(ii) Surplus reserves converted to capital (or share capital)													
(iii) Loss made up by surplus reserves													
(iv) Changes in the defined benefit plan transferred to retained earnings													
±(v) Other comprehensive income transferred to retained earnings													
(vi) Others													
<b>4. Balance at the end of the period</b>	1,622,279,688.06				10,532,025,215.09		289,366,760.50	24,289,414.97	292,373,755.35	31,997,666.70	1,976,732,774.90	788,086,708.87	15,557,141,984.44

Chief Accountant:

王霞

Head of Accounting Department:

唐莉英

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5107030011523

# Balance Sheet

31 December 2021

Prepared by: Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.

Unit: RMB yuan

Item	Notes	Closing balance	Opening balance
<b>Current assets:</b>			
Monetary funds		610,516,492.01	1,761,654,016.37
Settlements provision			
Loans to banks and other financial institutions			
Financial assets held for trading			17,028.82
Financial assets at fair value through profit or loss			
Derivative financial assets			
Notes receivable			
Accounts receivable	XII.1	2,541,610,483.73	1,954,100,739.96
Financing receivables			
Prepayments		103,435,266.17	511,493,576.97
Insurance receivables			
Reinsurance receivables			
Provision of reinsurance receivable			
Other receivables	XII.2	13,752,956,577.04	11,829,078,774.37
Including: Dividends receivable			
Financial assets purchased under agreements to resell			
Inventories		7,636,112,552.34	11,294,051,353.39
Including: Raw materials			
Finished goods		486,951,287.67	878,787,596.45
Contract assets		1,188,004,354.82	115,122,516.84
Assets held for sale			
Non-current assets due within 1 year			
Other current assets		393,226,693.00	365,817,704.13
<b>Total current assets</b>		<b>26,225,862,419.11</b>	<b>27,831,335,710.85</b>
<b>Non-current assets:</b>			
Loans and advances			
Debt investment			
Available-for-sale financial assets			
Other debt investment			
Held-to-maturity investment			
Long-term receivable			
Long-term equity investments	XII.3	6,614,049,227.56	10,044,076,642.30
Other equity instruments investment		4,597,413,987.48	2,547,495,723.40
Other non-current financial assets			
Investment properties		7,183,104,270.00	2,390,103,863.00
Fixed assets		4,593,022.05	78,745,600.93
Including: Cost		10,055,525.79	131,155,303.15
Accumulated depreciation		5,462,503.74	52,409,702.22
Provision for impairment			
Construction in progress		855,083,424.73	745,957,588.96
Productive biological assets			
Oil-gas assets			
Right-of-use assets			
Intangible assets		1,773,147.07	2,447,202.83
Development expenditures			
Goodwill			
Long-term prepaid expenses			
Deferred tax assets		33,664,350.38	33,282,903.38
Other non-current assets		1,445,281,313.02	1,025,309,183.32
Including: pecifically authorized reserve materials			
<b>Total non-current assets</b>		<b>20,734,962,742.29</b>	<b>16,867,418,708.12</b>
<b>Total assets</b>		<b>46,960,825,161.40</b>	<b>44,698,754,418.97</b>

Legal Representative:



Chief Accountant:

王霞

Head of Accounting Department:

唐菊英

## Balance Sheet (continued)

31 December 2021

Prepared by: Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.

Unit: RMB yuan

Item	Notes	Closing balance	Opening balance
<b>Current liabilities:</b>			
Short-term borrowings		5,473,370,655.33	5,113,110,418.48
Borrowing from the central bank			
Loans from banks and other financial institutions			
Financial liabilities held for trading			
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Notes payable		380,000,000.00	615,101,060.00
Accounts payable		95,132,139.15	134,387,661.48
Receipts in advance			
Contract liabilities		29,987,249.14	30,513,200.55
Financial assets sold under agreements to repurchase			
Deposits from customers and interbank			
Acting trading securities			
Acting underwriting securities			
Payroll payable		12,344,556.40	5,983,164.91
Including: Payroll payable		12,316,738.43	5,702,802.13
Welfare payable			248,320.00
Including: Bonus and welfare fund for staff and workers			
Taxes and surcharges payable		6,051,205.19	28,383,671.99
Including: Taxes payable		6,037,870.42	27,728,115.77
Other payables		5,772,707,859.05	4,176,955,003.29
Including: Dividend payable			
Handling charges and commissions payable			
Reinsurance payable			
Liabilities held for sale			
Non-current liabilities due within 1 year		7,572,701,753.54	5,820,270,948.68
Other current liabilities		119,285,185.53	923,906,299.25
<b>Total current liabilities</b>		<b>19,461,580,603.33</b>	<b>16,848,611,428.63</b>
<b>Non-current liabilities:</b>			
Provision for insurance contracts			
Long-term borrowings		6,025,427,000.96	6,794,766,405.42
Bonds payable		5,435,000,000.00	4,977,500,000.00
Including: Preference share			
Perpetual debt			
Lease liabilities			
Long-term payable		2,649,703,485.10	3,030,571,103.36
Long-term payroll payable			
Provisions			
Deferred income		17,962,038.35	2,082,353.03
Deferred tax liabilities		443,383,337.59	51,959,081.44
Other non-current liabilities			
Including: pecifically authorized reserve fund			
<b>Total non-current liabilities</b>		<b>14,571,475,862.00</b>	<b>14,856,878,943.25</b>
<b>Total liabilities</b>		<b>34,033,056,465.33</b>	<b>31,705,490,371.88</b>
<b>Shareholders' equity:</b>			
Paid-in capital (or share capital)			
Including: State capital		1,126,509,737.10	1,126,509,737.10
State-owned corporate capital		495,769,950.96	495,769,950.96
Collective capital			
Private capital			
Foreign capital			
Less: Investment Returned			
Net paid in capital (or share capital)		1,622,279,688.06	1,622,279,688.06
Other equity instruments			
Including: Preference share			
Perpetual debt			
Capital reserve		7,902,645,534.42	9,150,717,632.59
Less: treasury shares			
Other comprehensive income		1,139,222,259.85	109,213,865.13
Including: Translation reserve			
Special reserve			
Surplus reserve		313,728,934.78	292,373,755.35
Including: Statutory common reserve		313,728,934.78	292,373,755.35
Discretionary common reserve			
Reserve fund			
Enterprise expansion fund			
Profits capitalizad on return of investment			
Provision for general reserve			
Retained earnings		1,949,892,278.96	1,818,679,105.96
<b>Total equity attributable to owners of the parent company</b>		<b>12,927,768,696.07</b>	<b>12,993,264,047.09</b>
Minority interests			
<b>Total shareholders' equity</b>		<b>12,927,768,696.07</b>	<b>12,993,264,047.09</b>
<b>Total liabilities and Shareholders' equity</b>		<b>46,960,825,161.40</b>	<b>44,698,754,418.97</b>

Legal Representative:

Chief Accountant:

王霞

Head of Accounting Department:

唐菊英

## Income statement

Year of 2021

Prepared by: Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.

Unit: RMB yuan

Item	Notes	Current year	Last year
<b>1. Total operating revenue</b>		2,381,418,691.57	1,665,613,738.96
Including: Operating revenue	XII.4	2,381,418,691.57	1,665,613,738.96
Interest income			
Earned premiums			
Handling charges and commissions revenue			
<b>2. Total cost of operation</b>		2,646,449,763.03	2,107,628,691.74
Including: Operating costs	XII.4	1,964,039,326.45	1,651,184,649.87
Interest expenses			
Handling charges and commissions expenses			
Surrenders value			
Net payments for insurance claims			
Withdrawal of net insurance contract reserves			
Policyholder dividends expenses			
Reinsurance expenses			
Taxes and surcharges		10,949,043.22	16,784,215.68
Selling expenses		716,412.76	363,285.72
Administrative expenses		64,724,723.48	48,339,268.93
Research and development expenses			
Financial expenses		606,020,257.12	390,957,271.54
Including: Interest expenses		680,263,112.82	349,106,006.69
Interest income		378,293,276.82	129,135,972.86
Net exchange losses (Net gains is marked with "-")			
Others			
Add: Other income		450,068,316.83	964,580,804.25
Investment income (loss is marked with "-")	XII.5	6,281,159.56	-292,020,192.59
Including: Investment income in associates and joint ventures		3,770,705.42	-296,148,246.51
Gains from derecognition of financial assets measured at amortized cost			
Exchange gains (losses is marked with "-")			
Net exposure hedging gains (losses is marked with "-")			
Gains on the changes in fair value (losses is marked with "-")		83,034,492.11	-19,918,792.65
Credit impairment losses (losses is marked with "-")		2,331,390.47	
Assets impairment losses (losses is marked with "-")		-24,375,442.56	-26,150,478.47
Gains from disposal of assets (losses is marked with "-")		32,067.96	172,687.65
<b>3. Operating profit (loss is marked with "-")</b>		252,340,912.91	184,649,075.41
Add: Non-operating income		2,139,454.96	10,497,455.11
Including: Government grants		636,764.68	10,286,764.68
Less: Non-operating expenses			902,496.11
<b>4. Total profit (total loss is marked with "-")</b>		254,480,367.87	194,244,034.41
Less: Income tax expenses		40,928,573.57	14,691,460.70
<b>5. Net profit (Net loss is marked with "-")</b>		213,551,794.30	179,552,573.71
(1) Classification by ownership			
Net profit attributable to owners of the parent company		213,551,794.30	179,552,573.71
Net profit attributable to minority interests in profit or loss			
(2) Classification by operation continuity			
Net profit from continuing operations		213,551,794.30	179,552,573.71
Net profit from discontinuing operations			
<b>6. Other comprehensive income, net of tax</b>		1,030,008,394.72	45,045,814.20
Other comprehensive income, net of tax, attributable to owners of the parent company		1,030,008,394.72	45,045,814.20
(1) Other comprehensive income that will not be reclassified to profit or loss		15,388,698.06	
(i) Remeasurement gains or losses of a defined benefit plan			
(ii) Other comprehensive income using the equity method that will not be reclassified to profit or loss			
(iii) Changes in fair value of other equity instrument investments		15,388,698.06	
(iv) Changes in fair value of enterprise's own credit risk			
(v) Others			
(2) Other comprehensive income to be reclassified to profit or loss		1,014,619,696.66	45,045,814.20
(i) Other comprehensive income that can be reclassified to profit or loss in equity method		-30,183,187.27	21,778,854.66
(ii) Changes in fair value of other debt investments			
(iii) Change in the fair value of available-for-sale financial assets			23,246,901.00
(iv) Amount of financial assets reclassified into other comprehensive income			
(v) Reclassification of held-to-maturity investments as available-for-sale financial assets			
(vi) Provision for credit impairment of other debt investments			
(vii) Cash flow hedging reserves (effective part of profit and loss of cash flow hedging)			
(viii) Exchange differences on translation of foreign currency financial statements			
(ix) Others		1,044,802,883.93	20,058.54
Other comprehensive income, net of tax, attributable to non-controlling interests			
<b>7. Total comprehensive income</b>		1,243,560,189.02	224,598,387.91
Total comprehensive income attributable to owners of the parent company		1,243,560,189.02	224,598,387.91
Total comprehensive income attributable to minority interests			

Legal Representative:

Chief Accountant:

Head of Accounting Department:



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# Cash Flow Statement

Year of 2021

Prepared by: Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.

Unit: RMB yuan

Item	Notes	Current year	Last year
<b>I. Cash flow from operating activities:</b>	XII.6		
Cash receipts from the sale of goods and the rendering of services		991,985,429.26	1,625,156,312.52
Net increase in customer bank deposits and due to banks and other financial institutions			
Net increase in loans from the central bank			
Net increase in funds borrowed from other financial institutions			
Cash premiums received on original insurance contracts			
Net cash received from re-insurance business			
Net increase in deposits and investments from insurers			
Disposal of financial assets at fair value through profit or loss			
Cash received from interest, fees and commission			
Net increase in funds deposit			
Net increase in repurchase business funds			
Net income from securities trading brokerage business			
Tax refunds received			56,888,202.03
Cash received relating to other operating activities		18,429,868,085.28	17,044,583,321.85
<b>Sub-total of cash inflows from operating activities</b>		<b>19,421,853,514.54</b>	<b>18,726,627,836.40</b>
Cash paid for purchase of goods and services		841,592,769.74	1,633,517,369.80
Net increase in loans and payments on behalf of customers			
Net increase in deposits with central bank and other financial institutions			
Payments for claims for original insurance contracts			
Net increase in funds lent			
Cash paid for interest, fees and commission			
Commissions on insurance policies paid			
Cash paid to and on behalf of employee		37,043,079.39	35,471,731.33
Cash paid for taxes		39,193,226.01	64,542,880.48
Cash paid relating to other operating activities		18,122,405,640.00	16,439,022,517.80
<b>Sub-total of cash outflows from operating activities</b>		<b>19,040,234,715.14</b>	<b>18,172,554,499.41</b>
<b>Net cash flows from operating activities</b>		<b>381,618,799.40</b>	<b>554,073,336.99</b>
<b>2. Cash flow from investment activities:</b>			
Cash received from disposal of investments		2,906,407,231.12	152,666,786.00
Cash received from investment income		6,927,063.89	4,165,903.20
Net proceeds from disposal of property, plant and equipment, intangible assets and other long-term assets		135,550.00	
Cash received from disposal of subsidiaries and other business units			
Cash received relating to other investing activities		227,293,323.41	452,722,696.33
<b>Sub-total of cash inflows from investment activities</b>		<b>3,140,763,168.42</b>	<b>609,555,385.53</b>
Purchase of property, plant and equipment, intangible assets and other non-current assets		200,099,313.02	594,495,374.49
Cash paid for investments		2,518,915,786.70	1,947,403,799.91
Net increase in secured loans			
Net cash paid for acquisition of a subsidiary and other operating units			
Cash paid relating to other investing activities		636,526,159.03	2,807,710,665.67
<b>Sub-total of cash outflows from investment activities</b>		<b>3,355,541,258.75</b>	<b>5,349,609,840.07</b>
<b>Net cash flows from investing activities</b>		<b>-214,778,090.33</b>	<b>-4,740,054,454.54</b>
<b>3. Cash flows from financing activities:</b>			
Cash received from investment		327,950,000.00	1,092,000,000.00
Including: Cash receipts from capital contributions from non-controlling interests of subsidiaries			
Proceeds from borrowings		16,368,300,000.00	16,204,993,398.25
Cash receipts relating to other financing activities		12,797,257.06	118,005,596.71
<b>Subtotal of cash inflows from financing activities</b>		<b>16,709,047,257.06</b>	<b>17,414,998,994.96</b>
Repayments for debts		15,569,631,472.69	10,604,812,025.35
Cash payments for distribution of dividends or profit and interest expenses		1,845,556,468.59	1,791,219,755.55
Including: Dividends or profit paid to non-controlling shareholders of subsidiaries			
Cash payments relating to other financing activities		282,629,717.03	214,908,171.94
<b>Subtotal of cash outflows from financing activities</b>		<b>17,697,817,658.31</b>	<b>12,610,939,952.84</b>
<b>Net cash flows from financing activities</b>		<b>-988,770,401.25</b>	<b>4,804,059,042.12</b>
<b>4. Effect of exchange rate changes on cash and cash equivalents</b>			
<b>5. Net increase in cash and equivalents</b>		<b>-821,929,692.18</b>	<b>618,077,924.57</b>
Add: Cash and cash equivalents at beginning of year		1,287,854,016.37	669,776,091.80
<b>6. Cash and cash equivalents at end of year</b>		<b>465,924,324.19</b>	<b>1,287,854,016.37</b>

Legal Representative:

Chief Accountant:

Head of Accounting Department:



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# Statement of Changes in Shareholders' Equity

Year of 2021

Prepared by: Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.

Unit: RMB yuan

Items	Amount - Current year										Total shareholders' equity						
	Share capital		Other equity instruments			Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	General reserve		Retained earnings					
	1	2	Perpetual debt	Others	3								4	5	6	7	8
<b>1. Balance at the end of previous year</b>	1,622,279,688.06					9,150,717,632.59	109,213,865.13		292,373,755.35		1,818,679,105.96						12,993,264,047.09
Add: Changes in accounting policies																	
Correction of prior period errors																	
Others																	
<b>2. Balance at the beginning of current year</b>	1,622,279,688.06					9,150,717,632.59	109,213,865.13		292,373,755.35		1,818,679,105.96						12,993,264,047.09
<b>3. Increase/Decrease during the period (decrease is marked with "-")</b>																	
(1) Total comprehensive income						-1,248,072,098.17	1,030,008,394.72		21,355,179.43		131,213,173.00						-65,495,351.02
(2) Shareholders' contributions and reduction in capital																	
(i) Shareholders' contributions in ordinary share																	
(ii) Other equity instruments contributions																	
(iii) Amount of share-based payments recognized in equity																	
(iv) Others						-1,248,072,098.17					213,551,794.30						1,243,560,189.02
(3) Addition and Utilisation of special reserve																	
(i) Addition						459,111,574.72											459,111,574.72
(ii) Utilisation																	
(4) Profit distribution																	
(i) Transfer to surplus reserve																	
Including: Statutory surplus reserve																	
Discretionary surplus reserve																	
#Reserve fund																	
#Enterprise expansion fund																	
#Profits capitalized on return of investment																	
(ii) Transfer to general Reserve																	
(iii) Distribution to shareholders																	
(iv) Others																	
(5) Transfer within equity																	
(i) Capital reserves converted to capital (or share capital)																	
(ii) Surplus reserves converted to capital (or share capital)																	
(iii) Loss made up by surplus reserves																	
(iv) Changes in the defined benefit plan transferred to retained earnings																	
*(v) Other comprehensive income transferred to retained earnings																	
(vi) Others																	
<b>4. Balance at the end of the period</b>	1,622,279,688.06					7,902,645,534.42	1,139,222,259.85		313,728,934.78		1,949,892,278.96						12,927,768,696.07

Chief Accountant:

Head of Accounting Department:



# Statement of Changes in Shareholders' Equity (continued)

Year of 2021

Prepared by: Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.

Unit: RMB yuan

Items	Amount - Last year										
	Share capital	Other equity instruments			Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	General reserve	Retained earnings	Total shareholders' equity
		preference share	Perpetual debt	Others							
12	13	14	15	16	17	18	19	20	21	22	
<b>I. Balance at the end of previous year</b>	1,486,509,737.10				8,963,860,740.38	-72,471,279.10	272,822,290.37			2,263,730,659.52	12,914,452,148.27
Add: Changes in accounting policies						110,117,177.64	1,596,207.61			14,365,868.54	126,079,253.79
Correction of prior period errors						10,368,852.78					10,368,852.78
Others											
<b>2. Balance at the beginning of current year</b>	1,486,509,737.10				8,963,860,740.38	48,014,751.32	274,418,497.98			2,278,096,528.06	13,050,900,254.84
<b>3. Increase/Decrease during the period (decrease is marked with "-")</b>	135,769,950.96				186,856,892.21	61,199,113.81	17,955,257.37			-459,417,422.10	-57,636,207.75
(1) Total comprehensive income						45,045,814.20				179,552,573.71	224,598,387.91
(i) Shareholders' contributions and reduction in capital	135,769,950.96				186,856,892.21	16,153,299.61				-485,880,538.44	-147,100,395.66
(i) Shareholders' contributions in ordinary share	135,769,950.96				1,206,230,049.04						1,342,000,000.00
(ii) Other equity instruments contributions											
(iii) Amount of share-based payments recognized in equity											
(iv) Others					-1,019,373,156.83	16,153,299.61				-485,880,538.44	-1,489,100,395.66
(3) Addition and Utilisation of special reserve											
(i) Addition											
(ii) Utilisation											
(4) Profit distribution											
(i) Transfer to surplus reserve											
Including: Statutory surplus reserve											
Discretionary surplus reserve											
#Reserve fund											
#Enterprise expansion fund											
#Profits capitalized on return of investment											
(ii) Transfer to general Reserve											
(iii) Distribution to shareholders											
(iv) Others											
(5) Transfer within equity											
(i) Capital reserves converted to capital (or share capital)											
(ii) Surplus reserves converted to capital (or share capital)											
(iii) Loss made up by surplus reserves											
(iv) Changes in the defined benefit plan transferred to retained earnings											
*(v) Other comprehensive income transferred to retained earnings											
(vi) Others											
<b>4. Balance at the end of the period</b>	1,622,279,688.06				9,150,717,632.59	109,213,865.13	292,373,755.35			1,818,679,105.96	12,993,264,047.09

Chief Accountant:

Head of Accounting Department:

王霞

唐菊英

# Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.

## Notes to the Consolidated Financial Statements

As of December 31, 2021

(Unless otherwise stated, amounts are expressed in RMB Yuan)

### I. General information of the company

Mianyang Science & Technology City Development & Investment (Group) Co., Ltd. (hereinafter referred to as: the Company, the Group) is a limited liability company (state-controlled) registered in 2001 with the Administration for Industry and Commerce of Mianyang, Sichuan Province, with a unified social credit code: 91510700MA6248T32G and a registered capital of RMB1,622.27968806 million, the legal representative is Jiang Daiming and the registered address is Mianyang Science and Education Entrepreneurship Park, the business scope covers investment and management of high-tech industry, industry, commerce, real estate industry, financial derivatives, bioengineering, medicine, medical equipment, computer software and network technology, comprehensive land development, urban infrastructure construction, culture, tourism, exhibition, sports, computer software and hardware design, development and sales, construction materials, electronic products, communication equipment, etc. Construction materials, electronic products, communications equipment (excluding wireless transmitting equipment), chemical products (except flammable and explosive materials) sales, business management consulting services, storage management services for movable collateral, cargo warehouse services, sports venues and venues leasing, commercial performance planning, domestic tourism, machinery and equipment leasing, cultural and artistic exchange activities organization planning, film and multimedia production, hotel management services, domestic advertising design, production, agency, release, catering management, property services, metal materials, refractory materials, metallurgical materials purchase and sale. (Projects subject to approval according to law, the relevant departments approval before operating activities).

The Company is a limited liability company engaged in primary land development and municipal infrastructure construction.

The Company, formerly known as Mianyang Science and Education Innovation Investment Co., Ltd., is a wholly state-owned company established on June 22, 2001 by the Mianyang Science and Technology City Science and Education Entrepreneurship Park Management Committee in accordance with the document of Mian Fu Han [2001] No.100, with a registered capital of 10 million yuan. On November 27,

2001, the Mianyang Science and Technology City Science and Education Entrepreneurship Park Management Committee contributed 10 million yuan in currency. So far, the company's paid-in capital has changed to 20 million yuan, On November 25, 2002, the Mianyang Science and Technology City Science and Education Entrepreneurship Park Management Committee contributed 50 million yuan with the assessed intangible assets (land use rights), so far, the company's paid-in capital has changed to 70 million yuan. On December 6, 2005, according to "the reply of the Office of the State-owned Assets Management Committee of Mianyang Technology Science and Education Entrepreneurship Park on approving Mianyang Science and Education Innovation Investment Co., Ltd. to use capital reserve to increase paid-in capital", it is agreed to increase the capital reserve of 30 million yuan into the company's paid-in capital, so far, the company's paid-in capital has been changed to 100 million yuan.

In April 2008, the Company according to "the Notice of the China (Mianyang) Science and Technology City Management Committee on the Establishment of China (Mianyang) Science & Technology City Development & Investment (Group) Co., Ltd. " and "the Correspondence of the China (Mianyang) Science and Technology City Management Committee Comprehensive Office on the Relevant Matters of Changing Mianyang Science and Education Innovation Investment Co., Ltd. to Mianyang Science & Technology City Development & Investment (Group) Co., Ltd." (Science and Technology Management Committee Office [2008] No.21), On May 29, 2008, Mianyang Administration for Industry and Commerce issued "the Notice of Approval of Enterprise Name Change", so far, the company name of Mianyang Science and Education Innovation Investment Co., Ltd. was changed to Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.. In December 2008, according to "the Reply of China (Mianyang) Science and Technology City Management Committee on Approving the Free transfer of State-owned Equity of Four Companies Including Mianyang High-tech Zone Investment Holding (Group) Co., Ltd.", the Management Committee of Mianyang Economic and Technological Development Zone, the Management Committee of Mianyang Agricultural Science and Technology Zone and the Management Committee of Mianyang High tech Zone signed "the Free Transfer Agreement of State owned Equity" with the Company, and agreed to transfer the state-owned equity of Mianyang Sanjiang Development and Construction Investment Co., Ltd., Mianyang Sanjiang Engineering Corporation, Mianyang Science and Agriculture Investment Co., Ltd., and Mianyang High tech Zone Investment Holding (Group) Co., Ltd. held by it to this company for free, and this company shall fulfill the obligations of the investor and enjoy the rights and interests of the investor. According to "the Reply of China (Mianyang) Science and Technology City Management Committee on Approving Mianyang Science & Technology City Development & Investment (Group) Co., Ltd. to Increase Paid-in Capital with Capital Reserve", the Company transferred the capital reserve of 400 million yuan to paid-in capital on February 23, 2009, after this capital increase, the Company's paid-in capital was 500 million yuan. On March 10, 2011, according to "the Notice on Increasing the National Capital of Mianyang Science &

Technology City Development & Investment (Group) Co., Ltd." (Mian Cai Qi [2011] No.3) issued by Mianyang Municipal Finance Bureau, the Company increased paid-in capital by transferring capital reserve by 200.691087 million yuan. After this capital increase, the Company's paid-in capital was 700.691087 million yuan. In July 2017, according to "the Reply on Amending the Kefa Group Articles" of China (Mianyang) Science and Technology City Management Committee, the Company increased Paid-in capital by transferring capital reserve of 425.818650 million yuan, and China Agricultural Development Key Construction Fund Co., Ltd. increased its capital by monetary capital of 360 million yuan, after this capital increase, the Company's paid-in capital was 1,486.5097 million yuan, including 1,126.5097 million yuan from China (Mianyang) Science and Technology City Management Committee, Shareholding of 75.78%; China Agricultural Development Key Construction Fund Co., Ltd. has invested 360 million yuan and Shareholding of 24.22%. In August 2018, according to the spirit of "the Notice on Further Strengthening the Centralized and Unified Supervision of Municipal State owned Enterprises" (Mian Wei Ban [2018] No.78) issued by the Mianyang Municipal Committee Office of the Communist Party of China and the Mianyang Municipal People's Government Office, the China (Mianyang) Science and Technology City Management Committee was originally authorized to perform the responsibilities of a contributor to the Science and Technology Development Group on behalf of Mianyang Municipal People's Government, Now it is adjusted to authorize the Mianyang State-owned Assets Supervision and Administration Commission (hereinafter referred to as "Mianyang SASAC") to perform the responsibilities of a contributor to the Company on behalf of Mianyang Municipal People's Government. The Mianyang SASAC and China (Mianyang) Science and Technology City Management Committee completed the transfer of management relationship with the Company in September 2018, and the Company completed the industrial and commercial registration change procedures in early 2019.

In December 2020, according to "Mianyang SASAC on the Approval of the Capital Increase of Mianyang Science & Technology City Development & Investment (Group) Co., Ltd. by Non-public Agreement" (Mianyang State Assets [2020] No.60), "Mianyang SASAC on the Approval of Mianyang Science & Technology City Development & Investment (Group) Co., Ltd. Charter" (Mianyang State-owned Assets Regulations [2020] No.37), the capital increase agreement, the increase of registered capital of 135.76995096 million yuan, of which: Mianyang Investment Holding (Group) Co., Ltd. increased by 135.76995096 million yuan by debt to equity, after this capital increase, the company's registered paid-in capital reached 1,622.27968806 million yuan, of which: Mianyang SASAC contributed 1,126.5097 million yuan, Shareholding of 69.44%; Mianyang Investment Holding (Group) Co., Ltd. contributed 135.76995096 million yuan, Shareholding of 8.37%; and China Agricultural Development Key Construction Fund Co., Ltd. invested 360 million yuan, Shareholding of 22.19%.

In 2021, according to Mianyang SASAC on "the Approval of Agreeing Mianyang Science & Technology City Development & Investment (Group) Co., Ltd." (Mianyang State-owned Assets Regulations [2021]

No.16), Mianyang SASAC transferred its 7.168% equity in Kefa Group to Sichuan Provincial Finance Department without compensation. After the transfer, the Mianyang SASAC contributed 1,010.22472906 million yuan, Shareholding of 62.272%; Sichuan Provincial Finance Department contributed 116.28500804 million yuan, Shareholding of 7.168%; Mianyang Investment Holding (Group) Co., Ltd. contributed 135.76995096 million yuan, Shareholding of 8.37%; and China Agricultural Development Key Construction Fund Co., Ltd. contributed 360 million yuan, Shareholding of 22.19%.

Investors	Amount of paid-up registered capital (yuan)	Contribution ratio (%)
Mianyang State-owned Assets Supervision and Administration Commission	1,110,224,729.06	68.436
Sichuan Provincial Finance Department	116,285,008.04	7.168
Mianyang Investment Holding (Group) Co., Ltd.	135,769,950.96	8.369
China Agricultural Development Key Construction Fund Co., Ltd.	260,000,000.00	16.027
Total	1,622,279,688.06	100.00

The ultimate controlling party of the Company: Mianyang State-owned Assets Supervision and Administration Commission.

## II. Preparation basis of financial statements

The financial statements of the Company have been prepared on the basis of the going concern assumption and on the basis of transactions and events actually occurring in accordance with "the Accounting Standards for Business Enterprises - Basic Standards" issued by the Ministry of Finance (issued by Ministry of Finance Order No.33 and revised by Ministry of Finance Order No.76), the 42 specific accounting standards issued and revised on and after February 15, 2006, the Guidelines for the Application of Accounting Standards for Business Enterprises, the Interpretations of Accounting Standards for Business Enterprises and other related regulations (hereinafter collectively referred to as: Accounting Standards for Business Enterprises).

## III. Statement of compliance with accounting standards for enterprises

The financial statements prepared by the Company comply with the requirements of the Accounting Standards for Business Enterprises and the relevant financial accounting system and give a true and complete view of the financial position of the Company as at December 31, 2022 and the operating results and cash flows for the year 2022 and other relevant information.

#### IV. Description of significant accounting policies and accounting estimates

##### 1. Accounting period

The Company's accounting year is based on the Gregorian calendar year, which begins on January 1 and ends on December 31 of each year.

##### 2. Reporting currency

The Company's reporting currency is RMB.

##### 3. Basis of accounting and valuation principles

The Company uses the accrual basis of accounting. In measuring accounting elements, the Company generally uses historical cost; in cases where other attributes such as replacement cost, net realizable value, present value or fair value are used for measurement in accordance with the standards, the Company will provide special explanations.

##### 4. Accounting treatments of Business combination under common control and non- common control

(1) The terms, conditions and economic effects of each transaction in the step-by-step realization of the business combination process meet one or more of the following conditions, the multiple transactions are accounted for as a package transaction

- ① The transactions were entered into simultaneously or with consideration of their mutual effects;
- 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;
- ④ A transaction is uneconomic when viewed alone, but is economic when considered together with other transactions.

##### (2) Business combination under common control

Assets and liabilities acquired in a business combination are measured at their carrying value in the consolidated financial statements of the ultimate controlling party at the date of combination for the assets and liabilities of the consolidated party (including goodwill resulting from the acquisition of the consolidated party by the ultimate controlling party). The difference between the carrying value of the net assets acquired in the merger and the carrying value of the merger consideration paid (or the aggregate nominal value of shares issued) is adjusted against the equity premium in capital reserve, and if the equity premium in capital reserve is not sufficient for elimination, it is adjusted against retained earnings.

If a contingent consideration exists and requires recognition of a projected liability or asset, the difference between the amount of such projected liability or asset and the settlement amount of the subsequent contingent consideration is adjusted to capital reserve (capital premium or equity premium), and if capital

reserve is insufficient, retained earnings are adjusted.

For a business combination that is ultimately achieved through multiple transactions, if it is a package transaction, each transaction is accounted for as one transaction to obtain control; if it is not a package transaction, on the date of acquisition of control, the difference between the initial investment cost of the long-term equity investment, and the sum of the carrying value of the long-term equity investment before reaching the merger plus the carrying value of the new consideration paid for further acquisition of shares at the date of the merger is adjusted to capital reserve; if capital reserve is not sufficient to offset the difference, adjust retained earnings. For equity investments held before the date of consolidation, other comprehensive income recognized as a result of the adoption of the equity method of accounting or accounting under the Standard on Recognition and Measurement of Financial Instruments is not accounted for until the disposal of the investment is accounted for on the same basis as the direct disposal of the related assets or liabilities by the investee; Changes in owners' equity other than net profit or loss, other comprehensive income and profit distribution in the net assets of the investee recognized as a result of the adoption of the equity method of accounting, are not accounted for until the investment is disposed of and transferred to current period profit or loss.

### (3) Business combinations under non-common control

The date of purchase is the date on which the Company actually acquires control of the acquiree, also known as the date on which control of the acquiree's net assets or production and operating decisions is transferred to the Company. The Company generally considers that the transfer of control is achieved when the following conditions are also met:

- ① The business combination contract or agreement has been approved by the Company's internal authority.
- ② If the matter of business combination needs to be approved by the relevant state authorities, approval has been obtained.
- ③ The necessary procedures for the transfer of property rights have been completed.
- ④ The Company has paid the majority of the merger price and has the ability and plan to pay the remaining amount.
- ⑤ The Company has effectively controlled the financial and operating policies of the acquiree, and enjoys the corresponding benefits and bears the corresponding risks.

The Company measures assets paid for, liabilities incurred or assumed as consideration for a business combination at fair value at the date of purchase, and the difference between the fair value and its carrying value is recognized in profit or loss for the current period.

The Company recognizes goodwill for the difference that the merger cost is greater than the fair value share of the identifiable net assets obtained from the acquiree in the merger; the difference that the merger

cost is less than the fair value share of the identifiable net assets obtained from the acquiree in the merger, after review, shall be included in the current period profit and loss.

For business combinations under non-common control achieved in stages through multiple exchange transactions, if they are a package transaction, each transaction is accounted for as a transaction to obtain control; If they are not a package transaction, and the equity investment held prior to the date of consolidation is accounted for under the equity method, the sum of the carrying value of the equity investment held prior to the date of purchase and the cost of the increase investment at the date of purchase is used as the initial investment cost of that investment, other comprehensive income recognized on equity investments held prior to the date of purchase due to the adoption of the equity method of accounting is accounted for on the same basis as the disposal of the related assets or liabilities directly by the investee when the investment is disposed of. If an equity investment held prior to the date of consolidation is accounted for using the standard on recognition and measurement of financial instruments, the sum of the fair value of the equity investment at the date of consolidation plus the cost of the additional investment is used as the initial investment cost at the date of consolidation. The difference between the fair value and the carrying value of the equity originally held and the accumulated changes in fair value previously recognized in other comprehensive income should be transferred in full to investment income for the period at the date of consolidation.

#### (4) Expenses related to the merger

Intermediary fees such as auditing, legal services, appraisal and consulting and other directly related costs incurred for the business combination are charged to current profit or loss as incurred; transaction costs for the issuance of equity securities for the business combination are deducted from equity if they are directly attributable to the equity transaction.

### **5. Preparation method of consolidated financial statements**

#### (1) Scope of consolidation

The scope of consolidation of the Company's consolidated financial statements is determined on the basis of control, and all subsidiaries (including separate entities controlled by the Company) are included in the consolidated financial statements.

#### (2) Consolidation Process

The Company prepares consolidated financial statements on the basis of its own financial statements and those of its subsidiaries, and on the basis of other relevant information. The Company prepares consolidated financial statements by considering the entire enterprise group as one accounting entity, reflecting the financial position, results of operations and cash flows of the enterprise group as a whole in

accordance with the recognition, measurement and presentation requirements of relevant accounting standards for enterprises and in accordance with uniform accounting policies.

The accounting policies and accounting periods adopted by all subsidiaries included in the scope of consolidation of the consolidated financial statements are consistent with those of the Company. If the accounting policies and accounting periods adopted by a subsidiary are not consistent with those of the Company, the necessary adjustments are made in accordance with the Company's accounting policies and accounting periods when preparing the consolidated financial statements.

The effect on the consolidated balance sheet, consolidated income statement, consolidated statement of cash flows, and consolidated statement of changes in shareholders' equity of internal transactions that occur between the Company and each subsidiary and between each subsidiary is offset in the consolidated financial statements. If the transaction is recognized differently from the perspective of the consolidated financial statements of the enterprise group than if the same transaction is recognized with the Company or a subsidiary as the accounting entity, the transaction is adjusted from the perspective of the enterprise group.

The share of the subsidiary's ownership interest, net profit or loss for the period and comprehensive income attributable to minority shareholders are presented separately in the consolidated balance sheet under the item of ownership interest, in the consolidated income statement under the item of net profit and in the consolidated statement of total comprehensive income, respectively. The balance resulting from the excess of the minority shareholders' share of the subsidiary's loss for the period over the minority shareholders' share of the subsidiary's ownership interest at the beginning of the period is eliminated to reduce shareholders' equity.

For a subsidiary acquired through a business combination under the common control, its financial statements are adjusted on the basis of the carrying value of the assets and liabilities (including goodwill resulting from the acquisition of the subsidiary by the ultimate controlling party) in the financial statements of the ultimate controlling party.

For subsidiaries acquired through business combinations under non-common control, their financial statements are adjusted based on the fair value of identifiable net assets at the date of purchase

① Increase in subsidiaries or operations

During the reporting period, if a subsidiary or business is added as a result of a business combination under the common control, the opening number of the consolidated balance sheet is adjusted; the revenues, expenses and profits for the period from the beginning to the end of the reporting period of the subsidiary or business combination are included in the consolidated income statement; and the cash flows for the period from the beginning to the end of the reporting period of the subsidiary or business combination are included in the consolidated cash flow statement, while the relevant items in the

comparative statements are adjusted as if the consolidated reporting entity had been in existence since the point when the ultimate controlling party began to control it.

If it is possible to exercise control over an investee under the common control due to additional investment, etc., the parties involved in the consolidation are treated as if they existed in their current state at the time when the ultimate controlling party began to exercise control for adjustment purposes. For equity investments held prior to the acquisition of control of the consolidated party, the related gains or losses, other comprehensive income and other changes in net assets recognized between the later of the date of acquisition of the original equity and the date when the consolidated party and the consolidated party are under the common control and the date of consolidation are eliminated from opening retained earnings or current profit or loss, respectively, in the period of the comparative statements.

During the reporting period, if a subsidiary or business is added as a result of a business combination under non-common control, the opening balance of the consolidated balance sheet is not adjusted; the revenue, expenses and profit of such subsidiary or business from the date of purchase to the end of the reporting period are included in the consolidated income statement, and the cash flows of such subsidiary or business from the date of purchase to the end of the reporting period are included in the consolidated cash flow statement.

If the Company is able to exercise control over an investee under non-common control due to additional investment, etc., the Company remeasures the equity in the investee held prior to the date of purchase at the fair value of the equity at the date of purchase, and the difference between the fair value and its carrying amount is recognized as investment income for the period. If the equity in the investee held before the purchase date involves other comprehensive income under the equity method of accounting and other changes in owners' equity other than net profit or loss, other comprehensive income and profit distribution, the related other comprehensive income and other changes in owners' equity are transferred to investment income for the period to which the purchase date belongs, except for other comprehensive income resulting from the remeasurement of the investee's net liabilities or changes in net assets of the defined benefit plan.

## ② Disposal of subsidiaries or operations

### a. General treatment method

If the Company disposes of a subsidiary or business during the reporting period, the revenues, expenses and profits of the subsidiary or business from the beginning of the period to the date of disposal are included in the consolidated income statement; the cash flows of the subsidiary or business from the beginning of the period to the date of disposal are included in the consolidated cash flow statement.

When control over an investee is lost due to the disposal of a portion of the equity investment or for other

reasons, the Company remeasures the remaining equity investment after disposal at its fair value at the date of loss of control. The difference between the sum of the consideration received for the disposal of the equity and the fair value of the remaining equity, less the sum of the share of the net assets of the original subsidiary calculated on a continuing basis from the date of purchase or consolidation in proportion to the original shareholding and goodwill, is recognized as investment income in the period in which control is lost. Other comprehensive income related to the equity investment in the original subsidiary or other changes in owners' equity other than net profit or loss, other comprehensive income and profit distribution is transferred to investment income in the period when control is lost, except for other comprehensive income resulting from the remeasurement of the investee's net liabilities or changes in net assets of the defined benefit plan.

**b. Step-by-step disposal of subsidiaries**

Where an equity investment in a subsidiary is disposed of in steps through multiple transactions until control is lost, the terms, conditions and economic effects of each transaction to dispose of the equity investment in the subsidiary are such that one or more of the following circumstances normally indicate that the multiple transaction event should be accounted for as a package transaction:

- (a) The transactions were entered into simultaneously or after consideration of their mutual effects;
- (b) The transactions as a whole are necessary to achieve a complete business result;
- (c) The occurrence of one transaction is dependent on the occurrence of at least one other transaction;
- (d) A transaction is uneconomic when viewed alone, but is economic when considered together with other transactions.

If each transaction for the disposal of an equity investment in a subsidiary until the loss of control is a package transaction, the Company accounts for each transaction as a disposal of a subsidiary and loss of control; however, the difference between the disposal price and the share of the net assets of the subsidiary corresponding to the disposal of the investment for each disposal prior to the loss of control is recognized in the consolidated financial statements as other comprehensive income and is transferred to profit or loss in the period in which control is lost.

If the various transactions for the disposal of equity investments in subsidiaries prior to the loss of control are not a package transaction, the accounting treatment is based on the policies related to partial disposal of equity investments in subsidiaries without loss of control; upon the loss of control, the accounting treatment is based on the general treatment of disposal of subsidiaries.

**③ Purchase of minority interests in subsidiaries**

The difference between the Company's newly acquired long-term equity investment due to the purchase of minority interest and its share of the net assets of the subsidiary calculated on a continuing basis from

the date of purchase (or the date of consolidation) based on the newly acquired shareholding is adjusted to the equity premium in capital reserve in the consolidated balance sheet, and if the equity premium in capital reserve is not sufficient for elimination, it is adjusted to retained earnings.

④ Partial disposal of equity investments in subsidiaries without loss of control

The difference between the disposal price obtained from partial disposal of long-term equity investments in subsidiaries without loss of control and the share of the net assets of the subsidiaries calculated on a continuing basis from the date of purchase or the date of consolidation corresponding to the disposal of long-term equity investments is adjusted against the equity premium in capital reserve in the consolidated balance sheet, and if the equity premium in capital reserve is not sufficient for elimination, it is adjusted against retained earnings.

**6. Classification of joint venture arrangements and Accounting Treatment Method for Joint operations**

(1) Classification of joint venture arrangements

The Company classifies joint venture arrangements into joint operation and joint venture based on the structure of the joint venture arrangement, its legal form and the terms agreed in the joint venture arrangement, and other relevant facts and circumstances.

Joint venture arrangements not entered into through separate entities are classified as joint operation; joint venture arrangements entered into through separate entities are usually classified as joint ventures; however, there is conclusive evidence that any of the following conditions are met and that the joint venture arrangement is classified as a joint operation in accordance with the relevant laws and regulations:

- ① The legal form of the joint venture arrangement indicates that the joint venture parties have rights and obligations, respectively, with respect to the relevant assets and liabilities in the arrangement.
- ② The contractual terms of the joint venture arrangement stipulate that the joint venture parties have rights and obligations, respectively, with respect to the relevant assets and liabilities in the arrangement.
- ③ Other relevant facts and circumstances indicate that the joint venture party has separate rights and obligations with respect to the relevant assets and liabilities in the arrangement, such as the joint venture party's enjoyment of substantially all of the output associated with the joint venture arrangement and the settlement of liabilities in the arrangement is continuously dependent on the support of the joint venture party.

(2) Accounting treatment method for joint operation

The Company recognizes the following items in its share of interest in a joint operation that relate to the

Company and accounts treatment for them in accordance with the provisions of the relevant ASBE:

- ① Recognition of assets held separately and, in proportion to their shares, of jointly held assets;
- ② Recognition of liabilities assumed individually, and of liabilities assumed jointly in proportion to their shares;
- ③ Recognition of income from the sale of its share of the output of a joint operation;
- ④ Recognition of income from joint operation arising from the sale of output in accordance with its share;
- ⑤ Recognition of expenses incurred separately and, in proportion to their shares, expenses incurred by joint operation.

When the Company contributes or sells assets, etc. to a joint operation (except when such assets constitute a business), only the portion of the gain or loss attributable to the other participants in the joint operation arising from the transaction is recognized until such assets, etc. are sold by the joint operation to a third party. The Company recognizes the full amount of impairment losses on assets invested or sold that comply with the provisions of "ASBE No. 8 - Impairment of Assets" and other regulations.

When the Company purchases assets, etc. from a joint operation (except when such assets constitute a business), it recognizes only the portion of the gain or loss attributable to the other participants in the joint operation arising from the transaction until the assets, etc. are sold to a third party. If an acquired asset qualifies for an impairment loss under "ASBE No.8 - Impairment of Assets", etc., the Company recognizes that portion of the loss in accordance with its share of the loss.

The Company does not have common control over a joint operation. If the Company is entitled to the assets and bears the liabilities related to such common operation, it shall still be accounted for in accordance with the above principles; otherwise, it shall be accounted for in accordance with the provisions of the relevant ASBE.

## **7. Cash and cash equivalents**

In preparing the statement of cash flows, the Company recognizes cash on hand and deposits that are readily available for payment as cash. Investments that have all four conditions: short maturity (generally within three months from the date of purchase), high liquidity, easy conversion to known amounts of cash, and minimal risk of changes in value are identified as cash equivalents.

## **8. Foreign operations and foreign currency translation**

### **(1) Foreign currency operations**

On initial recognition, foreign currency transactions are recorded in RMB using the spot exchange rate on the date of the transaction as the translation rate.

At the balance sheet date, monetary items denominated in foreign currencies are translated at the spot

exchange rate at the balance sheet date, and the resulting exchange differences are recognized in current period profit or loss, except for those arising from special borrowings in foreign currencies related to the acquisition of assets eligible for capitalization, which are treated in accordance with the principle of capitalizing borrowing costs. Non-monetary items measured in terms of historical cost in foreign currencies are still translated using the spot exchange rate at the date of the transaction, without changing the amount of the local currency of account.

Non-monetary items measured at fair value in foreign currencies are translated using the spot exchange rate at the date the fair value is determined, and the resulting exchange differences are recognized in current period profit or loss as a gain or loss on changes in fair value. If the items are available-for-sale foreign currency non-monetary items, the resulting exchange differences are recognized in other comprehensive income.

## (2) Translation of foreign currency financial statements

Assets and liabilities in the balance sheet are translated using the spot rate of exchange at the balance sheet date; items in owners' equity, except for "retained earnings", are translated using the spot rate of exchange at the time of occurrence. Income and expense items in the income statement are translated using the spot exchange rate at the date of the transaction. Translation differences arising from the above translation are recognized in other comprehensive income.

When a foreign operation is disposed of, the foreign currency translation difference shown in other comprehensive income in the balance sheet related to the foreign operation is transferred from other comprehensive income to profit or loss in the period of disposal. When a portion of the equity investment is disposed of or otherwise causes a reduction in the proportion of interest held in a foreign operation without loss of control over the foreign operation, the discounting differences in foreign currency statements relating to the portion of the foreign operation disposed of will be attributed to minority interests and will not be transferred to profit or loss in the current period. When a foreign operation is disposed of as part of an associate or joint venture, the discounting differences in foreign currency statements related to the foreign operation are transferred to profit or loss in the period of disposal in proportion to the disposal of the foreign operation.

## 9. Financial instruments

A financial asset or a financial liability is recognized when the Company becomes a party to a financial instrument contract.

### (1) Classification, recognition and measurement of financial assets

Based on the business model for managing financial assets and the contractual cash flow characteristics of

financial assets, the Company classifies financial assets as follows: financial instruments reported at amortized cost; Fair value through other comprehensive income; Fair value through profit or loss.

Financial assets are measured at fair value at initial recognition. For fair value through profit or loss, the related transaction costs are recognized directly in profit or loss; for other categories of financial assets, the related transaction costs are recognized in the initial recognition amount. For accounts receivable or notes receivable arising from the sale of products or provision of services that do not contain or consider significant financing components, the Company recognizes the initial recognition amount based on the amount of the consideration to which it expects to be entitled.

① Financial instruments reported at amortized cost

The Company's business model for managing financial instruments reported at amortized cost is to target the collection of contractual cash flows, and the contractual cash flow characteristics of such financial assets are consistent with the underlying borrowing and lending arrangements, i.e., the cash flows generated on a specific date are solely payments of principal and interest based on the principal amount outstanding. The Company uses the effective interest rate method for such financial assets, which are subsequently measured at amortized cost, and gains or losses arising from their amortization or impairment are recognized in profit or loss for the current period.

② Fair value through other comprehensive income

The Company's business model for managing such financial assets is to both collect the contractual cash flows and sell them, and the contractual cash flow characteristics of such financial assets are consistent with the underlying borrowing and lending arrangements. The Company measures such financial assets at fair value and the changes are recognized in other comprehensive income, except for impairment losses or gains, foreign exchange gains or losses and interest income calculated under the effective interest rate method, which are recognized in profit or loss for the current period.

In addition, the Company designates some of its investments in non-trading equity instruments as fair value through other comprehensive income. The Company recognizes the dividend income related to such financial assets in current profit or loss and the change in fair value in other comprehensive income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is transferred from other comprehensive income to retained earnings and is not recognized in profit or loss for the current period.

③ Fair value through profit or loss

The Company classifies financial assets other than those at financial instruments reported at amortized cost and those at fair value through other comprehensive income as fair value through profit or loss as

described above. In addition, upon initial recognition, the Company designates some financial assets as fair value through profit or loss in order to eliminate or significantly reduce accounting mismatches. For such financial assets, the Company uses fair value for subsequent measurement, and changes in fair value are recognized in current profit or loss.

## (2) Classification, recognition and measurement of financial liabilities

Financial liabilities are classified at initial recognition as fair value through profit or loss and other financial liabilities. For fair value through profit or loss, the related transaction costs are recognized directly in profit or loss, and for other financial liabilities, the related transaction costs are recognized in their initial recognition amounts.

### ① Fair value through profit or loss

Fair value through profit or loss, including financial liabilities held for trading (including derivatives that are financial liabilities) and designated as at fair value through profit or loss on initial recognition.

Trading financial liabilities (including derivatives that are financial liabilities) are subsequently measured at fair value, and changes in fair value are recognized in current profit or loss, except when they relate to hedge accounting.

For designated as at fair value through profit or loss, changes in fair value arising from changes in the Company's own credit risk are recognized in other comprehensive income, and upon derecognition of the liability, the cumulative change in its fair value arising from changes in its own credit risk included in other comprehensive income is transferred to retained earnings. The remaining changes in fair value are recognized in profit or loss for the current period. If the treatment of the effects of changes in the financial liabilities' own credit risk in the manner described above would result in or enlarge the accounting mismatch in profit or loss, the Company recognizes the entire gain or loss on the financial liabilities (including the amount of the effect of changes in the enterprise's own credit risk) in profit or loss for the current period.

### ② Other financial liabilities

Financial liabilities other than those arising from transfers of financial assets that do not qualify for derecognition or from continuing involvement in the transferred financial assets and financial guarantee contracts are classified as financial liabilities measured at amortized cost and are subsequently measured at amortized cost, with gains or losses arising from derecognition or amortization recognized in profit or loss for the current period.

## (3) Recognition basis and measurement method for transfer of financial assets

A financial asset is derecognized when one of the following conditions is met: ① the contractual rights to

receive cash flows from the financial asset cease; ②the financial asset is transferred and substantially all the risks and rewards of ownership of the financial asset are transferred to the transferring party; ③the financial asset is transferred and, although the enterprise neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it relinquishes control over the financial asset.

If an enterprise neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset and does not relinquish control over the financial asset, it recognizes the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes the related liability accordingly. The extent of continuing involvement in the transferred financial asset is the level of risk to which the enterprise is exposed as a result of changes in the value of the financial asset.

If a transfer of a financial asset as a whole satisfies the derecognition condition, the difference between the carrying value of the financial asset transferred and the sum of the cumulative amount of changes in fair value originally recognized in other comprehensive income is recognized in profit or loss for the current period.

If a partial transfer of a financial asset satisfies the derecognition condition, the carrying value of the transferred financial asset is apportioned between the derecognized and unrecognized portions at their relative fair values, and the difference between the sum of the consideration received for the transfer and the cumulative amount of changes in fair value that should be apportioned to the derecognized portion that was previously recognized in other comprehensive income and the apportioned previously mentioned carrying amount is recognized in profit or loss.

The Company is required to determine whether substantially all the risks and rewards of ownership of a financial asset have been transferred when the financial asset is sold using the recourse method or when the financial asset held by the Company is transferred by endorsement. If substantially all the risks and rewards of ownership of the financial asset have been transferred to the transferor, the financial asset is derecognized; if substantially all the risks and rewards of ownership of the financial asset have been retained, the financial asset is not derecognized; if neither substantially all the risks and rewards of ownership of the financial asset have been transferred nor retained, the Company continues to determine whether the enterprise retains control over the asset and, in accordance with the preceding paragraphs The accounting treatment is based on the principles described in the preceding paragraphs.

#### (4) Derecognition of financial liabilities

If the present obligation of a financial liability (or a portion thereof) is discharged, the Company derecognizes the financial liability (or the portion of the financial liability). If the Company (the borrower) enters into an agreement with the lender to replace the original financial liability by assuming a new financial liability, and the contractual terms of the new financial liability are materially different from

those of the original financial liability, the original financial liability is derecognized and a new financial liability is recognized at the same time. If the Company materially modifies the contractual terms of the original financial liability (or a part thereof), the original financial liability is derecognized and a new financial liability is recognized at the same time in accordance with the modified terms.

If a financial liability (or a portion thereof) is derecognized, the Company recognizes the difference between its carrying value and the consideration paid (including non-cash assets transferred or liabilities assumed) in profit or loss for the current period.

#### (5) Offsetting of financial assets and financial liabilities

When the Company has a legal right to offset the recognized amounts of financial assets and financial liabilities, and such legal right is currently enforceable, and the Company plans to settle the financial assets and settle the financial liabilities on a net basis or simultaneously, the financial assets and financial liabilities are presented in the balance sheet at their net amounts after offsetting each other. Otherwise, financial assets and financial liabilities are presented separately in the balance sheet without offsetting each other.

#### (6) Methods for determining the fair value of financial assets and financial liabilities

Fair value is the price that market participants would receive to sell an asset or pay to transfer a liability in an orderly transaction occurring on the measurement date. If an active market exists for a financial instrument, the Company uses quoted prices in the active market to determine its fair value. Quoted prices in active markets are prices that are readily and regularly available from exchanges, brokers, industry associations, pricing services, etc., and that represent market transactions that actually occur at arm's length. If there is no active market for a financial instrument, the Company uses valuation techniques to determine its fair value. Valuation techniques include reference to prices used in recent market transactions conducted by familiar and voluntarily trading parties, reference to current fair values of other financial instruments that are substantially the same, discounted cash flow methods, and option pricing models. In valuation, the Company uses valuation techniques that are applicable in the current circumstances and supported by sufficient available data and other information, selects inputs 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 use of relevant observable inputs whenever possible. Where relevant observable inputs are unavailable or impractical to obtain, unavailable inputs are used.

#### (7) Equity instruments

An equity instrument is a contract that evidences ownership of the Company's residual interest in the assets after deducting all liabilities. The Company issues (including refinancing), repurchases, sells or

writes off equity instruments as changes in equity, and transaction costs associated with equity transactions are deducted from equity. The Company does not recognize changes in the fair value of equity instruments.

Distributions of dividends (including "interest" from instruments classified as equity instruments) during the life of the Company's equity instruments are treated as an appropriation of earnings.

#### **10. Impairment of financial assets**

The Company's financial assets subject to impairment loss recognition are financial instruments reported at amortized cost, investments in debt instruments at fair value through other comprehensive income, and lease receivables, mainly including notes receivable, accounts receivable, other receivables, debt investments, other debt investments, and long-term receivables. In addition, for certain financial guarantee contracts, provision for impairment and credit impairment losses are also recognized in accordance with the accounting policies described in this section.

##### **(1) Method of recognition of provision for impairment**

The Company uses expected credit losses as the basis, for each of the above items, a provision for impairment is made and a credit impairment loss is recognized in accordance with the expected credit loss measurement method (general method or simplified method) applicable to that item.

Credit losses represent the difference between all contractual cash flows receivable under the contracts and all cash flows expected to be collected, discounted at the Company's original effective interest rate, which is the present value of all cash shortages. Of which, for financial assets purchased or originated that credit impairment has been incurred, the Company discounts the credit-adjusted effective interest rate of the financial assets.

The general approach to measuring expected credit losses is that the Company assesses at each balance sheet date whether the credit risk of a financial asset has increased significantly since initial recognition, and measure the provision for losses and recognize expected credit losses and changes therein, respectively, in accordance with the following circumstances, and the resulting increase or reversal in the provision for losses is recognized as an impairment loss or gain in profit or loss for the current period:

- ① If the credit risk of the financial instrument has not increased significantly since initial recognition and is in the first stage, the Company measures the allowance for losses at an amount equal to the expected credit losses on the financial instrument over the next 12 months and calculates interest income based on the carrying amount and effective interest rate;
- ② If the credit risk of the financial instrument has increased significantly since initial recognition but no credit impairment has occurred, in the second stage, the Company measures its loss allowance at an amount equal to the expected credit loss over the entire life of the financial instrument and calculates

interest income based on the carrying amount and effective interest rate;

③ If the credit risk of the financial instrument has become credit impaired since initial recognition and is in the third stage, the Company measures its loss allowance at an amount equal to the expected credit loss over the entire life of the financial instrument and calculates interest income based on the amortized cost and effective interest rate.

#### (2) With low credit risk

A financial instrument is considered to have low credit risk if the risk of default is low, the borrower's ability to meet its contractual cash flow obligations in the short term is strong, and even if adverse changes in economic conditions and business environment in the longer term do not necessarily reduce the receivables' ability to meet their contractual cash flow obligations.

#### (3) Significant increase in credit risk

The credit risk of a financial asset increases significantly if the probability of default over the expected life of the financial asset determined at the balance sheet date is significantly higher than the probability of default over the expected life of the financial asset determined at initial recognition. Except in special circumstances, the Company uses the change in the risk of default occurring within the next 12 months as a reasonable estimate of the change in the risk of default occurring over the entire duration to determine whether the credit risk has increased significantly since initial recognition. In determining whether credit risk has increased significantly since initial recognition, the Company considers reasonable and substantiated information, including forward-looking information, that is available without unnecessary additional cost or effort. The information considered by the Company includes:

- ① Beneficial changes in business, financial or economic conditions that are expected to result in significant changes in the debtor's ability to meet its debt service obligations.
- ② Whether there is a significant change in the actual or expected results of the debtor's operations.
- ③ Whether the credit risk of other financial instruments issued by the same debtor has increased significantly.
- ④ Whether there is a significant adverse change in the regulatory, economic or technological environment in which the debtor operates.
- ⑤ Whether there is a significant change in the debtor's expected performance and repayment behavior.

At the balance sheet date, if the Company determines that a financial instrument has only low credit risk, the Company assumes that the credit risk of the financial instrument has not increased significantly since initial recognition.

#### (4) Financial assets that have suffered credit impairment

A financial asset becomes credit impaired when one or more events occur that the Company expects to

have an adverse effect on the future cash flows of the financial asset. Evidence that a financial asset is credit impaired includes the following observable information:

- ① Significant financial difficulties of the issuer or debtor;
- ② Breach of contract by the debtor, such as default or overdue in the payment of interest or principal;
- ③ The creditor grants concessions to the debtor that it would not have made under any other circumstances for economic or contractual considerations related to the debtor's financial difficulties;
- ④ The debtor is likely to become insolvent or otherwise financially reorganized;
- ⑤ The disappearance of an active market for the financial asset as a result of the financial difficulties of the issuer or the debtor;
- ⑥ A financial asset is purchased or originated at a significant discount that reflects the fact that a credit loss has occurred.

(5) Combination approach to assess expected credit risk on a combination basis

The Company evaluates credit risk individually for financial assets with significantly different credit risks, such as: receivables from related parties; receivables that are in dispute with the other party or involved in litigation or arbitration; and receivables for which there are clear indications that the debtor is likely to fail to meet its repayment obligations, etc.

In addition to financial assets for which credit risk is assessed individually, the Company divides financial assets into different groups based on common risk characteristics and assesses credit risk on a combination basis.

(6) Accounting treatment method for impairment of financial assets

To reflect changes in the credit risk of financial instruments since initial recognition, the Company remeasures the expected credit losses at each balance sheet date, and the resulting increase or reversal in the provision for losses should be recognized as an impairment loss or gain in profit or loss for the current period. For financial instruments reported at amortized cost, the provision for losses is offset against the carrying amount of the financial assets presented in the balance sheet; for debt investments measured at fair value through other comprehensive income, the Group recognizes its provision for losses in other comprehensive income without offsetting the carrying amount of the financial assets.

(7) Methods for determining credit losses on various types of financial assets

① Notes receivable

The Company measures the allowance for losses on notes receivable at an amount equal to the expected credit losses over the entire life of the notes. Based on the credit risk characteristics of the notes receivable, they are classified into different combinations:

Item	Basis for determining the combination
Bank acceptances	The acceptor is a bank with low credit risk
Commercial acceptances	Based on the credit risk classification of the acceptor, the classification should be the same as that of the "accounts receivable" combination

## ② Accounts receivable

For accounts receivable, contract assets, lease receivables and commercial acceptances receivable, whether or not they contain significant financing components, the Company always measures its allowance for losses at an amount equal to the expected credit losses throughout their lives, and the resulting increase or reversal of the allowance for losses is recorded as an impairment loss or gain in profit or loss for the current period.

The Company combined this notes receivable and commercial acceptances receivable according to similar credit risk characteristics and provides for losses on accounts receivable based on all reasonable and substantiated information, including forward-looking information.

The Company uses different methods to provide for bad debts for accounts receivable based on their credit risk characteristics:

Name	Determination basis	Accrual method
Receivables with provision for bad debts based on a combination of credit risk characteristics	Except for accounts receivable for which the provision for losses has been separately measured, The Company prepares a comparison table between the aging of accounts receivable and the expected credit loss rate for the entire lifespan based on the expected credit losses of same or similar accounts receivable combinations with similar credit risk characteristics divided by aging groups in previous years, considering forward-looking information, and calculates the expected credit loss rate	Ageing analysis method
Receivables with a single provision for bad debts	Including related party receivables (all related party customers), receivables without credit risk (such as receivables from government departments), other receivables with obvious signs of impairment, etc.	Single-assessment credit risk accrual

### a. Accrual method for expected credit losses using a combination of credit risk characteristics:

Age of accounts	Percentage of accrual for accounts receivable (%)
Within 6 months (including 6 months)	0
7-12 months (including 1 year)	0.5
1-2 years (including 2 years)	10
2-3 years (including 3 years)	20
3-4 years (including 4 years)	50
4-5 years (including 5 years)	50
More than 5 years	100

b. Accounting method using a single provision for expected credit losses

No provision for expected credit losses is made for accounts receivable between related parties' entities and receivables without credit risk, except when objective evidence exists that the Company will not be able to collect the amounts in accordance with the terms of the relevant contracts.

③ Other receivables

The Company uses a simplified approach based on whether the credit risk of other receivables has increased significantly since initial recognition, whereby impairment losses are always measured at the amount of expected credit losses over the entire life of the receivables. Other receivables are provided for as bad debts using different methods based on their credit risk characteristics:

Name	Determination basis	Accrual Method
Receivables with provision for bad debts based on a combination of credit risk characteristics	Except for other receivables for which the provision for losses has been separately measured, The Company determines the allowance for losses between the aging of other receivables based on the expected credit losses of same or similar other receivables combinations with similar credit risk characteristics divided by aging groups in previous years, considering forward-looking information	Ageing analysis method
Receivables with a single provision for bad debts	Including related party receivables (all related parties), receivables without credit risk (receivables for land and other deposits, receivables from minority shareholders and partners for operating transactions, receivables from government departments, employee reserve funds, export tax refunds receivable, letters of credit, deposits, etc.), other receivables with obvious signs of impairment, etc.	Single-assessment credit risk accrual

a. Accrual method for expected credit losses using combination of credit risk characteristics:

Age of accounts	Accrual ratio of other receivables (%)
Within 6 months (including 6 months)	0
7-12 months (including 1 year)	0.5
1-2 years (including 2 years)	10
2-3 years (including 3 years)	20
3-4 years (including 4 years)	50
4-5 years (including 5 years)	50
More than 5 years	100

b. Accrual method in accordance with single provision for expected credit losses:

The recovery of other receivables assessed individually is subject to the calculation of expected credit losses on an individual basis, taking into account the actual situation of the related receivables. No allowance for expected credit losses is provided for receivables between related parties' entities and receivables without credit risk, except when objective evidence exists that the Company will not be able to collect the amounts in accordance with the terms of the relevant contracts.

#### ④ Debt investment

Debt investments mainly account for investments in bonds, etc., which are measured at amortized cost. The Company measures impairment losses using an amount equal to the expected credit losses over the next 12 months, or the entire duration, based on whether the credit risk has increased significantly since initial recognition.

#### ⑤ Other debt investments

Other debt investments mainly account for investments in bonds that are measured at fair value and changes in which are recognized in other comprehensive income, etc. The Company measures impairment losses using an amount equal to the expected credit losses over the next 12 months or the entire life of the investment, based on whether the credit risk has increased significantly since initial recognition.

#### ⑥ Long-term receivables (excluding receivables with significant financing components and lease receivables)

The Company measures impairment losses on long-term receivables using an amount equal to the expected credit losses over the next 12 months or over the entire life of the receivables, based on whether their credit risk has increased significantly since initial recognition.

### 11. Contract costs

Incremental costs incurred by the Company to acquire a contract that are expected to be recovered are recognized as an asset as contract acquisition costs. However, if the amortization period of the asset does not exceed one year, it is recognized in profit or loss as incurred.

Costs incurred to perform a contract that are not regulated by other ASBE other than "ASBE No.14 - Revenue (revised 2017)" and that also meet the following conditions are recognized as a contract performance cost as an asset: ① the cost is directly related to a current or expected to be obtained contract, including direct labor, direct materials, manufacturing costs (or similar costs), costs explicitly borne by the customer and other costs incurred solely as a result of that contract; ②) the cost increases the Group's future resources available to meet performance obligations; ③ the cost is expected to be recovered.

Assets related to contract costs are amortized using the same basis as the revenue recognition of the commodity to which the asset relates and are recognized in profit or loss.

See Note IV (10) Impairment of financial assets for the method of determining expected credit losses on contract costs.

## 12. Inventories

### (1) Category of inventory

Inventories are finished goods or merchandise held for sale in the ordinary course of the Company's activities, products in process of production, materials and supplies consumed in the course of production or provision of services, etc. They mainly include development products, development costs, engineering construction, raw materials, work in process, and inventory goods, etc.

### (2) Valuation method of inventories

The Company's general merchandise and product inventories are valued at actual cost at the time of acquisition, and the cost of inventories includes purchase cost, processing cost and other costs. Upon receipt and issuance, depending on the inventory, it is valued on the basis of the first-in, first-out method, the weighted-average method, and the individually determined method.

Inventories formed from the Company's immovable property and real estate development are initially measured at cost. Inventories mainly consist of inventory materials, development products under construction (development costs), completed development products and development products temporarily leased with the intention to sell, etc. The cost of development products includes land premiums, expenditures for infrastructure facilities, construction and installation expenditures, borrowing costs incurred prior to the completion of development projects and other related costs in the development process.

The Company's construction contracts are measured at actual cost, which includes direct and indirect costs incurred in connection with the execution of the contract from the time the contract is entered into until its completion. Business travel costs and bidding costs incurred to enter into contracts that can be separately distinguished and reliably measured and for which it is probable that the contract will be concluded are included in the cost of the contract when it is obtained; if the above conditions are not met, they are included in profit or loss for the current period.

The cumulative costs incurred and the cumulative recognized gross profit (loss) on contracts under construction are presented in the balance sheet as net amounts after offsetting the settled prices. The excess of the sum of the cumulative costs incurred and the cumulative recognized gross profit (loss) on contracts under construction over the settled price is shown as inventory; the excess of the settled price on contracts under construction over the sum of the cumulative costs incurred and the cumulative recognized gross profit (loss) is shown as advance receipts.

### (3) Inventory system of inventory

Use the perpetual inventory system.

(4) The basis for determination of the net realizable value of inventories and the accrual method of provision for inventories

Inventories are fully inventoried at the end of the period, the provision for inventory is extracted or adjusted at the lower of the cost and net realizable value of the inventories. The inventories directly for sale, such as finished goods, inventory goods and materials for sale, the net realizable value of the inventory is determined in the ordinary course of production and operation as the estimated selling price of the inventory less estimated selling expenses and related taxes; For material inventories that are subject to processing, the net realizable value of the inventory is determined in the ordinary course of production operations as the estimated selling price of the finished goods produced, less the estimated costs to be incurred to completion, estimated selling expenses and related taxes; The net realizable value of inventory held for the execution of sales contracts or labor contracts is calculated on the basis of the contract price. If the quantity of inventory held exceeds the quantity ordered in the sales contract, the net realizable value of the excess inventory is calculated on the basis of the general sales price.

Provision for inventories at the end of the period is accrued according to individual inventory items; however, for inventories with large quantities and lower unit prices, provision for inventories is accrued according to inventory categories; and for inventories that are related to product lines manufactured and sold in the same region, have the same or similar end use or purpose, and are difficult to be measured separately from other items, provision for inventories is accrued on a consolidated basis.

If the factors affecting the value of inventories previously written down have disappeared, the amount of the write-down is restored and reversed within the amount of the original provision for inventory decline, and the reversed amount is recognized in profit or loss for the current period.

### 13. Contract assets and contract liabilities

#### (1) Contract assets

The Company presents contract assets in the balance sheet when the customer has not yet paid the contract consideration, but the Company has fulfilled its performance obligations under the contract and the right to collect from the customer is not unconditional (i.e., dependent only on the passage of time). 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 offset.

The method of determining expected credit losses on contract assets is described in Note IV (10) Impairment of financial assets.

#### (2) Contractual liabilities

A contract liability is an obligation to transfer merchandise to a customer for which the Company has

received or is due to receive consideration from the customer. If, before the Company transfers goods to a customer, the customer has paid the contract consideration or the Company has obtained an unconditional right to receive payment, the Company presents such received or receivable as a contract liability at the earlier of the actual payment by the customer or the amount due and payable. 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 offset.

#### 14. Long-term equity investments

Long-term equity investments referred to in this section are long-term equity investments in which the Company has control, common control or significant influence over the investee. Long-term equity investments in which the Company does not have control, common control or significant influence over the investee may be designated as fair value through other comprehensive income at the time of initial recognition at the option of the Company, the accounting policies of which are described in Note IV (9) Financial instruments.

Common control, which refers to the control shared by the Company over an arrangement in accordance with the relevant agreement, and where the relevant activities of the arrangement can only be decided with the unanimous consent of the participants sharing the control; Significant influence means that the Company has the power to participate in decision-making over the financial and operating policies of the investee, but does not control or share control with other parties over the formulation of those policies.

##### (1) Determination of investment cost

For long-term equity investments acquired through business combinations under common control, the initial investment cost of long-term equity investments is determined at the date of consolidation based on the share of the ownership interest of the consolidated party in the carrying amount of the consolidated financial statements of the ultimate controlling party. The difference between the initial investment cost of the long-term equity investment and the carrying amount of cash paid, non-cash assets transferred and liabilities assumed is adjusted to capital reserve; if capital reserve is not sufficient to offset the difference, retained earnings is adjusted. If equity securities are issued as consideration for a merger, the share of the ownership interest of the consolidated party in the carrying value of the consolidated financial statements of the ultimate controlling party is used as the initial investment cost of the long-term equity investment at the date of the merger, and the total par value of the shares issued is used as share capital. The difference between the initial investment cost of the long-term equity investment and the total par value of the shares issued is adjusted to capital reserve; if capital reserve is not sufficient to offset the difference, capital reserve is adjusted to retained earnings. If the equity of the party under the common control is acquired in stages through multiple transactions, resulting in a business combination under the common control, it should be treated as a "package transaction" or not: if it is a "package transaction", each transaction should be treated

as a single transaction to obtain control. If the transaction is a "package transaction", each transaction will be accounted for as a transaction to obtain control. If the transaction is not a "package transaction", the initial investment cost of the long-term equity investment at the date of consolidation is based on the share of the carrying value of the ownership interest of the consolidated party in the consolidated financial statements of the ultimate controlling party, and the initial investment cost of the long-term equity investment is equal to the carrying value of the long-term equity investment before the consolidation plus the carrying value of the further acquisition of shares at the date of consolidation. The difference between the initial investment cost of the long-term equity investment and the sum of the carrying value of the long-term equity investment prior to consolidation and the carrying value of the consideration paid for further acquisition of shares is adjusted to capital reserve; if capital reserve is not sufficient to offset the difference, retained earnings is adjusted. Other comprehensive income recognized for equity investments held prior to the date of consolidation due to the adoption of the equity method of accounting or as other equity instruments investments is not accounted for the time being.

For long-term equity investments acquired through a business combination under non-common control, the initial investment cost of the long-term equity investment at the date of purchase is based on the cost of the combination, which includes the sum of the fair value of the assets paid, liabilities incurred or assumed, and equity securities issued by the purchaser. Acquisition of the equity interest of the purchased party in stages through multiple transactions, resulting in a business combination under non-common control, it should be treated as a "package transaction" or not: if it is a "package transaction", each transaction is treated as a transaction to obtain control. If the transaction is not a "package transaction", the initial investment cost of the long-term equity investment accounted for under the cost method instead is the sum of the carrying value of the equity investment in the investee plus the cost of the new investment. If the equity held is accounted for under the equity method, the related other comprehensive income is not accounted for the time being. If the formerly held equity investment is other equity instruments investments, the difference between its fair value and carrying value, as well as the accumulated changes in fair value previously recognized in other comprehensive income, are transferred to profit or loss for the current period.

Intermediary fees such as audit, legal services, appraisal and consulting, and other related administrative expenses incurred by the merging parties or the purchaser for the business combination are recognized in profit or loss when incurred.

Long-term equity investments other than those resulting from business combinations are initially measured at cost, which is determined, depending on the method of acquisition of the long-term equity investment, by the actual cash purchase price paid by the Company, the fair value of equity securities issued by the Company, the value agreed in the investment contract or agreement, the fair value or

original carrying amount of the assets exchanged in a non-monetary asset exchange transaction, and the fair value of the long-term equity investment itself, respectively. Costs, taxes and other necessary expenses directly related to the acquisition of long-term equity investments are also counted in the cost of investments. For additional investments that enable significant influence or joint control over the investee but do not constitute control, the cost of the long-term equity investment is the sum of the fair value of the originally held equity investment plus the cost of the additional investment as determined in accordance with "ASBE No.22 - Recognition and Measurement of Financial Instruments".

(2) Subsequent measurement and profit and loss recognition methods

Long-term equity investments in which the Company has common control (except for those that constitute joint operators) or significant influence over the investee are accounted for using the equity method. In addition, the financial statements use the cost method to account for long-term equity investments that are capable of exercising control over the investee.

① Long-term equity investments accounted for under the cost method

When the cost method of accounting is adopted, long-term equity investments are carried at initial investment cost, and the cost of long-term equity investments is adjusted for additional or recovered investments. Except for cash dividends or profits declared but not yet paid included in the actual price or consideration paid for the investment at the time of acquisition, current investment income is recognized on the basis of entitlement to cash dividends or profits declared by the investee.

② Long-term equity investments accounted for under the equity method

When the equity method of accounting is adopted, if the initial investment cost of a long-term equity investment is greater than the share of the fair value of the identifiable net assets of the investee at the time of investment, the initial investment cost of the long-term equity investment is not adjusted; if the initial investment cost is less than the share of the fair value of the identifiable net assets of the investee at the time of investment, the difference is recognized in profit or loss for the current period and the cost of the long-term equity investment is adjusted.

Under the equity method of accounting, investment income and other comprehensive income are recognized respectively in accordance with the investee's share which should be enjoyed or contributed of net profit or loss and other comprehensive income, and the carrying value of long-term equity investments is adjusted; the carrying value of long-term equity investments is reduced accordingly to the extent of the investee's share of profits or cash dividends declared by the investee; For changes in the ownership interest of the investee other than net profit or loss, other comprehensive income and profit distribution, the carrying value of the long-term equity investment is adjusted and recognized as capital reserve. In recognizing the share of net profit or loss of the investee, the fair value of each identifiable

asset of the investee at the time the investment is acquired is used as the basis for recognition, after adjusting the net profit of the investee. If the accounting policies and accounting periods adopted by the investee are different from those of the Company, the financial statements of the investee are adjusted in accordance with the Company's accounting policies and accounting periods, and investment income and other comprehensive income are recognized accordingly. For transactions between the Company and its associates and joint ventures, if the assets invested or sold do not constitute a business, the unrealized internal transaction gains or losses are offset in proportion to the percentage of enjoyment that is attributable to the Company, and investment gains or losses are recognized on this basis. However, unrealized internal transaction losses incurred by the Company and its investees that are attributable to impairment losses on the assets transferred are not offset. If the assets invested by the Company in a joint venture or an associate constitute a business, and the investor thus acquires a long-term equity investment but does not obtain control, the fair value of the business invested is used as the initial investment cost of the new increase long-term equity investment, and the difference between the initial investment cost and the carrying amount of the business invested is recognized in full in profit or loss for the current period. If the assets sold by the Company to a joint venture or an associate constitute a business, the difference between the consideration received and the carrying value of the business is recognized in full in profit or loss for the current period. If the assets acquired by the Company from its associates and joint ventures constitute a business, they are accounted for in accordance with "the ASBE No.20 - Business Combinations", and the full amounts of transaction-related gains or losses is recognized.

In recognizing the share of net loss incurred by an investee, the carrying value of long-term equity investments and other long-term interests that substantially constitute a net investment in the investee to the extent it is written down to zero. In addition, if the Company has an obligation to assume additional losses of the investee, it recognizes a projected liability for the expected obligation to be assumed, which is included in the current investment loss. If the investee achieves net profit in a subsequent period, the Company resumes recognition of revenue sharing after the revenue sharing amount makes up for the unrecognized loss sharing amount.

### ③ Acquisition of minority interests

In preparing the consolidated financial statements, the difference between the additional long-term equity investment resulting from the purchase of minority interest and the share of net assets of the subsidiary calculated on a continuing basis from the date of purchase (or the date of consolidation) based on the percentage of new increase shareholding is adjusted to capital reserve, and if capital reserve is not sufficient for elimination, retained earnings are adjusted.

### ④ Disposal of long-term equity investments

In the consolidated financial statements, if the parent company partially disposes of its long-term equity

investments in subsidiaries without loss of control, the difference between the disposal price and the net assets of the subsidiaries corresponding to the disposal of the long-term equity investments is recorded in shareholders' equity; if the parent company partially disposes of its long-term equity investments in subsidiaries resulting in loss of control over the subsidiaries, it is treated in accordance with the relevant accounting policies described in Note IV (5) "Preparation method of consolidated financial statements".

For the disposal of long-term equity investments in other cases, the difference between the carrying amount and the actual acquisition price of the disposed equity is recognized in profit or loss for the current period.

For long-term equity investments accounted for using the equity method, if the remaining equity after disposal is still accounted for using the equity method, the portion of other comprehensive income originally recognized in owners' equity is accounted for at the time of disposal on the same basis as the direct disposal of the related assets or liabilities by the investee in proportion to the corresponding percentage. Owner's equity recognized as a result of changes in the investee's ownership interest other than net profit or loss, other comprehensive income and profit distribution is carried forward to current profit or loss on a proportionate basis.

For long-term equity investments accounted for using the cost method, if the remaining equity after disposal is still accounted for using the cost method, other comprehensive income recognized as a result of the equity method accounting or accounting for financial instruments recognition and measurement standards prior to the acquisition of control over the investee is accounted for on the same basis as the direct disposal of the related assets or liabilities by the investee and is carried forward to current profit or loss on a proportionate basis; changes in owners' equity other than net profit or loss, other comprehensive income and profit distribution in the net assets of the investee recognized as a result of the equity method accounting are carried forward to current profit or loss on a proportionate basis.

If the Company loses control over an investee due to the disposal of a portion of its equity investment, the remaining equity after the disposal is able to exercise common control or significant influence over the investee when preparing the individual financial statements is accounted for under the equity method, and the remaining equity is adjusted as if it had been accounted for under the equity method since its acquisition; if the remaining equity after the disposal is unable to exercise common control or significant influence over the investee, it is accounted for in accordance with the relevant provisions of the guidelines on recognition and measurement of financial instruments. The difference between the fair value and the carrying amount at the date of loss of control is recognized in profit or loss for the current period. For other comprehensive income recognized as a result of the adoption of the equity method of accounting or the standard on recognition and measurement of financial instruments before the Company gained control over the investee, the same basis of accounting as that used for the direct disposal of the related assets or

liabilities of the investee is used when control over the investee is lost, and changes in owner's equity recognized in the net assets of the investee as a result of the adoption of the equity method of accounting, other than net profit or loss, other comprehensive income and profit distribution are transferred to profit or loss in current period when control over the investee is lost. Of these, if the remaining equity after disposal is accounted for under the equity method, other comprehensive income and other owners' equity are carried forward proportionately; if the remaining equity after disposal is accounted for under the recognition and measurement of financial instruments standard instead, other comprehensive income and other owners' equity are carried forward in full.

If the Company loses common control or significant influence over an investee as a result of the disposal of a portion of its equity investment, the remaining equity after disposal is accounted for in accordance with the criteria for recognition and measurement of financial instruments, and the difference between its fair value and carrying amount at the date of loss of common control or significant influence is recognized in profit or loss for the current period. Other comprehensive income recognized as a result of the adoption of the equity method of accounting for the former equity investment is accounted for on the same basis as the direct disposal of the related assets or liabilities by the investee upon the termination of the equity method of accounting. Owner's equity recognized as a result of changes in the investee's ownership interest other than net profit or loss, other comprehensive income and profit distribution is transferred in full to current investment income upon the termination of the equity method of accounting.

The Company disposes of its equity investments in subsidiaries through multiple transactions in stages until it loses control. If the above transactions are package transaction, each transaction is accounted for as a disposal of equity investments in subsidiaries and loss of control, and the difference between the disposal price and the carrying value of the long-term equity investment corresponding to the equity disposed of in each case before the loss of control is first recognized as other comprehensive income and then transferred to profit or loss for the period in which control is lost when control is lost.

### **(3) Impairment testing methods and impairment provisioning methods**

The impairment test method and provision method for impairment of long-term equity investments are detailed in Note IV (21) Impairment of long-term assets.

## **15. Investment properties**

Investment properties are real estate held to earn rentals or for capital appreciation, or both. It includes land use rights that have been leased out, land use rights that are held and intended to be transferred after appreciation, and buildings that have been leased out (including buildings that are used for leasing after completion of construction or development activities by the Company and buildings that will be used for leasing in the process of construction or development); In addition, vacant buildings held by the Company

for operating lease are also treated as investment properties if it is clear that they will be used for operating lease and the intention to hold them will not change in the near future.

**(1) Accounting method for investment properties using the fair model**

Investment properties are subsequently measured using the fair value model, No depreciation or amortization is provided on investment properties, and the carrying amount is adjusted at the balance sheet date based on the fair value of investment properties, with the difference between the fair value and the original carrying amount recognized in profit or loss for the current period, taking into account the effect of deferred income tax or deferred income tax liabilities.

When the Company has conclusive evidence of a change in the use of real estate and converts an investment property into a self-use property, the fair value of the property at the date of conversion is used as the carrying value of the self-use property, and the difference between the fair value and the original carrying value is recognized in profit or loss for the current period;

When owner-occupied properties or inventories are converted to investment properties measured using the fair value model, investment properties are carried at fair value on the date of conversion. If the fair value on the date of conversion is less than the original carrying amount, the difference is recognized in profit or loss for the current period; if the fair value on the date of conversion is greater than the original carrying amount, the difference is recognized in owners' equity.

Investment properties are derecognized when they are disposed of, or permanently withdrawn from use, and no economic benefits are expected from their disposal. Proceeds from disposal of investment properties that are sold, transferred, scrapped or destroyed, net of their carrying amounts and related taxes, are recognized in profit or loss in the current period.

**(2) Basis for selecting fair value**

The company uses the fair value model for subsequent measurement of investment properties at the balance sheet date and the accounting policy selection is based on:

- ① There is an active market for real estate transactions in the location of the investment property.

The Company's investment properties located regions with more developed economic development, real estate transaction market is more active.

- ② The Company is able to obtain market prices for similar or comparable properties and other relevant information from the real estate transaction market in order to make a reasonable estimate of the fair value of investment properties.

Through the real estate market transaction inquiry and other surveys, the market price of same or similar

real estate market and other related information can be obtained from the real estate transaction market, The fair value of investment properties can be obtained by reasonably valuing the fair value of investment properties at the end of the accounting period through such means as hiring professionally qualified professional appraisers to issue appraisal reports for valuation.

③ The key assumptions and main uncertainties used by the Company in estimating the fair value of investment properties are:

Due to changes in the operating environment and the changing factors that affect the value of assets, assumptions must be established to determine the value of assets. These include general assumptions and specific assumptions, among the general assumptions including: going concern assumptions; trading assumptions; open market assumptions. Special assumptions include:

- a. Stable economic environment assumption: It is assumed that there are no significant changes in the relevant laws and regulations and policies in force in the country and the macroeconomic situation of the country after the valuation reference date, no significant changes in the political, economic and social environment of the regions in which the parties to the transaction are located, and no significant adverse impact caused by other unpredictable and force majeure factors.
- b. No significant change assumption: It is assumed that there are no significant changes in national interest rates, exchange rates, tax bases and rates, policy levy fees, etc.
- c. No adverse effect assumption: it is assumed that there are no other human force majeure and unforeseen factors that have a significant adverse effect on the assets to be valued.

In determining the fair value of investment properties, reference is made to the prevailing market price of same or similar properties in an active market; if the prevailing market price of same or similar properties is not available, reference is made to the most recent transaction price of same or similar properties in an active market, taking into account factors such as the circumstances of the transaction, the date of the transaction and the area in which it is located, so as to make a reasonable estimate of the fair value of the investment property; or its fair value is determined based on the present value of rental income and related cash flows expected to be obtained in the future.

## 16. Fixed Assets

### (1) Conditions for recognition of fixed assets

Fixed assets account for tangible assets such as houses, buildings, machines, machinery, transportation means and other equipment, appliances and tools related to production and operation that are held by an enterprise for the production of goods, provision of services, rental or operation management and have a useful life of more than one fiscal year. Fixed assets are recognized when the following conditions are also met:

- ① It is probable that the economic benefits associated with the fixed asset will flow to the enterprise;
- ② The cost of the fixed asset can be measured reliably.

### (2) Initial measurement of fixed assets

The Company's fixed assets are initially measured at cost, of which:

- ① The cost of purchased fixed assets includes the purchase price, import duties and other related taxes, and other expenses directly attributable to the fixed assets incurred before they reach their intended useable state.
- ② The cost of self-constructed fixed assets consists of the necessary expenditures incurred before the construction of the asset reaches its intended useable state.
- ③ The fixed assets invested by investors are recorded at the value agreed in the investment contract or agreement, but the value agreed in the contract or agreement is not fair and is recorded at fair value.
- ④ Where the purchase price of a fixed asset is deferred beyond normal credit terms and is substantially of a financing nature, the cost of the fixed asset is determined on the basis of the present value of the purchase price. The difference between the actual price paid and the present value of the purchase price, except for those to be capitalized, is recognized in current profit or loss over the credit period.

### (3) Subsequent measurement and disposal of fixed assets

#### ① Depreciation of fixed assets

Depreciation of fixed assets, except for fully depreciated fixed assets that continue to be used and land that is separately valued in the accounts, is provided using the average annual method, depreciation rates are determined based on the type of fixed assets, estimated useful life and estimated net salvage value.

Fixed assets formed using special reserve expenditures are written off against the special reserve at the cost of forming the fixed assets, and accumulated depreciation of the same amount is recognized. The fixed assets are not depreciated in subsequent periods.

The Company determines the useful life and estimated net salvage values of fixed assets based on the nature and utilization of the fixed assets. We also review the useful lives, estimated net salvage values and depreciation methods of fixed assets at the end of the year, and make adjustments accordingly if there are differences from the original estimates.

The depreciable lives and annual depreciation rates of various types of fixed assets are as follows:

Category	Depreciable life (years)	Residual value rate (%)	Annual depreciation rate (%)
Houses and buildings	20-40	3	2.43-4.85
Transport equipment	8-18	3	5.39-12.12
Machinery equipment	3-10	5	9.50-31.67

Category	Depreciable life (years)	Residual value rate (%)	Annual depreciation rate (%)
Office equipment	3-5	3	19.4-32.33
Electronic equipment	5	3	19.4
Others (Including gas transmission lines)	3-10	5	9.50-31.67

## ② Subsequent expenses of fixed assets

Subsequent expenditures related to fixed assets are charged to the cost of fixed assets if the conditions for recognition of fixed assets are met; if the conditions for recognition of fixed assets are not met, they are charged to current profit or loss as incurred.

## ③ Disposal of fixed assets

A fixed asset is derecognized when it is disposed of, or when no economic benefits are expected to arise from its use or disposal. Proceeds from disposal of fixed assets that are sold, transferred, scrapped or destroyed, net of their carrying amounts and related taxes, are recognized in profit or loss for the current period.

## (4) Impairment testing methods and impairment provisioning methods for fixed assets

For details of the impairment testing method and impairment provision for fixed assets, see Note IV (21) Impairment of long-term assets.

## 17. Construction in progress

### (1) Type of construction in progress

The Company's self-constructed construction in progress is valued at actual cost, which consists of the necessary expenditures incurred to construct the asset to its intended useable condition, including the cost of materials for construction, labor costs, related taxes and fees paid, borrowing costs to be capitalized and overhead costs to be apportioned. The Company's construction in progress is accounted for by project classification.

### (2) Criteria and point of time for transferring construction in progress to fixed assets

Construction-in-progress projects are recorded as fixed assets at the value of all expenditures incurred before the construction of the asset reaches its intended useable state. If the construction in progress has reached its intended useable state but has not yet been completed, the estimated value is transferred to fixed assets based on the budget, cost or actual cost of the project from the date it reaches its intended useable state, and the depreciation of fixed assets is recorded in accordance with the Company's depreciation policy for fixed assets, and the original provisional estimated value is adjusted based on the actual cost after the completion of the final account, but the original depreciation is not adjusted,

However, the depreciation originally charged is not adjusted.

(3) Impairment testing methods for construction in progress and impairment provisioning methods

For details of the impairment testing method and impairment provision for construction in progress, see Note IV (21) Impairment of long-term Assets.

## 18. Borrowing costs

(1) The recognition principle of capitalization of borrowing costs

Borrowing costs incurred by the Company that are directly attributable to the acquisition or production of assets eligible for capitalization are capitalized and charged to the cost of the related assets; other borrowing costs are recognized as expenses as incurred and charged to current profit or loss based on the amount incurred.

Assets eligible for capitalization are assets such as property, plant and equipment, investment properties and inventories that require a substantial period of time for their acquisition or production activities to reach their intended use or saleable condition.

Borrowing costs begin to be capitalized when both of the following conditions are met:

- ① Expenditure on assets has been incurred, which includes expenditure incurred in the form of cash payments, transfer of non-cash assets or assumption of interest-bearing debt for the acquisition or production of assets eligible for capitalization;
- ② Borrowing costs have been incurred;
- ③ The acquisition or production activities necessary to bring the asset to its intended use or saleable condition have begun.

(2) Period of capitalization of borrowing costs

The capitalization period refers to the period from the point at which capitalization of borrowing costs commences to the point at which capitalization ceases, excluding the period during which capitalization of borrowing costs is suspended.

Borrowing costs cease to be capitalized when the acquisition or production of assets eligible for capitalization reaches its intended use or saleable condition.

When part of the acquisition or production of an asset eligible for capitalization is completed separately and can be used separately, the borrowing costs for that part of the asset cease to be capitalized.

The capitalization of borrowing costs ceases when the asset is completed as a whole if the parts of the asset that are acquired or produced are completed separately but must wait until the whole is completed

before it can be used or sold to the public.

### **(3) Suspension of capitalization period**

Borrowing costs are suspended if there is an unusual interruption in the process of acquisition or production of an asset eligible for capitalization and the interruption lasts for more than three consecutive months; if the interruption is necessary to bring the asset eligible for capitalization to its intended useable or marketable condition, the borrowing costs continue to be capitalized. Borrowing costs incurred during the interrupted period are recognized as current profit or loss until the construction or production of the asset is restarted before the borrowing costs continue to be capitalized.

### **(4) Calculation method of the capitalization amount of borrowing costs**

Interest expenses on special borrowings (net of interest income earned on unused borrowed funds deposited in banks or investment income earned on temporary investments) and their ancillary costs are capitalized until the acquired or produced assets that qualify for capitalization reach their intended use or saleable condition.

The amount of interest to be capitalized on general borrowings is calculated by multiplying the weighted-average number of asset expenditures in excess of the portion of accumulated asset expenditures over special borrowings by the capitalization rate of the general borrowings occupied. The capitalization rate is determined based on the weighted-average interest rate on general borrowings.

If there is a discount or premium on the borrowings, the amount of discount or premium to be amortized in each accounting period is determined by the effective interest method, and the amount of interest is adjusted for each period.

## **19. Intangible assets**

Intangible assets are identifiable non-monetary assets, that are owned or controlled by the company and are not exist in physical form, including software.

### **(1) Initial measurement of intangible assets**

The cost of an externally acquired intangible asset includes the purchase price, related taxes and other expenses directly attributable to bringing the asset to its intended usage. Where the purchase price of an intangible asset is deferred payment beyond normal credit terms and is substantially of a financing nature, the cost of the intangible asset is determined on the basis of the present value of the purchase price.

Debt restructuring acquisition of intangible assets used by the debtor to offset debt, the fair value of the intangible asset is used to determine its recorded value, and the difference between the carrying amount of the restructured debt and the fair value of the intangible asset used to offset the debt is recognized in

profit or loss in current period.

Provided that the exchange of non-monetary assets has commercial substance and the fair value of the exchange of incoming assets or exchange of outgoing assets can be measured reliably, Recorded value of intangible assets acquired in exchange for non-monetary assets are Determined at the basis on fair value of the exchange of outgoing assets, unless there is conclusive evidence that the fair value of the exchange of incoming assets is more reliable; for non-monetary assets exchanges that do not satisfy the above premise, the carrying amount of the asset exchange of outgoing assets and the related tax are used as the cost of the exchange of intangible assets of the exchange of incoming assets, and no gain or loss is recognized.

The recorded value of intangible assets acquired by way of absorption of enterprises under common control is determined at the carrying value of the consolidated party; the recorded value of intangible assets acquired by way of absorption of enterprises under non-common control is determined at fair value.

The cost of an intangible assets developed internally includes materials used in developing the intangible asset, labor costs, registration fees, amortization of other patents and licenses used in the development process and interest expense that conforms to the capitalization conditions, and other direct costs incurred before bring the intangible asset to its intended usage.

## (2) Subsequent measurement of intangible assets

The Company analyzes and determines the useful life of intangible assets at the time of acquisition and classifies them as intangible assets with finite useful life and those with indefinite useful life.

### ① Intangible assets with finite useful life

Intangible assets with finite useful life are amortized on a straight-line basis over the period that provides economic benefits to the enterprise.

At the end of each period, the useful lives and amortization methods of intangible assets with finite useful lives are reviewed and adjusted accordingly if they differ from the original estimates.

### ② Intangible assets with indefinite useful life

Intangible assets with indefinite useful life are considered to be intangible assets for which the period of economic benefits to the enterprise is not foreseeable. Intangible assets with indefinite useful life are not amortized over the holding period, and the life of intangible assets are reviewed at the end of each period. If it is still uncertain after re-examination at the end of the period, the impairment test is continued in each accounting period.

### ③ Provision for impairment of intangible assets

For details of the impairment testing method and impairment provision method for intangible assets, see Note IV (21) Impairment of long-term Assets.

### 20. Long-term prepaid expenses

Long-term amortization expenses refers to all expenses that have been incurred but should be borne by the Company in the current and future periods and are apportioned over a period of more than one year. Long-term amortization is amortized on a straight-line basis over the benefit period.

Long-term amortization expenses incurred by the Company are valued at actual cost and amortized evenly over the estimated benefit period. For items of long-term amortization expenses that will not benefit subsequent accounting periods, the amortized value of the items is fully charged to current profit or loss when determined.

### 21. Impairment of long-term assets

For non-current non-financial assets such as fixed asset, construction in progress, intangible assets with finite useful lives and long-term equity investments in subsidiaries, joint ventures and associates, etc., the Company determines whether there is an indication of impairment at the balance sheet date. If there is an indication of impairment, the recoverable amount is estimated and tested for impairment. Goodwill, intangible assets with indefinite useful life and intangible assets that have not yet reached their serviceable status are tested for impairment annually regardless of whether there is an indication of impairment.

If the result of the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, provision for impairment is made for the difference and impairment loss is recorded. The recoverable amount is the higher of the asset's fair value less costs of disposal and the present value of estimated future cash flows of the asset. The fair value of an asset is determined based on the Sales agreement price of the asset in a fair trade; if no sales agreement exists but an active market for the asset exists, the fair value is determined based on the buyer's bid for the asset; if no sales agreement and no active market for the asset exist, the fair value of the asset is estimated based on the best available information. Disposal costs include legal fees, related taxes, removal costs and direct costs incurred to bring the asset to a saleable condition in connection with the disposal of the asset. The present value of the expected future cash flows of an asset is determined by discounting the asset at an appropriate discount rate based on the expected future cash flows arising from its continuing use and eventual disposal. The provision for asset impairment is calculated and recognized on an individual asset basis. If it is difficult to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group is determined using the asset group to which the asset belongs. An asset group is the smallest

combination of assets that can generate cash inflows independently.

Goodwill that is separately presented in the financial statements is tested for impairment by apportioning the carrying amount of goodwill to the group of assets or combination of groups of assets that are expected to benefit from the synergies of the business combination. If the result of the test indicates that the recoverable amount of the asset group or group of assets containing the apportioned goodwill is less than its carrying amount, a corresponding impairment loss is recognized. The amount of the impairment loss is reduced first by the carrying amount of the goodwill apportioned to the asset group or group of assets, and then Prorated reduction of the carrying value of each other asset that based on the proportion of the carrying value of each asset other than goodwill in the asset group or group of assets.

Once the above impairment loss is recognized, the portion of the asset whose value can be restored is not reversed in subsequent periods.

## 22. Employee compensation

Employee compensation refers to various forms of remuneration or compensation given by the Company to obtain the services provided by the employee or to terminate the employment relationship. Employee compensation includes short-term salary, post-employment benefits, severance benefits and other long-term employee benefits.

### (1) Short-term salary

Short-term salary is defined as employee compensation, excluding post-employment benefits and termination benefits, that is payable in full within twelve months after the end of the annual reporting period in which the employees render the related services. The Company recognizes short-term compensation payable as a liability in the accounting period in which the employee provides services, and counts as the cost of related assets and expenses according to the beneficiary of the services provided by the employee.

### (2) Post-employment benefit

Post-employment benefits are all forms of compensation and benefits provided by the Company after staff retirement or termination of employment with the Company, except short-term salary and termination benefits.

The Company's postemployment benefit plans are classified as defined contribution plans and defined benefit plans.

The defined contribution plan for post-employment benefits is mainly for participation in basic social pension insurance and unemployment insurance organized and implemented by local labor and social security institutions; the amount to be contributed under the defined contribution plan is recognized as a

liability in the accounting period in which the employee provides services to the Company and is charged to current profit or loss or the cost of related assets.

### (3) Termination benefits

Termination benefits are compensation given by the Company to employees for the termination of their employment relationship before the expiration of their employment contracts or to encourage employees to voluntarily accept redundancy. A liability arising from the compensation given for the termination of employment relationship with employees is recognized at the earlier of the time when the Company cannot unilaterally withdraw the termination plan or the proposed redundancy and the time when costs related to the restructuring involving the payment of termination benefits are recognized, and is also recognized in profit or loss for the current period.

The Company provides internal retirement benefits to employees who accept internal retirement arrangements. Internal retirement benefits refer to salaries and social insurance contributions paid to employees who have not reached the retirement age set by the State and who voluntarily withdraw from their jobs with the approval of the Company's management. The Company pays internal retirement benefits to internally retired employees from the date of commencement of internal retirement arrangements until the employees reach normal retirement age. For internal retirement benefits, the Company accounts for them as if they were termination benefits, and recognizes as a liability the salaries to be paid and social insurance premiums to be paid on behalf of internally retired employees from the date the employees cease to render services to the normal retirement date, etc., when the conditions related to recognition of termination benefits are met, and records them as a lump sum in current profit or loss. Differences arising from changes in actuarial assumptions and adjustments to benefit standards for internally retired benefits are recognized in profit or loss as incurred.

## 23. Bonds Payable

### (1) General corporate bonds

Bonds payable at fair value through profit or loss are initially recognized at their fair value, and the related transaction costs are recognized directly in current profit or loss and subsequently measured at fair value.

For other categories of bonds payable, the sum of the fair value and related transaction costs is used as the initial recognition amount, and amortized cost is used for subsequent measurement. The premium or discount is an adjustment to interest expense over the life of the bonds payable and is amortized over the life of the bonds using the effective interest method.

### (2) Convertible corporate bonds

The convertible bonds issued by the Company are initially recognized by splitting the liability component

and the equity component, with the liability component recognized as bonds payable and the equity component recognized as capital reserve. The initial recognition amount of the liability component is determined by discounting the future cash flows of the liability component, and then the initial recognition amount of the equity component is determined by deducting the initial recognition amount of the liability component from the total issue price. Transaction costs incurred for the issuance of convertible bonds are apportioned between the liability component and the equity component based on their respective relative fair values.

#### 24. Provisions

##### (1) Criteria for recognition of provision

The Company recognizes a provision when the obligation associated with the contingency meets both of the following conditions:

the obligation is a present obligation assumed by the Company;

It is probable that the performance of the obligation will result in an outflow of economic benefits to the Company;

The amount of the obligation can be measured reliably.

##### (2) Measurement method of provision

The Company's provisions are initially measured at the best estimate of the expenditure required to settle the related present obligation.

In determining the best estimate, considering Comprehensively the factors such as risks associated with contingencies, uncertainties and the time value of money, etc. For those with a significant impact on the time value of money, the best estimate is determined by discounting the related future cash outflows.

The best estimates are handled separately as follows:

Where a continuous range (or interval) of required expenditures exists and the likelihood of various outcomes within that range is equal, the best estimate is determined as the middle value of the range, i.e., the average of upper and lower amounts.

If there is no continuous range (or interval) of expenditures required, or if there is a continuous range but the probabilities of various outcomes within that range are not the same, the best estimate is determined based on the most probable amount if the contingency relates to a single item; if the contingency relates to multiple items, the best estimate is determined based on various probable outcomes and related probabilities.

If all or part of the expenditures required to settle a projected liability are expected to be reimbursed by a third party, the amount of reimbursement is recognized separately as an asset when it is substantially

certain that it will be received, and the amount of reimbursement recognized does not exceed the carrying amount of the projected liability.

## 25. Revenue

When the contract between the company and the customer simultaneously meets the following conditions, revenue is recognized when the customer obtains control of the relevant goods: all parties to the contract have approved the contract and promised to fulfill their respective obligations; The contract specifies the rights and obligations of all parties involved in the transfer of goods or provision of services; The contract has clear payment terms related to the transferred goods; The contract has commercial substance, which means that fulfilling the contract will change the risk, time distribution, or amount of the company's future cash flow; The consideration that the company is entitled to receive due to the transfer of goods to customers is likely to be recovered.

At the contract commencement date, the Company identifies each individual performance obligation that exists in the contract and apportions the transaction price to each individual performance obligation in relative proportion to the individual selling price of the commodity promised by each individual performance obligation. The impact of factors such as variable consideration, existence of significant financing components in the contract, non-cash consideration, and consideration payable to customers are considered in determining the transaction price.

For each individual performance obligation under a contract, the Company recognizes as revenue the transaction price apportioned to that individual performance obligation in accordance with the progress of performance during the relevant performance period if one of the following conditions is met: the customer obtains and consumes the economic benefits from the Company's performance at the same time as the Company's performance; the customer is able to control the goods under construction in the course of the Company's performance; The goods produced in the course of the Company's performance have irreplaceable usage, and the Company is entitled to receive payments for the portion of performance that has been completed to date on a cumulative basis throughout the contract period. The progress of performance is determined using the input method or output method depending on the nature of the goods transferred, When the progress of performance cannot be reasonably determined, the Company recognizes revenue in the amount of costs already incurred until the progress of performance can be reasonably determined, if the costs already incurred are expected to be reimbursed.

If one of the above conditions is not met, the company will recognize revenue based on transaction price apportioned to the individual performance obligation at the time when the customer obtains control of the relevant goods. When judging whether the customer has obtained control of the product, the company considers the following indications: the enterprise has the current right to receive payment for the product, that is, the customer has the current payment obligation for the product; The enterprise has transferred the

legal ownership of the product to the customer, that is, the customer already has the legal ownership of the product; The enterprise has transferred the physical item of the product to the customer, that is, the customer has taken physical possession of the product; The enterprise has transferred the main risks and rewards of ownership of the goods to the customer, that is, the customer has obtained the main risks and rewards of ownership of the goods; The customer has accepted the product; Other signs indicating that the customer has obtained control of the product. The main business confirmation methods of our company are as follows:

(1) Revenue from real estate sales

For real estate sales that satisfy the condition of fulfilling performance obligations within a certain period of time in accordance with the terms of the sales contract and the legal and regulatory requirements of each location, the Company recognizes revenue in accordance with the progress of performance within that period; for other real estate sales, revenue is recognized when the property is completed and accepted, the conditions for delivery as agreed in the sales contract are met, and at the point when the customer obtains control of the related goods or services.

(2) Revenue from sales of goods

Contracts for the sale of goods between the Group and its customers usually contain only performance obligations for the transfer of goods. The Group usually recognizes revenue at the point of transfer of control of the merchandise based on considering comprehensively the following factors: acquisition of the present right to receive current payment of the merchandise, transfer of the principal risks and rewards of ownership of the merchandise, transfer of legal title to the merchandise, transfer of the physical assets of the merchandise, and acceptance of the merchandise by the customer.

(3) Construction contract

Contract revenue and contract costs are recognized on the balance sheet date under the percentage of completion method when the outcome of the construction contract can be reliably estimated. The progress of contract completion is determined by the proportion of accumulated actual contract costs incurred to the total estimated contract costs, the proportion of contract workload performed to the total estimated contract workload, and the actual measured progress of completion.

The results of a construction contract can be reliably estimated means that both: ① the total contract revenue can be measured reliably; ② it is probable that the economic benefits associated with the contract will flow to the enterprise; ③ the actual contract costs incurred can be clearly distinguished and measured reliably; ④ the progress of completion of the contract and the costs still to be incurred to complete the contract can be reliably determined.

If the outcome of a construction contract cannot be reliably estimated, but the contract costs can be recovered, contract revenue is recognized based on the actual contract costs that can be recovered, and contract costs are recognized as contract expenses in the period in which they are incurred; if it is not probable that the contract costs will be recovered, they are recognized as contract expenses immediately when incurred, and no contract revenue is recognized. If the uncertainties that make the outcome of the construction contract cannot be reliably estimated no longer exist, the revenue and expenses related to the construction contract are determined in accordance with the percentage of completion method.

If the total expected cost of a contract exceeds the total contract revenue, the expected loss is recognized as a current expense.

The cumulative costs incurred and the cumulative recognized gross profit (loss) on contracts under construction are presented in the balance sheet as net amounts after offsetting the settled prices. The excess of the sum of the cumulative costs incurred and the cumulative recognized gross profit (loss) on contracts under construction over the settled price is shown as inventory; the excess of the settled price on contracts under construction over the sum of the cumulative costs incurred and the cumulative recognized gross profit (loss) is shown as advance receipts.

## **26. Government grants**

Government grants, which are monetary and non-monetary assets acquired by the Company from the government without compensation, do not include capital invested by the government as the owner of the enterprise. Government grants are classified as asset-related government grants and revenue-related government grants based on the objects of the grants specified in the relevant government documents.

Government grants related to assets are government grants acquired by the Company for the acquisition and construction or other formation of long-term assets. Government grants related to revenue are government grants other than those related to assets.

### **(1) Recognition of government grants**

Government grants are recognized at the amount receivable if there is evidence that the Company can meet the relevant conditions set forth in the financial support policy at the end of the period and the financial support funds are expected to be received. Other than that, government grants are recognized when they are actually received.

Government grants that are monetary assets are measured at the amounts received or receivable. Government grants that are non-monetary assets are measured at fair value; if the fair value cannot be reliably obtained, they are measured at a nominal amount (RMB1 yuan). Government grants measured at nominal amount are recognized directly in profit or loss for the current period.

## (2) Accounting treatment

Government grants related to assets are recognized as deferred income and are recognized in profit or loss in accordance with a reasonable and systematic method over the useful lives of the assets constructed or purchased;

Government grants related to income, which are used to compensate the enterprise for related expenses or losses in subsequent periods, are recognized as deferred income and recognized in profit or loss in the current period in which the related expenses or losses are recognized; if they are used to compensate the enterprise for related expenses or losses already incurred, they are recognized directly in current profit or loss when acquired.

Government grants related to the daily activities of the enterprise are included in other income; government grants not related to the daily activities of the enterprise are included in non-operating income and expenses.

Government subsidies received in connection with the policy preferential loan discount are offset against the related borrowing costs; if a policy preferential interest rate loan is obtained from a lending bank, the actual amount of the loan received is used as the recorded value of the loan, and the related borrowing costs are calculated based on the principal amount of the loan and the policy preferential interest rate.

When a recognized government subsidy is required to be returned, the carrying amount of the asset is adjusted if the initial recognition is reduced by the carrying value of the related asset; if there is a related deferred revenue balance, the carrying value of the related deferred revenue is reduced and the excess is recognized in profit or loss for the current period; if there is no related deferred revenue, it is recognized directly in profit or loss for the current period.

## 27. Deferred tax assets and deferred tax liabilities

### (1) Basis for recognition of deferred income tax assets

The Company recognizes deferred income tax assets arising from deductible temporary differences to the extent that it is probable that taxable income will be available against which the deductible temporary differences can be utilized.

### (2) Basis for recognition of deferred income tax liabilities

The Company recognizes deferred income tax liabilities for unpaid taxable temporary differences between the current and prior periods. However, temporary differences arising from goodwill, transactions not resulting from business combinations and which, when they occur, affect neither accounting profit nor taxable income (or deductible losses) are excluded.

(3) Deferred income tax assets and deferred income tax liabilities are presented as net amounts after offsetting when the following conditions are met:

- ① An enterprise has the legal right to settle current income tax assets and current income tax liabilities on a net basis;
- ② Deferred income tax assets and deferred income tax liabilities relate to income taxes levied by the same tax authority on the same taxable entity or to different taxable entities, but in each future period in which a significant deferred income tax assets and a significant deferred income tax liabilities reversed, the taxable entities involved intend to settle the current income tax assets and current income tax liabilities on a net basis, or acquire assets and settle debts at the same time.

Generally, in the individual financial statements, current income tax assets and liabilities and deferred income tax assets and deferred income tax liabilities are presented on a net basis after offsetting. In the consolidated financial statements, and the enterprises included in the scope of consolidation, current income tax assets or deferred income tax assets of one party and current income tax liabilities or deferred income tax liabilities of the other party are generally not offset, unless the companies involved have a legal right to settle on a net basis and intend to settle on a net basis.

## 28. Leases

A lease is a contract in which the lessor cedes the right to use an asset to the lessee for a certain period of time in return for consideration.

At the contract start date, the Company assesses whether the contract is a lease or contains a lease. The Company does not reassess whether a contract is a lease or contains a lease unless the terms and conditions of the contract have changed.

### (1) The Company as the lessee

#### ① Right-of-use assets

Except for short-term leases, the Company recognizes right-of-use assets for leases at the commencement date of the lease term. The commencement date of the lease term is the date from which the lessor makes the leased asset available for use by the Group. Right-of-use assets are initially measured at cost. Such cost includes: the initial measurement amount of the lease liability; the amount of lease payments made on or before the commencement date of the lease term, net of the amount related to the lease incentives taken, if any; the initial direct costs incurred by the Company; and the costs expected to be incurred by the Company to disassemble and remove the leased asset, restore the site where the leased asset is located or restore the leased asset to the condition agreed under the terms of the lease.

The Company depreciates right-of-use assets with reference to the depreciation provisions of "the ASBE

No.4 - Fixed Assets". If the Company is able to obtain ownership of the leased asset at the end of the lease term with reasonable certainty, the right-of-use asset is depreciated over the remaining useful life of the leased asset. If it is not reasonably certain that ownership of the leased asset can be obtained at the end of the lease term, depreciation is provided over the shorter of the lease term and the remaining useful life of the leased asset.

The Company follows the regulations of "the ASBE No.8 - Impairment of Assets" to determine whether a right-of-use asset has been impaired and to account for the identified impairment loss.

## ② Lease liabilities

Except for short-term leases, the Company initially measures the lease liability at the commencement date of the lease term based on the present value of the lease payments outstanding at that date. In calculating the present value of the lease payments, the Company uses the incremental borrowing rate as the discount rate because the Company is unable to determine the interest rate implicit in lease.

Lease payments are payments made by the Company to the lessor related to the right to use the leased asset during the lease term, including: fixed payments and substantially fixed payments, net of amounts related to lease incentives if lease incentives exist; variable lease payments that depend on an index or rate; the exercise price of purchase options that the Company reasonably determines will be exercised; payments required to exercise termination options if the lease term reflects that the Company will exercise the termination options; and payments expected to be made based on the residual value of guarantees provided by the Company.

Variable lease payments that depend on an index or rate are determined at initial measurement based on the index or rate at the inception date of the lease term. Variable lease payments that are not included in the measurement of the lease liability are recognized in profit or loss or the cost of the related asset when they are actually incurred.

After the commencement date of the lease term, the Company calculates the interest expense on the lease liability for each period of the lease term based on a fixed periodic interest rate, which is charged to current profit or loss or the cost of the related assets.

After the commencement date of the lease term, if the following situations occurred, the Company remeasures the lease liability and adjusts the corresponding right-of-use asset if the carrying value of the right-of-use asset has been reduced to zero but the lease liability still needs to be further reduced, the Company recognizes the difference in profit or loss for the current period:

Due to changes in the lease term or changes in the evaluation results of the purchase option, the company remeasures lease liabilities based on the present value of the revised lease payments and discount rate

after changes.

When changes occurs which in the payable expected based on the residual value of the guarantee or in the index or ratio used to determine the lease payments, the Company remeasures the lease liability according to the present value of the lease payments and the original discount rate after the change.

### ③ Short-term leases and leases of low-value assets

For short-term leases (leases with a lease term of not more than 12 months at the commencement date of the lease and not including a purchase option) and leases of low-value assets, the Company adopts a simplified treatment by not recognizing right-of-use assets and lease liabilities, and instead recognizes lease payments in the cost of the related assets or in current profit or loss on a straight-line basis or other systematic and reasonable method over the respective periods of the lease term.

### ④ Lease changes

The Company accounts for a lease change as a separate lease if the lease is changed and both of the following conditions are met:

The lease change expands the scope of lease by adding the right to use one or more of the leased assets;

The increased consideration is equivalent to the separate price for the expanded portion of the lease adjusted for the circumstances of that contract.

If a lease change is not accounted for as a separate lease, on the effective date of the lease modification, the Company reapportioned the consideration of the modified contract, redetermined the lease term, and remeasured the lease liability based on the present value of the modified lease payments and the revised discount rate.

If a lease change results in a reduction in the scope of the lease or a shortening of the lease term, the Company reduces the carrying value of the right-of-use asset accordingly and recognizes the gain or loss related to the partial termination or complete termination of the lease in profit or loss for the current period.

## (2) The Company as lessor

### ① Leasing classification

A lease that transfers substantially almost all of the risks and rewards associated with the ownership of the leased asset is a finance lease. Leases other than finance leases are operating leases.

### ② The Company records operating lease business as a lessor

The Group recognizes lease receipts from operating leases as rental income on a straight-line basis over

the respective periods of the lease term. The initial direct costs incurred by the Company in connection with operating leases are capitalized when incurred, apportioned over the lease term on the same basis as rental income is recognized, and recognized in profit or loss in the current period.

Variable lease receipts acquired by the Company in connection with operating leases that are not included in the lease receipts are recognized in current profit or loss when they are actually incurred.

### (3) Sale and leaseback transactions

The transfer of assets in sale-and-leaseback transactions is assessed to determine whether it is a sale in accordance with the principles described in Note IV (25) Revenue of this note.

#### ① As a lessee

If the transfer of an asset in a sale-and-leaseback transaction is a sale, the company, as the lessee, measures the right-of-use asset resulting from the sale-and-leaseback at the portion of the original asset's carrying value that relates to the right of use acquired by the leaseback and recognizes a gain or loss related to the right transferred to the lessor only; if the transfer of an asset in a sale-and-leaseback transaction is not a sale, the company, as the lessee, continues to recognize the transferred asset and also recognizes a financial liability equal to the transferred income. For details of the accounting treatment of financial liabilities, please refer to Note IV (9) Financial instruments in this note.

#### ② As a lessor

If the transfer of assets in a sale-and-leaseback transaction is a sale, the Company accounts for the purchase of the assets as a lessor and accounts for the lease of the assets in accordance with the aforementioned policy "2. the Company, as the lessor"; If the transfer of assets in a sale-and-leaseback transaction is not sale, The company as lessor does not recognize the transferred assets, but recognizes a financial asset equal to the transferred revenue. For details of the accounting treatment of financial assets, see Note IV (9) Financial instruments.

## 29. Fair value measurement

Fair value is the price that a market participant would receive to sell an asset or pay to transfer a liability in an orderly transaction occurring on the measurement date. Whether the fair value is observable or estimated using valuation techniques, the fair value measured or disclosed in these financial statements is determined on this basis.

### (1) Assets and liabilities measured at fair value

The Company's assets measured at fair value at the end of the year mainly included trading financial assets, derivative financial assets, other non-current financial assets, investments in other equity

instruments and investment properties, etc. The liabilities measured at fair value mainly included trading financial liabilities and derivative financial liabilities.

### (2) Valuation techniques

When measuring the relevant assets or liabilities at fair value, the Company uses valuation techniques that are applicable in the current circumstances and supported by sufficient available data and other information. The valuation techniques used primarily include the market approach, the income approach and the cost approach. The Company measures fair value using one or more of these valuation techniques that are consistent with each other, giving full consideration to the reasonableness of each valuation result, and selects the amount that best represents the fair value under current circumstances as the fair value.

Fair value measurements are classified into three levels based on the observability of the inputs and the significance of those inputs to the fair value measurement as a whole:

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that are available at the measurement date. An active market is one in which the volume and frequency of transactions for the relevant asset or liability are sufficient to provide pricing information on a continuous basis. Level 2 inputs are inputs other than Level 1 inputs that are observable for the relevant asset or liability, either directly or indirectly. Level 2 inputs include: ① Quoted prices for similar assets or liabilities in active markets. ② Quoted prices for identical or similar assets or liabilities in markets that are not active. ③ Observable inputs other than quoted prices, including interest rates, yield curves, implied volatilities, credit spreads, etc. that are observable during the normal quotation interval. ④ Inputs for market validation. Level 3 inputs are unobservable inputs. The Company uses Level 3 inputs only when there is no market activity for the relevant assets or liabilities or when market activity is so minimal that the relevant observable inputs are unavailable or impracticable to obtain.

When measuring assets and liabilities at fair value, the Company uses Level 1 inputs first, followed by Level 2 inputs and finally Level 3 inputs.

### (3) Accounting treatment

The accounting treatment of the Company's measurement of related assets or liabilities at fair value and whether changes in fair value should be recognized in current profit or loss or other comprehensive income are governed by other relevant accounting standards that require or permit the Company to use fair value for measurement or disclosure purposes, as described in the relevant contents elsewhere in this Note IV.

## **V. Description of accounting policies, changes in accounting estimates and corrections of significant prior period errors**

### **1. Changes in significant accounting policies**

(1) In accordance with the relevant notification from the Ministry of Finance, the Company began to implement the following revised ASBE on January 1, 2021, which are described below:

#### **① Business Accounting Standards (Revised) in force**

Enterprise Accounting Standard No. 14 - Revenue (Revised in 2017) (Cai Kuai [2017] No. 22) issued by the Ministry of Finance on July 5, 2017 (hereinafter referred to as the "New Revenue Standard"); the "Enterprise Accounting Standard No.21 - Leases (Revised in 2018)" issued by the Ministry of Finance on December 7, 2018 (hereinafter referred to as the "New Leasing Standard")(Cai Kuai [2018] No. 35) (hereinafter referred to as the "New Leasing Standards"); On March 31, 2017, the Ministry of Finance issued separately ASBE No.22, Financial Instruments Recognition and Measurement (Revised in 2017) (Cai Kuai [2017] No.7), ASBE No.23, Financial Assets Transfers (Revised in 2017) (Cai Kuai [2017] No.8), ASBE No.24 - Hedge Accounting (Revised in 2017) (Cai Kuai [2017] No.9), and on May 2, 2017, issued ASBE No.37 - Presentation of Financial Instruments (Revised in 2017) (Cai Kuai [2017] No.14) (the above standards are collectively referred to as the "New Financial Instruments Standards").

#### **② Explanation of changes in the (revised) accounting standards for businesses implemented**

##### **a. Explanation of changes in accounting policies resulting from the implementation of the new revenue standard**

The amount of the cumulative effect of the first-time implementation adjusts the amount of retained earnings and other related items in the financial statements at the beginning of the period in which the first-time implementation occurs (i.e., January 1, 2021) and does not adjust the comparable period information.

##### **b. Explanation of changes in accounting policies resulting from the implementation of the new leasing standards**

In accordance with the new leasing standards, the Company has elected not to reassess whether a lease is a lease or contains a lease for contracts that existed prior to the date of initial implementation. For leases in which the Company is the lessee, the Company has elected to adjust the cumulative-effect amount only for leases outstanding as of January 1, 2021. The cumulative effect amount of first-time performance adjusts the amount of retained earnings and other related items in the financial statements at the beginning of the period in which the first-time performance occurs (i.e., January 1, 2021) and does not adjust the comparable period information.

c. Explanation of changes in accounting policies resulting from the implementation of the new standard on financial instruments

The Company applied the new financial instruments standard retrospectively, however, the Company chose not to restate the classification and measurement (including impairment) that involves prior period comparative financial statement data that is inconsistent with the new financial instruments standard. Accordingly, for the cumulative effect number of the first-time implementation of the standard, the Company adjusted the amount of retained earnings or other comprehensive income and other related items in the financial statements at the beginning of 2021, and the financial statements for fiscal year 2020 were not restated.

(2) As approved by the Board of Directors of the Company on June 16, 2021, the investment property value measurement model was adjusted to the fair value measurement model, which was implemented in fiscal year 2021 onwards. The Company retroactively adjusted the cumulative effect amount by adjusting the amount of retained earnings and other related items in the financial statements as of the beginning of the period in which it was first implemented (i.e., January 1, 2021), and also made adjustments to the information of comparable periods.

(3) The effect of the change in significant accounting policy on the consolidated items is described below:

Item	Amount for 2020 (after error correction)	Adjustments for changes in accounting policies		Amount of January 1, 2021 /Amount of previous period
		Accounting Standards for Business Enterprises (Revised)	Investment properties fair value measurement	
Financial assets held for trading		17,028.82		17,028.82
☆Financial assets at fair value through profit or loss	17,028.82	-17,028.82		
Accounts receivable	5,575,858,653.51	-260,397,572.10		5,315,461,081.41
Contract assets		260,397,572.10		260,397,572.10
Debt investment		42,480,000.00		42,480,000.00
☆Available-for-sale financial assets	2,632,116,203.40	-2,632,116,203.40		
☆Held-to-maturity investment	42,480,000.00	-42,480,000.00		
Long-term equity investment	5,565,547,919.59	2,000,000.00		5,567,547,919.59
Other equity instruments investment		2,592,802,407.70		2,592,802,407.70
Investment properties	2,481,896,141.66		453,352,076.06	2,935,248,217.72
Deferred tax assets	35,453,495.24	10,369,418.53		45,822,913.77

Item	Amount for 2020 (after error correction)	Adjustments for changes in accounting policies		Amount of January 1, 2021 /Amount of previous period
		Accounting Standards for Business Enterprises (Revised)	Investment properties fair value measurement	
Other non-current assets	1,086,640,263.59	60,000,000.00		1,146,640,263.59
Prepayments	1,115,406,702.63	-1,090,659,271.47		24,747,431.16
Contract liabilities		1,006,875,686.55		1,006,875,686.55
Other current liabilities	957,681,928.97	83,783,584.92		1,041,465,513.89
Deferred tax liabilities	106,616,577.57	4,763,905.72	111,949,671.95	223,330,155.24
Other comprehensive income	-11,276,435.43	24,855,119.73	290,275,630.57	303,854,314.87
Surplus reserve	287,601,123.02		4,772,632.33	292,373,755.35
Retained earnings	1,930,378,633.69		46,354,141.21	1,976,732,774.90
* Minority interests	788,096,708.87	3,436,597.38		791,533,306.25
Operating costs	11,195,379,030.92		-70,833,873.94	11,124,545,156.98
Gains on the changes in fair value (losses is marked with "-")	6,371.43	-	-37,014,544.83	-37,008,173.40
Income tax expense	48,810,495.83	-	8,521,359.07	57,331,854.90

Note 1: The above table only presents the major financial statement items that are affected, and financial statement items that are not affected are not included.

Note 2: Enterprise accounting standards (revised) in the table refers to the Company's implementation of the revised enterprise accounting standards on January 1, 2021 according to the relevant notice from the Ministry of Finance; fair value measurement of investment properties refers to the adjustment of the measurement model of the value of investment properties to the fair value measurement model in the current year.

## 2. Changes in significant accounting estimates

There were no significant changes in Company's accounting estimates during the year.

## 3. Correction of Prior Period Errors

After the retrospective adjustments for material errors in the financial statements of the previous year and the offsetting increase and decrease in adjustments, its effects on the consolidated financial statements of the Group were as follows: net increase in assets at the beginning of the period by -19,477,260.65 yuan, net increase in liabilities at the beginning of the period by 59,651,965.20 yuan, net increase in owner's equity at the beginning of the period by -79,129,225.85 yuan, net increase in total operating revenues by -2,591,719.94 yuan, total profit was adjusted up by 5,894,095.58 yuan, net profit was adjusted up by

-8,674,884.31 yuan, and the significant adjustments of its major adjusting units are as follows:

(1) Contents of significant prior period errors

① The Company

The Company made a retrospective adjustment of 10,303,106.00 yuan for the retroactive payment of income tax for the year 2020, and the correction of this prior-period error affected the increase of total liabilities at the beginning of the period by 10,303,106.00 yuan; and the decrease of owner's equity at the beginning of the period by 10,303,106.00 yuan, of which the impact on undistributed profit decreased by 9,272,785.59 yuan, and the impact on surplus reserves decreased by 1,030,320.41 yuan. Details are as follows:

② Sichuan Fada Weiye Investment Co., Ltd.

During the current period, the Company handled the property rights of the assets of the Investment Promotion and Operation Center, recognized the assets as fixed assets of the Company, and eliminated the revenues and costs recognized in accordance with "the Supplementary Agreement on Investment and Cooperation Agreement of Wuliliang Industry and City New District of Santai County" for the period from 2017 to 2020. The effects on the beginning of the Company's financial statements were: increase in total assets by -7,536,398.47 yuan, increase in total liabilities by 0 yuan; increase in owner's equity by -7,536,398.47 yuan, increase in total profit by -321,287.59 yuan and increase in net profit by -321,287.59 yuan.

③ Mianyang High-tech Construction and Development Co., Ltd.

During the current period, the Company eliminated the over-recognized revenue from the engineering and construction management fee of the comprehensive pipeline corridor project of Mianyang Zhongjian Kefa Pipe Corridor Road Investment and Construction Co., Ltd. in the previous period in accordance with the evaluation report of Mian Cai Review [2019] No.44. The effect on the opening balance of the Company's financial statements was: increase in total assets by -16,368,800.00 yuan, increase in total liabilities by -926,535.85 yuan; increase in owner's equity by -15,442,264.15 yuan.

④ Mianyang Kejiu Real Estate Co., Ltd.

After offsetting the retroactive payment of 2018-2020 enterprise income tax and elimination of over-recognized profits prior to 2020 during the current year, as well as retrospective adjustments for material errors in the financial statements of the previous year, the effects on the Company's financial statements were: the net increase in liabilities at the beginning of the period was 48,694,787.28 yuan and the net increase in owners' equity at the beginning of the period was -48,694,787.28 yuan.

⑤ Mianyang Kefa Tianda Investment Development Co., Ltd.

Retrospective adjustments were made to the enterprise annuity and salary during the period, and the

effects on the beginning of the Company's financial statements were as follows: increase of total assets by 4,427,937.82 yuan; increase of total liabilities by 5,177,864.40 yuan; increase of owner's equity by -749,926.58 yuan, increase of total profit by -749,926.58 yuan, and increase of net profit by -749,926.58 yuan.

⑥ Mianyang Gas Group Co., Ltd.

During the period, retroactive adjustments were made to the corporate income tax, deferred income tax liabilities and salaries, and the effects on the beginning of the Company's consolidated financial statements were: total liabilities increased by -2,295,899.28 yuan; owners' equity increased by 2,295,899.28 yuan, total profit increased by 5,730,485.75 yuan and net profit increased by 2,294,611.86 yuan.

⑦ Mianyang Kefa Exhibition and Tourism Co., Ltd.

The effect of the retrospective adjustment of enterprise annuity on the beginning of the Company's consolidated financial statements for the current period was an increase of liabilities by -672,246.27 yuan and an increase of owner's equity by 672,246.27 yuan.

⑧ Sichuan Kefa Hechuang Technology Co., Ltd.

Retrospective adjustments were made to wages, labor expenses and enterprise income tax during the period, and the effects on the beginning of the Company's consolidated financial statements were: increase in total liabilities by -629,111.08 yuan; increase in owner's equity by -629,111.08 yuan, increase in total profit by 404,824.00 yuan, and increase in net profit by 404,824.00 yuan.

(2) The names and corrected amounts of the affected items in the consolidated financial statements of each presentation pre-period are as follows:

Item	Impact on opening financial statements
I. Total assets	-19,477,260.65
II. Total liabilities	59,651,965.20
III. Total shareholders' equity	-79,129,225.85
IV. Total equity attributable to owners of the parent company	-75,813,039.40
Other comprehensive income	1,287.42
Surplus reserve	-1,228,943.11
Retained earnings	-74,585,383.71
V. Minority interests	-3,316,186.45
VI. Total operating revenue	-2,591,719.94
VII. Total profit	5,894,095.58

Item	Impact on opening financial statements
VIII. Net profit	-8,674,884.31
IX. Net profit attributable to owners of the parent company	-9,571,417.66
X. Minority interests in profit or loss	896,533.35

## VI. Taxation

### 1. The principal kinds of taxes and related tax rates

Tax	Specific tax rates
Value added tax	Tax rates of 1%, 3%, 5%, 6%, 9% and 13% of taxable income, respectively
City construction and maintenance tax	7%, 5% of the actual turnover tax paid
Education Fee Surcharge	3% of the actual turnover tax paid
Local education fee surcharge	2% of the actual turnover tax paid
Income tax	15%, 20%, 25% of taxable income

### 2. Preferential taxation and approvals

The tax benefits enjoyed by the major members company of the Group are as follows:

(1) Mianyang Financial Guarantee Group Limited Liability Company, Mianyang City Small and Medium-sized Enterprise Financing Guarantee Limited Liability Company, Mianyang City Tianli Financing Guarantee Limited Liability Company and other three guarantee companies, according to the Ministry of Finance, State Administration of Taxation "Notice on the Policy on Enterprise Income Tax Deduction for Reserves Related to Small and Medium-sized Enterprise Credit Guarantee Institutions" (Finance and Tax [2017] No.22), the three guarantee companies meet the regulations "The provision for unexpired liabilities at a rate not exceeding 50% of the guarantee fee income for the year is allowed to be deducted before enterprise income tax, while the balance of the provision for unexpired liabilities for the previous year is transferred to the current income" and "the provision for guarantee liabilities at a rate not exceeding 1% of the guarantee liability balance at the end of the year is allowed to be deducted before enterprise income tax, and the balance of the provision for guarantee indemnity in the previous year is transferred to the current income".

(2) Mianyang Kefa Equity Investment Fund Management Co., Ltd. According to the Announcement on the Implementation of the Catalogue of Encouraged Industries in the Western Region Related to Enterprise Income Tax (Announcement of the State Administration of Taxation [2015] No.14) issued by the State Administration of Taxation, it is stipulated that for enterprises located in the Western Region whose main business is the projects of the new encouraged industries in the Catalogue of Encouraged Industries in the

Western Region, and whose main business income for the current year Enterprises whose main business income accounts for more than 70% of the total income of the enterprise, since October 1, 2014, can pay corporate income tax at a reduced rate of 15%. At the same time, according to the State Administration of Taxation Announcement No.(23) of 2018: enterprises enjoy preferential matters by "self-judgment, declaration of enjoyment, and retention of relevant information for inspection". Mianyang Kefa Equity Investment Fund Management Co., Ltd. is mainly engaged in equity investment management and related consulting services, according to the above-mentioned documents, the company discerned that it is in line with the "Guidance Catalogue for Industrial Structure Adjustment (2011) (Amendment)" in the encouraged category 32 business services, Article 2: economic, management, information, accounting, taxation, forensics (including audit services), legal, energy saving, environmental protection and other consulting and services Provisions, and the annual main business income accounted for more than 70% of the total income of enterprises, enjoy the western development of enterprise income tax rate of 15% preferential.

(3) Sichuan Liuhe Special Metal Materials Co., Ltd. and its subsidiary Deyang Liuhe Energy Materials Co., Ltd. are deemed to have "main business as national encouraged industrial projects" according to Sichuan Provincial Economic and Information Commission Chuan Economic and Information Industry Letter [2014] No.917, and are entitled to enjoy preferential income tax policy for western development according to Sichuan State Taxation Bureau Chuan State Tax Letter [2010] No.135, and are exempted from corporate income tax at 15% of income tax.

(4) Mianyang Xingmian Gas Co., Ltd., Beichuan Yongchang Gas Co., Ltd., subsidiaries of Mianyang Gas Group Co., Ltd. according to Sichuan Mianyang City Fucheng Local Taxation Bureau Tax Matters Notice, the main business belongs to the "Western Region Encouragement of Industrial Directory" scope, confirmed by the competent tax authorities, agreed to Mianyang Xingmian Gas Co., Ltd., Beichuan Yongchang Gas Co., Ltd. to enjoy Western Development Ltd. enjoy the preferential policies on enterprise income tax and can pay enterprise income tax at a reduced rate of 15%. Mianyang Municipal Engineering Survey and Design Co., Ltd., a subsidiary of Mianyang Gas Group Company Limited, is a small and micro-profit enterprise, and according to the Notice of the Ministry of Finance and the State Administration of Taxation on the Implementation of Preferential Tax Reduction and Exemption Policies for Small and Micro-Enterprises (Cai Shui [2019] No.13), for the portion of the annual taxable income not exceeding 1 million yuan, it is reduced by 25% of the annual taxable income, and the enterprise income tax is payable at a tax rate of 20%. income tax; for the portion of annual taxable income exceeding 1 million yuan but not exceeding 3 million yuan, it is reduced by 50% to be included in taxable income and pay enterprise income tax at a tax rate of 20%.

(5) The industry to which Mianyang Kefa Property Service Co., Ltd. belongs is property management, which belongs to the taxpayer of living service industry, and according to the Announcement of the

General Administration of Taxation of the Ministry of Finance on Clarifying the Policy of Adding Credit to the VAT of Living Service Industry (Announcement of the General Administration of Taxation of the Ministry of Finance No.87 of 2019) from October 1, 2019 to December 31, 2021, the taxpayer of living service industry is allowed to add 15% to offset the taxable amount according to the current deductible input tax amount by adding 15% to offset the taxable amount (hereinafter referred to as the policy of adding 15% to offset).

(6) Mianyang Kefa Property Services Co., Ltd., Mianyang Jiusheng Technology Venture Investment Co., Ltd., Beichuan Qiang Autonomous County Liuhe Turbine Materials Co., Ltd., subsidiary of Sichuan Liuhe Special Metal Materials Co., Ltd. enjoyed preferential policies for small and micro enterprise. Specifically:

① According to the Announcement of the General Administration of Taxation of the Ministry of Finance on the VAT Policy for Supporting Individual Businessmen to Resume Work and Resume Business (Announcement of the General Administration of Taxation of the Ministry of Finance No.13 of 2020), from March 1 to May 31, 2020, for small-scale VAT payers in Hubei Province, taxable sales income subject to 3% levy rate shall be exempted from VAT; prepayment of VAT items subject to 3% prepayment rate shall be suspended VAT. Except for Hubei Province, small-scale VAT payers in other provinces, autonomous regions and municipalities directly under the Central Government will be levied VAT at a reduced rate of 1% on taxable sales income subject to the 3% levy rate, and VAT prepayment at a reduced rate of 1% on prepaid VAT items subject to the 3% prepayment rate.

② According to the Announcement of the General Administration of Taxation of the Ministry of Finance on the Renewal of the Implementation of Some Preferential Tax Policies in Response to the Epidemic (Announcement of the General Administration of Taxation of the Ministry of Finance No.7 of 2021): the implementation period of the tax preferential policies stipulated in the Announcement of the General Administration of Taxation of the Ministry of Finance on the VAT Policies for Supporting Individual Businesses to Resume Work and Resume Business (Announcement of the General Administration of Taxation of the Ministry of Finance No.13 of 2020) has been extended to 2021 December 31.

③ According to the Announcement of the General Administration of Taxation of the Ministry of Finance on Clarifying the VAT Exemption Policy for Small-scale VAT Taxpayers (Announcement of the General Administration of Taxation of the Ministry of Finance No.11 of 2021), in order to further support the development of small and micro enterprises, the VAT exemption policy for small-scale VAT taxpayers is announced as follows: From April 1, 2021 to December 31, 2022, small-scale VAT taxpayers with monthly sales of up to 150,000 yuan (inclusive) shall be exempted from VAT.

④ According to the Ministry of Finance Announcement of the State Administration of Taxation on the Implementation of Preferential Income Tax Policies for Small and Micro Enterprises and Individual

Entrepreneurs (No.12 of 2021), State Administration of Taxation Announcement No.8 of 2021, "Announcement of the State Administration of Taxation on Matters Relating to the Implementation of Preferential Income Tax Policies to Support the Development of Small and Micro Profit Enterprises and Individual Entrepreneurs" "I. For small micro-profit enterprises whose annual taxable income does not exceed 1 million yuan shall be reduced by 12.5% of the taxable income and shall pay enterprise income tax at a rate of 20%." Effective from January 1, 2021 and terminated on December 31, 2022.

## VII. Business combination and consolidated financial statements

The data presented in this section are in RMB10 thousand yuan unless otherwise stated.

### 1. Situation of subsidiaries

Serial number	Company name	Level	Business type	Registration place	Main business locations	Business nature
1	Mianyang High-tech Construction and Development Co., Ltd.	2	Domestic non-financial subsidiaries	Mianyang	Mianyang	Architectural construction
2	Mianyang High-tech Zone Investment Holding (Group) Co., Ltd.	2	Domestic non-financial subsidiaries	Mianyang	Mianyang	Land development
3	Mianyang Kefa Changtai Industry Co., Ltd.	2	Domestic non-financial subsidiaries.	Mianyang	Mianyang	Land development
4	Mianyang Kefa Tianda Investment Development Co., Ltd.	2	Domestic non-financial subsidiaries	Mianyang	Mianyang	Land development
5	Mianyang Kefa Finance Guarantee Co., Ltd.	2	Domestic Financial Sub-companies	Mianyang	Mianyang	Financial guarantee
6	Mianyang Kejiu Real Estate Co., Ltd.	2	Domestic non-financial subsidiaries	Mianyang	Mianyang	Real estate development
7	Mianyang Kefa Exhibition and Tourism Co., Ltd.	2	Domestic non-financial subsidiaries	Mianyang	Mianyang	Exhibition and Travel services
8	Kefa International Industrial Co., Ltd.	2	Hong Kong non-financial subsidiaries	Hong Kong	Hong Kong	Business services
9	Mianyang Jiusheng Technology Venture Investment Co., Ltd.	2	Domestic non-financial subsidiaries	Mianyang	Mianyang	Investment
10	Mianyang City Tianli Financing Guarantee Co., Ltd.	2	Domestic Financial Sub-companies	Mianyang	Mianyang	Financial guarantee
11	Mianyang City Small and Medium-sized Enterprise Financing Guarantee Co., Ltd.	2	Domestic Financial Sub-companies	Mianyang	Mianyang	Financial guarantee

Serial number	Company name	Level	Business type	Registration place	Main business locations	Business nature
12	Sichuan Liuhe Special Metal Materials Co., Ltd.	2	Domestic non-financial subsidiaries	Jiangyou	Jiangyou	Metal forgings manufacturing
13	Tongfu Hongye Co., Ltd.	2	Domestic non-financial subsidiaries	Mianyang	Mianyang	Logistics services
14	Sichuan Fada Weiye Investment Co., Ltd.	2	Domestic non-financial subsidiaries	Mianyang	Mianyang	Engineering projects investment management
15	Mianyang Kefa Equity Investment Fund Management Co., Ltd.	2	Domestic non-financial subsidiaries	Mianyang	Mianyang	Fund Investment
16	Sichuan Kefa Hechuang Technology Co., Ltd.	2	Domestic non-financial subsidiaries	Mianyang	Mianyang	Metals, chemicals product sales
17	Mianyang Kefa Property Services Co., Ltd.	2	Domestic non-financial subsidiaries	Mianyang	Mianyang	Property service
18	Mianyang Kexinhong Enterprise Management Co., Ltd.	2	Domestic non-financial subsidiaries	Mianyang	Mianyang	Investment
19	Mianyang Gas Group Co., Ltd.	2	Domestic non-financial subsidiaries	Mianyang	Mianyang	Gas
20	Mianyang Electrical and Electronic Testing Co., Ltd.	2	Domestic non-financial subsidiaries	Mianyang	Mianyang	Electrical and Electronic testing
21	Mianyang Huize Investment Co., Ltd.	2	Domestic non-financial subsidiaries	Mianyang	Mianyang	Investment
22	Mianyang Science and Technology City Industrial Development Fund (Limited Partnership)	3	Limited Partnership	Mianyang	Mianyang	Equity investment
23	Mianyang Keyuan Enterprise Management Consulting Co., Ltd.	2	Domestic non-financial subsidiaries	Mianyang	Mianyang	Management consulting

Continued from the table above:

Serial number	Company name	Paid-in capital	Shareholding percentage (%)	Voting right (%)	Investment amount	Acquisition way
1	Mianyang High-tech Construction and Development Co., Ltd.	47,000.00	100.00	100.00	55,456.88	Under non-common control business combination
2	Mianyang High-tech Zone Investment Holding (Group) Co., Ltd.	15,000.00	100.00	100.00	3,107.05	Under non-common control business combination

Serial number	Company name	Paid-in capital	Shareholding percentage (%)	Voting right (%)	Investment amount	Acquisition way
3	Mianyang Kefa Changtai Industrial Co., Ltd.	73,775.90	89.16	89.16	73,775.90	Under non-common control business combination
4	Mianyang Kefa Tianda Investment Development Co., Ltd.	25,000.00	60.00	60.00	10,000.00	Under non-common control business combination
5	Mianyang Kefa Finance Guarantee Co., Ltd.	11,745.36	85.14	85.14	10,500.01	Under non-common control business combination
6	Mianyang Kejiu Real Estate Co., Ltd.	8,000.00	100.00	100.00	31,870.02	Investment establishment
7	Mianyang Kefa Exhibition and Tourism Co., Ltd.	10,079.84	100.00	100.00	24,763.45	Investment establishment
8	Kefa International Industrial Co., Ltd.	0.83	100.00	100.00	0.83	Investment establishment
9	Mianyang Jiusheng Technology Venture Investment Co., Ltd.	20,481.48	100.00	100.00	27,858.85	Investment establishment
10	Mianyang City Tianli Financing Guarantee Co., Ltd.	26,100.00	98.08	98.08	29,177.39	Under non-common control business combination
11	Mianyang City Small and Medium-sized Enterprise Financing Guarantee Co., Ltd.	3,500.00	71.43	71.43	4,092.93	Under non-common control business combination
12	Sichuan Liuhe Special Metal Materials Co., Ltd.	8,243.54	40.13	40.13	11,015.64	Under non-common control business combination
13	Tongfu Hongye Co., Ltd.	4,000.00	49.00	49.00	1,470.00	Investment establishment
14	Sichuan Fada Weiye Investment Co., Ltd.	20,000.00	51.00	51.00	10,200.00	Investment establishment
15	Mianyang Kefa Equity Investment Fund Management Co., Ltd.	3,350.00	49.25	49.25	1,650.00	Investment establishment
16	Sichuan Kefa Hechuang Technology Co., Ltd.	100.00	40.13	40.13	40.13	Investment establishment
17	Mianyang Kefa Property Services Co., Ltd.	1,000.00	100.00	100.00	1,000.00	Investment establishment

Serial number	Company name	Paid-in capital	Shareholding percentage (%)	Voting right (%)	Investment amount	Acquisition way
18	Mianyang Kexinhong Enterprise Management Co., Ltd.		60.45	60.45		Investment establishment
19	Mianyang Gas Group Co., Ltd.	20,000.00	100.00	100.00	102,817.50	Under non-common control business combination
20	Mianyang Electrical and Electronic Testing Co., Ltd.	2,900.00	51.67	51.67		Under non-common control business combination
21	Mianyang Huize Investment Co., Ltd.	5,000.00	100.00	100.00	110,034.66	Under non-common control business combination
22	Mianyang Science and Technology City Industrial Development Fund (Limited Partnership)	157,561.00	99.99	99.99	157,561.00	Under non-common control business combination
23	Mianyang Keyuan Enterprise Management Consulting Co., Ltd.		100.00	100.00		Newly established company

**2. Reasons why the parent company owns less than half of the voting Right of the investee but is able to form control over the investee**

Serial number	Company name	Shareholding percentage (%)	Voting right (%)	Registered capital	Investment amount	Level	Reasons for inclusion in the scope of consolidation
1	Sichuan Liuhe Special Metal Materials Co., Ltd.	40.13	40.13	8,243.54	11,015.64	2	The Board of Directors consists of 7 directors, of which the Company holds 4 seats and is able to form control
2	Tongfu Hongye Co., Ltd.	49.00	49.00	21,000.00	9,800.00	2	The Board of Directors consists of 7 directors, of which the Company holds 4 seats and is able to form control
3	Mianyang Kefa Equity Investment Fund Management Co., Ltd.	49.25	49.25	6,700.00	1,650.00	2	The Board of Directors consists of 5 directors, and the Company holds 3 seats and is able to form control.
4	Sichuan Kefa Hechuang Technology Co., Ltd.	40.13	40.13	100.00	40.13	2	The Board of Directors consists of 7 directors, of which the Company holds 4 seats and is able to form control

### 3. Subjects newly included in the scope of consolidation and those no longer included in the scope of consolidation during the period

#### (1) Entities newly included in the scope of consolidation in the current period

Serial number	Company name	End of period net assets	Current year net profit	Level	Shareholding percentage (%)	Voting right (%)	Newly become this year reason for subsidiary
1	Mianyang Keyuan Enterprise Management Consulting Co., Ltd.			2	100.00	100.00	Newly established company
2	Mianyang Science and Technology City Industrial Development Fund (Limited Partnership)	168,003.97		2	99.99	99.99	Obtained through other way

#### (2) Decrease in units no longer included in the scope of consolidation during the period

None.

## VIII. Notes to Items of the Consolidated Financial Statements

The following note items unless otherwise specified, "beginning" refers to January 1, 2021, "ending" refers to December 31, 2021, "previous period" refers to the year 2020, and "current period" refers to the year 2021.

### 1. Monetary funds

Item	Closing balance	Opening balance
Cash on hand	209,148.36	481,102.96
Bank deposits	1,710,449,107.67	1,500,364,217.52
Other monetary funds	1,199,375,562.60	2,387,787,265.55
Total	2,910,033,818.63	3,888,632,586.03
Including: Total amount deposited in foreign countries	46,712.54	1,256,597.59

The details of restricted monetary funds are as follows:

Item	Closing balance	Opening balance
Acceptances deposit	524,000,000.00	918,240,000.00
Performance deposit	7,996,740.00	7,374,773.01
Term deposit or call deposit for guarantee	607,895,547.41	920,128,309.47
Migrant workers' salary deposit	1,008,799.16	1,005,736.54

Item	Closing balance	Opening balance
House property customer mortgage payments deposit	15,809,227.98	1,658,441.73
Reclamation deposit	146,089.58	146,667.05
Pre-sale of commercial housing funds supervision	61,721,709.93	16,662,316.68
Time deposit	100,000,000.00	98,548,190.00
<b>Total</b>	<b>1,318,578,114.06</b>	<b>1,963,764,434.48</b>

## 2. Financial assets held for trading

Item	Closing fair value	Opening fair value
Financial assets held for trading		17,028.82
Including: Investments in debt instruments		
Equity instruments investments		17,028.82
Others		
Financial assets designated as measured at fair value through profit or loss		
Including: Investments in debt instruments		
Equity instruments investments		
Others		
<b>Total</b>		<b>17,028.82</b>

Note: Investments in equity instruments are shares purchased on domestic stock exchanges, and the fair value is determined based on the closing price on the last trading day of the year on the exchange.

## 3. Notes receivable

Category	Closing balance			Opening balance		
	Book balance	Bad debt provision	Carrying value	Book balance	Bad debt provision	Carrying value
Bank acceptances	15,667,448.53		15,667,448.53	38,795,226.67		38,795,226.67
Commercial acceptances	89,735,712.70	8,723.47	89,726,989.23	35,726,755.12		35,726,755.12
<b>Total</b>	<b>105,403,161.23</b>	<b>8,723.47</b>	<b>105,394,437.76</b>	<b>74,521,981.79</b>		<b>74,521,981.79</b>

Endorsed or discounted notes receivable that is not yet matured as at the end of the reporting period:

Bill classification	Closing balance	Opening balance
Bank acceptances	1,334,699,864.58	1,168,946,269.23
Commercial acceptances	591,946,520.91	184,950,000.00
<b>Total</b>	<b>1,926,646,385.49</b>	<b>1,353,896,269.23</b>

## 4. Accounts receivable

Category	Closing balance				Opening balance			
	Book balance		Bad debt provision		Book balance		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Accounts receivable for which bad debt provision assessed individually	5,152,559,087.35	79.50	10,617,289.60	0.21	3,976,924,620.11	73.81	2,019,988.23	0.05
Accounts receivable with provision for bad debts based on a combination of credit risk characteristics	1,328,722,213.99	20.50	73,649,663.29	5.54	1,411,391,378.63	26.19	70,834,929.10	5.02
Including: Aging combination	1,328,722,213.99	20.50	73,649,663.29	5.54	1,411,391,378.63	26.19	70,834,929.10	5.02
<b>Total</b>	<b>6,481,281,301.34</b>	<b>100.00</b>	<b>84,266,952.89</b>	<b>1.28</b>	<b>5,388,315,998.74</b>	<b>100.00</b>	<b>72,854,917.33</b>	<b>1.35</b>

(1) Accounts receivable for which bad debt provision assessed individually at the end of the reporting period

① Classification of accounts receivable for which bad debt provision assessed individually at the end of the reporting period

Accounts receivable content	Book balance	Bad debt provision	Proportion (%)	Reason
Accounts receivable from related parties	498,299,551.21			related party transactions
Accounts receivable without recovery risk	4,643,299,439.04			Accounts receivable without credit risk
Other accounts receivable with obvious signs of impairment	10,960,097.10	10,617,289.60	96.87	See details ②
<b>Total</b>	<b>5,152,559,087.35</b>	<b>10,617,289.60</b>		

② Other account receivables with obvious signs of impairment

Accounts receivable content	Book balance	Bad debt provision	Aging	Proportion (%)	Reason
Zhang Baiyu	6,463,306.44	6,463,306.44	More than 5 years	100.00	Expected uncollectible
Mianyang Chuangneng Technology Co., Ltd.	907,780.00	907,780.00	More than 5 years	100.00	Expected uncollectible
Qingdao Jenergy Materials Trading Co., Ltd.	800,000.00	800,000.00	1-2 years	100.00	Expected uncollectible

Accounts receivable content	Book balance	Bad debt provision	Aging	Proportion (%)	Reason
Sichuan Golden Maggie Technology Co., Ltd.	780,000.00	780,000.00	More than 5 years	100.00	Expected uncollectible
Sanhe Zhongding Dairy Farming Co., Ltd.	590,350.00	590,350.00	More than 5 years	100.00	Expected uncollectible
Youxian Economic Pilot Zone Management Committee	380,000.00	190,000.00	3-4 years	50.00	Expected partial uncollectible
Mianyang Daxiang Decoration & Decoration Co., Ltd.	256,916.00	256,916.00	7-12 months	100.00	Expected uncollectible
Zhang Shuiying	238,000.00	152,800.00	More than 5 years	64.20	Expected partial uncollectible
Mianyang Anzhou District Jinquan Breeding Co., Ltd.	170,000.00	117,000.00	More than 5 years	68.82	Expected partial uncollectible
Other fractional receivables	373,744.66	359,137.16		96.09	Expected partial uncollectible
<b>Total</b>	<b>10,960,097.10</b>	<b>10,617,289.60</b>			

## (2) Accounts receivable with provision for bad debts by combination

## ① Accounts receivable with provision for bad debts using aging analysis method

Aging	Closing balance			Opening balance		
	Book balance		Bad debt provision	Book balance		Bad debt provision
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 6 months (including 6 months)	956,674,853.24	72.00		1,107,638,522.09	78.48	
7-12 months (including 1 year)	195,393,609.90	14.71	976,968.04	177,826,040.32	12.60	889,130.20
1-2 years (including 2 years)	88,303,827.25	6.65	8,830,382.73	27,021,131.91	1.91	2,702,113.19
2-3 years (including 3 years)	14,799,354.73	1.11	2,959,870.95	11,750,390.28	0.83	2,350,078.06
3-5 years (including 5 years)	25,336,254.60	1.91	12,668,127.30	44,523,372.76	3.15	22,261,686.38
More than 5 years	48,214,314.27	3.62	48,214,314.27	42,631,921.27	3.03	42,631,921.27
<b>Total</b>	<b>1,328,722,213.99</b>	<b>100.00</b>	<b>73,649,663.29</b>	<b>1,411,391,378.63</b>	<b>100.00</b>	<b>70,834,929.10</b>

## (3) Recovery or reversal of bad debt provision for the current period

Debtor name	Reversal or recovery amount	Accumulated provision for bad debts before reversal or recovery	Reason and way for reversal or recovery
Sichuan Mianyang Fulin Real Estate Development Co., Ltd.	21,537,885.00	10,768,942.50	Pursuant to Civil Judgment (2019) Sichuan Min zhong No.1145, the amount of 34.7 million recognized as receivable for the land of Taiyue Plantation was reversed
<b>Total</b>	<b>21,537,885.00</b>	<b>10,768,942.50</b>	

## (4) Top five accounts receivable for closing balance

Debtor name	Book balance	Proportion to total accounts receivable (%)	Bad debt provision
Santai County People's Government	1,237,781,103.09	19.10	
Mianyang High-tech Industrial Development Zone Management Committee	931,277,998.97	14.37	
Housing and Urban-Rural Development Bureau of Youxian District, Mianyang	638,363,016.00	9.85	
People's Government of Fucheng District, Mianyang	554,916,683.84	8.56	
Mianyang Science and Technology Park Finance Bureau	425,645,767.01	6.57	
Total	3,787,984,568.91	58.45	

## 5. Prepayments

Aging	Closing balance			Opening balance		
	Book balance		Bad debt provision	Book balance		Bad debt provision
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 1 year (including 1 year)	734,038,416.18	93.67		803,464,637.36	84.55	
1-2 years (including 2 years)	9,611,627.70	1.23		2,922,951.42	0.31	
2-3 years (including 3 years)	1,108,560.33	0.14		28,658,292.14	3.02	
More than 3 years	38,863,970.47	4.96		115,221,247.63	12.12	
Total	783,622,574.68	100.00		950,267,128.55	100.00	

## (1) Large prepayments aged over one year

Creditor unit	Debt unit	Closing balance	Aging	Reason for not settling
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Shanghai Jiuxin Metal Materials Co., Ltd.	19,142,496.96	0-5 years	Purchase of copper cathode operating advances
Mianyang High-tech Construction and Development Co., Ltd.	Mianyang Huachao Building Decoration Engineering Co., Ltd.	6,019,773.33	3-5 years (including 5 years)	Engineering project unsettled
Tongfu Hongye Co., Ltd.	People's Government of Fucheng District, Mianyang	5,407,885.88	Years (including 5 years)	Advance payment for land acquisition and relocation in the park settlement compensation
Mianyang Sanjiang Construction Co., Ltd.	Sichuan Dakun Construction Engineering Co., Ltd.	4,160,000.00	More than 5 years	Payment for work on old projects in the Economic Development Zone

Creditor unit	Debt unit	Closing balance	Aging	Reason for not settling
Sichuan Liuhe Special Metal Materials Co., Ltd.	SUMEC International Technology Co., Ltd.	3,959,229.44	0-3years	Transaction unsettled
Total		38,689,385.61		

## (2) Top five prepayments for closing balance by debtors

Debtor name	Book balance	Proportion to total prepayments	Bad debt provision
Mianyang Ruida Precision Electronics Co., Ltd.	75,000,000.00	9.57	
Fuqing Zhongjin Nonferrous Metal Materials Co., Ltd.	71,458,159.10	9.12	
Sichuan Baohe Xinshiji Cable & Wire Co., Ltd.	49,998,130.00	6.38	
Chengdu Fifth Construction Engineering of CDCEG Co., Ltd.	35,532,534.56	4.53	
China Mcc5 Group Corp. Ltd.	35,000,000.00	4.47	
Total	266,988,823.66	34.07	

## 6. Other receivables

Item	Closing balance	Opening balance
Interest receivable	7,620,962.50	10,963,011.36
Dividends receivable		
Other receivables	8,034,798,619.30	7,868,673,462.10
Total	8,042,419,581.80	7,879,636,473.46

## (1) Interest receivable

Item	Closing balance	Opening balance
Time deposit	7,620,962.50	10,963,011.36
Total	7,620,962.50	10,963,011.36

## (2) Other receivables

## Disclosure of other receivables by classification based on bad debt provision method

Category	Closing balance				Opening balance			
	Book balance		Bad debt provision		Book balance		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Other receivables for which bad debt provision assessed individually	7,978,100,763.68	97.84	93,970,431.06	1.18	7,842,624,144.63	98.27	88,015,920.19	1.12

Category	Closing balance				Opening balance			
	Book balance		Bad debt provision		Book balance		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Other receivables with provision for bad debts based on a combination of credit risk characteristics	176,172,523.74	2.16	25,504,237.06	14.48	137,984,703.58	1.73	23,919,465.92	17.33
Including: Aging combination	176,172,523.74	2.16	25,504,237.06	14.48	137,984,703.58	1.73	23,919,465.92	17.33
<b>Total</b>	<b>8,154,273,287.42</b>	<b>100.00</b>	<b>119,474,668.12</b>		<b>7,980,608,848.21</b>	<b>100.00</b>	<b>111,935,386.11</b>	

## ① Other receivables for which bad debt provision assessed individually

a. Classification of other receivables for which bad debt provision assessed individually at the end of the period

Debtor name	Book balance	Bad debt provision	Proportion (%)	Reason for accrual
Other receivables with obvious signs of impairment	162,051,517.05	93,970,431.06	57.99	See details b
Other receivables from related parties	4,675,206,935.03			Related party transaction
Other receivables with no risk of collection	3,140,842,311.60			Other receivables without credit risk
<b>Total</b>	<b>7,978,100,763.68</b>	<b>93,970,431.06</b>		

## b. Other receivables with obvious signs of impairment

Other receivables content	Book balance	Bad debt provision	Aging	Proportion (%)	Reason
Jiangsu Hongli Geomaterials Co., Ltd.	58,860,750.67	25,282,168.21	0-5 years	42.95	Expected partial uncollectible
Guangyuan Kuangxin Energy Co., Ltd.	34,467,657.49	34,467,657.49	4-5 years	100.00	Expected uncollectible
Huitian Agricultural Technology Company	19,026,698.82	6,838,544.59	More than 5 years	35.94	Expected partial uncollectible
Cashier Da Rong corruption case	12,139,980.00	12,139,980.00	More than 5 years	100.00	Expected uncollectible
Sichuan Jingjian Animal Pharmaceutical Co., Ltd.	12,000,000.00	1,200,000.00	1-2 years	10.00	Expected uncollectible
Sichuan Kelunfahao Packaging Co., Ltd.	5,764,680.55	2,089,626.83	More than 5 years	36.25	Expected partial uncollectible
Mianyang Yuhao Auto Trading Co., Ltd.	3,219,817.55	2,055,803.51	More than 3 years	63.85	Expected partial uncollectible
Mianyang Yuhao Auto Trading Co., Ltd.	3,177,804.91	2,047,400.98	More than 3 years	64.43	Expected partial uncollectible

Other receivables content	Book balance	Bad debt provision	Aging	Proportion (%)	Reason
Tianguan Restaurant	3,167,814.71	956,194.41	More than 5 years	30.18	Expected partial uncollectible
Sichuan Shunjie Clean Car Equipment Manufacturing Co., Ltd.	1,360,000.00	1,360,000.00	More than 5 years	100.00	Expected uncollectible
Sichuan Haochuan Agricultural and Animal Husbandry Technology Co., Ltd.	1,357,605.87	379,643.72	More than 3 years	27.96	Expected partial uncollectible
Sichuan Jiuyuan Huantong Power Supply Co., Ltd.	1,604,322.78	802,161.39	3-5 years	50.00	Expected partial uncollectible
Mianyang Xintiandi Commerce and Trade Co., Ltd.	1,175,747.76	184,129.99	3-5 years	15.66	Expected partial uncollectible
Anxian Riyue Vegetable Oil Factory	1,140,322.95	1,140,322.95	More than 3 years	100.00	Expected uncollectible
Beichuan Qiangcheng Tourism Zone Operation and Management Co., Ltd.	1,050,298.43	1,050,298.43	More than 5 years	100.00	Expected uncollectible
Sporadic payments	2,538,014.56	1,976,498.56		77.88	Expected partial uncollectible
Total	162,051,517.05	93,970,431.06			

## ② Other receivables with provision for bad debts by combination

## a. Other receivables with provision for bad debts using aging analysis method

Aging	Closing balance			Opening balance		
	Book balance		Bad debt provision	Book balance		Bad debt provision
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 6 months (including 6 months)	116,392,256.43	66.07		81,008,527.09	58.71	
7-12 months (including 1 year)	3,775,245.40	2.14	18,876.22	10,753,407.10	7.79	53,767.04
1-2 years (including 2 years)	10,530,226.63	5.98	1,053,022.66	3,773,913.29	2.74	377,391.35
2-3 years (including 3 years)	3,479,772.72	1.98	695,954.54	2,012,150.59	1.46	402,430.12
3-5 years (including 5 years)	36,517,277.92	20.73	18,258,639.00	34,701,656.20	25.15	17,350,828.10
More than 5 years	5,477,744.64	3.10	5,477,744.64	5,735,049.31	4.15	5,735,049.31
Total	176,172,523.74	100.00	25,504,237.06	137,984,703.58	100.00	23,919,465.92

## b. Details of bad debt provision for other receivables

Bad debt provision	Stage I	Stage II	Stage III	Total
	Expected credit losses for the next 12 months	Expected credit loss for the entire duration (not impaired)	Expected credit loss for the entire duration (impaired)	
Opening balance		833,588.51	111,101,797.60	111,935,386.11
Opening balance in the current period		-361,988.32	361,988.32	

Bad debt provision	Stage I	Stage II	Stage III	Total
	Expected credit losses for the next 12 months	Expected credit loss for the entire duration (not impaired)	Expected credit loss for the entire duration (impaired)	
--Transfer to stage II				
--Transfer to stage III		-361,988.32	361,988.32	
--Reverse to stage II				
--Reverse to stage I				
Provision for the period		1,296,253.23	6,292,456.37	7,588,709.60
Reversal for the period			-49,427.59	-49,427.59
Elimination for the period				
Write-off for the period				
Other changes				
Closing balance		1,767,853.42	117,706,814.70	119,474,668.12

## ③ Top five other receivables for closing balance

Debtor name	Book balance	Aging	Proportion (%)
Bohong Group Co., Ltd.	2,069,293,007.53	Within 6 months (including 6 months) 108301249.86 yuan; within 7 months to 1 year (including 1 year) 58800168.94 yuan; 1-2 years (including 2 years) 1662938229.51 yuan; 2-3 years (including 3 years) 239253359.22 yuan	25.38
Sichuan Mianyang Hao Sheng Auto Parts Manufacturing Co., Ltd.	1,210,556,853.59	Within 6 months (including 6 months) 85442641.21 yuan; within 7 months to 1 year (including 1 year) 24973105.10 yuan; 1-2 years (including 2 years) 287316133.89 yuan; 2-3 years (including 3 years) 812824973.39 yuan	14.85
Mianyang Jinxing Pharmaceutical Co., Ltd.	385,545,650.07	Within 6 months (including 6 months) 19693978.41 yuan; within 7 months to 1 year (including 1 year) 9193730.03 yuan; 1-2 years (including 2 years) 356657941.63 yuan	4.73
Sichuan Xinhong Real Estate Development Co., Ltd.	348,173,133.21	Within 6 months (including 6 months) 29353404.12 yuan; within 7 months to 1 year (including 1 year) 145405093.88 yuan; 67147052.58 yuan for 1-2 years (including 2 years); 2-3 years (including 3 years) 106267582.63 yuan	4.27
Mianyang Economic and Technological Development Zone Management Committee	337,390,274.11	Within 6 months (including 6 months) 4505208.44 yuan; within 7 months to 1 year (including 1 year) 4378973.98 yuan; 1-2 years (including 2 years) 8854720.86 yuan; 2-3 years (including 3 years) 9096653.13 yuan; 3-5 years (including 5 years) 17647576.95 yuan; Over 5 years 292907140.75 yuan	4.14
Total	4,350,958,918.51		

## 7. Inventories

### (1) Classification of inventory

Item	Closing balance		
	Book balance	Provision for falling price	Carrying value
Raw materials	192,306,982.06	1,138,781.18	191,168,200.88
Turnover materials (packaging, Low-value consumables, etc.)	6,715,731.48		6,715,731.48
work in process	244,589,082.58		244,589,082.58
Finished goods	2,397,366,639.46		2,397,366,639.46
Consigned processing material	28,673,566.77		28,673,566.77
Development cost	8,885,422,374.08		8,885,422,374.08
Land to be developed	4,649,467,574.94		4,649,467,574.94
Total	16,404,541,951.37	1,138,781.18	16,403,403,170.19

Continued from the table above:

Item	Opening balance		
	Book balance	Provision for falling price	Carrying value
Raw materials	179,893,586.10	138,125.72	179,755,460.38
Turnover materials (packaging, Low-value consumables, etc.)	6,988,248.97	3,578.03	6,984,670.94
work in process	202,673,736.33		202,673,736.33
Finished goods	4,024,331,200.89		4,024,331,200.89
Consigned processing material	25,938,097.53		25,938,097.53
Development cost	8,373,416,413.40		8,373,416,413.40
Land to be developed	8,144,689,885.17		8,144,689,885.17
Total	20,957,931,168.39	141,703.75	20,957,789,464.64

### (2) Major inventories with borrowing costs capitalized in the closing balance

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Renjiaping market town construction	7,878,083.86	8,803.92		7,886,887.78
Earthquake Memorial Hall and Beichuan Old County Town site protection	3,196,683.89			3,196,683.89
Geological hazard management around Old Town	145,500.00			145,500.00
Launch Area Projects, 825 Acres Parcel Project	44,244,230.52	25,933,193.83		70,177,424.35
Group Headquarters Fu River Song Ya River Embankment Project	13,829,378.60			13,829,378.60

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Group Headquarters World Bank Loan Project	53,214,503.21	10,114,225.96		63,328,729.17
Transfer of the Group's production base in the Economic Development Zone	158,430,686.85			158,430,686.85
Disaster Prevention and Mitigation Park, Hi-tech Zone, Group Headquarters	219,025,628.17	-88.94		219,025,539.23
Group Headquarters Disaster Prevention Park II	210,238,504.41	8,467,070.22		218,705,574.63
Group Headquarters Youxian District Chaoyang Area Overall Renovation and Upgrading Project	2,403,447.59			2,403,447.59
Group Headquarters Technology City Centralized Development Area Launch Area	362,247,778.03	83,990,812.65		446,238,590.68
Mian An Expressway link to Science and Technology City Avenue, Group Headquarters	32,182,524.33			32,182,524.33
Integrated pipeline corridor in the Group's centralized development area	47,862,425.84	11,432,500.00		59,294,925.84
Three road projects including North Riverside Road in the core area of the Group's centralised development area	86,852.95	92,754.85		179,607.80
Group Headquarters Anchang River Comprehensive Improvement Project	75,854,292.39	57,632,022.89		133,486,315.28
Group Headquarters Logistics Park Railway Line Project	5,040,801.69	7,141,709.05		12,182,510.74
Group Headquarters Venture Avenue Crossing Second Ring Road Viaduct Project	850,442.03	3,825,751.26		4,676,193.29
Three Roads, Binhe South Road, Group Headquarters	86,852.95	92,754.85		179,607.80
Group Headquarters Bajia Weir Landscape Enhancement Project		20.64		20.64
Innovation Hall Project of Group Headquarters		244.72		244.72
Mianyang Science and Technology City Innovation Centre Phase III	73,612,616.92	25,699,361.39		99,311,978.31
Mianyang Urban Planning Exhibition Hall		363.97		363.97
Mianyang Science and Technology City Innovation Centre Project	366,282,366.17	69,008,043.53		435,290,409.70
Incubation Building Renovation and Enhancement Project		4,400.21		4,400.21
Total	1,676,713,600.40	303,443,945.00		1,980,157,545.40

**8. Contract assets****Details of contract assets**

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying value	Book balance	Provision for impairment	Carrying value
Repurchase payments from government departments	1,188,004,354.82		1,188,004,354.82	115,122,516.84		115,122,516.84
Mianyang Fire & Rescue Detachment	40,471,559.63		40,471,559.63			
Housing and Urban-Rural Development Bureau of Youxian District, Mianyang	5,147,706.42		5,147,706.42			
Dongxu Construction Group Co., Ltd.	15,886,930.34		15,886,930.34			
Mianyang An Zhou Investment Holding Group Co., Ltd.	145,275,055.26		145,275,055.26	145,275,055.26		145,275,055.26
Income from land cost rebates for urban environmental management projects in the Economic Development Zone	165,000,000.00		165,000,000.00			
<b>Total</b>	<b>1,559,785,606.47</b>		<b>1,559,785,606.47</b>	<b>260,397,572.10</b>		<b>260,397,572.10</b>

**9. Other current assets****(1) Classification by project**

Item	Closing balance	Opening balance
Entrusted loans	538,063,691.80	540,268,676.72
Less: Provision for impairment of entrusted loans	60,719,351.96	17,227,079.30
Input tax to be deducted	228,110,954.99	130,569,418.82
Tooling molds	3,359,437.93	2,447,505.05
Prepaid taxes	64,474,807.15	15,013,253.81
Property losses and gains pending disposal	25,497.64	25,497.64
Others	18,999.19	500,639.84
Cost of returned goods receivable	4,270,083.65	
<b>Total</b>	<b>777,604,120.39</b>	<b>671,597,912.58</b>

## (2) The details of entrusted loans with significant individual amounts at the end of the period

Item	Book balance at the end of the period	Book balance at the beginning of the period
Mianyang Tongxin Copper Industry Co., Ltd.	300,000,000.00	300,000,000.00
Sichuan Jiuyuan Huantong Power Supply Co., Ltd.	28,972,220.00	28,972,220.00
Sichuan Laoshan Mill Food Co., Ltd.	22,769,344.87	22,948,863.87
Jiangyou Xianghong Stainless Steel Products Co., Ltd.	20,000,000.00	20,000,000.00
Sichuan Fengtai Printing Co., Ltd.	16,638,067.12	16,638,067.12
Mianyang Neng Shi Guang Bao Electronics Co., Ltd.	13,555,450.12	13,684,497.12
Mianyang Zhongtong Heavy Duty Packaging Co., Ltd.	11,114,400.43	11,114,400.43
Sichuan Tonghui Steel Structure Co., Ltd.	6,758,090.14	6,758,090.14
Sichuan Hanxin Soft Wooden Products Co., Ltd.	14,000,000.00	16,142,538.21

## 10. Debt investment

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying value	Book balance	Provision for impairment	Carrying value
CNA Trust Guarantee Fund	3,000,000.00		3,000,000.00	3,000,000.00		3,000,000.00
Principal amount of trust products of China Railway Trust Company Limited	23,023,471.19		23,023,471.19	20,000,000.00		20,000,000.00
China Railway Trust Mianyang Science and Technology City Innovation Centre Project	19,480,000.00		19,480,000.00	19,480,000.00		19,480,000.00
Ping An Bank Structured Deposit Rolling Open Type Product	7,000,000.00		7,000,000.00			
<b>Total</b>	<b>52,503,471.19</b>		<b>52,503,471.19</b>	<b>42,480,000.00</b>		<b>42,480,000.00</b>

## 11. Long-term equity investments

## (1) Classification of long-term equity investments

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Investment in joint ventures	4,391,701,269.69	172,261,123.93	4,338,544,823.95	225,417,569.67
Investment in associates	1,642,046,489.38	9,902,627.45	1,506,412,645.67	145,536,471.16

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Subtotal	6,033,747,759.07	182,163,751.38	5,844,957,469.62	370,954,040.83
Less: provision for impairment of long-term equity investments	466,199,839.48		462,136,596.54	4,063,242.94
Total	5,567,547,919.59	182,163,751.38	5,382,820,873.08	366,890,797.89

## (2) The details of long-term equity investments

Investee	Investment cost	Opening balance	Changes for the current period			
			Additional investment	Decrease in investment	Investment income or losses recognized under equity method	Adjustment to other comprehensive income
<b>I. Joint ventures</b>						
Mianyang Weisheng Innovation & Venture Equity Investment Fund (Limited Partnership)		17,437,777.00		3,797,329.99	13,154,738.23	
Mianyang weibo electronic Co., Ltd.	10,787,964.78	16,974,861.69			555,468.16	
Sichuan Xijie Microwave Technology Development Co., Ltd.	6,000,000.00					
Mianyang Weisheng Investment Management Co., Ltd.	3,500,000.00	7,093,424.70			2,646,871.58	
Mianyang Sanjiang Meiya Hydropower Co., Ltd.	25,000,000.00	28,100,977.02			5,904,045.96	
Mianyang Science and Technology City Industrial Development Fund (Limited Partnership)	4,431,510,000.00	4,318,030,986.34				
Sichuan Guohao Seed Industry Co., Ltd.	25,637,032.00					
Mianyang Hongke Optoelectronics Equity Investment Partnership (Limited Partnership)	150,000,000.00		150,000,000.00			
Subtotal	4,652,434,996.78	4,387,638,026.75	150,000,000.00	3,797,329.99	22,261,123.93	
<b>II. Associates</b>						
Mianyang Keliang Agricultural Financing Guarantee Co., Ltd.	51,000,000.00	50,797,317.53			-392,170.63	
Sichuan Bangmenghuizhi Technology Services Co., Ltd.	100,000.00	105,488.55			-475.23	
Sichuan Tianxin Gas Co., Ltd.	5,880,000.00	80,183,030.89			7,091,902.92	
Mianyang Tianrun Gas Co., Ltd.	14,709,564.71	13,529,215.76			3,301,382.95	

Investee	Investment cost	Opening balance	Changes for the current period			
			Additional investment	Decrease in investment	Investment income or losses recognized under equity method	Adjustment to other comprehensive income
Mianyang Science and Technology City Sports and Culture Industry Company	600,000.00	411,779.95			-98,012.56	
Sichuan Bohong Industrial Co., Ltd.	1,696,978,425.60	1,032,883,060.16		495,019,656.70		
Mianyang High-Tech Zone Water Supply Co., Ltd.	2,000,000.00	2,000,000.00			449,400.00	
Subtotal	1,771,267,990.31	1,179,909,892.84		495,019,656.70	10,352,027.45	
Total	6,423,702,987.09	5,567,547,919.59	150,000,000.00	498,816,986.69	32,613,151.38	

Continued from the table above:

Investee	Changes for the current period				Closing balance	Closing balance of provision for impairment
	Other equity changes	Declared cash dividends or profits	Provision for impairment	Others		
<b>I. Joint ventures</b>						
Mianyang Weisheng Innovation & Venture Equity Investment Fund (Limited Partnership)		11,385,230.01			15,409,955.23	
Mianyang weibo electronic Co., Ltd.		200,000.00			17,330,329.85	
Sichuan Xijie Microwave Technology Development Co., Ltd.						4,063,242.94
Mianyang Weisheng Investment Management Co., Ltd.		3,220,000.00			6,520,296.28	
Mianyang Sanjiang Meiya Hydropower Co., Ltd.		1,911,277.61			32,093,745.37	
Mianyang Science and Technology City Industrial Development Fund (Limited Partnership)				-4,318,030,986.34		
Sichuan Guohao Seed Industry Co., Ltd.						
Mianyang Hongke Optoelectronics Equity Investment Partnership (Limited Partnership)					150,000,000.00	
Subtotal		16,716,507.62		-4,318,030,986.34	221,354,326.73	4,063,242.94
<b>II. Associates</b>						

Investee	Changes for the current period				Closing balance	Closing balance of provision for impairment
	Other equity changes	Declared cash dividends or profits	Provision for impairment	Others		
Mianyang Keliang Agricultural Financing Guarantee Co., Ltd.					50,405,146.90	
Sichuan Bangmenghuizhi Technology Services Co., Ltd.					105,013.32	
Sichuan Tianxin Gas Co., Ltd.		8,330,000.00			78,944,933.81	
Mianyang Tianrun Gas Co., Ltd.		3,062,988.97			13,767,609.74	
Mianyang Science and Technology City Sports and Culture Industry Company					313,767.39	
Sichuan Bohong Industrial Co., Ltd.			-462,136,596.54			
Mianyang High-Tech Zone Water Supply Co., Ltd.		449,400.00			2,000,000.00	
Subtotal		11,842,388.97	-462,136,596.54		145,536,471.16	
Total		28,558,896.59	-462,136,596.54	-4,318,030,986.34	366,890,797.89	4,063,242.94

## (3) Main financial information of important associates

Item	Sichuan Tianxin Gas Co., Ltd.	
	Closing balance	Opening balance.
Current assets	162,003,038.25	157,397,590.24
Non-current assets	57,264,803.77	57,115,304.76
Total assets	219,267,842.02	214,512,895.00
Current liabilities	58,155,732.19	50,874,056.44
Non-current liabilities		
Total liabilities	58,155,732.19	50,874,056.44
Net Assets	161,112,109.83	163,638,838.56
Share of net assets calculated by shareholding ratio	78,944,933.82	80,183,030.89
Adjustments		
Carrying value of equity investment in associates	73,064,933.81	80,183,030.89
Fair value of equity investment for which publicly quoted prices exist		
Operating revenue	271,878,595.95	287,594,875.02
Financial expenses	-2,666,172.14	-2,418,047.16
Income tax expense	1,078,603.35	6,179,630.34
Net profit	14,473,271.27	35,017,905.29
Other comprehensive income		

Item	Sichuan Tianxin Gas Co., Ltd.	
	Closing balance	Opening balance.
Total comprehensive income	14,473,271.27	35,017,905.29
Dividends received from joint ventures in the current period	8,330,000.00	7,350,000.00

## 12. Other equity instruments investment

### (1) Details of other equity instruments investment

Item	Closing balance	Opening balance
Stock investment:		
Sichuan Jiuzhou (Stock code 000801)	95,900,000.00	61,900,000.00
Changhong Huayi (Stock code 000404)	134,837,500.00	145,762,500.00
Dongxu Optoelectronics (Stock code 000413)	25,605,371.25	29,133,222.40
Equity investment:		
Mianyang BOE Optoelectronics Technology Co., Ltd.	4,300,000,001.00	2,300,000,001.00
Mianyang Smart City Industry Development Co., Ltd.	1,589,216.05	900,000.00
Mianyang Science and Technology City Win-Win Help Investment Fund (Limited Partnership)	39,481,899.18	9,800,000.00
Mianyang City Commercial Bank Co., Ltd.	33,777,138.41	26,111,266.91
Mianyang Taishengfa Immovable Property Co., Ltd.		
China Guangfa Bank Co., Ltd.	299,999,999.67	
Sichuan Zhongwu Technology Co., Ltd.	4,931,499.57	4,847,732.62
Sichuan Entech Environment Technology Co., Ltd.	3,783,268.63	3,451,456.41
Zhongjian Technology Mianyang Co., Ltd.	8,700,000.00	8,700,000.00
Mianyang Science and Technology City Win-Win Help Investment Fund (Limited Partnership)	805,753.04	199,541.43
Mianyang Huihang Technology Industry Development Equity Investment Partnership (Limited Partnership)	985,675.90	997,704.42
Mianyang Huixiang UAV Equity Investment Partnership (Limited Partnership)	992,002.44	998,982.51

Item	Closing balance	Opening balance
Mianyang Hongke Optoelectronics Equity Investment Partnership (Limited Partnership)	4,494,760.56	
Mianyang Miangao Equity Investment Fund (Limited Partnership)	4,922,351.99	
Mianyang Jingjiu Medical Industry Equity Investment Partnership (Limited Partnership)	1,000,000.00	
Total	4,961,806,437.69	2,592,802,407.70

## (2) Significant investments in other equity instruments at the end of the year

Item	Dividends income recognized in the current period	Accumulated profit	Accumulated loss	Accumulated fair value changes recognized in other comprehensive income	Designated as measured at fair value with changes recognized in other comprehensive income reason	Reason
Sichuan Jiuzhou (Stock code 000801)	130,000.00			64,900,000.00		Investments in non-trading equity instruments
Changhong Huayi (Stock code 000404)	1,725,600.00			230,000.00		Investments in non-trading equity instruments
Dongxu Optoelectronics (Stock code 000413)				-87,058,262.25		Investments in non-trading equity instruments
China Guangfa Bank Co., Ltd.						Investments in non-trading equity instruments
Mianyang Hongke Optoelectronics Equity Investment Partnership (Limited Partnership)				-88,126.89		Investments in non-trading equity instruments
Mianyang Huihang Technology Industry Development Equity Investment Partnership (Limited Partnership)				-28,648.20		Investments in non-trading equity instruments
Mianyang Huixiang UAV Equity Investment Partnership (Limited Partnership)				-15,995.12		Investments in non-trading equity instruments
Mianyang Science and Technology City Industrial Development Fund (Limited Partnership)				-192,185.10		Investments in non-trading equity instruments

Item	Dividends income recognized in the current period	Accumulated profit	Accumulated loss	Accumulated fair value changes recognized in other comprehensive income	Designated as measured at fair value with changes recognized in other comprehensive income reason	Reason
Mianyang Science and Technology City Win-Win Help Investment Fund (Limited Partnership)				293,405.26		Investments in non-trading equity instruments
Mianyang Miangao Equity Investment Fund (Limited Partnership)				-77,648.01		Investments in non-trading equity instruments
Mianyang City Commercial Bank Co., Ltd.	560,000.00			24,046,760.76		Investments in non-trading equity instruments
Mianyang Smart City Industry Development Co., Ltd.				689,216.05		Investments in non-trading equity instruments
Mianyang Taishengfa Immovable Property Co., Ltd.				-135,000.00		Investments in non-trading equity instruments
Sichuan Entech Environment Technology Co., Ltd.				-3,147,211.37		Investments in non-trading equity instruments
Sichuan Zhongwu Technology Co., Ltd.				3,731,499.57		Investments in non-trading equity instruments
Total	2,415,600.00			3,147,804.70		

### 13. Investment properties

#### (1) Investment properties carried at fair value

Item	Opening fair value	Increase in the current period			Decrease in the current period		Closing fair value
		Acquisition	Transferred from self-use real estate or inventory	the profit and loss of fair value changes	Disposal	Convert to self-use real estate	
I. Total cost	2,661,631,530.86		4,943,943,588.75		1,458,822.37		7,604,116,297.24
Including: Houses, buildings	2,598,442,230.86		1,185,946,849.67		1,458,822.37		3,782,930,258.16
Land use right	63,189,300.00		3,757,996,739.08				3,821,186,039.08
II. Total changes in fair value	273,616,686.86		2,298,275,684.27	190,604,924.98	505,607.63		2,761,991,688.48
Including: Houses, buildings	65,789,751.84		303,031,622.39	159,562,711.96	505,607.63		527,878,478.56
Land use right	207,826,935.02		1,995,244,061.88	31,042,213.02			2,234,113,209.92
III. Total carrying value	2,935,248,217.72		7,242,219,273.02	190,604,924.98	1,964,430.00		10,366,107,985.72

Item	Opening fair value	Increase in the current period			Decrease in the current period		Closing fair value
		Acquisition	Transferred from self-use real estate or inventory	the profit and loss of fair value changes	Disposal	Convert to self-use real estate	
Including: Houses, buildings	2,664,231,982.70		1,488,978,472.06	159,562,711.96	1,964,430.00		4,310,808,736.72
Land use right	271,016,235.02		5,753,240,800.96	31,042,213.02			6,055,299,249.00

## (2) Important investment properties of which certificates of title have not been obtained at the end of period

Serial Number	Affiliated unit	Name	Carrying value	Reasons why certificates of title have not been obtained
1	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	"Sunshine Seattle" Special Patrol Room 5-1-1, 5-2-1	7,249,634.00	In process
2	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Platinum Times (Car Park)	75,971,703.00	In process
3	Mianyang High-tech Construction and Development Co., Ltd.	5-7 floor Office Building, Oriental International (120 North Torch Street West, Fucheng District)	557,225.39	In process
4	Mianyang High-tech Construction and Development Co., Ltd.	Hardware and Machinery City Parking Lot (116 Mianxing East Road, Fucheng District)	2,184,510.55	In process
5	Mianyang Gas Group Co., Ltd.	Gas Group Buildings	114,294,320.38	In process
Total			200,257,393.32	

## 14. Fixed assets

Item	Closing balance	Opening balance
Fixed assets	2,295,451,281.96	2,293,300,222.47
Disposal of fixed assets		67,934.79
Total	2,295,451,281.96	2,293,368,157.26

## (1) Details of fixed assets

Item	Book balance at the end of the period	Book balance at the beginning of the period	Reason for transferring to cleaning
Vehicles		24,525.45	For sale
House and buildings		10,172.41	For sale
Machinery and equipment			For sale
Electronic equipment		12,463.58	For sale
Office equipment		20,773.35	For sale
Total		67,934.79	

## (2) Details of fixed assets

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
<b>I. Total original book value</b>	3,687,074,133.01	746,837,178.91	769,421,629.75	3,664,489,682.17
<b>Including: House and buildings</b>	2,260,906,871.37	453,463,048.88	749,099,351.91	1,965,270,568.34
Machinery and equipment	660,447,069.85	267,763,686.94	10,422,125.27	917,788,631.52
Vehicles	42,017,021.38	3,490,557.14	2,597,484.80	42,910,093.72
Electronic equipment	571,207,063.13	4,548,668.79	1,225,668.59	574,530,063.33
Office equipment	22,477,672.63	601,574.05	805,616.48	22,273,630.20
Others	130,018,434.65	16,969,643.11	5,271,382.70	141,716,695.06
<b>II. Total accumulated depreciation</b>	1,389,996,242.64	149,867,157.93	174,602,668.26	1,365,260,732.31
<b>Including: House and buildings</b>	635,320,662.52	61,962,780.49	162,631,554.37	534,651,888.64
Machinery and equipment	190,311,825.44	62,016,802.13	7,594,132.88	244,734,494.69
Vehicles	25,231,140.89	3,729,932.29	2,454,478.38	26,506,594.80
Electronic equipment	442,073,925.23	16,570,217.01	1,155,253.43	457,488,888.81
Office equipment	12,569,106.41	856,851.18	754,228.68	12,671,728.91
Others	84,489,582.15	4,730,574.83	13,020.52	89,207,136.46
<b>III. Total net book value</b>	2,297,077,890.37			2,299,228,949.86
<b>Including: House and buildings</b>	1,625,586,208.85			1,430,618,679.70
Machinery and equipment	470,135,244.41			673,054,136.83
Vehicles	16,785,880.49			16,403,498.92
Electronic equipment	129,133,137.90			117,041,174.52
Office equipment	9,908,566.22			9,601,901.29
Others	45,528,852.5			52,509,558.6
<b>IV. Total provision for impairment</b>	3,777,667.90			3,777,667.90
<b>Including: House and buildings</b>				
Machinery and equipment	363,885.56			363,885.56
Vehicles				
Electronic equipment	2,419,886.00			2,419,886.00
Office equipment				
Others	993,896.34			993,896.34
<b>V. Total carrying value</b>	2,293,300,222.47			2,295,451,281.96
<b>Including: House and buildings</b>	1,625,586,208.85			1,430,618,679.70
Machinery and equipment	469,771,358.85			672,690,251.27
Vehicles	16,785,880.49			16,403,498.92
Electronic equipment	126,713,251.90			114,621,288.52
Office equipment	9,908,566.22			9,601,901.29
Others	44,534,956.16			51,515,662.26

## (3) Important fixed assets of which certificates of title have not been obtained

Serial number	Affiliated unit	Name	Carrying value	Reasons why certificates of title have not been obtained
1	Beichuan Qiang Autonomous County Liuhe Turbine Materials Co., Ltd.	Factory building and accessories	266,384.24	In process
2	Sichuan Liuhe Special Metal Materials Co., Ltd.	Factory building and accessories	137,779,490.78	In process
3	Deyang Liuhe Energy Materials Co., Ltd.	Factory building and accessories	3,372,071.55	In process
4	Mianyang Kefa Changtai Industry Co., Ltd.	Factory building and accessories	8,718,166.21	In process
5	Mianyang Gas Group Co., Ltd.	Factory building and accessories	19,813,285.13	In process
6	Mianyang High-tech Zone Investment Holding (Group) Co., Ltd.	Office building and supporting facilities	1,137,684.01	In process
7	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Office building and supporting facilities	2,050,404.21	In process
Total			173,137,486.13	

## 15. Construction in progress

## (1) Details of construction in progress

Item	Closing balance		
	Book balance	Provision for impairment	Carrying value
Smartphone Project Standard Workshop Phase I in Economic Development Zone	14,702,952.80	14,702,952.80	
Mianyang Urban and Rural Planning Exhibition Hall	9,672,489.76	9,672,489.76	
Mianyang Science and Technology City International Convention and Exhibition Centre Phase III	816,089,380.80		816,089,380.80
Jiuzhou Gymnasium Renovation Project	23,498,974.77		23,498,974.77
Wastewater Treatment Plant Japanese Yen Loan Project	168,785,657.93		168,785,657.93
Intelligent Logistics Information Centre	35,399,112.58		35,399,112.58
Gas Company Gas Pipeline	58,342,760.25	1,545,725.47	56,797,034.78
Liuhe Aviation Combustion Engine Project			
Intelligent Manufacturing Project for Key Components of Aerospace and Natural Machines-Deyang	16,895,891.79		16,895,891.79
Convention and Exhibition Centre Area Technology Element Project	9,322,023.91		9,322,023.91
Gas Station Project	7,193,710.90		7,193,710.90
Projects under 5 million	14,521,048.02		14,521,048.02
Total	1,174,424,003.51	25,921,168.03	1,148,502,835.48

Continued from the table above:

Item	Opening balance		
	Book balance	Provision for impairment	Carrying value
Smartphone Project Standard Workshop Phase I in Economic Development Zone	22,627,577.80		22,627,577.80
Mianyang Urban and Rural Planning Exhibition Hall	7,898,409.76		7,898,409.76
Mianyang Science and Technology City International Convention and Exhibition Centre Phase III	695,615,403.95		695,615,403.95
Jiuzhou Gymnasium Renovation Project	14,841,406.18		14,841,406.18
Wastewater Treatment Plant Japanese Yen Loan Project	168,795,168.81		168,795,168.81
Intelligent Logistics Information Centre	14,222,757.47		14,222,757.47
Gas Company Gas Pipeline	46,925,973.58	1,545,725.47	45,380,248.11
Liuhe Aviation Combustion Engine Project	217,274,698.84		217,274,698.84
Intelligent Manufacturing Project for Key Components of Aerospace and Natural Machines-Deyang	5,802,121.55		5,802,121.55
Convention and Exhibition Centre Area Technology Element Project			
Gas Station Project	1,711,369.02		1,711,369.02
Projects under 5 million	10,453,009.09		10,453,009.09
Total	1,206,167,896.05	1,545,725.47	1,204,622,170.58

## (2) Changes in significant construction in progress projects during the period

Item	Budget (10 thousand yuan)	Opening balance	Increase in the current period	Transfer to fixed assets	Other decreases	Closing balance
Mianyang Science and Technology City International Convention and Exhibition Centre Phase III	89,700.00	695,615,403.95	120,473,976.85			816,089,380.80
Wastewater Treatment Plant Japanese Yen Loan Project	15,948.04	168,795,168.81			9,510.88	168,785,657.93
Aeronautics and Combustion Engine Program	87,759.00	217,274,698.84	78,720,757.81	295,995,456.65		0.00

Continued from the table above:

Item	Cumulative investment in the project Percentage of budget (%)	Amount of accumulated capitalized interest	Including: capitalized interest for the current period	Interest capitalization rate for the current period (%)	Source of funds
Mianyang Science and Technology City International Convention and Exhibition Centre Phase III	90.98	99,109,064.57	45,650,476.79	37.89	Borrowing, self-financing
Wastewater Treatment Plant Japanese Yen Loan Project	100.00				Borrowing, self-financing

Aeronautics and Combustion Engine Program	33.73	87,645,364.92	17,436,472.13	7.53	Domestic borrowing, self-financing
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## 16. Right-of-use assets

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Total original book value		10,529,223.23		10,529,223.23
Including: Land				
House and buildings		10,529,223.23		10,529,223.23
II. Total accumulated depreciation		2,171,380.76		2,171,380.76
Including: Land				
House and buildings		2,171,380.76		2,171,380.76
III. Total net book value of right to use assets		8,357,842.47		8,357,842.47
Including: Land				
House and buildings		8,357,842.47		8,357,842.47
IV. Total provision for impairment				
Including: Land				
House and buildings				
V. Total net book value of right to use assets		8,357,842.47		8,357,842.47
Including: Land				
House and buildings		8,357,842.47		8,357,842.47

## 17. Intangible assets

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Total cost	675,765,919.37	24,451,699.83	200,710,338.17	499,507,281.03
Including: Software	9,892,911.10	8,803,566.23	66,019.43	18,630,457.90
Land use right	660,454,698.91	15,648,133.60	200,644,318.74	475,458,513.77
Patents and Non-patents	5,418,309.36			5,418,309.36
II. Total accumulated amortization	57,022,880.26	7,842,070.29	22,832,148.65	42,032,801.90
Including: Software	4,766,773.51	1,637,287.23	60,517.71	6,343,543.03
Land use right	46,846,185.71	6,203,745.30	22,771,630.94	30,278,300.07
Patents and Non-patents	5,409,921.04	1,037.76		5,410,958.80
III. Total provision for impairment				
Including: Software				
Land use right				
Patents and Non-patents				

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
IV. Total net book value	618,743,039.11			457,474,479.13
Including: Software	5,126,137.59			12,286,914.87
Land use right	613,608,513.20			445,180,213.70
Patents and Non-patents	8,388.32			7,350.56

Including: Land use Right of which certificates of title have not been obtained

Serial number	Affiliated unit	Item	Carrying value	Reasons why certificates of title have not been obtained
1	Mianyang High-tech Zone Investment Holding (Group) Co., Ltd.	North of Demian Road A, South of Demian Road A, North of Demian Road B, South of Demian Road B	150,900,478.41	Problem left over from history
Total			150,900,478.41	

## 18. Goodwill

### (1) Carrying value of goodwill

Name of the investee or Item resulting in goodwill	Opening balance	Increase in the current period	Decrease in the current period	Provision for impairment of goodwill	Closing balance
Goodwill arising from the acquisition of Sichuan Weichen Construction Engineering Co., Ltd. by a subsidiary, Sichuan Fada Weiye Investment Co., Ltd.	1,540,000.00				1,540,000.00
Total	1,540,000.00				1,540,000.00

## 19. Long-term prepaid expenses

Item	Opening balance	Increase in the current period	Amortization for the current period	Other decrease	Closing balance
Steel ingot molds (special)	1,220,667.50		976,534.08		244,133.42
Quenched diesel	671,344.06	189,734.52	471,135.46		389,943.12
Factory floor paint	553,261.65		164,780.64		388,481.01
Merchant bank guarantee fees	485,660.34		448,301.88		37,358.46
Financing costs	12,438,034.68	6,861,967.37	2,073,005.88		17,226,996.17
Repair and renovation costs	14,823,732.04	14,045,110.53	6,229,775.74	7,042,753.19	15,596,313.64
Others	461,813.39	106,757.31	225,697.69		342,873.01
Total	30,654,513.66	21,203,569.73	10,589,231.37	7,042,753.19	34,226,098.83

**20. Deferred tax assets and Deferred tax liabilities**

Deferred income tax assets and deferred income tax liabilities are not presented on a net of offsetting

Item	Closing balance		Opening balance	
	Deferred tax assets/deferred tax liabilities	Deductible temporary differences/Taxable temporary differences	Deferred tax assets/deferred tax liabilities	Deductible temporary differences/Taxable temporary differences
I. Deferred income tax assets	61,795,377.03	265,014,406.42	45,822,913.77	203,318,142.52
Credit impairment losses	22,331,202.98	89,324,811.91		
Assets impairment losses	27,737,857.93	111,468,991.74	28,663,569.68	122,159,206.07
Other financial assets accounted for other comprehensive income			10,368,852.78	41,475,411.10
Other equity instrument accounted for other comprehensive income	5,243,844.25	21,004,123.64	565.75	3,771.64
Deductible losses	6,482,471.87	43,216,479.13	4,695,019.31	31,300,128.71
Asset valuation appreciation of acquisition of Mianyang Huazheng Electronic Technology Co., Ltd.			2,094,906.25	8,379,625.00
II. deferred tax liabilities	855,390,872.88	3,475,520,399.37	223,330,155.24	946,810,957.82
Changes in fair value of Other financial assets accounted for other comprehensive income	1,215,136.42	7,711,384.00	1,055,615.51	6,924,964.03
Changes in fair value of investments in other equity instruments	4,011,425.56	17,300,042.66	3,707,002.79	15,765,011.95
Asset valuation appreciation of Gas Company	105,879,007.42	473,367,759.02	106,617,864.99	476,322,294.15
Investment property tax basis differences	744,285,303.48	2,977,141,213.69	111,949,671.95	447,798,687.69

**21. Other non-current assets**

Item	Closing balance	Opening balance
Offsetting assets of Kefa Guarantee Co., Ltd.	35,301,962.47	34,920,324.86
Entrusted loans of BOE Project	50,380,787.04	100,761,574.07
Costs associated of BOE projects	2,313,936,083.41	482,740,409.25
Original value of external equity investment	559,217,955.41	529,217,955.41
Including: High-tech Industrial Investment Corporation of the New High-tech Zone	1,816,835.98	1,816,835.98
Mianyang High-tech Zone Pujin Investment Co., Ltd.	15,000,000.00	15,000,000.00
Mianyang High-tech Zone Shiquan Comprehensive Market Development Co., Ltd.	602,336.21	602,336.21
High-tech New Area Municipal Corporation	1,476,457.63	1,476,457.63

Item	Closing balance	Opening balance
Mianyang Productivity Promotion Centre Co., Ltd.	1,615,125.59	1,615,125.59
TEDA Biomedical Technology Co., Ltd.	6,800,000.00	6,800,000.00
PolyStar Technology Co., Ltd.	100,000.00	100,000.00
Sichuan Mianyang Nanshan Education Investment Co., Ltd.	6,568,000.00	6,568,000.00
Sichuan Guoke Asset Management Co., Ltd.	102,239,200.00	102,239,200.00
Mianyang Zhongjian Kefa Pipe Corridor Road Investment and Construction Co., Ltd.	363,000,000.00	333,000,000.00
Sichuan Credit Re-Guarantee Co., Ltd.	60,000,000.00	60,000,000.00
Less: Provision for impairment of external equity investments	1,602,336.21	1,000,000.00
Including: Mianyang High-tech Zone Shiquan Comprehensive Market Development Co., Ltd.	602,336.21	
Mianyang High-tech Zone Pujin Investment Co., Ltd.	1,000,000.00	1,000,000.00
Total	2,957,234,452.12	1,146,640,263.59

Note:

(1) The main body of Sichuan Mianyang Nanshan Education Investment Co., Ltd. is Sichuan Mianyang Nanshan Middle School Bilingual School, in which the Company has a 23% shareholding. The school has a certificate of legal institutions and implements "Accounting Standards for Institutions" and "Accounting System for Primary and Secondary Schools", and has a certain public welfare nature, and the Company does not enjoy investment income or bear investment losses.

(2) Sichuan Guoke Asset Management Co., Ltd. is a limited company jointly established by the Company and Sichuan Sanxin Venture Capital Co., Ltd., a wholly-owned subsidiary of Sichuan Development Asset Management Investment Management Co., Ltd., It was established to properly undertake the disposal of Hanlong's asset package on behalf of Mianyang government, Later, San-Xin transferred its equity interest in Guoke to Sichuan Development Asset Management Investment Management Co., Ltd. The Company's shareholding ratio is 40% and Sichuan Development's shareholding ratio is 60%, the Company is not entitled to investment income or bear investment losses.

(3) The Company issued entrusted loans of 64,230,555.55 yuan and 86,911,805.55 yuan in January and July 2019, respectively, for the period from the lending date to December 30, 2022, through Mianyang Hi-Tech Sub-branch of the Agricultural Bank of China, with no interest rate and no handling fee, BOE Technology Group Co., Ltd. As of December 31, 2021, BOE Technology Group Co., Ltd. has repaid and returned 100,761,574.07 yuan in principal.

(4) In October 2016, Mianyang Municipal People's Government and BOE Group signed the "Framework Agreement for Investment in the Project", and in March 2017, Kefa Group and BOE signed the "Supplementary Agreement to the Investment Framework Agreement", and in December 2020, Mianyang

Municipal People's Government, Kefa Group and BOE Group signed the "Supplementary Agreement to the Investment Framework Agreement". According to the relevant provisions of the supplementary agreement signed in December 2020, BOE Technology Group completed the private placement or asset restructuring before December 31, 2022, and replace the equity corresponding to the contribution of 4.3 billion yuan of the project company held by Science and Technology Development Group with the shares of BOE Technology listed companies according to the original contribution. Therefore, in accordance with the Matching principle of income and cost, the Company will carry forward the accumulated costs related to the BOE Technology project when the project investment exits.

(5) The project of Mianyang Zhongjian Kefa Pipe Corridor Road Investment and Construction Co., Ltd. is a PPP project. The Company is the investment representative authorized by Mianyang Municipal People's Government to represent the government. The new investment in this period is 30,000,000.00 yuan, accounting for 49.01%. The company does not enjoy investment income or bear investment losses.

## 22. Assets with restricted ownership and usage right

Item	Book balance at the end of the period	Reasons of restriction
Monetary funds	1,318,578,114.06	Bank time deposit, margin deposit, and Pre-sales supervision, etc.
Inventories	2,252,902,401.20	Borrowing collateral, etc., see Note 1 for details
Other equity instruments investments	3,627,901,342.50	See Note 2 for details
Fixed assets	909,784,777.06	Collateral for borrowings, see Note 3 for details
Investment properties	8,544,532,375.00	Collateral for borrowings, see Note 4 for details
Construction in progress	231,181,557.53	Collateral for borrowings, see Note 5 for details
Other receivables	113,027,527.24	Land with Sichuan (2020) Mianyang Immovable Property Right No.0031129 used as collateral for borrowing
Total	16,997,908,094.59	

Note 1. Details of restricted large amounts of inventory are as follows:

Item	Book balance at the end of the period	Reasons of restriction
Mianyang State Use (2010) No.01412	52,180,000.00	Mortgage loans
Mianyang State Use (2010) No.05050	146,364,300.00	Mortgage loans
Mianyang State Use (2010) No.05051	141,938,700.00	Mortgage loans

Item	Book balance at the end of the period	Reasons of restriction
Mianyang State Use (2010) No.05046	105,031,200.00	Mortgage loans
Mianyang State Use (2011) No.02725	87,129,058.00	Mortgage loans
Sichuan (2020) Mianyang Immovable Property Right No.0009021, Sichuan (2020) Mianyang Immovable Property Right No.0009028	351,347,318.59	Mortgage loans
Mianyang State Use (2014) No.38299	81,530,000.00	Mortgage loans
Mianyang State Use (2014) No.38298	235,273,200.00	Mortgage loans
Sichuan (2018) Mianyang Immovable Property Right No.0027648	40,700,100.00	Mortgage loans
Sichuan (2020) Mianyang Immovable Property Right No.0025978	101,725,100.00	Mortgage loans
Bei State Use (2011) No. 175, Bei Guo Yong (2011) No. 176, Bei State Use (2011) No. 177, Bei State Use (2011) No. 178, Bei State Use (2011) No. 179, Bei State Use (2011) No. 180, Bei State Use (2011) No. 181, Bei State Use (2014) No. 769	46,168,698.25	Mortgage loans
Coal	186,991,862.79	Involved in litigation
Sichuan (2016) Santai County Immovable Property Right No. 0001538, Sichuan (2016) Santai County Immovable Property Right No. 0001608, Sichuan (2016) Santai County Immovable Property Right No. 0001609, Sichuan (2016) Santai County Immovable Property Right No. 0001607, Sichuan (2016) Santai County Immovable Property Right No. 0001610, Sichuan (2018) Santai County Immovable Property Right No. 0001898	188,200,731.37	Mortgage loans
Sichuan (2020) Mianyang Immovable Property Right No.0031464	488,322,132.20	Mortgage guarantee

Note 2. Details of restricted large investments in other equity instruments are as follows:

Item	Book balance at the end of the period	Reasons of restriction
Mianyang BOE Optoelectronics Technology Co., Ltd.	3,486,950,671.25	Pledged loans
Changhong Huayi (Stock code 000404)	67,395,300.00	Financing and securities lending
Dongxu Optoelectronics (Stock code 000413)	25,605,371.25	Financing and securities lending
Sichuan Jiuzhou (Stock code 000801)	47,950,000.00	Financing and securities lending

Note 3. Details of restricted large amounts of fixed assets are as follows:

Item	Book balance at the end of the period	Reasons of restriction
Sichuan (2021) Mianyang Immovable Property Right No.0030908	156,192,486.37	Mortgage guarantee
Sichuan (2021) Santai County Immovable Property Right No. 0008961, Sichuan (2021) Santai County Immovable Property Right No.0008960, Sichuan (2021) Santai County Immovable Property Right No. 0008958	82,295,393.66	Mortgage loans

Item	Book balance at the end of the period	Reasons of restriction
Liuhe special materials equipment	671,296,897.03	Sale and Leaseback Mortgage of equipment

Note 4. Details of restricted large amounts of investment properties are as follows:

Item	Book balance at the end of the period	Reasons of restriction
Sichuan (2019) Mianyang Immovable Property Right No.0011744	273,080,891.00	Mortgage loans
Bei State Use (2014) No.475-No.478 of 4 cases	1,890,138,698.00	Mortgage loans
Bei State Use (2014) No.479 to No.509, a total of 31 houses corresponding to 31 land parcels, Beichuan House No.0033576 to No.0033593, 18 buildings in total	442,968,307.00	Mortgage loans
Mianyang State Use (2012) No.16339	154,731,175.00	Mortgage loans
Mianyang State Use (2009) No.00003	102,312,522.00	Mortgage loans
Sichuan (2020) Mianyang Immovable Property Right No.0035213	136,561,645.00	Mortgage loans
Sichuan (2021) Mianyang Immovable Property Right No.0019151	107,136,746.00	Mortgage loans
Sichuan (2019) Mianyang Immovable Property Right No.0011858	266,236,059.00	Mortgage loans
Sichuan (2019) Mianyang Immovable Property Right No.0011859	135,652,638.00	Mortgage loans
Sichuan (2019) Mianyang Immovable Property Right No.0011860	518,378,886.00	Mortgage loans
Sichuan (2019) Mianyang Immovable Property Right No.0022566	263,252,383.00	Bond financing
Mianyang State Use (2009) No.09078 and Mianyang Housing Right Certificate Housing Supervision No.20095795	152,023,305.00	Expired without retrieval
Mianyang Housing Right Certificate Housing Supervision No.200811582, Mianyang State Use (2008) No. 14985	206,910,182.00	Replace collateral not yet released from custody
Sichuan (2019) Mianyang Immovable Property Right No.0011856 (the Group)	122,145,471.00	Mortgage loans
Sichuan (2019) Mianyang Immovable Property Right No.0044458	307,889,667.00	Mortgage loans
Sichuan (2020) Mianyang Immovable Property Right No.0031128	293,679,733.00	Mortgage loans
Mianyang State Use (2014) No.29598	116,168,397.00	Mortgage loans
Mianyang State Use (2014) No.129602	197,476,570.00	Mortgage loans
Mianyang State Use (2002) No.03628	139,357,939.00	Mortgage loans

Note 5. Details of restricted large amounts of construction in progress are as follows:

Item	Book balance at the end of the period	Reasons of restriction
Sichuan (2020) Mianyang Immovable Property Right No.0003115	62,395,899.60	Loans Mortgage
Wastewater Treatment Plant Japanese Yen Loan Project	168,785,657.93	Sichuan Jinshi Leasing Co., Ltd. Finance lease mortgage

**23. Short-term borrowings****(1) Classification of short-term borrowings**

Item	Closing balance	Opening balance
Guaranteed loans	3,331,729,700.00	4,337,000,000.00
Mortgage loans	1,060,000,000.00	965,000,000.00
Mortgage loans+ Guaranteed loans	199,500,000.00	
Unsecured loans	707,982,857.98	987,530,000.00
Pledged loans	90,187,797.35	323,840,418.48
Pledged loans+ Guaranteed loans	310,000,000.00	
Pledged loans+ Mortgage loans + Guaranteed loans	100,000,000.00	
Pledged loans+ Mortgage loans	400,000,000.00	
Total	6,199,400,355.33	6,613,370,418.48

**(2) Details of short-term borrowings**

Borrow unit	Loan unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Mianyang City Commercial Bank Taoyuan Sub-branch	300,000,000.00	Pledge + guaranteed loan	Mianyang Kefa Changtai Industry Co., Ltd, 500 million yuan stake in Mianyang BOE Optoelectronics Technology Co.,Ltd	2021.12.22	2022.12.22	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Bank of Communications Co., Ltd. Mianyang Branch	80,000,000.00	Guaranteed loans	Sichuan Liuhe Special Metal Materials Co., Ltd.	2021.2.2	2022.1.31	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Bank of Communications Co., Ltd. Mianyang Branch	20,000,000.00	Guaranteed loans	Sichuan Liuhe Special Metal Materials Co., Ltd., Mianyang High-tech Construction and Development Co., Ltd.	2021.2.3	2022.1.31	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Chengdu Branch, Guangfa Bank Co., Ltd.	88,000,000.00	Guaranteed loans	Chongqing Three Gorges Financing Guarantee Group Co., Ltd. Chengdu Branch	2021.4.30	2022.4.30	

Borrow unit	Loan unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Leshan City Commercial Bank Mianyang Branch	350,000,000.00	Guaranteed loans	Mianyang High-tech Construction and Development Co., Ltd., Mianyang Kefa Tianda Investment Development Co., Ltd., Sichuan Liuhe Special Metal Materials Co., Ltd.	2021.5.10	2022.5.10	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Great Wall West China Bank Co., Ltd., Mianyang Branch	200,000,000.00	Guaranteed loans	Sichuan Liuhe Special Metal Materials Co., Ltd., Mianyang Kefa Tianda Investment Development Co., Ltd.	2021.5.14	2022.5.13	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Great Wall West China Bank Co., Ltd., Mianyang Branch	200,000,000.00	Guaranteed loans	Sichuan Liuhe Special Metal Materials Co., Ltd., Mianyang Kefa Tianda Investment Development Co., Ltd.	2021.5.24	2022.5.23	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Great Wall West China Bank Co., Ltd., Mianyang Branch	50,000,000.00	Guaranteed loans	Sichuan Liuhe Special Metal Materials Co., Ltd., Mianyang Kefa Tianda Investment Development Co., Ltd.	2021.2.26	2022.2.18	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Bank of China Co., Ltd. Mianyang Science and Technology Park Sub-branch	200,000,000.00	Guaranteed loans	Mianyang Kefa Tianda Investment Development Co., Ltd.	2021.3.31	2022.3.31	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Postal Savings Bank of China, Mianyang Anzhou District Sub-branch	200,000,000.00	Guaranteed loans	Mianyang Kefa Tianda Investment Development Co., Ltd.	2021.4.7	2022.4.1	

Borrow unit	Loan unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Agricultural Bank of China Limited Mianyang Mianjiang Road Sub-branch	237,700,000.00	Guaranteed loans	Mianyang Kefa Changtai Industry Co., Ltd., Mianyang High-tech Zone Investment Holding (Group) Co., Ltd.	2021.10.22	2022.10.21	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Sichuan Bank Limited, Head Office Business Department	500,000,000.00	Guaranteed loans	Mianyang High-tech Construction and Development Co., Ltd.	2021.12.23	2022.12.23	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Suining Bank Co., Ltd. Mianyang Branch	60,000,000.00	Guaranteed loans	Mianyang Kefa Changtai Industry Co., Ltd.,	2021.11.30	2022.11.29	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Leshan City Commercial Bank Mianyang Branch	500,000,000.00	Guaranteed loans	Mianyang Kefa Tianda Investment Development Co., Ltd., Sichuan Liuhe Special Metal Materials Co., Ltd., Mianyang High-tech Construction and Development Co., Ltd.	2021.9.16	2022.9.16	
Mianyang High-tech Construction and Development Co., Ltd.	Suining Bank Co., Ltd. Mianyang Branch	190,000,000.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2021.11.30	2022.11.29	
Mianyang Kefa Tianda Investment Development Co., Ltd.	Mianyang Fucheng District Rural Credit Cooperative Association	49,000,000.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2021.3.29	2022.3.28	
Sichuan Liuhe Special Metal Materials Co., Ltd.	China CITIC Bank Chengdu Branch	50,000,000.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2021.06.07	2022.06.07	

Borrow unit	Loan unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Sichuan Liuhe Special Metal Materials Co., Ltd.	China Everbright Bank Co., Ltd. Mianyang Fucheng Sub-Branch	20,000,000.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2021.11.15	2022.10.25	
Sichuan Liuhe Special Metal Materials Co., Ltd.	China Everbright Bank Co., Ltd. Mianyang Fucheng Sub-Branch	50,000,000.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2021.04.30	2022.04.29	
Sichuan Liuhe Special Metal Materials Co., Ltd.	China Everbright Bank Co., Ltd. Chengdu Guancheng Sub-Branch	20,000,000.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2021.07.27	2022.07.26	
Sichuan Liuhe Special Metal Materials Co., Ltd.	Hua Xia Bank Mianyang Branch	80,000,000.00	Guaranteed loans	Deyang Liuhe Energy Materials Co., Ltd., Sichuan Liuhe Special Metal Materials Co., Ltd., Xiong Jianxin	2021.05.12	2022.05.12	
Sichuan Liuhe Special Metal Materials Co., Ltd.	Guangfa Bank Chengdu Branch	60,000,000.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd., Xiong Jianxin	2021.04.30	2022.04.29	
Mianyang Jiusheng Technology Venture Investment Co., Ltd.	Mianyang Weisheng Investment Management Co., Ltd.	10,000,000.00	Guaranteed loans	The contribution amount of Mianyang Weisheng Investment Management Co., Ltd. (Limited partnership) and its corresponding right of return and the amount of contribution and right of return in Party B provide repayment guarantee for the above borrowings	2021.10.27	2022.4.27	
Sichuan Liuhe Special Metal Materials Co., Ltd.	Mianyang City Commercial Bank Co., Ltd. High-Tech Sub-branch	10,000,000.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2021.9.1	2022.9.1	

Borrow unit	Loan unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Sichuan Kefa Hechuang Technology Co., Ltd.	Agricultural Bank of China Limited, Mianyang Branch	49,529,700.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2021.2.5	2022.1.29	
Mianyang Kefa Exhibition and Tourism Co., Ltd.	Mianyang City Commercial Bank Co., Ltd. High-Tech Sub-branch	10,000,000.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2021.05.26	2022.05.26	
Mianyang Kefa Exhibition and Tourism Co., Ltd.	Suining Bank Co., Ltd. Mianyang Branch	10,000,000.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2021.11.30	2022.11.29	
Mianyang Kefa Yuanda Construction Technology Co., Ltd.	Bank of China Co., Ltd. Santai Xiyang Plaza Sub-branch	7,500,000.00	Guaranteed loans	Sichuan Fada Weiye Investment Co., Ltd.	2021.2.22	2022.2.21	
Mianyang Zibang Trade Co., Ltd.	Suining Bank	10,000,000.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2021.11.30	2022.11.29	
Sichuan Weichen Construction Engineering Co., Ltd.	Mianyang City Commercial Bank Co., Ltd. High-Tech Sub-branch	10,000,000.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2021.5.28	2022.5.28	
Mianyang Kefa Property Services Co., Ltd.	Mianyang City Commercial Bank Co., Ltd. High-Tech Sub-branch	10,000,000.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2021.5.26	2022.5.26	

Borrow unit	Loan unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Agricultural Bank of China Limited Mianyang Mianjiang Road Sub-branch	190,000,000.00	Mortgage loans	Sichuan (2019) Mianyang Immovable Property Right No.0017473, Sichuan (2019) Mianyang Immovable Property Right No.0017474, Sichuan (2019) Mianyang Immovable Property Right No.0017520, Sichuan (2019) Mianyang Immovable Property Right No.0050345, Sichuan (2017) Santai County Immovable Property Right No.0008813, Sichuan (2017) Santai County Immovable Property Right No.0008812, Sichuan (2017) Santai County Immovable Property Right No.0008803, Sichuan (2017) Santai County Immovable Property Right No.0008802, Sichuan (2017) Santai County Immovable Property Right No.0008808, Sichuan (2017) Santai County Immovable Property Right No.0008928, Sichuan (2017) Santai County Immovable Property Right No.0008799, Sichuan (2017) Santai County Immovable Property Right No.0008798, Sichuan (2017) Santai County Immovable Property Right No.0008801, Sichuan (2017) Santai County Immovable Property Right No.0008800, Sichuan (2017) Santai County Immovable Property Right No.0008809, Sichuan (2017) Santai County Immovable Property Right No.0008814, Sichuan (2017) Santai County Immovable Property Right No.0008814, Sichuan (2017) Santai County Immovable Property Right No.0008815, Sichuan (2017) Santai County Immovable Property Right No.0008815, Sichuan (2017) Santai County Immovable Property Right No.0008816, Sichuan (2017) Santai County Immovable Property Right No.0008705	2021.2.9	2022.2.08	

Borrow unit	Loan unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Mianyang Rural Commercial Bank Co., Ltd.	30,000,000.00	Mortgage loans	Sichuan (2020) Santai County Immovable Property Right No.0031505, Sichuan (2020) Santai County Immovable Property Right No.0031506, Sichuan (2020) Santai County Immovable Property Right No.0031507, Sichuan (2020) Santai County Immovable Property Right No.0031508	2021.3.29	2022.3.28	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	China Construction Bank Co., Ltd. Mianyang High-tech Sub-branch	110,000,000.00	Mortgage loans	Sichuan Mianyang Hao Sheng Auto Parts Manufacturing Co., Ltd. secured by Sichuan (2020) Mianyang Immovable Property Right No.0033286	2021.6.9	2022.6.8	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	China Development Bank Sichuan Branch	70,000,000.00	Mortgage loans	Mianyang High-tech Zone Investment Holding (Group) Co., Ltd. provided mortgage guarantee with Mianfang Quanzheng Gaozhi No.200801840, Mianyang State Use [2008] No.13027, Mianfang Quanzheng Gaozhi No.200801841, Mianyang State Use[2008] No.13028; Mianyang Science and Technology City Development Investment (Group) Co., Ltd. provided mortgage guarantee with Sichuan (2019) Mianyang Immovable Property Right No.0017514, Sichuan (2019) Mianyang Immovable Property Right No.0017477, Sichuan (2019) Mianyang Immovable Property Right No.0017498, Sichuan (2019) Mianyang Immovable Property Right No.0017499, Sichuan (2019) Mianyang Immovable Property Right No.0017476 and Sichuan (2019) Mianyang Immovable Property Right No.0017521	2021.8.31	2022.8.31	

Borrow unit	Loan unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Agricultural Bank of China Limited Mianjiang Road Sub-branch	199,500,000.00	Secured loans+ Guaranteed loans	Collateral: Sichuan (2021) Mianyang Immovable Property Right No.0019246, Sichuan (2021) Mianyang Immovable Property Right No.0019247, Sichuan (2021) Mianyang Immovable Property Right No.0019248; Guarantor: Mianyang High-tech Construction and Development Co., Ltd., Mianyang Kefa Tianda Investment Development Co., Ltd.	2021.9.30	2022.9.28	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Leshan City Commercial Bank Mianyang Branch	300,000,000.00	Mortgage loans	Sichuan (2021) Mianyang Immovable Property Right No.0019246, Sichuan (2021) Mianyang Immovable Property Right No.0019247, Sichuan (2021) Mianyang Immovable Property Right No.0019248	2021.11.12	2022.11.11	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Agricultural Bank of China Limited Mianyang Mianjiang Road Sub-branch	360,000,000.00	Mortgage loans	Sichuan (2019) Mianyang Immovable Property Right No.0044458	2021.11.02	2022.11.01	
Mianyang Kefa Property Services Co., Ltd.	China Guangfa Bank Co., Ltd. Chengdu Branch	5,000,000.00	Unsecured loans	None	2021.11.30	2022.11.29	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Industrial and Commercial Bank of China Limited Mianyang High-Tech Industry Development Sub-branch	160,000,000.00	Unsecured loans	None	2021.4.9	2022.4.1	

Borrow unit	Loan unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	China Citic Bank Chengdu Branch	127,982,857.98	Unsecured loans	None	2021.6.24	2022.6.24	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Postal Savings Bank of China, Mianyang Anzhou District Sub-branch	100,000,000.00	Unsecured loans	None	2021.9.13	2022.9.12	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Bank of China Co., Ltd. Mianyang Science and Technology Park Sub-branch	200,000,000.00	Unsecured loans	None	2021.9.1	2022.9.1	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.)	Postal Savings Bank of China, Mianyang Anzhou District Sub-branch	100,000,000.00	Unsecured loans	None	2021.12.22	2022.12.21	
Mianyang Kefa Changtai Industry Co., Ltd.,	Mianyang City Commercial Bank Co., Ltd. High-Tech Sub-branch	10,000,000.00	Unsecured loans	Mianyang High-tech Zone Investment Holding (Group) Co., Ltd.	2021.12.30	2022.12.30	
Mianyang Kefa Exhibition and Tourism Co., Ltd.	Business Department of Mianyang Commercial Bank Co., Ltd.	5,000,000.00	Unsecured loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2021.09.17	2022.09.17	

Borrow unit	Loan unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Sichuan Bank Limited, Head Office Business Department	100,000,000.00	Pledge + Mortgage + Guarantee Borrowing	Mianyang High-Tech Construction and Development Co., Ltd. provided a joint and several guarantee, Kefa Group pledged its 2.1% equity interest in Mianyang BOE Optoelectronics Technology Co., Ltd. and Mianyang Kefa Changtai Industry Co., Ltd. provided a mortgage on Sichuan (2021) Mianyang City Immovable Property Right No.0013075 and Sichuan (2020) Mianyang City Immovable Property Right No.0024244	2021.6.18	2022.6.15	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Sichuan Bank Limited, Head Office Business Department	400,000,000.00	Pledged loans + Mortgage loans	Mianyang High-Tech Construction and Development Co., Ltd. provided a joint and several guarantee, Kefa Group pledged its 2.1% equity interest in Mianyang BOE Optoelectronics Technology Co., Ltd. and Mianyang Kefa Changtai Industry Co., Ltd. provided a mortgage on Sichuan (2021) Mianyang Immovable Property Right No.0013075 and Sichuan (2020) Mianyang Immovable Property Right No.0024244	2021.6.25	2022.6.15	
Mianyang Kefa Property Services Co., Ltd.	Suining Bank Co., Ltd. Mianyang Branch	10,000,000.00	Pledged loans + Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd. Subsidiary Kefa Property Pledge of Accounts Receivable	2021.11.30	2022.11.29	
Tongfu Hongye Co., Ltd.	Mianyang City Commercial Bank Co., Ltd	10,000,000.00	Pledged loans	Term deposit slip of Mianyang High-tech Zone Investment Holding (Group) Co., Ltd.	2021.12.30	2022.12.30	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	CITIC Securities Co., Ltd. Mianyang Linyuan Road Business Department	40,187,797.35	Pledged loans	14370000 ordinary shares of Changhong Huayi, 11380000 ordinary shares of Dongxu Optoelectronics, 5000000 ordinary shares of Sichuan Jiuzhou	2021.8.1	2022.1.31	

Borrow unit	Loan unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Mianyang High-tech Zone Investment Holding (Group) Co., Ltd.	Mianyang City Commercial Bank Co., Ltd. High-Tech Sub-branch	10,000,000.00	Pledged loans	Term deposit slip of Mianyang High-tech Zone Investment Holding (Group) Co., Ltd.	2021.12.30	2022.12.30	
Mianyang Kefa Exhibition and Tourism Co., Ltd.	Mianyang City Commercial Bank Co., Ltd. High-Tech Sub-branch	10,000,000.00	Pledged loans	Term deposit slip of Mianyang High-tech Zone Investment Holding (Group) Co., Ltd.	2021.12.30	2022.12.30	
Sichuan Ziang Technology Co., Ltd.	Mianyang City Commercial Bank Co., Ltd.	10,000,000.00	Pledged loans	Term deposit slip of Mianyang High-tech Zone Investment Holding (Group) Co., Ltd.	2021.12.30	2022.12.30	
Mianyang Zibang Trade Co., Ltd.	Mianyang City Commercial Bank Co., Ltd. High-Tech Sub-branch	10,000,000.00	Pledged loans	Term deposit slip of Mianyang High-tech Zone Investment Holding (Group) Co., Ltd.	2021.12.30	2022.12.30	
Total		6,199,400,355.33					

## 24. Notes payable

Category	Closing balance	Opening balance
Commercial acceptances	718,760,000.00	602,861,060.00
Bank acceptances	1,104,000,000.00	1,199,240,000.00
Total	1,822,760,000.00	1,802,101,060.00

## 25. Accounts payable

Aging	Closing balance	Opening balance
Within 1 year (including 1 year)	940,717,424.05	1,018,633,150.41
1-2 years (including 2 years)	620,048,269.53	712,121,199.83
2-3 years (including 3 years)	20,557,005.28	65,779,612.32
More than 3 years	163,531,737.02	176,149,261.58
Total	1,744,854,435.88	1,972,683,224.14

## Significant accounts payable aged over 1 year:

Creditor name	Closing balance	Reasons for non-reimbursement
China Mcc5 Group Corp. Ltd.	286,696,779.53	engineering not settled

Creditor name	Closing balance	Reasons for non-reimbursement
Provisional estimate ecological function area costs	101,215,252.31	engineering not settled
Mianyang Zhaofeng Copper Industry Co., Ltd.	78,353,251.20	Payments of purchases and sales from operating activities
Sichuan Huayuan Construction Engineering Co., Ltd.	64,130,360.00	engineering not settled
Mianyang Brilliant Construction Development Co., Ltd.	29,089,998.97	engineering not settled
Sichuan Huashi Group Co., Ltd.	15,308,158.06	engineering not settled
Santai County Lilu Trading Co., Ltd.	11,236,425.47	Payments of purchases and sales from operating activities
Total	586,030,225.54	

## 26. Receipts in advance

Aging	Closing balance	Opening balance
Within 1 year (including 1 year)	12,958,091.03	6,839,884.35
More than 1 year	11,263,192.14	17,907,546.81
Total	24,221,283.17	24,747,431.16

## Significant receipts in advance aged over 1 year:

Creditor name	Closing balance	Reasons for non-reimbursement
Economic Development Zone Demolition and Relocation Office	3,427,414.03	Not settled
Hong Kong Tao Yuan Entertainment Company	2,000,000.00	Not settled
Mianyang Municipal Finance Bureau	2,138,500.00	Not settled
Total	7,565,914.03	

## 27. Contract liabilities

Item	Closing balance	Opening balance
Receipt of house payment in advance	238,058,289.74	375,214,831.62
Receipt of construction payment in advance	198,140,763.01	135,319,351.33
Receipt of gas in advance	114,632,028.71	95,828,130.80
Receipt of goods in advance	100,572,052.18	373,897,685.18
Receipt of land in advance	22,157,817.67	22,157,817.67
Receipt of parking spaces in advance	1,635,055.07	2,424,521.16
Other fractional payments	1,521,492.58	915,063.59
Hotel membership card	1,110,371.48	691,742.90

Item	Closing balance	Opening balance
Kefa Property pre-deposit property charges	639,641.11	426,542.30
Total	678,467,511.55	1,006,875,686.55

## 28. Payroll payable

### (1) List of payroll and employee benefits payable

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Short-term salary	86,187,365.92	437,808,685.80	418,199,700.91	105,796,350.81
II. Post-employment benefits – Defined contribution plan	457,882.85	39,447,959.05	35,863,788.94	4,042,052.96
III. Termination benefits		788,161.60	788,161.60	
IV. Other benefits due within one year				
V. Others	14,600.00	79,345.50	93,945.50	
Total	86,659,848.77	478,124,151.95	454,945,596.95	109,838,403.77

### (2) List of Short-term salary

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Salaries, bonuses, allowances and subsidies	82,911,975.07	377,801,786.73	358,103,082.98	102,610,678.82
II. Staff welfare	264,213.10	19,636,597.74	19,900,810.84	
III. Social security contributions	198,335.56	17,517,626.17	17,499,035.94	216,925.79
Including: Medical insurance	185,033.98	15,611,611.03	15,595,802.58	200,842.43
Work injury insurance	4,522.58	704,911.96	705,388.03	4,046.51
Maternity insurance	8,779.00	1,120,023.18	1,116,765.33	12,036.85
Others		81,080.00	81,080.00	
IV. Housing funds	154,609.88	15,036,981.73	15,070,235.73	121,355.88
V. Labor union and employee education funds	2,588,032.31	7,816,176.19	7,561,818.18	2,842,390.32
VI. Short-term paid leave				
VII. Short-term profit sharing plan				
VIII. Other Short-term salary	70,200.00	-482.76	64,717.24	5,000.00
Total	86,187,365.92	437,808,685.80	418,199,700.91	105,796,350.81

### (3) List of defined contribution plan

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Basic pension insurance	17,747.24	31,153,549.96	31,080,822.02	90,475.18
II. Unemployment insurance	589.03	1,168,852.97	1,166,288.35	3,153.65

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
III. Enterprise annuity	439,546.58	7,125,556.12	3,616,678.57	3,948,424.13
Total	457,882.85	39,447,959.05	35,863,788.94	4,042,052.96

### 29. Taxes and surcharges payable

Item	Closing balance	Opening balance
Value added tax	57,066,740.81	50,613,375.89
Business tax	858,456.23	1,901,772.81
Enterprise income tax	45,398,053.97	95,498,518.83
City construction and maintenance tax	1,376,163.73	1,751,559.31
Education fee surcharges	633,522.52	790,721.50
Local education fee surcharge	396,547.01	503,006.37
House property tax	367,039.74	122,275.25
Land use tax	9,302.69	9,526.59
Stamp tax	1,687,896.06	1,342,797.15
Increment tax on land value	318,999.87	955,624.94
deed tax	1,717,950.80	1,728,047.18
Withholding of taxes and fees	1,510,207.89	605,541.23
Other taxes	20,000.00	39,479.18
Total	111,360,881.32	155,862,246.23

### 30. Other payables

Item	Closing balance	Opening balance
Interest payable	222,206,199.61	188,758,779.94
Dividends payable		
Other payables	3,826,878,993.18	2,713,335,380.92
Total	4,049,085,192.79	2,902,094,160.86

#### (1) Interest payable

Item	Closing balance	Opening balance
Interest of long-term borrowings with interest payable by installments and principal payable on maturity	17,147,832.24	17,344,068.27
Interest on corporate bond	194,376,027.37	169,016,260.73
Interest payable on short-term borrowings	10,682,340.00	2,398,450.94
Total	222,206,199.61	188,758,779.94

## (2) Other payables

## ① Other payables presented by nature

Item	Closing balance	Opening balance
Down payment, warranties, deposit and other payments	269,460,234.93	264,876,175.00
Receipt and payment on behalf of others	99,477,273.80	145,096,396.09
Engineering project transactions	684,486,257.10	203,124,810.94
Non-consolidated related party transactions	1,676,935,935.22	872,661,769.90
Borrowing from external units	582,218,370.00	660,000,000.00
Other transactions	279,944,311.36	200,750,989.25
Payable of integrated Housing	19,098,293.40	19,098,293.40
Land payable	3,856,273.00	
Funds tied up in transferring loans	54,549.65	842,153.30
Soccer club shareholders' shares capital, etc.	5,322,849.50	5,322,849.50
Investment funds	206,024,645.22	341,561,943.54
Total	3,826,878,993.18	2,713,335,380.92

## ② Significant other payables aged over 1 year

Creditor name	Closing balance	Reasons for non-reimbursement
Mianyang Investment Holding (Group) Co., Ltd.	1,604,131,046.02	Associated transactions
Jiuzhou Qiancheng Real Estate Co., Ltd.	350,000,000.00	special loan
Sichuan Hengye Real Estate Development Co., Ltd.	171,333,330.00	Current account
Mianyang Zhongsheng Real Estate Co., Ltd.	105,643,925.00	Engineering project transactions
Mianyang Municipal Finance Bureau	82,007,748.98	Repayment of principal on behalf of China Development Bank loans
Substitute Holding Unit (City, County and District Finance)	55,109,974.47	Nominee shareholding
Sichuan Wecast Industries Co., Ltd.	49,000,000.00	Related party transactions
China Mcc5 Group Corp. Ltd.	43,696,331.80	Performance deposit
Mianyang Sanhui Real Estate Development Co., Ltd.	32,218,370.00	Borrowing working capital
Finance Bureau of Mianyang Science and Technology City Science and Education Entrepreneurship Park	31,357,139.67	Advances funds of the Science and Innovation District
Sichuan Jezetek Construction Engineering Co., Ltd.	30,000,000.00	Investment limits control risk reserve funds

Creditor name	Closing balance	Reasons for non-reimbursement
Agricultural Science and Technology District Finance Bureau	26,983,020.02	Project not yet finalized
Mianyang Hongda Asset Investment Management (group) Co., Ltd.	22,457,777.78	Related party transactions
Jiangsu Bodhi Energy Co., Ltd.	20,880,929.18	Deposits for trade operations
Shanghai Civil Engineering Co., Ltd Of CREC	20,000,000.00	Performance deposit
Farmers' prepayment of integrated housing of Exhibition Centre	19,098,293.40	Funds for demolition of buildings
Deed tax and license fees on behalf of others	16,032,359.80	Deed tax and license fees on behalf of others
Sichuan Jiuyuan New Energy Technology Co., Ltd.	15,650,940.35	Project investment funds
Sichuan Straits Construction Co., Ltd.	15,080,000.00	Investment limits control risk reserve funds
Xinzaotown People's Government	15,000,000.00	Not yet finalized
Sichuan Hengkang Development Co., Ltd.	14,464,276.00	Transactions to be settled
Accounting Center of the Finance Bureau	14,347,000.00	Governmental transactions
Taixing Hongfutai Industrial Co., Ltd.	12,959,406.01	Deposits for trade operations
Mianyang Xianhai Investment Co., Ltd.	12,168,786.69	Project not yet finalized
Sichuan Huashi Group Co., Ltd.	11,654,582.25	Not yet finalized
Total	2,791,275,237.42	

### 31. Non-current liabilities due within 1 year

Item	Closing balance	Opening balance
Long-term borrowings due within one year	4,816,159,564.78	3,366,318,394.93
Bonds payable due within one year	2,537,500,000.00	3,050,000,000.00
Long-term payables due within one year	1,440,157,694.05	257,848,899.78
Total	8,793,817,258.83	6,674,167,294.71

### 32. Other current liabilities

Item	Closing balance	Opening balance
Short-term bonds payable		916,880,328.78
Output VAT to be transferred	268,218,785.04	115,582,445.11
Deposit of margin by guaranteed clients	7,996,740.00	9,002,740.00
Total	276,215,525.04	1,041,465,513.89

**33. Provision for insurance reserves**

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Reserve for Guaranteed Indemnity	149,339,134.79	3,300,000.00		152,639,134.79
Provision for unexpired liabilities	5,001,195.38	474,750.00	1,365,394.81	4,110,550.57
<b>Total</b>	<b>154,340,330.17</b>	<b>3,774,750.00</b>	<b>1,365,394.81</b>	<b>156,749,685.36</b>

**34. Long-term borrowings****(1) Classification of long-term borrowings**

Item	Closing balance	Opening balance
Guaranteed loans	3,764,600,000.00	3,192,000,000.00
Guaranteed loans	15,000,000.00	
Mortgage loans + Guaranteed loans	1,703,000,000.00	279,699,999.99
Mortgage loans	4,837,486,735.52	4,518,461,048.71
Unsecured loans	1,277,279,947.74	3,209,467,986.15
Pledged loans + Guaranteed loans	536,500,000.00	587,500,000.00
Pledged loans	1,604,500,000.00	345,000,000.00
Subtotal	13,738,366,683.26	12,132,129,034.85
Less: long-term loans due within 1 year	4,816,159,564.78	3,366,318,394.93
<b>Total</b>	<b>8,922,207,118.48</b>	<b>8,765,810,639.92</b>

**(2) Details of long-term borrowings (Including long-term loans due within 1 year)**

Borrow unit	Loan Unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Hengfeng Bank Co., Ltd. Zigong Branch	136,000,000.00	Guaranteed loans	Mianyang High-tech Construction and Development Co., Ltd.	2019.6.12	2022.6.12	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Chengdu Rural Commercial Bank Co., Ltd.	330,000,000.00	Guaranteed loans	Mianyang High-tech Construction and Development Co., Ltd., Mianyang Kefa Tianda Investment Development Co., Ltd., Mianyang Kejiu Real Estate Co., Ltd.	2020.1.16	2022.1.15	

Borrow unit	Loan Unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Chengdu Rural Commercial Bank Co., Ltd.	100,000,000.00	Guaranteed loans	Mianyang High-tech Construction and Development Co., Ltd., Mianyang Kefa Tianda Investment Development Co., Ltd., Mianyang Kejiu Real Estate Co., Ltd.	2020.2.10	2022.1.15	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Chengdu Rural Commercial Bank Co., Ltd.	216,600,000.00	Guaranteed loans	Mianyang High-tech Construction and Development Co., Ltd., Mianyang Kefa Tianda Investment Development Co., Ltd., Mianyang Kejiu Real Estate Co., Ltd.	2020.2.25	2022.1.15	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Chengdu Rural Commercial Bank Co., Ltd.	203,400,000.00	Guaranteed loans	Mianyang High-tech Construction and Development Co., Ltd., Mianyang Kefa Tianda Investment Development Co., Ltd., Mianyang Kejiu Real Estate Co., Ltd.	2020.3.24	2022.1.15	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Suining Bank Co., Ltd. Mianyang Branch	200,000,000.00	Guaranteed loans	Mianyang High-tech Construction and Development Co., Ltd., Mianyang Kefa Tianda Investment Development Co., Ltd., Mianyang Kejiu Real Estate Co., Ltd.	2021.9.26	2023.9.25	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	China Railway Trust Company Limited	105,660,000.00	Guaranteed loans	Mianyang High-tech Construction and Development Co., Ltd.	2020.4.26	2022.4.23	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	China Railway Trust Company Limited	100,200,000.00	Guaranteed loans	Mianyang High-tech Construction and Development Co., Ltd.	2020.5.29	2022.5.28	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	China Railway Trust Company Limited	47,000,000.00	Guaranteed loans	Mianyang High-tech Construction and Development Co., Ltd.	2020.5.27	2022.5.25	

Borrow unit	Loan Unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	China Railway Trust Company Limited	17,000,000.00	Guaranteed loans	Mianyang High-tech Construction and Development Co., Ltd.	2020.6.4	2022.6.3	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	China Railway Trust Company Limited	30,140,000.00	Guaranteed loans	Mianyang High-tech Construction and Development Co., Ltd.	2020.6.10	2022.6.9	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	JIC Trust Co., Ltd.	111,400,000.00	Guaranteed loans	Commercial Bank Business Department (Account Number 02001200002548) Fund Supervision	2021.9.29	2023.9.28	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	JIC Trust Co., Ltd.	103,500,000.00	Guaranteed loans	Commercial Bank Business Department (Account Number 02001200002548) Fund supervise	2021.10.15	2023.10.14	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	JIC Trust Co., Ltd.	84,700,000.00	Guaranteed loans	Commercial Bank Business Department (Account Number 02001200002548) Fund supervise	2021.10.22	2023.10.21	
Mianyang High-tech Construction and Development Co., Ltd.	CITIC Trust Co., Ltd.	200,000,000.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2020.6.23	2022.6.22	
Mianyang Kefa Changtai Industry Co., Ltd.	Agricultural Development Bank of China Mianyang Sub-branch	170,000,000.00	Guaranteed loans	Guarantee Contract 51070100-2021 Mianying (Bao) Zi No.0009	2021.6.1	2029.5.31	
Mianyang Kefa Tianda Investment Development Co., Ltd.	Mianyang City Commercial Bank Co., Ltd. High-Tech Sub-branch	100,000,000.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2021.12.8	2024.11.24	

Borrow unit	Loan Unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Mianyang Kefa Tianda Investment Development Co., Ltd.	Chengdu Rural Commercial Bank Co., Ltd.	85,000,000.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2021.4.26	2022.4.25	
Mianyang Kefa Exhibition and Tourism Co., Ltd.	Sichuan Tianfu Bank Co., Ltd. Chengdu Branch	100,000,000.00	Guaranteed loans	Joint and several liability guarantees provided by Mianyang Science & Technology City Development & Investment (Group) Co., Ltd. and Dong Ping	2021.12.23	2024.12.23	
Mianyang Kefa Exhibition and Tourism Co., Ltd.	Suining Bank Co., Ltd. Mianyang Branch	10,000,000.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2021.11.30	2023.11.29	
Sichuan Liuhe Special Metal Materials Co., Ltd.	Mianyang City Commercial Bank Co., Ltd. High-Tech Sub-branch	250,000,000.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2021.12.14	2024.12.14	
Sichuan Liuhe Special Metal Materials Co., Ltd.	China Development Bank Sichuan Branch	95,000,000.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2020.5.29	2023.5.29	
Sichuan Liuhe Special Metal Materials Co., Ltd.	Guangfa Bank Chengdu Branch	40,000,000.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2021.12.1	2023.11.30	
Sichuan Liuhe Special Metal Materials Co., Ltd.	Mianyang City Commercial Bank Co., Ltd. High-Tech Sub-branch	80,000,000.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd., Sichuan Liuhe Special Metal Materials Co., Ltd.	2021.12.9	2024.12.9	
Mianyang Zibang Trade Co., Ltd.	Business Department, Chengdu Branch, Guangfa Bank Co., Ltd.	58,000,000.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2020.12.10	2023.12.6	
Mianyang Zibang Trade Co., Ltd.	Business Department, Chengdu Branch, Guangfa Bank Co., Ltd.	20,000,000.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2021.4.27	2024.4.25	

Borrow unit	Loan Unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Mianyang Zibang Trade Co., Ltd.	Business Department, Chengdu Branch, Guangfa Bank Co., Ltd.	22,000,000.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2021.12.3	2023.12.2	
Sichuan Weichen Construction Engineering Co., Ltd.	Business Department, Chengdu Branch, Guangfa Bank Co., Ltd.	100,000,000.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2021.12.3	2023.12.2	
Sichuan Ziyue Wenlv Development Co., Ltd.	Business Department, Chengdu Branch, Guangfa Bank Co., Ltd.	95,000,000.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2020.12.29	2023.12.24	
Mianyang Kefa Property Services Co., Ltd.	Mianyang Fucheng District Rural Credit Cooperative Association High-tech Branch	9,000,000.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2020.12.30	2023.12.29	
Mianyang Gas Group Co., Ltd	Business Department of Mianyang Commercial Bank Co., Ltd. Fucheng Sub-branch	340,000,000.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2021.12.31	2024.12.30	
Tongfu Hongye Co., Ltd.	Chengdu Rural Commercial Bank Co., Ltd.	205,000,000.00	Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2020.5.9	2022.5.8	
Mianyang Kefa Yuanda Construction Technology Co., Ltd.	Mianyang Commercial Bank Santai Sub-branch	15,000,000.00	Guaranteed loans	Mianyang Tianli Credit and Loan Guarantee Co., Ltd.	2019.2.3	2022.1.31	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	China Everbright Bank Co., Ltd. Mianyang Sub-Branch	150,000,000.00	Mortgage loans+ Guaranteed loans	Guarantor: Mianyang High-tech Construction and Development Co., Ltd. Mortgage: Mianyang State Use (2014) No.001145	2019.4.25	2022.4.24	

Borrow unit	Loan Unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	China Development Bank Sichuan Branch	130,000,000.00	Mortgage loans+ Guaranteed loans	Guarantor: Sichuan Liuhe Special Metal Materials Co., Ltd.; Collateral: Mianyang State Use (2012) No.16339, Mianyang State Use (2009) No.00003 (Group)	2020.2.21	2022.2.20	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	China Development Bank Sichuan Branch	70,000,000.00	Mortgage loans+ Guaranteed loans	Guarantor: Sichuan Liuhe Special Metal Materials Co., Ltd.; Collateral: Mianyang State Use (2012) No.16339, Mianyang State Use (2009) No.00003 (Group)	2020.5.8	2022.5.8	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	China Everbright Bank Co., Ltd. Mianyang Sub-Branch	100,000,000.00	Mortgage loans+ Guaranteed loans	Guarantor: Mianyang High-tech Construction and Development Co., Ltd.; The mortgagor Mianyang Science & Technology City Development & Investment (Group) Co., Ltd. provided Mianyang State Use (2014) No.01145	2020.6.8	2022.6.7	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Chengdu Rural Commercial Bank Co., Ltd.	497,500,000.00	Mortgage loans+ Guaranteed loans	Guarantor: Sichuan Fada Weiye Investment Co., Ltd., Sichuan Kefa Hechuang Technology Co., Ltd., and Tongfu Hongye Co., Ltd; Collateral: Sichuan (2021) Mianyang Immovable Property Right No.4000185	2021.5.14	2024.5.13	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Chengdu Rural Commercial Bank Co., Ltd.	497,500,000.00	Mortgage loans+ Guaranteed loans	Guarantor: Sichuan Fada Weiye Investment Co., Ltd., Sichuan Kefa Hechuang Technology Co., Ltd., and Tongfu Hongye Co., Ltd; Collateral: Sichuan (2021) Mianyang Immovable Property Right No.4000185	2021.5.26	2024.5.25	
Mianyang High-tech Construction and Development Co., Ltd.	Mianyang Fucheng District Rural Credit Cooperative Society	44,500,000.00	Mortgage loans+ Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd. and its fixed deposit certificate pledge	2020.1.4	2023.1.3	

Borrow unit	Loan Unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Mianyang Kefa Tianda Investment Development Co., Ltd.	Mianyang City Commercial Bank Co., Ltd. High-Tech Sub-branch	27,000,000.00	Mortgage loans+ Guaranteed loans	Mianyang State Use (2014) No.38298, Mianyang State Use (2014) No.38299, Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2021.6.17	2023.12.7	
Mianyang Kefa Tianda Investment Development Co., Ltd.	Mianyang City Commercial Bank Co., Ltd. High-Tech Sub-branch	90,000,000.00	Mortgage loans+ Guaranteed loans	Mianyang State Use (2014) No.38298, Mianyang State Use (2014) No.38299, Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2021.10.12	2023.12.7	
Mianyang Kefa Tianda Investment Development Co., Ltd.	Mianyang City Commercial Bank Co., Ltd. High-Tech Sub-branch	50,000,000.00	Mortgage loans+ Guaranteed loans	Mianyang State Use (2014) No.38298, Mianyang State Use (2014) No.38299, Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2021.12.30	2023.12.28.	
Sichuan Kefa Hechuang Technology Co., Ltd.	Mianyang Fucheng District Rural Credit Cooperative Society	46,500,000.00	Mortgage loans+ Guaranteed loans	Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2020.1.3	2023.1.2	
Mianyang Kefa Tianda Investment Development Co., Ltd.	Mianyang City Commercial Bank Co., Ltd. High-Tech Sub-branch	131,250,000.00	Mortgage loans	Mianyang State Use (2014) No.38298, Mianyang State Use (2014) No.38299, Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2020.12.7.	2023.12.7.	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Industrial Bank Limited Mianyang Branch	697,000,000.00	Mortgage loans	Mortgaged property: properties corresponding to 31 plots of land in 4 plots (group) of Bei State Use (2014) No.475-478, 31 plots (group) of Bei State Use (2014) No.479-509, and 18 plots (group) of Beichuan Immovable Property Right Certificate Gao Zi No.0033576 to 0033593	2014.6.30	2025.1.6	

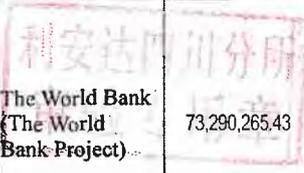
Borrow unit	Loan Unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	China Development Bank Sichuan Branch	1,090,281,048.71	Mortgage loans	Collateral: Mianyang State Use (2010) No.01412, Mianyang State Use (2010) No.05050, Mianyang State Use (2010) No.05051, Mianyang State Use (2010) No.05046, Mianyang State Use (2011) No.02725, Mianyang State Use (2012) No.19401 (Tianda), Mianyang State Use (2012) No.18881 (Tianda)	2017.4.12	2027.4.11	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	China Development Bank Sichuan Branch	80,000,000.00	Mortgage loans	Mortgagor: Mianyang High-tech Zone Investment Holding (Group) Co., Ltd.; Collateral: Provided mortgage guarantees with Mianyang Housing Rights Certificate Gao Zi No.200801840, Mianyang State Use [2008] No.13027, Mianyang Housing Rights Certificate Gao Zi No.200801841 and Mianyang State Use [2008] No.13028; Mianyang Science & Technology City Development & Investment (Group) Co., Ltd. provided mortgage guarantees with Sichuan (2019) Mianyang Immovable Property Right No.0017514, Sichuan (2019) Mianyang Immovable Property Right No.0017498, Sichuan (2019) Mianyang Immovable Property Right No.0017499, Sichuan (2019) Mianyang Immovable Property Right No.0017476, Sichuan (2019) Mianyang Immovable Property Right No.0017521	2020.6.30	2023.6.30	

Borrow unit	Loan Unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Bank of Communications Co., Ltd. Mianyang Branch	336,375,000.00	Mortgage loans	Collateral: Sichuan (2020) Mianyang Immovable Property Right No.0003115, state-owned construction land use right and construction in progress	2020.1.21	2030.1.20	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Bank of Communications Co., Ltd. Mianyang Branch	41,925,000.00	Mortgage loans	Collateral: Sichuan (2020) Mianyang Immovable Property Right No.0003115, state-owned construction land use right and construction in progress	2020.2.13	2030.1.20	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Bank of China Co., Ltd. Mianyang Science and Technology Park Sub-branch	390,000,000.00	Mortgage loans	Collaterals: Sichuan (2020) Mianyang Immovable Property Right No.0035213, Sichuan (2020) Mianyang Immovable Property Right No.0026805 (Changtai)	2021.3.24	2023.3.24	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Chengdu Branch, Guangfa Bank Co., Ltd.	480,000,000.00	Mortgage loans	Collateral: Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.'s own house mortgage and real estate certificate are Chuan (2021) Mianyang Immovable Property Right No.0019151; Guarantor: Mianyang High-tech Construction and Development Co., Ltd.	2021.11.29	2023.11.22	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Mianyang City Commercial Bank Taoyuan Sub-branch	250,000,000.00	Mortgage loans	Sichuan (2019) Mianyang Immovable Property Right No.0013528 (Gaoxin Construction), Mianyang Housing Rights Certificate Gao Zi No.201006587, Sichuan (2020) Mianyang Immovable Property Right No.0025978 (Gaoxin Construction)	2021.12.16	2024.12.16	

Borrow unit	Loan Unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Industrial Bank Limited Mianyang Branch	470,000,000.00	Mortgage loans	Sichuan (2020) Mianyang Immovable Property Right No.0009021 (Group), Sichuan (2020) Mianyang Immovable Property Right No.0009028, Mianyang State Use (2014) 29598 (Tianda), Mianyang State Use (2014) 29602 (Tianda)	2014.12.31	2024.12.30	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Agricultural Bank of China Limited, Mianyang Mianjiang Road Sub-branch	279,375,686.82	Mortgage loans	Sichuan (2019) Mianyang Immovable Property Right No.0011855, Sichuan (2019) Mianyang Immovable Property Right No.0011858, Sichuan (2019) Mianyang Immovable Property Right No.0011859, Sichuan (2019) Mianyang Immovable Property Right No.0011860	2019.8.28	2029.8.27	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Agricultural Bank of China Limited, Mianyang Mianjiang Road Sub-branch	52,180,000.00	Mortgage loans	Sichuan (2019) Mianyang Immovable Property Right No.0011855, Sichuan (2019) Mianyang Immovable Property Right No.0011858, Sichuan (2019) Mianyang Immovable Property Right No.0011859, Sichuan (2019) Mianyang Immovable Property Right No.0011860	2020.5.27	2029.8.27	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	CITIC Trust Co., Ltd.	300,000,000.00	Mortgage loans	Mianyang State Use (2002) No.03628	2020.9.29	2022.9.29	

Borrow unit	Loan Unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Sichuan Fada Weiye Investment Co., Ltd.	Industrial and Commercial Bank of China Limited Santai Chengxi Branch	127,499,999.99	Mortgage loans	Sichuan (2016) Santai County Immovable Property Right No.0001538, Sichuan (2016) Santai County Immovable Property Right No.0001608, Sichuan (2016) Santai County Immovable Property Right No.0001609, Sichuan (2016) Santai County Immovable Property Right No.0001607, Sichuan (2016) Santai County Immovable Property Right No.0001610 Property Certificate	2016.12.27	2026.12.20	
Mianyang Zibang Trade Co., Ltd.	Mianyang Commercial Bank Santai Sub-branch	19,600,000.00	Mortgage loans	Land (Sichuan (2018) Santai County Immovable Property Right No.0001898)	2016.12.27	2026.12.20	
Mianyang Zibang Trade Co., Ltd.	Mianyang Commercial Bank Santai Sub-branch	19,800,000.00	Mortgage loans	Land (Sichuan (2018) Santai County Immovable Property Right No.0001898)	2019.2.3	2022.1.31	
Sichuan Weichen Construction Engineering Co., Ltd.	Mianyang Commercial Bank Santai Sub-branch	19,600,000.00	Mortgage loans	Land (Sichuan (2018) Santai County Immovable Property Right No.0001898)	2021.12.8	2023.12.7	
Sichuan Ziyue Wenlv Development Co., Ltd.	Mianyang Commercial Bank Santai Sub-branch	19,600,000.00	Mortgage loans	Land (Sichuan (2018) Santai County Immovable Property Right No.0001898)	2021.12.8	2023.12.7	
Sichuan Ziyue Wenlv Development Co., Ltd.	Mianyang Commercial Bank Santai Sub-branch	20,000,000.00	Mortgage loans	Real Estate (Sichuan (2021) Santai County Immovable Property Right No.0008958, 0008960, 0008961)	2020.12.29	2023.12.24	
Mianyang Huize Investment Co., Ltd.	Agricultural Bank of China Limited Beichuan Qiang Autonomous County Sub-branch	9,000,000.00	Mortgage loans	Bei State Use (2011) No.175, Bei State Use (2011) No.176, Bei State Use (2011) No.177, Bei State Use (2011) No.178, Bei State Use (2011) No.179, Bei State Use (2011) No.180, Bei State Use (2011) No.181	2014.7.1	2024.6.21	

Borrow unit	Loan Unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Mianyang Huize Investment Co., Ltd.	Agricultural Bank of China Limited Beichuan Qiang Autonomous County Sub-branch	4,000,000.00	Mortgage loans	Bei State Use (2014) No.769, Bei State Use (2011) No.175, Bei State Use (2011) No.177, Bei State Use (2011) No.178, Bei State Use (2011) No.179, Bei State Use (2011) No.180, Bei State Use (2011) No.181	2015.3.12	2024.6.21	
Mianyang Kefa Changtai Industry Co., Ltd.	The World Bank	62,969,740.74	Unsecured loans		2012.5.15	2026.11.15	Transfer of financial foreign-related borrowings
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Chengdu Branch, Guangfa Bank Co., Ltd.	29,400,000.00	Unsecured loans		2020.12.9	2022.12.8	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Chengdu Branch, Guangfa Bank Co., Ltd.	68,000,000.00	Unsecured loans		2020.12.31	2022.12.30	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Chengdu Branch, Guangfa Bank Co., Ltd.	21,780,000.00	Unsecured loans		2021.4.30	2022.12.30	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Chengdu Bank Co., Ltd. Mianyang Branch	500,000,000.00	Unsecured loans		2021.9.8	2024.9.06	

Borrow unit	Loan Unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Industrial and Commercial Bank of China Limited Mianyang High-Tech Industry Development Sub-branch	250,000,000.00	Unsecured loans		2016.11.25	2026.11.24	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	China Construction Bank Co., Ltd. Mianyang High-tech Sub-branch	14,600,000.00	Unsecured loans		2017.5.11	2022.5.10	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	 The World Bank (The World Bank Project)	73,290,265.43	Unsecured loans		2012.5.15	2026.11.15	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Bridge Trust Co., Ltd.	33,100,000.00	Unsecured loans		2020.11.3	2022.5.3	
Mianyang Kefa Tianda Investment Development Co., Ltd.	Japan Bank for International Cooperation	103,099,941.57	Unsecured loans		2007.3.5	2047.3.5	Transfer of financial foreign-related borrowings
Mianyang Kefa Tianda Investment Development Co., Ltd.	China Development Bank Sichuan Branch	120,000,000.00	Unsecured loans		2015.12.30	2035.12.30	
Mianyang Kefa Tianda Investment Development Co., Ltd.	China Citic Bank, Chengdu Branch	1,040,000.00	Unsecured loans		2017.4.7	2027.4.7	

Borrow unit	Loan Unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Sichuan Liuhe Special Metal Materials Co., Ltd.	Mianyang Fucheng District Rural Credit Cooperative Society	48,500,000.00	Pledged loans+ Guaranteed loans	Guarantor: Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.; Pledge: 5 million yuan of fixed deposit certificate of Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2020.1.4	2023.1.3	
Mianyang Kefa Changtai Industry Co., Ltd.	Mianyang Fucheng District Rural Credit Cooperative Society	48,000,000.00	Pledged loans+ Guaranteed loans	Guarantor: Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.; Pledge: 5 million yuan of fixed deposit certificate of Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2020.1.6	2023.1.3	
Mianyang Kefa Tianda Investment Development Co., Ltd.	China Development Bank Sichuan Branch	440,000,000.00	Pledged loans+ Guaranteed loans	Guarantor: Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.; Pledge: Sichuan Urban Rural Construction Investment Co., Ltd. provides pledge for accounts receivable	2015.2.9	2030.2.9	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Bank of Communications Co., Ltd. Mianyang Branch	950,000,000.00	Pledged loans	5.4167% of Mianyang BOE Technology Optoelectronics Technology Co., Ltd. held by Kefa Group is pledged corresponding to 1.3 billion yuan of equity	2020.8.21	2022.2.21	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Mianyang Youxian District Rural Credit Cooperative Society	40,500,000.00	Pledged loans	Shares of Mianyang BOE Technology Optoelectronics Technology Co., Ltd. 1 billion yuan	2021.2.19	2024.2.08	

Borrow unit	Loan Unit	Loan amount	Type	Guarantor (collateral)	Borrow date	Agreed repayment date	Notes
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Mianyang Youxian District Rural Credit Cooperative Society	45,000,000.00	Pledged loans	Shares of Mianyang BOE Technology Optoelectronics Technology Co., Ltd. 1 billion yuan	2021.2.10	2024.2.08	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Mianyang Youxian District Rural Credit Cooperative Society	364,500,000.00	Pledged loans	Shares of Mianyang BOE Technology Optoelectronics Technology Co., Ltd. 1 billion yuan	2021.2.09	2024.2.08	
Mianyang Kefa Exhibition and Tourism Co., Ltd.	Mianyang Fucheng District Rural Credit Cooperative Society, Sichuan Zitong Rural Commercial Bank Co., Ltd	44,500,000.00	Pledged loans	Pledge of 5 million yuan deposit receipts of Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	2020.1.16	2023.1.3	
Mianyang Gas Group Co., Ltd	Business Department of Mianyang Commercial Bank Co., Ltd.Fucheng Sub-branch	160,000,000.00	Pledged loans	Mianyang Xingmian Gas Co., Ltd. Fixed Deposit Certificate Pledge	2021.12.16	2024.12.15	
Total		13,738,366,683.26					

## 35. Bonds payable

Item	Closing balance	Opening balance
16 Kefa bond (118693.SZ)		3,000,000,000.00
16 Kefa 01 (136882.SH)		50,000,000.00
17 Kefa bond (143350. SH)	1,537,500,000.00	1,537,500,000.00
18 Miankefa (114342.SZ)	340,000,000.00	340,000,000.00
19 Sichuan Mianyang Science and Technology City ZR001 (19CFZR0182)	1,000,000,000.00	1,000,000,000.00
20 Mianyang Kefa PPN001 (032000854)	500,000,000.00	500,000,000.00
20 Kefa bond (2080420.IB (Interbank Bond), 152706.SH (Shanghai))	1,600,000,000.00	1,600,000,000.00
21Kefa01 (188203.SH)	420,000,000.00	

Item	Closing balance	Opening balance
21Kefa02 (188459)	375,000,000.00	
21Mianke 02 (114933)	200,000,000.00	
21Mianke03 (114985)	2,000,000,000.00	
Subtotal	7,972,500,000.00	8,027,500,000.00
Less: bonds payable due within one year	2,537,500,000.00	3,050,000,000.00
Total	5,435,000,000.00	4,977,500,000.00

## (1) Details of bonds payable (Including bonds payable due within 1 year)

Bond name	Per value	Issue date	Maturity of bond	Issue amount
16 Kefa bond (118693.SZ)	3,000,000,000.00	2016.6.17	5 years	3,000,000,000.00
16 Kefa01 (136882.SH)	50,000,000.00	2016.12.21	5 years	50,000,000.00
17 Kefa bond (143350.SH)	1,537,500,000.00	2017.10.31	5 years	1,537,500,000.00
18 Miankefa (114342.SZ)	340,000,000.00	2021.6.24	2 years	340,000,000.00
19 Sichuan Mianyang Science and Technology City ZR001 (19CFZR0182)	1,000,000,000.00	2019.3.8	3 years	1,000,000,000.00
20 Mianyang Kefa PPN001 (032000854)	500,000,000.00	2020.9.29	3+2 years	500,000,000.00
20 Kefa bond (2080420.IB (Interbank Bond), 152706.SH (Shanghai))	1,600,000,000.00	2020.12.21	5 years	1,600,000,000.00
21 Kefa01 (188203.SH)	420,000,000.00	2021.7.2	3 years	420,000,000.00
21 Kefa02 (188459)	375,000,000.00	2021.8.5	3 years	375,000,000.00
21 Mianke02 (114933)	200,000,000.00	2021.2.9	2 years	200,000,000.00
21 Mianke03 (114985)	2,000,000,000.00	2021.4.27	3 years	2,000,000,000.00
Total	11,022,500,000.00			11,022,500,000.00

Continued from the table above:

Bond name	Opening balance	Issued in the current period	Interest accrued per value	Amortization of premium and discount	Repaid in the current period	Closing balance
16 Kefa bond (118693.SZ)	3,000,000,000.00				3,000,000,000.00	
16 Kefa01 (136882.SH)	50,000,000.00				50,000,000.00	
17 Kefa bond (143350.SH)	1,537,500,000.00					1,537,500,000.00
18 Miankefa (114342.SZ)	340,000,000.00	340,000,000.00			340,000,000.00	340,000,000.00
19 Sichuan Mianyang Science and Technology City ZR001 (19CFZR0182)	1,000,000,000.00					1,000,000,000.00

Bond name	Opening balance	Issued in the current period	Interest accrued per value	Amortization of premium and discount	Repaid in the current period	Closing balance
20 Mianyang Kefa PPN001 (032000854)	500,000,000.00					500,000,000.00
20 Kefa bond (2080420.IB (Interbank Bond), 152706.SH (Shanghai))	1,600,000,000.00					1,600,000,000.00
21 Kefa01 (188203.SH)		420,000,000.00				420,000,000.00
21 Kefa02 (188459)		375,000,000.00				375,000,000.00
21 Mianke02 (114933)		200,000,000.00				200,000,000.00
21 Mianke03 (114985)		2,000,000,000.00				2,000,000,000.00
Total	8,027,500,000.00	3,335,000,000.00			3,390,000,000.00	7,972,500,000.00

### 36. Lease liabilities

Item	Closing balance	Opening balance
lease payment amount	9,426,993.23	
Less: unrecognized financing expenses	1,066,125.28	
Net lease liabilities	8,360,867.95	

### 37. Long-term payable

Item	Closing balance	Opening balance
Long-term payable	2,081,325,746.35	3,048,301,501.91
special payable	2,093,697,037.25	1,355,235,538.61
Total	4,175,022,783.60	4,403,537,040.52

#### (1) Long-term payable

Item	Closing balance	Opening balance
Yuangong Hongxin Finance & Leasing Co., Ltd.	46,125,000.00	83,025,000.00
China Development Bank Leasing	386,015,000.00	507,729,000.00
Yangtze United Financial Leasing Co., Ltd.	128,918,555.57	161,569,199.67
Sichuan Jinshi Leasing Co., Ltd.	166,728,386.02	155,634,536.15
China Huarong Asset Management Co., Ltd., Sichuan Province Branch	360,000,000.00	400,000,000.00
The World Bank (Song Ya Riverbank Project)	62,577,288.94	62,577,288.94
Far East International Leasing Limited	34,125,000.00	111,796,666.68

Item	Closing balance	Opening balance
Hubei Financial Leasing Co., Ltd.	624,151,666.68	628,705,833.33
Huaxia Financial Leasing Co., Ltd.	267,331,500.00	541,422,347.12
Sinopharm Holdings (China) Finance Leasing Co., Ltd.	108,366,846.88	156,589,731.92
Guangxi Finance & Leasing Co., Ltd.	71,361,750.01	110,175,541.66
Chengyu Financial Leasing Co., Ltd.	157,536,146.33	87,927,151.44
Beijing Culture, Science & Technology Finance Leasing Co., Ltd.	101,029,630.40	174,487,892.32
JC Finance & Leasing Co., Ltd.	8,582,027.31	18,712,400.00
Ping An International Finance Leasing Co., Ltd.	11,751,982.01	36,927,000.00
Haitong Unitrust International Leasing Co., Ltd.	153,256,923.03	304,753,000.00
Chengdu Gongtong Finance Leasing Co., Ltd.	64,850,000.00	114,410,521.00
China Universal Leasing Co., Ltd.	265,078,125.00	
Hengqin Huatong Financial Leasing Co., Ltd.	217,743,564.53	
Jiangxi Zhongtong Financial Leasing Co., Ltd.	50,000,000.00	
BOL Financial Leasing Co., Ltd.	248,079,483.49	
Yuangong Hongxin (Tianjin) Finance & Leasing Co., Ltd.	205,700,000.00	
CITIC Trust Co., Ltd.	97,392,783.30	
Unrecognized financing expenses	-315,218,219.10	-350,292,708.54
Less: long-term payable due within one year	1,440,157,694.05	257,848,899.78
<b>Total</b>	<b>2,081,325,746.35</b>	<b>3,048,301,501.91</b>

## (2) Special payable

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Treasury bonds project	4,000,000.00		4,000,000.00	
Industrial development funds smart manufacturing	4,500,000.00	1,200,000.00	5,700,000.00	
2019 emerging industry cultivation funds	3,800,000.00	3,700,000.00	7,500,000.00	
"Excellence Programme" funding for the Tech City talent programme	500,000.00	500,000.00		1,000,000.00
Special funds for provincial industrial development in 2020 innovation main part cultivation block		540,000.00	540,000.00	

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
2021 provincial intellectual property right special funds program		300,000.00	300,000.00	
Funds for the first batch of provincial science and technology programs in 2020-heat treatment key technology of high temperature alloys for aviation and aerospace processing key technology research	536,541.12	30,000.00	566,541.12	
Ful River Song Ya River embankment project	4,342,099.41			4,342,099.41
World Bank project	8,104,550.71	2,631,861.53		10,736,412.24
Smartphone project standard workshop phase I in Economic Development Zone	7,919,540.00		7,919,540.00	
Disaster Prevention Park II High-tech Zone land special bond funding	30,000,000.00			30,000,000.00
Special fund for talent development	300,000.00			300,000.00
Integrated pipeline corridors in centralised development areas	866,989,032.76	100,000,000.00		966,989,032.76
Mianyang Science and Technology City Innovation Centre Phase III	6,990.00			6,990.00
Special bond funding for the Anchang River comprehensive improvement project	100,000,000.00	100,000,000.00		200,000,000.00
Special bond funding for the Logistics Park railway line project	50,000,000.00	120,000,000.00		170,000,000.00
Special bond funding for Science and Technology City Exhibition Centre Phase III	220,000,000.00	130,000,000.00		350,000,000.00
Platinum Age maintenance funds	65,248.70	31,839.60		97,088.30
Tech City Innovation Pavilion matching funds		25,000,000.00		25,000,000.00
Special bond funds for ecological functional area project	37,423,274.00	250,000,000.00		287,423,274.00
Building maintenance and equipment renewal payments	1,200,000.00			1,200,000.00
Special funds for transformation of scientific and technological achievements	958,000.00			958,000.00
Gas guarantee project for significant project	3,000,000.00			3,000,000.00
Technology City Centralized Development Area supporting gas field station and pipeline construction project	3,500,000.00			3,500,000.00
Renovation and upgrading of old pipe networks in urban areas, etc.	640,000.00			640,000.00

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Payables specific to the Office of Infrastructure	4,994,891.97	152,704.17		5,147,596.14
Special bond funding for gas supply assurance and utilisation project		18,195,448.18	3,190,594.91	15,004,853.27
Sichuan Credit Re-Guarantee Company substitute subsidy fund		2,140,351.19		2,140,351.19
Mianyang Municipal Finance Bureau in lieu of subsidy funds		13,755,970.00		13,755,970.00
Other special funds	2,455,369.94			2,455,369.94
Total	1,355,235,538.61	768,178,174.67	29,716,676.03	2,093,697,037.25

## 38. Provisions

Item	Closing balance	Opening balance	Reasons of the formation
Estimated return cost	5,236,796.23		Estimated return cost for this year based on historical return rates
Total	5,236,796.23		

## 39. Deferred income

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Government grants	98,072,246.80	33,625,528.41	13,817,432.29	117,880,342.92
Total	98,072,246.80	33,625,528.41	13,817,432.29	117,880,342.92

## Details of government grants:

Item	Opening balance	Increase in grants in the current period	Amount included in current profits and losses	Other changes	Closing balance	Asset-related/i income-related
Incubation building grants	2,082,353.03		86,764.68		1,995,588.35	Asset-related
Special funds for reserve stations	59,684,559.19		4,595,433.71		55,089,125.48	Asset-related
Job stabilization grants	2,849,484.08	222,537.29	1,731,005.15		1,341,016.22	Asset-related
Grants for gas distribution stations in agricultural areas	1,524,866.72		1,478,452.17		46,414.55	Asset-related
Post-disaster reconstruction project funds	5,803,743.42		924,532.06		4,879,211.36	Asset-related
Technical reform and elimination of backward production capacity special funds	1,708,333.33		205,000.00		1,503,333.33	Asset-related
Special funds for balanced development of the financial industry	833,333.33		100,000.00		733,333.33	Asset-related

Item	Opening balance	Increase in grants in the current period	Amount included in current profits and losses	Other changes	Closing balance	Asset-related/income-related
Made in China 2025 Sichuan action special funds	2,750,000.00		330,000.00		2,420,000.00	Asset-related
Special funds for strategic emerging industries	5,166,666.67		620,000.00		4,546,666.67	Asset-related
Research and development of key accessories for naval gas turbines	900,000.00		100,000.00		800,000.00	Asset-related
Special funds for the development of the military-civilian integration industry	9,916,666.67		1,000,000.00		8,916,666.67	Asset-related
Dedicated land construction compensation	4,852,240.36	536,541.12	903,744.52		4,485,036.96	Asset-related
2019 provincial investment promotion incentive award funds		15,966,450.00			15,966,450.00	Income-related
Taziba sewage treatment plant supporting pipe network project special funds for treasury bonds		4,000,000.00	1,000,000.00		3,000,000.00	Asset-related
2019 emerging industry cultivation funds		7,500,000.00	562,500.00		6,937,500.00	Income-related
Industrial development funding smart manufacturing		5,400,000.00	180,000.00		5,220,000.00	Income-related
<b>Total</b>	<b>98,072,246.80</b>	<b>33,625,528.41</b>	<b>13,817,432.29</b>		<b>117,880,342.92</b>	

#### 40. Other non-current liabilities

Item	Closing balance	Opening balance
Work funding	107,398.73	107,398.73
<b>Total</b>	<b>107,398.73</b>	<b>107,398.73</b>

#### 41. Paid-in capital

##### (1) Details of paid-in capital

Investors name	Opening balance		Increase in the current period	Decrease in the current period	Closing balance	
	Investment amount	Proportion (%)			Investment amount	Proportion (%)
Mianyang State-owned Assets Supervision and Administration Commission	1,126,509,737.10	69.44		116,285,008.04	1,010,224,729.06	62.27
Sichuan Provincial Finance Department			116,285,008.04		116,285,008.04	7.17
Mianyang Investment Holding (Group) Co., Ltd.	135,769,950.96	8.37			135,769,950.96	8.37
China Agricultural Development Key Construction Fund Co., Ltd.	360,000,000.00	22.19			360,000,000.00	22.19
<b>Total</b>	<b>1,622,279,688.06</b>	<b>100.00</b>	<b>116,285,008.04</b>	<b>116,285,008.04</b>	<b>1,622,279,688.06</b>	<b>100.00</b>

## (2) Explanation of changes in paid-in capital

According to the requirements of the Provincial Department of Finance and the Provincial State-owned Assets Supervision and Administration Commission to promote the transfer of part of the state-owned capital of state-owned enterprises to enrich the social security fund, and the document of Mianyang SASAC "Approval of Agreeing <Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.>" (Mianyang State-owned Assets Regulations [2021] No.16), the Mianyang SASAC transfers 7.168% stake in Kefa Group to Sichuan Provincial Finance Department without compensation. After the adjustment, the investment amount of the Sichuan Provincial Finance Department was changed to 116,285,008.04 yuan and the shareholding ratio was changed to 7.168%, while the investment amount of the Mianyang SASAC was changed to 1,010,224,729.06 yuan and the shareholding ratio was changed to 62.272%.

## 42. Capital reserve

## (1) Details of capital reserve

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Capital (share) premium	3,056,813,678.72	200,144.48		3,057,013,823.20
II. Other capital reserves	5,201,402,413.58	459,111,586.72	1,722,699,872.89	3,937,814,127.41
III. Asset appraisal value-added	2,273,809,122.79	15,516,200.00		2,289,325,322.79
Total	10,532,025,215.09	474,827,931.20	1,722,699,872.89	9,284,153,273.40

## (2) Major changes in capital reserve

- ① In the current year, according to "Civil Judgment (2019) Sichuan Min zhong No.1145", the appraisal and appreciation of the capital surplus reduced by the original open market auction of "Taiyue Plantation Land" was reversed, and the capital surplus was increased by 15,516,200.00 yuan;
- ② During the year, according to the document of Mianyang Municipal State-owned Assets Commission "Reply to the Approval on Matters Relating to the Agreeing to Transfer 38.05% of the State-owned Equity Interests in Sichuan Bohong Industrial Co., Ltd. without Compensation" (Mianyang State Assets [2021] No.23), Agreed to transfer 38.05% of the state-owned equity of Sichuan Bohong Industry Co., Ltd. to Mianyang Guoxing Investment Holding Co., Ltd. for free, and the Company reduced its capital surplus by 1,722,699,872.89 yuan;
- ③ According to the document "Notice of Mianyang Municipal State-owned Assets Commission on the Gratuitous Transfer of Relevant Assets of Jiuzhou Stadium" (Mianyang State Assets [2021] No.35), the book value of the assets of Jiuzhou Stadium under the name of Mianyang Investment Holding (Group) Co., Ltd. was transferred to the Company at no cost at all for the amount of 131,161,574.72 yuan.

④ According to the document "Notice of Mianyang Municipal Finance Bureau on the Issuance of Funds for Municipal State-owned Capital Operation Budget Expenditure Projects in 2021" (Mian Cai Asset [2021] No.73), the capital surplus was increased by 35,000,000.00 yuan.

⑤ According to the document of Mianyang Municipal Finance Bureau "Notice on Issuance of Special Subsidy Funds" (Mian Cai Assets [2021] No.93), 292,950,000.00 yuan was received from Mianyang Municipal Finance Treasury Payment Center for the advance allocation of special funds, which was recognized as capital surplus.

#### 43. Special reserve

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Notes
Safety fund	24,269,414.97	9,535,419.14	7,837,091.12	25,967,742.99	
Total	24,269,414.97	9,535,419.14	7,837,091.12	25,967,742.99	

Note: Safety fund are provided by subsidiaries Sichuan Liuhe Special Metal Materials Co., Ltd., Mianyang Kefa Tianda Investment Development Co., Ltd. and Mianyang Gas Group Co., Ltd. are accrued in accordance with the provisions of the national "Management Measures for the Withdrawal and Use of Enterprise Safety Production Costs".

#### 44. Provision for general reserve

Item	Closing balance	Opening balance
General reserve	24,058,676.95	31,997,666.70
Total	24,058,676.95	31,997,666.70

Note: The general risk allowance is drawn down by the subsidiaries, Mianyang Kefa Finance Guarantee Co., Ltd., Mianyang City Tianli Financing Guarantee Co., Ltd., Mianyang City Small and Medium-sized Enterprise Financing Guarantee Co., Ltd. and Mianyang Kefa Equity Investment Fund Management Co., Ltd. in accordance with relevant regulations.

#### 45. Surplus reserve

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Legal surplus reserve	292,373,755.35	21,355,179.43		313,728,934.78
Total	292,373,755.35	21,355,179.43		313,728,934.78

Note: In accordance with "the Company Law" and the Company's Articles of Incorporation, the Company sets aside 10% of its net profit as legal surplus reserve.

## 46. Retained earnings

Item	Amount incurred in the current period	Amount incurred in the prior period
Opening balance of the current period	1,976,732,774.90	1,585,661,888.56
Increase in current period	251,161,523.04	545,612,869.35
Including: Net profit transferred in current period	251,161,523.04	246,523,041.65
Increase in consolidation scope changes		299,089,827.70
Decrease in the current period	83,945,629.95	154,541,983.01
Including: Withdrawal of surplus reserves in the current period	21,355,179.43	17,955,257.37
Withdrawal of general risk reserves in this period	289,121.56	1,452,525.64
Distribution to owners (or shareholders)	62,301,328.96	135,134,200.00
Conversion increases share capital		
Other decreases		
Closing balance of the current period	2,143,948,667.99	1,976,732,774.90

## 47. Operating revenue and operating costs

Item	Amount incurred in the current period		Amount incurred in the prior period	
	Revenue	Cost	Revenue	Cost
1. Subtotal of principal operating revenue	11,783,054,427.44	10,735,480,804.62	11,680,106,310.44	11,113,881,260.22
Revenue from sales of Immovable Property	683,620,730.76	609,982,404.80	112,619,825.85	114,184,328.66
Guarantee fee revenue	7,472,597.94	160,611.99	8,410,101.28	140,339.85
Engineering construction and installation revenue	982,817,296.49	943,216,922.72	1,073,970,960.02	1,047,157,511.11
Hotel revenue	52,066,398.29	25,679,989.24	31,638,127.68	18,889,487.74
Exhibition and display services revenue	20,883,933.65	22,229,418.14	17,465,453.72	18,423,526.48
Consulting revenue	33,805,458.21	3,746,253.47	32,595,535.85	2,980,368.60
Asset leasing and property management revenue	65,882,469.02	19,724,809.52	43,350,017.39	20,924,865.30
Revenue from sales of industrial products	1,184,549,472.38	936,007,308.09	890,082,864.36	722,638,649.49
Revenue from trade sales	6,266,354,372.45	6,204,443,027.60	7,782,636,146.31	7,703,885,288.18
Real Estate sales revenue	1,088,258,304.06	921,536,496.74	738,272,426.21	595,373,397.62
Land development revenue	952,194,460.78	655,222,591.60	522,314,168.27	497,024,886.91

Item	Amount incurred in the current period		Amount incurred in the prior period	
	Revenue	Cost	Revenue	Cost
Fund management services revenue	8,977,002.44		24,917,136.22	
Natural gas sales and installation revenue	436,171,930.97	393,530,970.71	401,833,547.28	372,258,610.28
2. Subtotal of other operating revenue	57,488,298.91	39,344,926.76	23,831,914.69	10,663,896.76
Other revenues	41,529,971.82	29,498,587.40	19,247,313.09	5,847,383.44
Escrow project management revenue	5,799,847.14	3,585,655.07	1,922,565.74	2,321,123.78
Processing and material sales revenue	10,158,479.95	6,260,684.29	2,662,035.86	2,495,389.54
Total	11,840,542,726.35	10,774,825,731.38	11,703,938,225.13	11,124,545,156.98

**48. Withdrawal of net insurance contract reserves**

Item	Amount incurred in the current period	Amount incurred in the prior period
Unmatured Premium Reserve	-890,644.81	-3,117,355.79
Guarantee claims reserve		1,957,123.72
Total	-890,644.81	-1,160,232.07

**49. Reinsurance expenses**

Item	Amount incurred in the current period	Amount incurred in the prior period
Reinsurance expenses	109,348.61	112,586.08
Total	109,348.61	112,586.08

**50. Taxes and surcharges**

Item	Amount incurred in the current period	Amount incurred in the prior period
Business tax	1,178,373.03	65,268.00
City construction and maintenance tax	7,096,194.85	5,437,273.82
Education fee surcharges	3,186,971.33	2,426,361.76
Local education fee surcharges	2,139,667.94	1,615,856.71
Stamp tax	9,669,468.55	9,544,443.30
House property tax	12,043,062.91	7,562,704.12
Land use tax	11,506,376.55	10,876,307.04
Vehicle and vessel tax	67,728.76	71,290.40
Disability Protection Fund		-893.27
Increment tax on land value	15,441,092.99	9,380,569.04
Expenses for the construction of cultural undertaking	2,601.11	42,816.15

Item	Amount incurred in the current period	Amount incurred in the prior period
Environmental protection tax	48,636.23	72,516.45
Total	62,380,174.25	47,094,513.52

### 51. Selling expenses

Item	Amount incurred in the current period	Amount incurred in the prior period
Salary and Remuneration	41,345,822.94	33,330,234.69
Staff welfare	982,857.62	650,069.45
Social insurance and Housing Fund	756,515.93	238,969.73
Office expenses	486,331.92	797,155.26
Communication expenses	144,443.97	136,998.23
Business travel expenses	578,662.55	490,645.09
Business entertainment expenses	5,198,076.76	3,149,443.00
Vehicle usage expenses	2,127,576.16	1,816,243.91
Transportation expenses	15,487,756.36	14,330,497.98
Advertising and exhibition expenses	18,805,286.01	10,489,645.26
Export expenses	849,638.79	516,096.25
Other expenses	7,624,114.76	5,139,021.21
Lease expenses	1,283,452.14	1,252,718.92
Property management expenses	2,353,950.62	6,103,584.56
Amortization expenses	2,954,290.04	16,008,476.93
Depreciation expenses	493,207.92	393,640.72
Intermediary expenses	5,298,856.25	1,589,974.03
Repair expenses	3,606.88	240,305.01
Storage supervision expenses	8,996,997.70	379,175.66
Energy expenses	4,209,769.42	670,399.66
Material expenses	999,709.91	1,597,314.95
Labor protection expenses	105,099.35	997,886.61
Conference expenses	2,055,159.67	
Total	123,141,183.67	100,318,497.11

### 52. Administrative expenses

Item	Amount incurred in the current period	Amount incurred in the prior period
Salary bonus	171,410,840.74	136,340,544.63
Welfare	9,070,880.82	10,493,470.82
Trade union expenses and staff education expenses	5,300,038.47	4,255,116.38
Social insurance and Housing Fund	31,184,241.81	15,173,696.47
Enterprise annuity	3,303,926.26	3,157,595.54

Item	Amount incurred in the current period	Amount incurred in the prior period
Depreciation expenses	42,699,846.23	41,167,282.00
Lease expenses	5,688,959.93	4,040,469.22
Amortization of intangible assets	9,443,976.37	7,820,990.19
Office expenses	5,083,475.74	6,089,551.35
Intermediary expenses	20,721,326.45	14,938,376.66
Business travel expenses	3,057,514.80	2,556,735.02
Vehicle usage expenses	2,508,496.86	2,705,619.52
Property management expenses and utilities	5,223,161.83	3,841,556.91
(External) Public Incentives and Expenditures		87,000.00
Board fund	94,093.00	115,713.34
Repair (Install) expenses	17,087,338.89	11,064,337.22
Conference expenses	212,907.75	483,181.87
Party Building expenses	1,017,246.04	987,101.94
Reception expenses	6,604,720.05	6,590,017.65
Disability Employment Guarantee Fund	1,019,172.78	1,646,480.93
Litigation expenses	2,674,948.90	3,532,621.21
Comprehensive property insurance premiums	192,640.72	178,018.12
Commercial insurance premium	23,681.11	29,253.40
Communication expenses	536,977.71	112,685.45
Labor expenses	2,262,890.43	1,931,031.76
Technical advisory service expenses	227,675.26	1,249,013.38
Property rights, patent agency expenses	294,360.60	126,039.84
Labor protection expenses	385,368.64	1,290,251.40
Safety expenses	1,836,176.02	1,584,204.74
Advertising and promotion expenses	660,925.56	53,839.58
Other expenses	7,484,733.92	5,550,015.98
Total	357,312,543.69	289,191,812.52

### 53. Research and development expenses

Item	Amount incurred in the current year	Amount incurred in the prior year
Employee compensation	16,346,028.85	8,615,275.66
Depreciation expenses	1,437,441.03	1,443,754.63
Material fuels and power expenses	20,075,845.89	18,844,738.91
Instrument maintenance expenses		7,702.58

Item	Amount incurred in the current year	Amount incurred in the prior year
Test and laboratory processing expenses	210,788.74	177,752.24
Tooling and inspection expenses	1,186,365.23	261,582.07
Business travel expenses	1,154,574.30	814,195.82
Conference expenses	1,415.09	1,603.77
Publication/Documentation/Information dissemination/Intellectual property services expenses	101,192.57	19,735.00
New process protocol formulation expenses	2,142,192.09	660,377.35
Research and development expenses to be apportioned	41,553.42	98,540.00
Patent registration application expenses	6,134.61	
Others	27,741.94	17,391.01
Total	42,731,273.76	30,962,649.04

#### 54. Financial expenses

Category	Amount incurred in the current period	Amount incurred in the prior period
Interest expenses	2,030,616,587.08	1,771,394,151.41
Less: Interest income	518,479,476.96	267,512,842.94
Less: Interest capitalization	1,061,989,125.06	1,108,791,922.85
Net exchange losses (net gain is marked with "-")	79,440.80	290,168.56
Handling and other expenses	310,581,887.52	116,679,199.07
Total	760,809,313.38	512,058,753.25

#### 55. Other income

Item	Amount incurred in the current period	Document
Mianyang Municipal Finance Bureau infrastructure development subsidy	385,000,000.00	Mian Fu Minutes [2017] No.27
Mianyang Urban Planning Exhibition Center matching funds	35,000,000.00	Mian Wei Minutes [2021] No.16
Special funds for the development of the military-civilian integration industry	31,000,000.00	Mian Cai Jian [2021] No.188
Depreciation of assets earmarked for storage and distribution stations	4,340,013.36	Mian Cai Qi [2012] No.30
Job stabilisation allowance	4,043,439.04	
Post-disaster reconstruction project funds	924,532.06	

Item	Amount incurred in the current period	Document
Financing guarantee companies during the COVID-19 subsidy for guarantee expenses	893,700.00	Mian Cai Jin [2020] No.9
Temporary operating difficulties grants	743,757.00	
Special funds for strategic emerging industries	620,000.00	
Science and Technology Park Finance Bureau policy incentive funds	615,000.00	
2019 emerging industry cultivation funds	562,500.00	
Special funds for the development of small and medium-sized enterprises in 2020	540,000.00	Sichuan Cai Jin [2020] No.37
Research program on key technologies for heat treatment of high temperature alloys for aviation and aerospace applications	536,541.12	
The first batch of provincial special funds for small and medium-sized enterprises development in 2021	500,000.00	
Tax relief	421,333.49	
Made in China 2025 Sichuan action special funds	330,000.00	
Special funds for municipal science and technology program projects in 2021 and special funds for provincial intellectual property rights in 2021	330,000.00	
Compensation for construction of special land	218,698.68	
Technical reform and elimination of backward production capacity special funds	205,000.00	
Industrial development funds smart manufacturing	180,000.00	
Grants for gas distribution stations in agricultural areas	158,333.28	
Subsidized payment for work-based training	149,200.00	
Special funds for balanced development of the financial industry	100,000.00	
Research and development of key accessories for naval gas turbines	100,000.00	
Total other income of less than 100 thousand yuan	719,149.79	
<b>Total</b>	<b>468,231,197.82</b>	

**56. Investment income**

## Details of investment income

Sources of investment income generation	Amount incurred in the current period	Amount incurred in the prior period
Income from long-term equity investments under equity method	32,613,151.38	-259,032,937.82
Investment income on disposal of long-term equity investments	1,020,758.56	
Investment income from disposal of held-for-trading financial assets	52,928.14	468,053.92
Investment income earned while holding other equity instruments investment	2,275,600.00	
Investment income earned while available-for-sale financial assets		1,010,100.00
Investment income from disposal of available-for-sale financial assets		140,000.00
Investment income on held-to-maturity investments during the holding period		543,325.61
Others		86,117.47
Total	35,962,438.08	-256,785,340.82

**57. Gains on the changes in fair value**

Source resulting in gains from changes in fair values	Amount incurred in the current period	Amount incurred in the prior period
Changes in fair value of financial assets held for trading	-6,371.43	6,371.43
Investment properties carried at fair value	190,604,924.98	-19,415,880.83
Others		-17,598,664.00
Total	190,598,553.55	-37,008,173.40

**58. Credit impairment losses (loss is marked with "-")**

Item	Amount incurred in the current period	Amount incurred in the prior period
Bad debt losses	-18,912,894.67	
Impairment losses on debt investments		
Impairment losses on other debt investments		
Impairment losses on entrusted loans	-43,492,272.66	
Total	-62,405,167.33	

**59. Assets impairment losses (losses is marked with "-")**

Item	Amount incurred in the current period	Amount incurred in the prior period
Bad debt losses		-27,756,293.25
Written-down losses of inventories	-997,077.43	-458,033.86
Impairment losses on fix assets		
Impairment losses on goodwill		-266,567.60
Impairment losses on entrusted loans		
Impairment losses on other investments	-602,336.21	
Impairment losses on construction in progress	-24,375,442.56	
Total	-25,974,856.20	-28,480,894.71

**60. Gains from disposal of assets (losses is marked with "-")**

Item	Amount incurred in the current period	Amount incurred in the prior period
Gains from disposal of assets	1,222,105.74	2,512,301.90
Total	1,222,105.74	2,512,301.90

**61. Non-operating income**

Item	Amount incurred in the current period	Amount incurred in the prior period	Amount included in non-recurring profit or loss for the current period
Gains on destruction and scrapping of non-current assets	1,685,269.96	1,543,178.95	1,685,269.96
Government grants (see the table below for details)	6,119,671.68	14,550,709.60	6,119,671.68
Liquidated damages	578,882.60	12,000.00	578,882.60
Income of penalty and late payment charge	408,502.24	200,630.01	408,502.24
Capital occupancy expenses	103,772.07	7,790,444.85	103,772.07
Performance deposit		21,885,932.90	
Non-payment of debts	28,154,281.35		28,154,281.35
Others	1,445,152.29	2,781,638.47	1,445,152.29
Total	38,495,532.19	48,764,534.78	38,495,532.19

**(1) Details of government grants**

Item	Amount incurred in the current period	Amount incurred in the prior period
Science and Technology Park Management Committee allocates funds for 2020 incentives	3,404,872.00	

Item	Amount incurred in the current period	Amount incurred in the prior period
Transfer of 1 million yuan of Taziba sewage treatment plant supporting pipe network project special funds for treasury bonds in 2017-2021 year to non-operating income - government grant income	1,000,000.00	
2019 Provincial Fiscal and Financial Interaction Awards	550,000.00	5,200,000.00
Science and Innovation Zone Management Committee allocates service sector growth incentives	300,000.00	
Sichuan Green Pharmaceutical Company Management Co., Ltd. financing interest grants, etc.	101,250.00	
2020 service industry project investment grants	100,000.00	
Mianyang Municipal Finance and Treasury Center 2019 financing award		5,000,000.00
Funding for government support grants for Science and Education Entrepreneurship Park		1,850,000.00
Funding budget for the fourth batch of provincial science and technology program project in 2019		750,000.00
Research on key technology of heat treatment of high temperature alloy materials for aviation and aerospace applications		463,458.88
Financing interest grants		398,750.00
Dedicated land construction compensation		218,698.68
2020 Incentive funds for special funds to promote high-quality economic development at the raw level		100,000.00
Subsidy for Huicheng District Science, Technology, Industry and Information Technology Bureau		110,000.00
Provincial industrial development funds 2017 (Second batch)		95,639.64
Special funds for 20,000 tons of specialized forging material and forgings production line		54,453.96
Other government grants under 100 thousand yuan	663,549.68	309,708.44
Total	6,119,671.68	14,550,709.60

## 62. Non-operating expenses

Item	Amount incurred in the current period	Amount incurred in the prior period	Amount included in non-recurring profit or loss for the current period
Losses on destruction and scrapping of non-current assets	463,112.36	78,581.73	463,112.36
Liquidated damages	12,400.00	450,000.00	12,400.00
External Donation	100,000.00	21,600.00	100,000.00
Late payment charge	8,119,527.65	2,814,913.39	8,119,527.65
Penalty	1,930,266.00	71,400.00	1,930,266.00
Payout	588,251.79		588,251.79
Inventory losses of fixed asset	5,424.74		5424.74
Others	884,490.05	1,671,176.73	884,490.05
Total	12,103,472.59	5,107,671.85	12,103,472.59

**63. Income tax expenses**

Item	Amount incurred in the current period	Amount incurred in the prior period
Current tax expenses	44,640,649.12	62,056,730.79
Deferred tax expenses	48,265,854.54	-4,724,875.89
Total	92,906,503.66	57,331,854.90

**64. Other comprehensive income attributable to owners of the parent company****(1) Each item of other comprehensive income and its income tax effect and transfer to profit or loss**

Item	Amount incurred in the current period		
	Pre-tax amount	Income Tax	Net income after tax
I. Other comprehensive income that cannot be reclassified to profit or loss in the future	22,622,531.92	5,568,752.62	17,053,779.30
Changes in fair value of investments in other equity instruments	22,622,531.92	5,568,752.62	17,053,779.30
II. Other comprehensive income that will be reclassified to profit or loss in the future	2,220,939,433.08	562,780,655.10	1,658,158,777.98
1. Under the equity method, entitlement share of other comprehensive income that will be reclassified to profit or loss in subsequent accounting periods by investee when the prescribed conditions are met	-30,183,187.27		-30,183,187.27
Less: Transfer from prior period to other comprehensive income current period to profit or loss			
Subtotal	-30,183,187.27		-30,183,187.27
2. Gains or losses arising from changes in the fair value of available-for-sale financial assets			
Less: Transfer from prior period to other comprehensive income current period to profit or loss			
Subtotal			
3. Discounting differences in foreign currency statements	698,616.96	174,654.24	523,962.72
Less: Net income after tax that transfer from prior period to other comprehensive income current period to profit or loss			
Subtotal	698,616.96	174,654.24	523,962.72
5. Others	2,250,424,003.39	562,606,000.86	1,687,818,002.53
Less: Transfer from prior period to other comprehensive income current period to profit or loss			
Subtotal	2,250,424,003.39	562,606,000.86	1,687,818,002.53
III. Total other comprehensive income	2,243,561,965.00	568,349,407.72	1,675,212,557.28

Continued from the table above:

Item	Amount incurred in the prior period		
	Pre-tax amount	Income Tax	Net income after tax
I. Other comprehensive income that cannot be reclassified to profit or loss in the future			

Item	Amount incurred in the prior period		
	Prc-tax amount	Income Tax	Net income after tax
Changes arising from the remeasurement of net liabilities or net assets of defined benefit plans			
II. Other comprehensive income that will be reclassified to profit or loss in the future	80,896,721.76	14,779,466.78	66,117,254.98
1. Under the equity method, entitlement share of other comprehensive income that will be reclassified to profit or loss in subsequent accounting periods by investee when the prescribed conditions are met	21,778,854.66		21,778,854.66
Less: Transfer from prior period to other comprehensive income current period to profit or loss			
Subtotal	21,778,854.66		21,778,854.66
2. Gains or losses arising from changes in the fair value of available-for-sale financial assets	30,995,868.00	7,748,967.00	23,246,901.00
Less: Transfer from prior period to other comprehensive income current period to profit or loss			
Subtotal	30,995,868.00	7,748,967.00	23,246,901.00
3. Discounting differences in foreign currency statements	-3,290.02	-822.50	-2,467.52
Less: Net income after tax that transfer from prior period to other comprehensive income current period to profit or loss			
Subtotal	-3,290.02	-822.50	-2,467.52
4. Others	28,125,289.12	7,031,322.28	21,093,966.84
Less: Transfer from prior period to other comprehensive income current period to profit or loss			
Subtotal	28,125,289.12	7,031,322.28	21,093,966.84
III. Total other comprehensive income	80,896,721.76	14,779,466.78	66,117,254.98

## (1) Reconciliation of various items of other comprehensive income

Item	Under the equity method, entitlement share of other comprehensive income that will be reclassified to profit or loss in subsequent accounting periods by investee	Changes in fair value of investments in other equity instruments	Gains or losses from changes in the fair value of available-for-sale financial assets
Opening balance of the last period	8,404,332.61		-72,471,279.10
Increase/Decrease during the last period	21,778,854.66		72,471,279.10
Opening balance of the current period	30,183,187.27	-16,619,003.95	
Increase/Decrease during the current period	-30,183,187.27	17,053,779.30	
Closing balance of the current period		434,775.35	

Continued from the table above:

Item	Discounting differences in foreign currency statements	Others	Total other comprehensive income
Opening balance of the last period	16,968.50	269,181,663.73	205,131,685.74
Increase/Decrease during the last period	-2,467.52	21,093,966.84	115,341,633.08
Opening balance of the current period	14,500.98	290,275,630.57	303,854,314.87
Increase/Decrease during the current period	523,962.72	1,687,818,002.53	1,675,212,557.28
Closing balance of the current period	538,463.70	1,978,093,633.10	1,979,066,872.15

**65. Consolidated cash flow statement****(1) Reconciliation of net profit to cash flow from operating activities**

Item	Amount incurred in the current period	Amount incurred in the prior period
<b>1. Reconciliation of net profit to cash flow from operating activities:</b>		
Net profit	261,243,630.02	291,636,374.01
Add: Provision for impairment of assets	25,974,856.20	28,480,894.71
Credit impairment losses	62,405,167.33	
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets	141,228,142.71	162,573,505.68
Depreciation of right-of-use assets	2,171,380.76	
Amortization of intangible assets	6,810,985.37	7,907,797.95
Amortization of Long-term amortized expenses	10,360,889.50	30,691,759.49
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains is marked with "-")	-1,222,105.74	-2,310,694.81
Losses on retirement of fixed assets (gains is marked with "-")	-1,216,732.86	-1,296,495.74
Losses on changes in fair values (gains is marked with "-")	-190,598,553.55	37,008,173.40
Financial expenses (gains is marked with "-")	1,178,339,293.28	691,104,765.93
Losses on investments (gains is marked with "-")	-35,962,438.08	256,785,340.82
Decrease in deferred tax assets (increase is marked with "-")	-23,192,943.79	-21,986,087.29
Increase in deferred tax liabilities (decrease is marked with "-")	71,458,798.33	5,163,599.04
Decrease in inventories (increase is marked with "-")	1,268,466,613.18	-1,629,407,896.05
Decrease in receivables from operating activities (increase is marked with "-")	2,036,856,189.62	2,574,575,158.41
Increase in payables from operating activities (decrease is marked with "-")	-3,934,846,033.43	-1,716,667,014.77
Others		
<b>Net cash flow from operating activities</b>	<b>878,277,138.84</b>	<b>714,259,180.77</b>

Item	Amount incurred in the current period	Amount incurred in the prior period
<b>2. Significant investing and financing activities that do not involve cash receipts and payments</b>		
Conversion of debt into capital		
Convertible bonds due within one year		
Fixed assets acquired under finance leases		
<b>3. Net changes in cash and cash equivalents:</b>		
Closing balance of cash	1,591,455,704.57	1,924,868,151.55
Less: Opening balance of cash	1,924,868,151.55	1,174,748,187.73
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	-333,412,446.98	750,119,963.82

(2) Composition of cash and cash equivalents

Item	Closing balance	Opening balance
<b>I. Cash</b>	1,591,455,704.57	1,924,868,151.55
Including: Cash on hand	209,148.36	481,102.96
Bank deposits readily available for payment	1,586,717,905.54	1,500,364,217.52
Other monetary funds readily available for payment	4,528,650.67	424,022,831.07
Deposits with the central bank funds available for payment		
Interbank Deposits		
Loan of interbank funds		
<b>II. Loan of interbank funds</b>		
Including: Investments in bond due within three months		
<b>III. Closing balance of cash and cash equivalents</b>	1,591,455,704.57	1,924,868,151.55

IX. Notes on Contingencies

1. Significant litigation and arbitration

As of December 31, 2021, the Group was involved in significant pending litigation as follows:

Serial Number	Case Number	Plaintiff	Defendant	Trial stage (filing, ongoing trial, judgment, enforcement)	Preservation measures and period	Other information needed to explain
1	(2021) Jiangsu 72 Min Chu No.99, (2021) Jiangsu 72 Min Chu No.350, (2021) Jiangsu 72 Min Chu No.351	Tongfu Hongye Co., Ltd.	Jingjiang Taihe Port Co., Ltd., Chen Haiyang, Jiangsu Bodhi Energy Co., Ltd., Taixing Hongfutai Industry Ltd., Jiangsu Minsheng Port Co., Ltd.	Judgment	Seize houses and freeze bank deposits	See notes for details

Note: As of December 31, 2022, the closing balance of the inventory - inventory goods (finished goods) of the subsidiary was 186,991,862.79 yuan (excluding tax), which is now involved in a litigation case, in which Tongfu Hongye Co., Ltd. initiated litigation against its asset custodian Jiangsu Minsheng Port Co., Ltd. and Jingjiang Taihe Port Co., Ltd. in connection with a contract dispute. The litigation cases have been accepted by the Mianyang Intermediate People's Court of Sichuan Province (hereinafter referred to as: the Intermediate Court), which has issued civil rulings (2019) Sichuan 07 Min Chu No.324 I, (2019) Sichuan 07 Min Chu No.298 I and (2019) Sichuan 07 Min Chu No.300 I as of the date of this report, with the total amount of litigation being 216,511,014.92 yuan (including tax). The details of the cases are as follows: Tongfu Hongye Co., Ltd. had disputes with storage parties, downstream enterprises and guarantors over storage responsibilities and delayed pickup in coal trading business, and involved in three lawsuits, namely: ① Tongfu Hongye Co., Ltd. prosecuted Jiangsu Minsheng Port Co. Ltd.; ② Tongfu Hongye Co., Ltd. prosecuted Jingjiang Taihe Port Co., Ltd., Jiangsu Bodhi Energy Co., Ltd., Chen Haiyang; ③ Tongfu Hongye Co., Ltd. prosecuted Jingjiang Taihe Port Co., Ltd., Taixing Hongfutai Industry Co., Ltd. and Chen Haiyang; the above cases have been heard in Mianyang Intermediate Court, but need to be transferred to Nanjing Maritime Court due to jurisdictional issues during the process. For the above three cases, as some of the cooperative enterprises are involved in criminal offences, some of the contents of the matters have not yet been disclosed, so the risk that the above cases may be suspended in the future due to criminal issues cannot be ruled out.

The Nanjing Maritime Court issued a civil judgment on December 30, 2021 (2021) Jiangsu 72 Min Chu No.99, in which the plaintiff Tongfu Hongye Co., Ltd. (hereinafter referred to as Tongfu Company), in a dispute with the defendant Jiangsu Minsheng Port Co., Ltd. (hereinafter referred to as Minsheng Port Company) over the contract of custody of port cargo, ruled that the defendant Jiangsu Minsheng Port Co., Ltd. pay the plaintiff Tongfu Hongye Co., Ltd. for damages of 149,019,046.40 yuan and interest within ten days after the entry into force of this judgment (interest calculated on the basis of 149,019,046.40 yuan from December 17, 2019 to the date of actual payment by the defendant, calculated at the market quoted interest rate for loans LPR published by the National Interbank Offered Rate Center for the same period).

Nanjing Maritime Court on August 10, 2021 issued (2021) Jiangsu 72 Min Chu No.350, the plaintiff Tongfu Hongye Co., Ltd. and the defendant Jingjiang Taihe Port Co., Ltd., Taixing Hongfutai Industry Co., Ltd., Chen Haiyang, Third party Jiangsu Zhongchu Coal Industry Co., Ltd. about the case of port cargo storage contract dispute, On August 10, 2021, the plaintiff Tongfu Hongye Co., Ltd., filed a motion to dismiss the case with the Nanjing Maritime Court, On August 10, 2021, the Nanjing Maritime Court granted the plaintiff Tongfu Hongye Co., Ltd.

Nanjing Maritime Court on August 10, 2021 issued (2021) Jiangsu 72 Min Chu No.351, the plaintiff Tongfu Hongye Co., Ltd. and the defendant Jingjiang Taihe Port Co., Ltd., Tjiangsu Bodhi Energy Co.,

Ltd., Chen Haiyang, Third party Jiangsu Zhongchu Coal Industry Co., Ltd. about the case of port cargo storage contract dispute, On August 10, 2021, the plaintiff, Tongfu Hongye Co., Ltd., filed a motion to dismiss the case with the Nanjing Maritime Court, On August 10, 2021, the Nanjing Maritime Court granted the plaintiff Tongfu Hongye Co., Ltd.

## 2. Significant contingent liabilities arising from debt guarantees provided to other units

As of December 31, 2021, the Group mainly provided guarantees for loans to the following entities (excluding the balance of guarantee liabilities provided externally by the three guarantee companies operating guarantee business)

Name of guarantee unit	Name of Guaranteed Unit	Guarantee matters	Amount (10 thousand yuan)	Period	Notes
Miangyang Science & Technology City Development & Investment (Group) Co., Ltd.	Miangyang Hongda Asset Investment Management (group) Co., Ltd.	Cofco Trust Co., Ltd.	49,900.00	2020.1.7-2023.1.7	
Miangyang Science & Technology City Development & Investment (Group) Co., Ltd.	Wecast Industries (China) Co., Ltd.	Bank of Dalian Co., Ltd. Chengdu Branch	16,400.00	2019.11.28-2022.11.24	
Miangyang Science & Technology City Development & Investment (Group) Co., Ltd.	Sichuan Guohao Seed Industry Co., Ltd.	China Guangfa Bank Co., Ltd. Chengdu Branch	5,500.00	2021.12.31-2023.12.30	
Miangyang Science & Technology City Development & Investment (Group) Co., Ltd.	Sichuan Wecast Industries Co., Ltd.	Miangyang Rural Commercial Bank Co., Ltd.	4,900.00	2019.11.19-2022.11.14	
Miangyang Science & Technology City Development & Investment (Group) Co., Ltd.	Sichuan Guohao Seed Industry Co., Ltd.	Business Department of Miangyang Commercial Bank Co., Ltd.	750.00	2021.1.25-2022.1.25	
Miangyang Science & Technology City Development & Investment (Group) Co., Ltd.	Sichuan Guohao Seed Industry Co., Ltd.	Business Department of Miangyang Commercial Bank Co., Ltd.	625.00	2021.1.29-2022.1.29	
Miangyang Science & Technology City Development & Investment (Group) Co., Ltd.	Wecast Industries (China) Co., Ltd.	China Everbright Bank Wuhan Branch	9,000.00	2021.9.30-2022.6.15	
Miangyang Science & Technology City Development & Investment (Group) Co., Ltd.	Wecast Industries (China) Co., Ltd.	China Construction Bank Corporation Wuhan Economic and Technological Development Zone Sub-branch	11,000.00	2021.6.16-2022.6.10	

Name of guarantee unit	Name of Guaranteed Unit	Guarantee matters	Amount (10 thousand yuan)	Period	Notes
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Wecast Industries (China) Co., Ltd.	China Construction Bank Corporation Wuhan Economic and Technological Development Zone Sub-branch	4,000.00	2021.2.5-2022.2.4	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Wecast Industries (China) Co., Ltd.	China Construction Bank Corporation Wuhan Economic and Technological Development Zone Sub-branch	4,000.00	2021.3.29-2022.2.4	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Wecast Industries (China) Co., Ltd.	Ping An International Finance Leasing (Tianjin) Co., Ltd.	1,527.76	2019.2.27-2022.2.27	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Wecast Industries (China) Co., Ltd.	Ping An International Finance Leasing (Tianjin) Co., Ltd.	518.21	2019.12.12-2022.12.12	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Bohong Group Co., Ltd.	China Orient Asset Management Co., Ltd. Sichuan Branch	3,010.00	2019.7.17-2022.6.19	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Bohong Group Co., Ltd.	China Orient Asset Management Co., Ltd. Sichuan Branch	2,188.00	2019.9.30-2022.7.23	
Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.	Chengdu Minghong Auto Sales & Service Co., Ltd.	China Orient Asset Management Co., Ltd. Sichuan Branch	1,644.00	2019.9.30-2022.7.23	
Total			114,962.97		

#### X. Matters after the balance sheet date

As of the reporting date, significant non-adjusting matters after the balance sheet date that the Company needs to account for:

1. The Company issued 19 Sichuan Mianyang Science and Technology City ZR001 (19CFZR0182) on March 1, 2022 and March 7, 2022 to pay interest and return principal;
2. The Company issued 22 Chuan Mian Science and Technology City ZR001 (22CFZR0183) and 22 Chuan Mian Science and Technology City ZR002 (22CFZR0218) bonds of 400 million yuan each on February 18, 2022 and March 3, 2022, respectively.

**XI. Related party relationship and transactions****1. Related party relationship****(1) Funders**

Name of funders	Registration address	Business nature	Registered capital (100 million yuan)	Shareholding percentage (%)	Voting rights percentage (%)
Mianyang State-owned Assets Supervision and Administration Commission.	Mianyang	Government agency		62.27	62.27
Sichuan Provincial Finance Department	Chengdu	Government agency		7.17	7.17
Mianyang Investment Holding (Group) Co., Ltd.	Mianyang	Corporate entity	8.50	8.37	8.37
China Agricultural Development Key Construction Fund Co., Ltd.	Beijing	Corporate entity	500.00	22.19	22.19

(2) For more related information on subsidiaries, see Note VII, Business Combinations and Consolidated Financial Statements

(3) For details of joint ventures and associates, see Note VIII (11) Long-term equity investments

**(4) Major other related parties**

Name of major related parties	Relationship between other related parties and the Company
Mianyang Hongda Asset Investment Management (group) Co., Ltd.	Investors with significant influence over subsidiaries
Chengdu Fangliang Zoology Information Industry Co., Ltd.	Investors with significant influence over sub-subsidiaries
Eternal Asia Supply Chain Management Ltd.	Investors with significant influence over sub-subsidiaries
Sichuan Menglin Energy Investment Development Co., Ltd.	Investors with significant influence over sub-subsidiaries
Sichuan Bohong Industrial Co., Ltd.	Shareholder Affiliate
Sichuan Mianyang Hao Sheng Auto Parts Manufacturing Co., Ltd.	Shareholder Affiliate
Bohong Group Co., Ltd.	Shareholder Affiliate
Sichuan Xinhong Real Estate Development Co., Ltd.	Shareholder Affiliate
Wecast Industries (China) Co., Ltd.	Shareholder Affiliate
Mianyang Yuxing Machinery Manufacturing Co., Ltd.	Shareholder Affiliate
Mianyang Yaoda Investment Co., Ltd.	Shareholder Affiliate
Mianyang Yutong Machinery Manufacturing Co., Ltd.	Shareholder Affiliate
Deyang Bohong Automobile Sales & Service Co., Ltd.	Shareholder Affiliate
Mianyang Runxin Automobile Sales & Service Co., Ltd.	Shareholder Affiliate
Deyang Ruihong Automobile Sales & Service Co., Ltd.	Shareholder Affiliate

Name of major related parties	Relationship between other related parties and the Company
Mianyang Huiping Automobile Sales & Service Co., Ltd.	Shareholder Affiliate
Mianyang Jinxing Pharmaceutical Co., Ltd.	Shareholder Affiliate
Mianyang Wanhong Real Estate Development Co., Ltd.	Shareholder Affiliate
Sichuan Guohao Seed Industry Co., Ltd.	Joint ventures
Sichuan Wecast Industries Co., Ltd.	Shareholder Affiliate
Mianyang Investment Holding (Group) Co., Ltd.	Shareholder
Mianyang Zhongjian Kefa Pipe Corridor Road Investment and Construction Co., Ltd.	Project company
Mianyang Education Investment Development (Group) Co., Ltd.	Shareholder Affiliate
Miangyang Transportaion Development Group Co., Ltd.	Shareholder Affiliate

## 2. Related party transactions

### (1) Provision of labor services to related parties

Name of unit	Pricing Policy	Amount in the current period		Amount in the prior period		Notes
		Amount (10 thousand yuan)	Percentage of the amount of similar transaction(%)	Amount (10 thousand yuan)	Percentage of the amount of similar transactions(%)	
Mianyang Hongke Optoelectronics-Equity Investment Partnership (Limited Partnership)	Agreement price	407.39	45.38			
Mianyang Science and Technology City Win-Win Help Investment Fund (Limited Partnership)	Agreement price	57.39	6.39	95.62	3.84	
Mianyang Huihang Fuchuang Equity Investment Partnership (Limited Partnership)	Agreement price	91.70	10.21	19.36	0.78	
Mianyang Huixiang UAV Equity Investment Partnership (Limited Partnership)	Agreement price	30.57	3.41	5.11	0.21	
Sichuan Bohong Industrial Co., Ltd.	Agreement price	347.58	13.15	4.72	0.15	
<b>Total</b>		<b>934.63</b>		<b>124.81</b>		

### (2) Sales of goods to related parties

Name of unit	Pricing Policy	Amount in the current period		Amount in the prior period		Notes
		Amount (10 thousand yuan)	Percentage of the amount of similar transactions(%)	Amount (10 thousand yuan)	Percentage of the amount of similar transactions(%)	
Eternal Asia Supply Chain Management Ltd.	Agreement price	3,563.96	0.57	7,158.81	0.92	

Name of unit	Pricing Policy	Amount in the current period		Amount in the prior period		Notes
		Amount (10 thousand yuan)	Percentage of the amount of similar transactions(%)	Amount (10 thousand yuan)	Percentage of the amount of similar transactions(%)	
Sichuan Menglin Energy Investment Development Co., Ltd.	Agreement price			204.42	0.03	
Total		3,563.96		7,363.23		

## (3) Provision of funds (loans) interest income/expenses

Name of related parties	Interest income on funds provided to related parties	Interest expenses on funds provided to related parties
Sichuan Wecast Industries Co., Ltd.		4,014,647.85
Bohong Group Co., Ltd.	144,260,797.68	
Sichuan Mianyang Haosheng Auto Parts Manufacturing Co., Ltd.	80,777,090.69	
Sichuan Xinhong Real Estate Development Co., Ltd.	44,248,948.02	
Mianyang Jinxing Pharmaceutical Co., Ltd.	26,972,433.91	
Mianyang Yuxing Machinery Manufacturing Co., Ltd.	12,835,557.63	
Wecast Industries (China) Co., Ltd.	9,848,678.32	
Sichuan Bohong Industrial Co., Ltd.	5,728,438.86	
Mianyang Yutong Machinery Manufacturing Co., Ltd.	1,126,773.64	
Deyang Bohong Automobile Sales & Service Co., Ltd.	1,108,297.35	
Mianyang Wanhong Real Estate Development Co., Ltd.	776,274.11	
Deyang Ruihong Automobile Sales & Service Co., Ltd.	642,183.80	
Mianyang Huiping Automobile Sales & Service Co., Ltd.	641,050.62	
Mianyang Runxin Automobile Sales & Service Co., Ltd.	270,450.12	
Total	329,236,974.75	4,014,647.85

## 3. Related party guarantees

For details of major related party guarantees, see "Note IX (2) Significant contingent liabilities arising from debt guarantees provided to other entities".

**4. Balance of related party receivables and payables****(1) Major receivables from related parties**

Item name	Related parties	Closing balance		Opening balance	
		Book balance	Bad debts	Book balance	Bad debts
Accounts receivable	Mianyang Hongda Asset Investment Management (group) Co., Ltd.	3,969.00		15,340.60	
Accounts receivable	Mianyang Investment Holding (Group) Co., Ltd.	198,027,239.39		197,595,987.57	
Accounts receivable	Mianyang Zhongjian Kefa Pipe Corridor Road Investment and Construction Co., Ltd.			16,368,800.00	
Accounts receivable	Sichuan Mianyang Haosheng Auto Parts Manufacturing Co., Ltd.	25,484,721.38			
Accounts receivable	Sichuan Wescast Industries Co., Ltd.	511,154.49			
Accounts receivable	Sichuan Bohong Industrial Co., Ltd.	318,000.00			
Accounts receivable	Sichuan Guohao Seed Industry Co., Ltd.	124,942.50			
Other receivables	Sichuan Xinhong Real Estate Development Co., Ltd.	348,173,133.21		541,196,265.21	
Other receivables	Sichuan Wescast Industries Co., Ltd.	262,143,295.83		236,260,346.65	
Other receivables	Sichuan Mianyang Haosheng Auto Parts Manufacturing Co., Ltd.	1,210,556,853.59		1,100,141,107.28	
Other receivables	Sichuan Bohong Industrial Co., Ltd.	313,585,405.42		102,317,433.18	
Other receivables	Mianyang Yuxing Machinery Manufacturing Co., Ltd.	183,472,260.28		169,725,267.78	
Other receivables	Mianyang Yutong Machinery Manufacturing Co., Ltd.	219,389,367.22		27,881,393.21	
Other receivables	Mianyang Yaoda Investment Co., Ltd.	476,194.44		476,194.44	
Other receivables	Mianyang Wanhong Real Estate Development Co., Ltd.	11,096,110.60		10,264,714.36	
Other receivables	Mianyang Shenmian Trading Co., Ltd.			128,151,031.59	
Other receivables	Mianyang Runxin Automobile Sales & Service Co., Ltd.	9,136,133.34		8,849,456.23	
Other receivables	Mianyang Jinxing Pharmaceutical Co., Ltd.	385,545,650.07		356,657,941.63	
Other receivables	Mianyang Huiping Automobile Sales & Service Co., Ltd.	9,163,217.45		8,476,646.73	
Other receivables	Bohong Group Co., Ltd.	2,069,293,007.53		1,902,191,588.73	
Other receivables	Dcyang Ruihong Automobile Sales & Service Co., Ltd.	9,179,415.31		8,491,630.94	

Item name	Related parties	Closing balance		Opening balance	
		Book balance	Bad debts	Book balance	Bad debts
Other receivables	Deyang Bohong Automobile Sales & Service Co., Ltd.	15,842,071.34		14,655,075.36	
Other receivables	Wescast Industries (China) Co., Ltd.	232,049,150.15		183,557,535.88	
Other receivables	Sichuan Guohao Seed Industry Co., Ltd.	58,993,932.60			
Other receivables	Mianyang Zhongjian Kefa Pipe Corridor Road Investment and Construction Co., Ltd.	248,492.47			
Other receivables	Mianyang Guoxing Investment & Investment Holding Co., Ltd.	365,834.99			
Other receivables	Mianyang Hongda Asset Investment Management (group) Co., Ltd.	978,935.39			

## (2) Major payables to related parties

Item name	Related parties	Closing balance	Opening balance
Accounts payable	Wescast Industries (China) Co., Ltd.	3,023,770.09	5,124,704.50
Other payables	Mianyang Guoxing Investment & Investment Holding Co., Ltd.	1,347,111.42	
Other payables	Mianyang Hongda Asset Investment Management (group) Co., Ltd.	22,457,777.78	20,857,777.78
Other payables	Sichuan Wescast Industries Co., Ltd.	49,000,000.00	
Other payables	Mianyang Education Investment Development (Group) Co., Ltd.		30,000,000.00
Other payables	Mianyang Transportation Development Group Co., Ltd.	200,000,000.00	230,000,000.00
Other payables	Mianyang Investment Holding (Group) Co., Ltd.	1,604,131,046.02	192,803,992.12

## XII. Notes to major account of the parent company's financial statements

## 1. Accounts receivable

Category	Closing balance				Opening balance			
	Book balance		Bad debt provision		Book balance		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Accounts receivable for which bad debt provision assessed individually	2,317,685,296.91	89.60			1,803,534,377.57	89.87		

Category	Closing balance				Opening balance			
	Book balance		Bad debt provision		Book balance		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Accounts receivable with provision for bad debts based on a combination of credit risk characteristics	269,089,777.67	10.40	45,164,590.85	16.78	203,271,769.45	10.13	52,705,407.06	25.93
Including: Aging combination	269,089,777.67	10.40	45,164,590.85	16.78	203,271,769.45	10.13	52,705,407.06	25.93
Total	2,586,775,074.58	100.00	45,164,590.85		2,006,806,147.02	100.00	52,705,407.06	

## (1) Accounts receivable for which bad debt provision assessed individually

Accounts receivable content	Book balance	Bad debt provision	Aging	Proportion (%)	Reason
Related Party combination	803,270,796.72				Related party transactions
Risk-free combination	1,514,414,500.19				Government transactions, deposits, etc.
Total	2,317,685,296.91				

## (2) Accounts receivable with provision for bad debts by combination

## ① Accounts receivable with provision for bad debts using aging analysis method

Aging	Closing balance			Opening balance		
	Book balance		Bad debt provision	Book balance		Bad debt provision
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 6 months (including 6 months)	144,486,198.96	53.69		127,637,232.39	62.80	
7-12 months (including 1 year)	50,541,926.66	18.78	252,709.63	3,083,333.34	1.52	15,416.67
1-2 years (including 2 years)	23,048,333.33	8.57	2,304,833.33	1,715,000.00	0.84	171,500.00
2-3 years (including 3 years)	1,715,000.00	0.64	343,000.00	1,715,000.00	0.84	343,000.00
3-5 years (including 5 years)	14,068,541.67	5.23	7,034,270.84	33,891,426.67	16.67	16,945,713.34
More than 5 years	35,229,777.05	13.09	35,229,777.05	35,229,777.05	17.33	35,229,777.05
Total	269,089,777.67	100.00	45,164,590.85	203,271,769.45	100.00	52,705,407.06

**(3) Recovery or reversal of bad debt provision for the current period**

Debtor name	Amount of recovery or reversal	Accumulated provision for bad debts before reversal or recovery	Reason and way for reversal or recovery
Sichuan Mianyang Fulin Real Estate Development Co., Ltd.	21,537,885.00	10,768,942.50	Pursuant to Civil Judgment No. (2019) Sichuan Min zhong 1145, the amount of 34.7 million recognized as receivable for the land of Taiyue Plantation was reversed
Total	21,537,885.00	10,768,942.50	

**(4) Top five accounts receivable for closing balance**

Debtor name	Book balance	Proportion to total accounts receivable	Bad debt provision
Mianyang Huazheng Electronic Technology Co., Ltd.	346,620,741.47	13.40	
Mianyang Science and Technology Park Finance Bureau	425,645,767.01	16.45	
People's Government of Fucheng District, Mianyang	554,916,683.84	21.45	
Mianyang High-tech Industrial Development Zone Management Committee	864,465,130.53	33.42	
Mianyang Yitong Network Equipment Co., Ltd.	81,534,574.70	3.15	161,876.30
Total	2,273,182,897.55	87.87	161,876.30

**2. Other receivables**

Item	Closing balance	Opening balance
Interest receivable	7,620,962.50	10,936,125.36
Dividends receivable		
Other receivables	13,745,335,614.54	11,818,142,649.01
Total	13,752,956,577.04	11,829,078,774.37

**(1) Interest receivable****① Classification of interest receivable**

Item	Closing balance	Opening balance
Time deposit	7,620,962.50	10,936,125.36
Total	7,620,962.50	10,936,125.36

## (2) Other receivables

Disclosure of other receivables by classification based on bad debt provision method

Category	Closing balance				Opening balance			
	Book balance		Bad debt provision		Book balance		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Other receivables for which bad debt provision assessed individually	13,652,083,597.95	99.00	25,282,168.21	0.19	11,821,337,338.63	99.70	20,072,742.47	0.17
Other receivables with provision for bad debts based on a combination of credit risk characteristics	137,412,237.65	1.00	18,878,052.85	13.74	35,756,105.70	0.30	18,878,052.85	52.80
Including: Aging combination	137,412,237.65	1.00	18,878,052.85	13.74	35,756,105.70	0.30	18,878,052.85	52.80
Total	13,789,495,835.60	100.00	44,160,221.06		11,857,093,444.33	100.00	38,950,795.32	

## ① Other receivables for which bad debt provision assessed individually

a. Classification of other receivables for which bad debt provision assessed individually at the end of the period

Debtor name	Book balance	Bad debt provision	Proportion (%)	Reason for accrual
Related Party combination	12,654,856,235.47			Related party transactions
Risk-free portfolio	938,366,611.81			Other receivables without credit risk
Other receivables with obvious signs of impairment	58,860,750.67	25,282,168.21	42.95	Expected partial uncollectible
Total	13,652,083,597.95	25,282,168.21		

b. Other receivables with obvious signs of impairment

Other receivables content	Book balance	Bad debt provision	Aging	Proportion (%)	Reason
Jiangsu Hongli Geomaterials Co., Ltd.	58,860,750.67	25,282,168.21	0-5 years	42.95	Expected partial uncollectible
Total	58,860,750.67	25,282,168.21			

## ② Other receivables with provision for bad debts based on a combination of credit risk characteristics

a. Other accounts receivable with provision for bad debts using aging analysis method

Aging	Closing balance			Opening balance		
	Book balance		Bad debt provision	Book balance		Bad debt provision
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 1 year (including 1 year)	101,656,131.95	73.97				
1-2 years						
2-3 years						
3-4 years				33,756,105.70	94.41	16,878,052.85
4-5 years	33,756,105.70	24.57	16,878,052.85			
More than 5 years	2,000,000.00	1.46	2,000,000.00	2,000,000.00	5.59	2,000,000.00
Total	137,412,237.65	100.00	18,878,052.85	35,756,105.70	100.00	18,878,052.85

## b. Details of bad debt provision for other receivables

Bad debt provision	Stage I	Stage II	Stage III	Total
	Expected credit losses for the next 12 months	Expected credit loss for the entire duration (not impaired)	Expected credit loss for the entire duration (impaired)	
Opening balance			38,950,795.32	38,950,795.32
--Transfer to stage II				
--Transfer to stage III				
--Reverse to stage II				
--Reverse to stage I				
Provision			5,209,425.74	5,209,425.74
Reversal				
Elimination				
Write-off				
Other changes				
Closing balance			44,160,221.06	44,160,221.06

## ③ Top five other receivables for closing balance

Debtor name	Nature of payment	Book balance	Aging	Percentage of the total closing balance of other receivables (%)
Mianyang Kefa Tianda Investment Development Co., Ltd.	Related party transactions	2,164,175,557.43		15.69
Bohong Group Co., Ltd.	Related party transactions	2,064,738,674.36		14.97

Debtor name	Nature of payment	Book balance	Aging	Percentage of the total closing balance of other receivables (%)
Mianyang Kefa Tianda Investment Development Co., Ltd.	Related party transactions	2,164,175,557.43		15.69
Sichuan Fada Weiye Investment Co., Ltd.	Related party transactions	1,259,009,586.09		9.13
Sichuan Mianyang Haosheng Auto Parts Manufacturing Co., Ltd.	Related party transactions	1,207,250,481.86		8.75
Mianyang Kefa Changtai Industry Co., Ltd.	Related party transactions	1,099,747,568.80		7.98
Total		7,794,921,868.54		56.52

### 3. Long-term equity investments

#### (1) Classification of long-term equity investments

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Investments in subsidiaries	4,697,343,608.59	1,761,808,997.68		6,459,152,606.27
Investment in joint ventures	4,313,849,973.55	153,770,705.42	4,312,724,057.68	154,896,621.29
Investment in associates	1,495,019,656.70		1,495,019,656.70	
Subtotal	10,506,213,238.84	1,915,579,703.10	5,807,743,714.38	6,614,049,227.56
Less: provision for impairment of long-term equity investments	462,136,596.54		462,136,596.54	
Total	10,044,076,642.30	1,915,579,703.10	5,345,607,117.84	6,614,049,227.56

#### (2) The details of long-term equity investments

Investee	Investment cost	Opening balance	Changes for the current period		
			Additional investment	Reduce investment	Investment income or losses recognized under equity method
<b>I. Subsidiaries</b>					
Mianyang Kejiu Real Estate Co., Ltd.	318,700,200.00	318,700,200.00			
Mianyang Kefa Property Services Co., Ltd.	10,000,000.00	500,000.00	9,500,000.00		
Sichuan Kefa Hechuang Technology Co., Ltd.	401,284.00	401,284.00			
Tongfu Hongye Co., Ltd.	14,700,000.00	14,700,000.00			

Investee	Investment cost	Opening balance	Changes for the current period		
			Additional investment	Reduce investment	Investment income or losses recognized under equity method
High-Tech Investment Holdings (Group) Co., Ltd.	31,070,479.41	31,070,479.41			
Mianyang Kefa Tianda Investment Development Co., Ltd.	100,000,000.00	100,000,000.00			
Mianyang Kefa Changtai Industry Co., Ltd.	656,290,207.25	356,290,207.25	300,000,000.00		
Kefa International Industrial Co., Ltd.	8,333.33	8,333.33			
Mianyang City Small and Medium-sized Enterprise Financing Guarantee Co., Ltd.	40,929,332.24	40,929,332.24			
Mianyang City Tianli Financing Guarantee Co., Ltd.	291,773,909.07	291,773,909.07			
Mianyang Kefa Equity Investment Fund Management Co., Ltd.	16,500,000.00	16,500,000.00			
Mianyang High-tech Construction and Development Co., Ltd.	554,568,754.59	554,568,754.59			
Mianyang Kefa Exhibition and Tourism Co., Ltd.	247,634,485.65	247,634,485.65			
Sichuan Fada Weiye Investment Co., Ltd.	102,000,000.00	102,000,000.00			
Mianyang Jiusheng Technology Venture Investment Co., Ltd.	278,588,499.84	278,588,499.84			
Mianyang Kefa Finance Guarantee Co., Ltd.	105,000,075.18	105,000,075.18			
Mianyang Gas Group Co., Ltd.	1,028,175,026.55	1,028,175,026.55			
Mianyang Kefa Finance Guarantee Co., Ltd.	1,100,346,621.48	1,100,346,621.48			
Sichuan Liuhe Special Metal Materials Co., Ltd.	110,156,400.00	110,156,400.00			
Mianyang Science and Technology City Industrial Development Fund (Limited Partnership)	1,575,510,000.00		1,452,308,997.68		
Subtotal	6,582,353,608.59	4,697,343,608.59	1,761,808,997.68		
II. Joint ventures					
Mianyang Hongke Optoelectronics Equity Investment Partnership (Limited Partnership)	150,000,000.00		150,000,000.00		
Sichuan Guohao Seed Industry Co., Ltd.	25,637,032.00				

Investee	Investment cost	Opening balance	Changes for the current period		
			Additional investment	Reduce investment	Investment income or losses recognized under equity method
Mianyang Weisheng Innovation & Venture Equity Investment Fund (Limited Partnership)		5,540,975.87			3,770,705.42
Mianyang Science and Technology City Industrial Development Fund (Limited Partnership)	1,575,510,000.00	4,308,308,997.68		2,856,000,000.00	
Subtotal	1,751,147,032.00	4,313,849,973.55	150,000,000.00	2,856,000,000.00	3,770,705.42
III. Associates					
Sichuan Bohong Industrial Co., Ltd.		1,032,883,060.16		1,032,883,060.16	
Subtotal		1,032,883,060.16		1,032,883,060.16	
Total	8,333,500,640.59	10,044,076,642.30	1,911,808,997.68	3,888,883,060.16	3,770,705.42

Continued from the table above:

Investee	Changes for the current period					Closing balance	Closing balance of provision for impairment
	Other comprehensive Revenue adjustments	Other interests Changes in equity	Declaration of cash dividends or profits	Provision for impairment	Others		
I. Subsidiaries							
Mianyang Kejiu Real Estate Co., Ltd.						318,700,200.00	
Mianyang Kefa Property Services Co., Ltd.						10,000,000.00	
Sichuan Kefa Hechuang Technology Co., Ltd.						401,284.00	
Tongfu Hongye Co., Ltd.						14,700,000.00	
High-Tech Investment Holdings (Group) Co., Ltd.						31,070,479.41	
Mianyang Kefa Tianda Investment Development Co., Ltd.						100,000,000.00	
Mianyang Kefa Changtai Industry Co., Ltd.						656,290,207.25	
Kefa International Industrial Co., Ltd.						8,333.33	

Investee	Changes for the current period					Closing balance	Closing balance of provision for impairment
	Other comprehensive Revenue adjustments	Other interests Changes in equity	Declaration of cash dividends or profits	Provision for impairment	Others		
Mianyang City Small and Medium-sized Enterprise Financing Guarantee Co., Ltd.						40,929,332.24	
Mianyang City Tianli Financing Guarantee Co., Ltd.						291,773,909.07	
Mianyang Kefa Equity Investment Fund Management Co., Ltd.						16,500,000.00	
Mianyang High-tech Construction and Development Co., Ltd.						554,568,754.59	
Mianyang Kefa Exhibition and Tourism Co., Ltd.						247,634,485.65	
Sichuan Fada Weiye Investment Co., Ltd.						102,000,000.00	
Mianyang Jiusheng Technology Venture Investment Co., Ltd.						278,588,499.84	
Mianyang Kefa Finance Guarantee Co., Ltd.						105,000,075.18	
Mianyang Gas Group Co., Ltd.						1,028,175,026.55	
Mianyang Huize Investment Co., Ltd.						1,100,346,621.48	
Sichuan Liuhe Special Metal Materials Co., Ltd.						110,156,400.00	
Mianyang Science and Technology City Industrial Development Fund (Limited Partnership)						1,452,308,997.68	
Subtotal						6,459,152,606.27	
<b>II. Joint ventures</b>							
Mianyang Hongke Optoelectronics Equity Investment Partnership (Limited Partnership)						150,000,000.00	
Sichuan Guohao Seed Industry Co., Ltd.							

Investee	Changes for the current period					Closing balance	Closing balance of provision for impairment
	Other comprehensive Revenue adjustments	Other interests Changes in equity	Declaration of cash dividends or profits	Provision for impairment	Others		
Mianyang Weisheng Innovation & Venture Equity Investment Fund (Limited Partnership)			4,415,060.00			4,896,621.29	
Mianyang Science and Technology City Industrial Development Fund (Limited Partnership)					-1,452,308,997.68		
Subtotal			4,415,060.00		-1,452,308,997.68	154,896,621.29	
<b>II. Associates</b>							
Sichuan Bohong Industrial Co., Ltd.							
Subtotal							
Total			4,415,060.00		-1,452,308,997.68	6,614,049,227.56	

Note: During the period, 38.05% equity interests in Sichuan Bohong Industrial Co., Ltd. held by the Company were transferred to Mianyang Guoxing Investment Holding Co., Ltd. for free in accordance with document of the Mianyang State Assets [2021] No.23.

#### 4. Operating revenue and operating costs

Item	Amount in the current period		Amount in the prior period	
	Revenue	Cost	Revenue	Cost
Subtotal of principal operating revenue	2,378,115,081.95	1,964,039,326.45	1,665,611,438.07	1,650,901,631.00
Including: Land operations	402,669,900.00	112,781,441.08		
Engineering and construction operations	588,228,648.94	562,457,432.50	303,034,797.20	303,034,797.20
Revenue from sales of immovable property operations	683,620,730.76	609,970,579.40	112,619,825.85	114,319,202.70
Asset leasing and property management operations	18,647,959.60	63,406.46	9,068,073.42	38,365.00
Consulting income	5,660,377.32		5,660,377.32	
Revenue from sales of goods	679,287,465.33	678,766,467.01	1,235,228,364.28	1,233,509,266.10
Subtotal other operations	3,303,609.62		2,300.89	283,018.87

Item	Amount in the current period		Amount in the prior period	
	Revenue	Cost	Revenue	Cost
Others	3,303,609.62		2,300.89	283,018.87
Total	2,381,418,691.57	1,964,039,326.45	1,665,613,738.96	1,651,184,649.87

### 5. Investment income

Sources of investment income generation	Amount incurred in the current year	Amount incurred in the prior year
Income from long-term equity investments accounted for under the cost method	601,926.00	3,660,000.00
Income from long-term equity investments under equity method	3,770,705.42	-296,148,246.51
Investment income on disposal of financial assets held for trading	52,928.14	468,053.92
Dividend income earned while holding other equity instruments	1,855,600.00	
Total	6,281,159.56	-292,020,192.59

### 6. Cash flow statement

(1) Information on the reconciliation of net profit to cash flows from operating activities using the indirect method:

Item	Amount incurred in the current period	Amount incurred in the prior period
<b>1. Reconciliation of net profit to cash flow from operating activities:</b>		
Net profit	178,551,794.30	179,552,573.71
Add: Provision for impairment losses of assets	24,375,442.56	26,150,478.47
Credit impairment losses	-2,331,390.47	
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets	1,856,024.66	3,432,236.65
Depreciation of right-of-use assets		
Amortization of intangible assets	771,417.24	843,369.36
Amortization of Long-term amortized expenses		13,207,547.17
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains is marked with "-")	-32,067.96	
Losses on retirement of fixed assets (gains is marked with "-")	-1,500,873.13	-172,687.65
Losses on changes in fair values (gains is marked with "-")	-83,034,492.11	-19,918,792.65
Financial expenses (gains is marked with "-")	984,108,738.96	349,106,006.69
Losses on investments (gains is marked with "-")	-6,281,159.56	292,020,192.59

Item	Amount incurred in the current period	Amount incurred in the prior period
Decrease in deferred tax assets (Increase is marked with "-")	-5,511,013.02	-6,537,619.62
Increase in deferred tax liabilities (Decrease is marked with "-")	43,156,628.17	9,925,974.32
Decrease in inventories (Increase is marked with "-")	456,182,056.21	-329,661,987.27
Decrease in receivables from operating activities (increase is marked with "-")	-3,207,304,072.35	-3,622,663,982.32
Increase in payables from operating activities (decrease is marked with "-")	1,998,611,765.90	3,658,790,027.54
Others		
<b>Net cash flow from operating activities</b>	<b>381,618,799.40</b>	<b>554,073,336.99</b>
<b>2. Significant investing and financing activities that do not involve cash receipts and payments</b>		
Conversion of debt into capital		
Convertible bonds due within one year		
Fixed assets acquired under finance leases		
<b>3. Net changes in cash and cash equivalents:</b>		
Closing balance of cash	465,924,324.19	1,287,854,016.37
Less: Opening balance of cash	1,287,854,016.37	669,776,091.80
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
<b>Net increase in cash and cash equivalents</b>	<b>-821,929,692.18</b>	<b>618,077,924.57</b>

## (2) Composition of cash and cash equivalents

Item	Closing balance	Opening balance
<b>I. Cash</b>	<b>465,924,324.19</b>	<b>1,287,854,016.37</b>
<b>Including: Cash on hand</b>	<b>26,071.38</b>	<b>19,599.08</b>
Bank deposits readily available for payment	461,901,742.26	863,815,276.44
Other monetary funds readily available for payment	3,996,510.55	424,019,140.85
Deposits with the central bank funds available for payment		
Interbank Deposits		
Loan of interbank funds		
<b>II. Cash equivalents</b>		
<b>Including: Investments in bond due within three months</b>		
<b>III. Closing balance of cash and cash equivalents</b>	<b>465,924,324.19</b>	<b>1,287,854,016.37</b>

**XIII. Other content to be disclosed in accordance with relevant financial accounting and systems**

None.

**XIV. Approval of financial statements**

The financial statements were adopted and approved for issue by the Board of Directors on April 18, 2022.



Company Name: Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.

The financial statements and notes on pages 4 to 176 are signed by the following principals:

Legal Representative:



Chief Accountant:



Head of Accounting Department:



Date: April 18, 2022

Date: April 18, 2022

Date: April 18, 2022

## APPENDIX A – FORM OF IRREVOCABLE STANDBY LETTER OF CREDIT

FM: BANK OF SHANGHAI CO., LTD., CHENGDU BRANCH (SWIFT: BOSH CNSHCD A)

ADDRESS: BUILDING 2, AIR CHINA CENTURY CENTER, NO.1, HANGKONG ROAD, WUHOU DISTRICT, CHENGDU CITY, SICHUAN PROVINCE, P.R. CHINA

DATE: 26 MARCH 2024

TO BENEFICIARY: CMB WING LUNG (TRUSTEE) LIMITED AT CMB WING LUNG BANK BUILDING, 45 DES VOEUX ROAD CENTRAL, HONG KONG (“**YOU**” OR THE “**BENEFICIARY**”) IN ITS CAPACITY AS TRUSTEE (THE “**TRUSTEE**”, WHICH EXPRESSION SHALL INCLUDE ANY SUCCESSOR OR CO-TRUSTEE) FOR ITSELF AND ON BEHALF OF THE HOLDERS (THE “**BONDHOLDERS**”) OF THE CNY530,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF 3.18 PER CENT. CREDIT ENHANCED BONDS DUE 2027 (THE “**BONDS**”) (ISIN: HK0001001004/COMMON CODE 279084411/CMU INSTRUMENT NUMBER: WLHKFB24025), TO BE ISSUED BY MIANYANG SCIENCE & TECHNOLOGY CITY DEVELOPMENT & INVESTMENT (GROUP) CO., LTD. (THE “**ISSUER**”) AND TO BE CONSTITUTED BY A TRUST DEED DATED 27 MARCH 2024 (THE “**ISSUE DATE**”) BETWEEN THE 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 THE ISSUER, WE, BANK OF SHANGHAI CO., LTD., CHENGDU BRANCH (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 ISSUER IN RESPECT OF AND IN CONNECTION WITH (1) THE TERMS AND CONDITIONS OF THE BONDS APPENDED TO THE TRUST DEED (THE “**CONDITIONS**”) AND (2) 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 ISSUER HAS FAILED TO COMPLY WITH CONDITION 2(C) OF THE CONDITIONS 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 CONDITION 2(C) OF THE CONDITIONS OR (B) AN EVENT OF DEFAULT (AS DEFINED IN THE CONDITIONS) HAS OCCURRED AND THE TRUSTEE HAS GIVEN NOTICE TO THE ISSUER THAT THE BONDS ARE IMMEDIATELY DUE AND PAYABLE IN ACCORDANCE WITH THE CONDITIONS.

SUBJECT TO THE TERMS OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT, WE UNCONDITIONALLY AND IRREVOCABLY UNDERTAKE TO YOU THAT, ON OR AFTER THE ISSUE DATE AND FOLLOWING RECEIPT BY US OF A DEMAND BY 6:00 P.M. (HONG KONG TIME) PRESENTED BY YOU OR ON YOUR BEHALF IN RELATION TO THIS IRREVOCABLE STANDBY LETTER OF CREDIT ON A BUSINESS DAY, WE SHALL BY 10:00 A.M. (HONG KONG TIME) ON THE FOURTH BUSINESS DAY (OR, IF A DEMAND IS RECEIVED AFTER 6:00 P.M. (HONG KONG TIME) ON A BUSINESS DAY, BY 10:00 A.M. (HONG KONG TIME) ON THE FIFTH BUSINESS DAY) AFTER SUCH BUSINESS DAY PAY TO, OR TO THE ORDER OF, THE BENEFICIARY THE AMOUNT IN RENMINBI SPECIFIED IN THE DEMAND IN IMMEDIATELY AVAILABLE FUNDS TO THE ACCOUNT SPECIFIED IN THE DEMAND. “**BUSINESS DAY**” MEANS A DAY, OTHER THAN A SATURDAY, A SUNDAY OR A PUBLIC HOLIDAY, ON WHICH BANKS AND FOREIGN EXCHANGE MARKETS ARE GENERALLY OPEN FOR BUSINESS IN HONG KONG AND BEIJING.

SUBJECT TO THE TERMS OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT, OUR OBLIGATION TO PAY YOU IS UNCONDITIONAL, IRREVOCABLE, ABSOLUTE AND INDEPENDENT, AND ANY DEMAND BY YOU UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT SHALL BE HONOURED WITHOUT ANY FURTHER ENQUIRY AS TO YOUR 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 CNY545,523,800 (THE “**MAXIMUM LIMIT**”), WHICH INCLUDES AN AMOUNT REPRESENTING (1) THE AGGREGATE PRINCIPAL AMOUNT OF THE BONDS PLUS INTEREST PAYABLE FOR ONE INTEREST PERIOD IN ACCORDANCE WITH THE CONDITIONS PLUS (2) CNY7,096,800 BEING THE MAXIMUM AMOUNT PAYABLE UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT FOR ANY FEES, COSTS, EXPENSES, INDEMNITY PAYMENTS AND ALL OTHER AMOUNTS PAYABLE TO THE TRUSTEE UNDER OR IN CONNECTION WITH THE CONDITIONS, THE BONDS, THE TRUST DEED, THE AGENCY AGREEMENT (AS DEFINED IN THE CONDITIONS) AND/OR ANY OTHER TRANSACTION DOCUMENTS RELATING TO THE BONDS.

THIS IRREVOCABLE STANDBY LETTER OF CREDIT TAKES EFFECT FROM THE ISSUE DATE AND SHALL REMAIN VALID AND IN FULL FORCE UNTIL 6:00 P.M. (HONG KONG TIME) ON 27 APRIL 2027 (THE “**EXPIRY DATE**”) AND SHALL EXPIRE AT THE COUNTER OF THE ISSUING BANK. AFTER 6:00 P.M. (HONG KONG TIME) ON THE EXPIRY DATE, THIS IRREVOCABLE STANDBY LETTER OF CREDIT WILL BECOME NULL AND VOID UPON EXPIRY WHETHER THE ORIGINAL STANDBY LETTER OF CREDIT HAS BEEN RETURNED TO US OR NOT.

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 ISSUE DATE AND ON OR BEFORE 6:00 P.M. (HONG KONG TIME) ON THE EXPIRY DATE.

ANY DEMAND UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT IS TO BE PRESENTED TO US BY WAY OF AN AUTHENTICATED SWIFT PRESENTED BY OR ON BEHALF OF THE TRUSTEE TO US (SWIFT: BOSH CNSHCDA) 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 TO US VIA FACSIMILE TRANSMISSION AT +86 28 86029060 DURING OUR NORMAL BRANCH OPENING HOURS ON OR AFTER THE ISSUE DATE AND ON OR BEFORE THE EXPIRY DATE. NEITHER THE ORIGINAL OF THE DEMAND SO PRESENTED NOR OF ANY OTHER DOCUMENTATION SHALL BE REQUIRED TO BE PHYSICALLY PRESENTED. IN RELATION TO THE DELIVERY OF A FACSIMILE DEMAND FROM THE BENEFICIARY PURSUANT TO THIS IRREVOCABLE STANDBY LETTER OF CREDIT, IT WILL BE ACCOMPANIED BY A COPY OF AN INCUMBENCY CERTIFICATE AUTHORIZING THE SIGNATORY OF THE DEMAND AND WE WILL PERFORM A CALLBACK CONFIRMATION WITH THE TRUSTEE AT NUMBER: .

ONLY ONE DRAWING UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT IS PERMITTED.

ALL CHARGES UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT ARE FOR THE ACCOUNT OF THE ISSUER AND, FOR THE AVOIDANCE OF DOUBT, ARE NOT FOR THE ACCOUNT OF THE TRUSTEE.

SHOULD ANY DEDUCTION OR WITHHOLDING ON ACCOUNT OF TAX, SET-OFF OR OTHERWISE BE REQUIRED, 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 SUCH DEDUCTION OR WITHHOLDING FOR OR ON ACCOUNT OF TAX, SET-OFF 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 APPOINTED IN RESPECT OF THE BONDS IN ACCORDANCE WITH THE TRUST DEED SUBJECT ONLY TO AT LEAST 15 DAYS' NOTICE HAVING BEEN GIVEN TO US BY THE TRUSTEE BY AUTHENTICATED SWIFT TO TRANSFER THIS IRREVOCABLE STANDBY LETTER OF CREDIT TO THE ADDITIONAL OR REPLACEMENT TRUSTEE, OR IN THE EVENT THAT THE SWIFT SYSTEM IS NOT AVAILABLE FOR ANY REASON VIA FACSIMILE TRANSMISSION TO US AT +86 28 86029060. WE SHALL EFFECT THE TRANSFER.

WE MAY NOT TRANSFER OR NOVATE ANY OF OUR OBLIGATIONS UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT.

NOTWITHSTANDING THE FOREGOING PROVISIONS OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT, INCLUDING WITHOUT LIMITATION ARTICLE 29 AND ARTICLE 36 OF UCP600 (AS DEFINED BELOW), IN THE UNEXPECTED EVENT THAT WE ARE CLOSED FOR ANY REASON, INCLUDING WITHOUT LIMITATION THE COVID-19 PANDEMIC, WHICH IS A BUSINESS DAY OR SWIFT IS UNAVAILABLE WHEN THE TRUSTEE WISHES TO PRESENT A DEMAND HEREUNDER ON THE DAY AND AT THE TIME A DEMAND IS ABLE 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 VIA FACSIMILE TRANSMISSION TO US AT +86 28 86029060 FROM THE DATE ON WHICH WE NOTIFY YOU OF OUR RESUMPTION OF OUR BUSINESS OR, IN THE CASE OF UNAVAILABILITY OF SWIFT, THE DATE ON WHICH SWIFT BECOMES AVAILABLE; *PROVIDED* THAT IF WE ARE CLOSED ON THE EXPIRY DATE FOR ANY REASON, INCLUDING WITHOUT LIMITATION THE COVID-19 PANDEMIC, WHICH IS A BUSINESS DAY, SUCH PRESENTATION SHALL BE MADE WITHIN FIVE BUSINESS DAYS AFTER THE DATE ON WHICH WE NOTIFY YOU OF THE RESUMPTION OF OUR BUSINESS.

ANY SETTLEMENT OR DISCHARGE OF OUR OBLIGATIONS UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT SHALL BE CONDITIONAL UPON PAYMENT TO THE TRUSTEE OR TO THE HOLDERS OF THE BONDS BY THE ISSUER OR ANY OTHER PERSON ON BEHALF OF THE ISSUER NOT BEING AVOIDED (BY VIRTUE OF ANY LAWS RELATING TO BANKRUPTCY, INSOLVENCY, LIQUIDATION OR SIMILAR LAWS OF GENERAL APPLICATION FOR THE TIME BEING IN FORCE). IN THE EVENT OF ANY SUCH PAYMENT BEING SO AVOIDED, THE TRUSTEE SHALL, BE ENTITLED TO RECOVER THE AMOUNT BY WHICH SUCH PAYMENT IS SO AVOIDED FROM US SUBSEQUENTLY AS IF SUCH SETTLEMENT OR DISCHARGE HAD NOT OCCURRED.

EXCEPT TO THE EXTENT 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").

WE HAVE IRREVOCABLY APPOINTED BOSC INTERNATIONAL COMPANY LIMITED AT 34/F, CHAMPION TOWER, 3 GARDEN ROAD, CENTRAL, HONG KONG AS OUR PROCESS AGENT IN HONG KONG TO RECEIVE SERVICE OF PROCESS IN ANY LEGAL ACTION OR PROCEEDINGS ARISING OUT OF OR IN CONNECTION WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT IN HONG KONG. IF FOR ANY REASON WE CEASE TO HAVE SUCH A PROCESS AGENT IN HONG KONG, WE WILL PROMPTLY APPOINT A SUBSTITUTE PROCESS AGENT AND NOTIFY THE BENEFICIARY OF SUCH APPOINTMENT WITHIN 30 DAYS OF SUCH CESSATION. NOTHING HEREIN SHALL AFFECT THE RIGHT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

THIS IRREVOCABLE STANDBY LETTER OF CREDIT, AND ANY NON-CONTRACTUAL OBLIGATIONS ARISING OUT OF OR IN CONNECTION WITH IT, IS GOVERNED BY, AND SHALL BE CONSTRUED IN ACCORDANCE WITH, ENGLISH LAW. THE COURTS OF HONG KONG SHALL HAVE EXCLUSIVE JURISDICTION TO SETTLE ANY DISPUTE ARISING OUT OF OR IN CONNECTION WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT.

THIS CABLE IS AN OPERATIVE INSTRUMENT AND NO MAIL CONFIRMATION WILL FOLLOW.

**APPENDIX A-1 FORM OF DEMAND**

**TO: BANK OF SHANGHAI CO., LTD., CHENGDU BRANCH (SWIFT: BOSH CNSHCDA)**

BUILDING 2, AIR CHINA CENTURY CENTER, NO.1, HANGKONG ROAD, WUHOU DISTRICT,  
CHENGDU CITY, SICHUAN PROVINCE, P.R. CHINA

**RE: DEMAND UNDER THE IRREVOCABLE STANDBY LETTER OF CREDIT NO. [NUMBER] IN RESPECT OF (1) THE TERMS AND CONDITIONS (THE “CONDITIONS”) OF THE CNY530,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF 3.18 PER CENT. CREDIT ENHANCED BONDS DUE 2027 (THE “BONDS”) ISSUED BY MIANYANG SCIENCE & TECHNOLOGY CITY DEVELOPMENT & INVESTMENT (GROUP) CO., LTD. (THE “ISSUER”), SUCH CONDITIONS BEING APPENDED TO THE TRUST DEED DATED 27 MARCH 2024 BETWEEN THE ISSUER AND CMB WING LUNG (TRUSTEE) LIMITED (THE “TRUSTEE”) (AS FURTHER AMENDED OR SUPPLEMENTED FROM TIME TO TIME, THE “TRUST DEED”) AND (2) THE TRUST DEED.**

THIS DEMAND IS MADE BY CMB WING LUNG (TRUSTEE) LIMITED UNDER YOUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. [NUMBER] (THE “**IRREVOCABLE STANDBY LETTER OF CREDIT**”). TERMS USED HEREIN WHICH ARE 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:

*[DELETE INAPPROPRIATE PARAGRAPHS TO SHOW REASON FOR THE DEMAND]*

- THE ISSUER HAS FAILED TO COMPLY WITH CONDITION 2(C) OF THE CONDITIONS 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 CONDITION 2(C) OF THE CONDITIONS.
- AN EVENT OF DEFAULT (AS DEFINED IN THE CONDITIONS) HAS OCCURRED AND THE TRUSTEE, HAS GIVEN NOTICE TO THE ISSUER THAT THE BONDS ARE IMMEDIATELY DUE AND PAYABLE IN ACCORDANCE WITH THE CONDITIONS.

2 WE HEREBY DEMAND YOU TO PAY CNY[AMOUNT] REPRESENTING:

- INTEREST AND/OR PRINCIPAL AMOUNT DUE IN RESPECT OF THE BONDS AND/OR
- FEES, COSTS, EXPENSES, INDEMNITY PAYMENTS AND OTHER AMOUNTS PAYABLE TO THE TRUSTEE UNDER OR IN CONNECTION WITH THE CONDITIONS, THE BONDS, THE TRUST DEED, THE AGENCY AGREEMENT (AS DEFINED IN THE CONDITIONS) AND/OR ANY OTHER TRANSACTION DOCUMENTS 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]*

FOR AND ON BEHALF OF

**CMB WING LUNG (TRUSTEE) LIMITED AS BENEFICIARY**

BY:

NAME:

TITLE:

## ISSUER

**Mianyang Science & Technology City Development & Investment (Group) Co., Ltd.**  
(綿陽科技城發展投資(集團)有限公司)

Mianyang Science and Education Entrepreneurship Park  
Mianyang  
Sichuan Province  
P.R.China

## TRUSTEE

**CMB Wing Lung (Trustee) Limited**  
6/F, CMB Wing Lung Bank Building  
45 Des Voeux Road Central  
Hong Kong

## CMU LODGING AND PAYING AGENT, REGISTRAR AND TRANSFER AGENT

**CMB Wing Lung Bank Limited**  
6/F, CMB Wing Lung Bank Building  
45 Des Voeux Road Central  
Hong Kong

## LC PROCEEDS ACCOUNT BANK AND PRE-FUNDING ACCOUNT BANK

**CMB Wing Lung Bank Limited**  
6/F, CMB Wing Lung Bank Building  
45 Des Voeux Road Central  
Hong Kong

## LEGAL ADVISERS

*To the Issuer as to Hong Kong and English law*

**Ashurst Hong Kong**  
43/F, Jardine House  
1 Connaught Place  
Central  
Hong Kong

*To the Issuer as to PRC law*

**Beijing DeHeng Law Offices**  
12th Floor, Tower B, Focus Place  
No.19, Finance Street  
Beijing, P.R.China

*To the Managers and Trustee as to Hong Kong  
and English law*

**King & Wood Mallesons**  
13/F Gloucester Tower, The Landmark  
15 Queen's Road Central  
Central, Hong Kong

*To the Managers as to PRC law*

**Jingtian & Gongcheng**  
34th Floor, Tower 3, China Central Place 77  
Jianguo Road, Chaoyang District  
Beijing 100025, P.R. China

## AUDITORS OF THE ISSUER

**Reanda Certified Public Accountants (LLP)**  
(利安達會計師事務所(特殊普通合夥))  
Room 1101, Building 210, Ciyunsi Beili  
Chaoyang District  
Beijing, China

