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PUBLICATION OF OFFERING CIRCULAR

CIXI STATE-OWNED ASSETS OVERSEAS DEVELOPMENT COMPANY LIMITED

慈溪國投海外發展有限公司

(incorporated with limited liability in the British Virgin Islands)

U.S.\$200,000,000 5.8 PER CENT. GUARANTEED SUSTAINABLE BONDS DUE 2026

(THE “BONDS”)

(Stock Code: 40272)

Unconditionally and Irrevocably Guaranteed by

CIXI STATE-OWNED ASSETS INVESTMENT HOLDING CO., LTD.

(慈溪市國有資產投資控股有限公司)

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

Sole Sustainability Structure Advisor

CITIC Securities

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

CITIC Securities	China Zhesang Bank Co., Ltd. (Hong Kong Branch)	China International Capital Corporation	Bank of China	Haitong International	CRIC Securities

Joint Lead Managers and Joint Bookrunners

CMBM Capital

CNCB Capital

Guotai Junan International

**Shanghai Pudong
Development Bank Hong
Kong Branch**

This announcement is issued pursuant to Rule 37.39A of the Listing Rules. Reference is made to the notice of the listing of the Bonds on The Stock Exchange of Hong Kong Limited dated 21 December 2023. The Bonds as described in the offering circular dated 18 December 2023 (the “**Offering Circular**”) (appended herewith) are issued 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.

Notice to Hong Kong Investors: Each of Cixi State-owned Assets Overseas Development Company Limited 慈溪國投海外發展有限公司 (the “**Issuer**”) and Cixi State-owned Assets Investment Holding Co., Ltd. (慈溪市國有資產投資控股有限公司) (the “**Guarantor**”) confirms that the Bonds are intended for purchase by Professional Investors only and have been listed on The Stock Exchange of Hong Kong Limited on that basis.

Accordingly, the Issuer and the Guarantor confirm that the Bonds are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

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

Hong Kong, 22 December 2023

As at the date of this announcement, the sole director of Cixi State-owned Assets Overseas Development Company Limited 慈溪國投海外發展有限公司 is Ms. Ni Hanru.

As at the date of this announcement, the directors of Cixi State-owned Assets Investment Holding Co., Ltd. (慈溪市國有資產投資控股有限公司) are Mr. Ye Wenjin, Mr. Luo Caoli, Ms. Hong Ru, Ms. Shi Shi and Ms. Ni Hanru.

IMPORTANT NOTICE

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

IMPORTANT: You must read the following before continuing. The following applies to the offering circular (the “Offering Circular”) following this page. You are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

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Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the “SFA”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA), that the Bonds are “prescribed capital markets products” (as defined in the Securities and Futures (Capital Markets Products) 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).

Important Notice to Prospective Investors

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

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

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

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

Confirmation of Your Representation: You have accessed the Offering Circular on the basis that you have confirmed to CLSA Limited, China Zheshang Bank Co., Ltd. (Hong Kong Branch), China International Capital Corporation Hong Kong Securities Limited, Bank of China Limited, Singapore Branch, Haitong International Securities Company Limited, CRIC Securities Company Limited, CMBC Securities Company Limited, CNCB (Hong Kong) Capital Limited, Guotai Junan Securities (Hong Kong) Limited and Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch (the “**Joint Lead Managers**”), Cixi State-owned Assets Overseas Development Company Limited 慈溪國投海外發展有限公司 (the “**Issuer**”) and Cixi State-owned Assets Investment Holding Co., Ltd. (慈溪市國有資產投資控股有限公司) (the “**Guarantor**” or “**Company**”), that: (1) you and any customers you represent are not in the United States, (2) the e-mail address that you gave the Issuer and to which this e-mail has been delivered is not located in the United States, (3) you consent to delivery of this document and any amendments or supplements by electronic transmission, and (4) 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 Company, the Group (as defined in the attached Offering Circular), the Joint Lead Managers and the Agents (as defined in the attached Offering Circular), nor any person who controls any of them, nor their respective directors, officers, employees, agents, representatives, advisers and affiliates, nor any person who controls any of them 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.

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

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, the Company, the Joint Lead Managers, the Trustee or the Agents (each as defined in the attached Offering Circular) to subscribe 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 any Joint Lead Manager or any affiliate of a Joint Lead Manager is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Joint Lead Manager or such affiliate on behalf of the Issuer and the Company in such jurisdiction. Any Securities to be issued in respect thereof will not be registered under the Securities Act and may not be offered or sold in the United States unless registered under the Securities Act or pursuant to an exemption from such registration. Access has been limited so that it shall not constitute a general solicitation in the United States or elsewhere. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the Securities.

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 this document, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you are not allowed to purchase any of the securities described in the attached.

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

You 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.

CIXI STATE-OWNED ASSETS OVERSEAS DEVELOPMENT COMPANY LIMITED
慈溪國投海外發展有限公司

(incorporated with limited liability in the British Virgin Islands)

U.S.\$200,000,000 5.8 per cent. Guaranteed Sustainable Bonds due 2026
Unconditionally and Irrevocably Guaranteed by

CIXI STATE-OWNED ASSETS INVESTMENT HOLDING CO., LTD.
(慈溪市國有資產投資控股有限公司)

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

Issue Price: 100.0 per cent.

The 5.8 per cent. guaranteed sustainable bonds due 2026 in the aggregate principal amount of U.S.\$200,000,000 (the “**Bonds**”) will be issued by Cixi State-owned Assets Overseas Development Company Limited 慈溪國投海外發展有限公司 (the “**Issuer**”), a company incorporated under the laws of the British Virgin Islands and will be unconditionally and irrevocably guaranteed (the “**Guarantee**”) by Cixi State-owned Assets Investment Holding Co., Ltd. (慈溪市國有資產投資控股有限公司) (the “**Company**” or the “**Guarantor**”), a company incorporated in the People's Republic of China with limited liability.

The Bonds will bear interest on their outstanding principal amount from and including 21 December 2023 (the “**Issue Date**”) at the rate of 5.8 per cent. per annum, payable semi-annually in arrear in equal instalments on 21 June and 21 December in each year, commencing on 21 June 2024.

All payments of principal, premium (if any) and interest in respect of the Bonds by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by of the British Virgin Islands or the PRC or any political subdivision thereof 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, general, unsubordinated, unconditional and (subject to Condition 4(a) (*Negative Pledge*) of the Terms and Conditions of the Bonds (the “**Terms and Conditions**”)) unsecured obligations of the Issuer which will at all times rank pari passu among themselves and at least pari passu with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

The PRC government (as defined below) is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Bonds, the Trust Deed (as defined in the Terms and Conditions), the Agency Agreement (as defined in the Terms and Conditions) and the Deed of Guarantee (as defined below) in lieu of the Issuer and Guarantor and will not provide guarantee of any kind for the Bonds. The Bondholders (as defined in the Terms and Conditions) shall have no recourse to the PRC government in respect of any obligation arising out of or in connection with the Bonds, the Trust Deed, the Agency Agreement or the Deed of Guarantee. See “*Risk Factors – Risks relating to the Bonds and the Guarantee*”. The PRC government does not have any payment, guarantee or other obligations under the Bonds, the Trust Deed or the Deed of Guarantee.

The Guarantee will be contained in a deed of guarantee (the “**Deed of Guarantee**”, and any supplement thereto), which will be entered into between the Company and China CITIC Bank International Limited (the “**Trustee**”) on or around the Issue Date.

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 21 December 2026 (the “**Maturity Date**”). The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, at their principal amount together with interest accrued up to but excluding the date fixed for redemption, in the event that (i) the Issuer has or will become obliged to pay Additional Tax Amounts (as defined in the Terms and Conditions) as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 18 December 2023, and such obligation cannot be avoided by the Issuer taking reasonable measures available to it. See “*Terms and Conditions of the Bonds – Redemption and Purchase – Redemption for Taxation Reasons*”. At any time following the occurrence of a Change of Control (as defined in the Terms and Conditions), the Holder (as defined in the Terms and Conditions) of any Bond will have the right, at such Holder's option, to require the Issuer to redeem all but not some only of that Holder's Bonds on the Put Settlement Date (as defined in the Terms and Conditions) at 101 per cent. of their principal amount, together with accrued interest up to, but excluding such Put Settlement Date. See “*Terms and Conditions of the Bonds – Redemption and Purchase – Redemption for Change of Control Event*”.

The Guarantor undertakes to file or cause to be filed with the State Administration of Foreign Exchange of the PRC or its local counterparts (“**SAFE**”), the Deed of Guarantee within the timeframe prescribed by, and in accordance with, the Provisions on the Foreign Exchange Administration of Cross-Border Guarantees (跨境擔保外匯管理規定) promulgated by SAFE on 12 May 2014 which came into effect on 1 June 2014 (the “**Cross-Border Security Registration**”). The Guarantor shall use its best endeavours to complete the Cross-Border Security Registration and obtain a registration certificate from SAFE (or any other document evidencing the completion of registration issued by SAFE) on or before the Registration Deadline (as defined in the Terms and Conditions) and comply with all applicable PRC laws and regulations in relation to the Bonds and the Deed of Guarantee.

The Company has made an application for the pre-issuance registration (the “**Pre-Issuance Registration**”) of the offering of the Bonds with NDRC (as defined herein) in accordance with the Administrative Measures for the Review and Registration of Medium-to Long-Term Foreign Debt of Enterprises (企業中長期外債審核登記管理辦法(中華人民共和國國家發展和改革委員會令第五十六號)) issued by the NDRC and which came into effect on 10 February 2023 (the “**NDRC Circular 56**”). The Company has received an Enterprise Foreign Debt Pre-issuance Registration Certificate dated 15 December 2023 (the “**Pre-issuance Certificate**”) from NDRC in connection with the Pre-Issuance Registration. The Company undertakes that it will (i) file or cause to be filed with NDRC the requisite information and documents within 10 PRC Business Days (as defined in the Terms and Conditions) after the Issue Date in accordance with the NDRC Circular 56, and any implementation rules as issued by NDRC from time to time (the “**NDRC Post-issue Filing**”), (ii) within 10 PRC Business Days after the expiry date of the Certificate of Examination and Registration (審核登記證明) issued by the NDRC report to NDRC the on status of the foreign debt, (iii) within the five Registration Business Days immediately prior to the last day of January and July each year report to NDRC on the use of proceeds, the status of and plan for the repayment of the principal and interest, and other requisite information and documents, and (iv) make other appropriate post-issuance disclosures, registrations and filings from time to time as required by applicable regulations issued by the NDRC including but not limited to the NDRC Circular 56.

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

Investing in the Bonds involves risks. See the section entitled “*Risk Factors*” beginning on page 14 for a discussion of certain factors to be considered in connection with an investment in the Bonds.

The Bonds have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “Securities Act**”) or the securities laws of any state of the United States or other jurisdiction, and the Bonds may not be offered or sold in 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. The Bonds are being offered solely in offshore transactions outside the United States in reliance on Regulation S under the Securities Act. For a description of these and certain further restrictions on offers and sales of the Bonds and the distribution of this Offering Circular, see “*Subscription and Sale*”.**

Application will be made to The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) for 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 (the “**Professional Investors**”) only and such permission is expected to become effective on or about 22 December 2023. This document is for distribution to Professional Investors only.

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

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

The Bonds will initially be evidenced by a global certificate (the “**Global Certificate**”) registered in the name of a nominee of, and deposited with, a common depositary for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”). Beneficial interests in each Global Certificate will be shown on, and transfers thereof will be effected only through, the records maintained by Euroclear and Clearstream and their respective accountholders. Except in the limited circumstances described in the Global Certificate and as described herein, individual certificates for the Bonds will not be issued in exchange for beneficial interests in the Global Certificate. See “*Summary of Provisions Relating to the Bonds Held in Global Form*”.

The Bonds are being issued under the sustainable finance framework of the Company (the “**Sustainable Finance Framework**”). See “*Sustainable Finance Framework Overview*” beginning on page 76.

The Bonds are expected to be rated BBB by Fitch Ratings, Inc. (“**Fitch**”). Such rating of the Bonds does not constitute a recommendation to buy, sell or hold the Bonds and may be subject to suspension, reduction, revision or withdrawal at any time by Fitch. Such rating should be evaluated independently of any other rating of the other securities of the Company or of the Group.

Sole Sustainability Structure Advisor
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Joint Bookrunners and Joint Lead Managers

CMBC Capital

CNCB Capital

Guotai Junan International

Shanghai Pudong Development Bank Hong Kong Branch

Offering Circular dated 18 December 2023

NOTICE TO INVESTORS

THIS OFFERING CIRCULAR DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, ANY SECURITIES IN ANY JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE THE OFFER OR SOLICITATION IN SUCH JURISDICTION. NEITHER THE DELIVERY OF THIS OFFERING CIRCULAR NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES IMPLY THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE ISSUER, THE COMPANY OR ANY OF THE COMPANY'S SUBSIDIARIES (COLLECTIVELY, THE "GROUP") 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 Company and the Group. Each of the Issuer and the Company 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. Investors are advised to read and understand the contents of this Offering Circular before investing. If in doubt, investors should consult their advisers.

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

This Offering Circular has been prepared by the Issuer and the Company solely for use in connection with the proposed offering of the Bonds described in this Offering Circular. The distribution of this Offering Circular, 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, the Company, CLSA Limited, China Zheshang Bank Co., Ltd. (Hong Kong Branch), China International Capital Corporation Hong Kong Securities Limited, Bank of China Limited, Singapore Branch, Haitong International Securities Company Limited, CRIC Securities Company Limited, CMBC Securities Company Limited, CNCB (Hong Kong) Capital Limited, Guotai Junan Securities (Hong Kong) Limited and Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch (the **"Joint Lead Managers"**) to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds or the distribution of this Offering Circular or any offering or

publicity material relating to the Bonds 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 and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the Bonds and distribution of this Offering Circular, see “Subscription and Sale”. By purchasing the Bonds, investors represent and agree to all of those provisions contained in that section of this Offering Circular. This Offering Circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for, or otherwise acquire, 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 not contained in or not consistent with this Offering Circular or any information supplied by the Issuer, the Company or the Group or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer, the Company, the Group, the Joint Lead Managers, the Trustee or the Agents (as defined in the Terms and Conditions), or their respective directors, officers, employees, agents, representatives, advisers or affiliates, or any person who controls any of them. Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Bonds shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Company or the Group or any of them since the date hereof or create any implication that the information contained herein is correct as at any date subsequent to the date hereof. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Company, the Group, the Joint Lead Managers, the Trustee or the Agents, or their respective directors, officers, employees, agents, representatives, advisers or affiliates, 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 Joint Lead Managers and the Agents, nor their respective directors, officers, employees, agents, representatives, advisers and affiliates, nor any person who controls any of them has separately verified the information contained in this Offering Circular. None of the Joint Lead Managers and the Agents, nor their respective directors, officers, employees, agents, representatives, advisers and affiliates, nor any person who controls any of them, makes any representation, warranty or undertaking, express or implied, or accepts any responsibility or liability, with respect to the accuracy or completeness of any of the information contained in this Offering Circular or any information supplied in connection with the Bonds. Each person receiving this Offering Circular acknowledges that such person has not relied on the Joint Lead Managers or the Agents, or any person who controls any of them, or their respective directors, officers, employees, agents, representatives, advisers or affiliates, or any person who controls any of them in connection with its investigation of the accuracy of such information or its investment decision, and each such person must rely on its own examination of the Issuer, the Company, the Group and the terms of the offering and the merits and risks involved in investing in the Bonds. Each recipient of this Offering Circular shall make its own investigation and appraisal of the condition (financial or otherwise) of the Issuer and the Company with their own tax, legal and business advisers as it deems necessary. See the section entitled “*Risk Factors*” for a discussion of certain factors to be considered in connection with an investment in the Bonds.

To the fullest extent permitted by law, none of the Joint Lead Managers and the Agents, nor their respective directors, officers, employees, agents, representatives, advisers and affiliates, nor any person who controls any of them, accepts any responsibility for the contents of this Offering Circular or for any other statement made or purported to be made by a Joint Lead Manager or an Agent, or any of their respective directors, officers, employees, agents, representatives, advisers or affiliates, or any person who controls any of them, in connection with the Issuer, the Company, the Group, the issue and offering of the Bonds. Each of the Joint

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

IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

Prospective investors should be aware that certain intermediaries in the context of this offering of the Bonds, including certain Joint Lead Managers (as defined in the Offering Circular), are “capital market intermediaries” (“**CMI**s”) subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the “**SFC Code**”). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as “overall coordinators” (“**OC**s”) for this offering and are subject to additional requirements under the SFC Code.

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

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

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and

transfer of such information by the Joint Lead Managers and/or any other third parties as may be required by the SFC Code, including to the Issuer, any OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. Failure to provide such information may result in that order being rejected.

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are “prescribed capital markets products” (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

IN CONNECTION WITH THE ISSUE OF THE BONDS, ANY OF THE JOINT LEAD MANAGERS APPOINTED OR ANY PERSON ACTING IN ITS CAPACITY AS STABILISATION MANAGER (THE “STABILISATION MANAGER”) MAY, TO THE EXTENT PERMITTED BY APPLICABLE LAWS AND DIRECTIVES, OVER-ALLOT AND EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE BONDS AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL, BY IN DOING SO THE STABILISATION MANAGER SHALL ACT AS PRINCIPAL AND NOT AS AGENT OF THE ISSUER AND THE COMPANY AND ANY LOSS RESULTING FROM OVER-ALLOTMENT AND STABILISATION WILL BORNE, AND ANY PROFIT ARISING THEREFROM SHALL BE BENEFICIALLY RETAINED, BY THE STABILISATION MANAGER. HOWEVER, THERE CAN BE NO ASSURANCE THAT THE STABILISATION MANAGER(S) (OR ANY PERSON ACTING ON BEHALF OF ANY STABILISATION MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE BONDS IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE BONDS AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE BONDS. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILISATION MANAGER(S) (OR ANY PERSON ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

This Offering Circular is provided solely for the purpose of enabling the recipient to consider purchasing the Bonds. The investors or prospective investors should read this Offering Circular carefully before making a decision regarding whether or not to purchase the Bonds. This Offering Circular cannot be used for any other purpose and any information in this Offering Circular cannot be disclosed to any other person. This Offering Circular is personal to each prospective investor and does not constitute an offer to any other person or to the public generally to purchase or otherwise acquire the Bonds.

This Offering Circular summarises certain material documents and other information, and the Issuer, the Company, the Group, the Joint Lead Managers, the Trustee and the Agents refer the recipient of this Offering Circular to them for a more complete understanding of what is contained in this Offering Circular. In making an investment decision, each investor must rely on its own examination of the Issuer, the Company and the Group and the terms of the offering of the Bonds, including the merits and risks involved. None of the Issuer, the Company, the Group, the Joint Lead Managers, the Trustee and the Agents, nor their respective directors, officers, employees, agents, representatives, advisers and affiliates, nor any person who controls any of them is making any representations regarding the legality of an investment in the Bonds under any law or regulation. The recipient of this Offering Circular should not consider any information in this Offering Circular to be

legal, business, accounting, investment or tax advice. Any investor or prospective investor should consult his/her/its own legal, business, accounting, investment and tax advisers for legal, business, accounting, investment and tax advice regarding an investment in the Bonds.

WARNING

The contents of this Offering Circular have not been reviewed by any regulatory authority in the PRC, Hong Kong or elsewhere. Investors are advised to exercise due caution in relation to the offer. If any investor is in any doubt about any of the contents of this Offering Circular, that investor should obtain independent professional advice.

INDUSTRY AND MARKET DATA

Market data and certain industry forecasts used throughout this Offering Circular have been obtained based on, among other sources, internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information that they contain has been obtained from sources believed by the Issuer and the Company to be reliable and accurate but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, and none of the Issuer, the Company, the Group, the Joint Lead Managers, the Trustee and the Agents, nor their respective directors, officers, employees, agents, representatives, advisers and affiliates, nor any person who controls any of them makes any representation as to the correctness, accuracy or completeness of that information complied within or outside the PRC. In addition, third-party information providers may have obtained information from market participants and such information may not have been independently verified. Accordingly, such information should not be unduly relied upon.

PRESENTATION OF FINANCIAL INFORMATION

This Offering Circular contains audited consolidated financial information of the Company as at and for the year ended 31 December 2020, which has been extracted from and should be read in conjunction with the audited consolidated financial statements of the Company as at and for the year ended 31 December 2021 (the “**2021 Financial Statements**”), as well as audited consolidated financial information of the Company as at and for the years ended 31 December 2021 and 2022, which has been extracted from and should be read in conjunction with the audited consolidated financial statements of the Company as at and for the year ended 2022 (the “**2022 Financial Statements**”, together with the 2021 Financial Statements, the “**Audited Financial Statements**”). The Audited Financial Statements were prepared and presented in accordance with Accounting Standards for Business Enterprises in the PRC (“**PRC GAAP**”) and have been audited by RSM China CPA LLP (“**RSM China**”), the independent auditors of the Company.

The Company implemented changes in accounting policies with effect from 1 January 2021 to observe certain new accounting standards and requirements issued by the MOF, including the Accounting Standards for Business Enterprises No. 14 (*Revenues*), No. 21 (*Lease*), No. 22 (*Recognition and Measurement of Financial Instruments*), No. 23 (*Transfer of Financial Assets*), No. 24 (*Hedge Accounting*) and No. 37 (*Presentation of Financial Instruments*), as well as the Interpretation No. 14 of the Accounting Standards for Business Enterprises with effect from 26 January 2021 and part of policies in the Interpretation No. 15 of the Accounting Standards for Business Enterprises with effect from 30 December 2021 (together as the “**2021 New Accounting Standards and Interpretations**”). As a result, certain consolidated financial information of the Company as at 31 December 2020 extracted from the 2021 Financial Statements may not be comparable to the consolidated financial information of the Company as at 31 December 2021 and 2022, which are extracted from the 2022 Financial Statements. For details of the 2021 New Accounting Standards and Interpretations, please see “*Notes to Financial Statements – 3.22 Changes in Significant Accounting Policies and Accounting Estimates – (a) Changes in accounting policies*” of the 2021 Audited Financial Statements. Potential investors

may also refer to “Notes to Financial Statements – Note 3.22 Changes in Significant Accounting Policies and Accounting Estimates – (c) First-time implementation of new financial instruments, new revenue standards and new leasing standards adjust relevant items in the financial statements at the beginning of the year of first implementation” of the 2021 Audited Financial Statements for details of the impact of adopting such new accounting policies on the Company’s consolidated financial information as at 1 January 2021, compared to that as at 31 December 2020 as these new accounting policies do not require retrospective adjustment to the consolidated financial information of the Company as at 31 December 2020.

The Company implemented Accounting Standards for Business Enterprises Interpretation No. 15 with effect from 1 January 2022 and the Accounting Standards for Business Enterprises Interpretation No. 16 with effect from 30 November 2022. The Company also transitioned its investment properties from the cost measurement model to the fair value model in accordance with the Accounting Standards for Business Enterprises Interpretation No. 3 – Investment Property and Accounting Standards for Business Enterprises Interpretation No. 28 – Accounting Policies, Changes in Accounting Estimates and Error Corrections. The change in the measurement model for the Company’s investment properties requires retrospective adjustments to the Company’s consolidated financial information as at and for the year ended 2021. For details, please refer to “Notes to Financial Statements – 3.31 Changes in Significant Accounting Policies and Accounting Estimates – (a) Changes in accounting policies” of the 2022 Audited Financial Statements. Please also refer to “Risk Factors – Risks relating to Financial Information – Investors should exercise caution to the changes in accounting standards, procedures or policies adopted by the Group which may materially affect the financial condition and results of operation of the Group”.

This Offering Circular includes figures relating to EBITDA. EBITDA is not a standard measure under PRC GAAP or IFRS. EBITDA is a widely used financial indicator of a company’s ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of performance or as an indicator of the operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities of the Issuer or the Group. In evaluating EBITDA, investors should consider, among other things, the components of EBITDA such as operating expenses and the amount by which EBITDA exceeds capital expenditures and other charges. The Issuer has included EBITDA because it believes that EBITDA is a useful supplement to cash flow data as a measure of the Group’s performance and its ability to generate cash flow from operations to cover debt service and taxes. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare the Group’s EBITDA to EBITDA presented by other companies because not all companies use the same definition.

The Company has not prepared the Audited Financial Statements in accordance with International Financial Reporting Standards (“IFRS”) and has not prepared any reconciliation of its consolidated financial information and its consolidated financial statements and related footnotes between PRC GAAP and other generally accepted accounting principles. PRC GAAP differs in certain respects from IFRS. For a discussion of certain differences between PRC GAAP and IFRS, see “Summary of Certain Differences between PRC GAAP and IFRS”. Prospective investors should seek advice from their own professional advisers if they have doubts about the differences.

CERTAIN TERMS AND CONVENTIONS AND CURRENCY PRESENTATION

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to the **“Issuer”** refers to Cixi State-owned Assets Overseas Development Company Limited 慈溪國投海外發展有限公司; all references to **“the Guarantor”** or **“the Company”** refers to Cixi State-owned Assets Investment Holding Co., Ltd. (慈溪市國有資產投資控股有限公司); all references to the **“Group”** are to the Guarantor and its subsidiaries, taken as a whole; all references to the **“PRC”**, **“China”**, **“Mainland”**, and **“Mainland of China”** are to the People’s Republic of China and, for the purpose of this Offering Circular only, excluding Hong Kong, Macau and Taiwan; all references to the **“United States”** and **“U.S.”** are to the United States of America; all references to **“Hong Kong”** are to the Hong Kong Special Administrative Region of the People’s Republic of China; all references to **“Macau”** are to the Macau Special Administrative Region of the People’s Republic of China; all references to **“RMB”**, **“Renminbi”** and **“CNY”** are to the lawful currency of the PRC and References to **“U.S. dollars”** and **“US\$”** are to United States dollars, the official currency of the United States of America.

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.

This Offering Circular contains translation of certain Renminbi amounts into U.S. dollars at specified rates solely for the convenience of the reader. Unless otherwise specified, where financial information in Renminbi has been translated into U.S. dollars, it has been so translated, for convenience only, at the rate of RMB6.8972 to U.S.\$1.00 (being the noon buying rate in New York City on 30 December 2022 as set forth in the weekly H.10 statistical release of the Federal Reserve Board of the Federal Reserve Bank of New York). All such translations in this Offering Circular are provided solely for investors’ convenience and no representation is made that the amounts referred to herein have been, could have been or could be converted into U.S. dollars or Renminbi, or vice versa, at any particular rate or at all. Further information regarding exchange rate is set forth in “Exchange Rates” in this Offering Circular.

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

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 purposes only. In the event of any inconsistency, the Chinese names prevail.

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

- **“CBRC”** are to the China Banking Regulatory Commission, which was merged with the China Insurance Regulatory Commission to form China Banking and Insurance Regulatory Commission that has being replaced by the National Administration of Financial Regulation;
- **“CSRC”** are to the China Securities Regulatory Commission;
- **“Cixi Municipal Government”** are to the People’s Government of Cixi Municipality (慈溪市人民政府);
- **“Cixi SAMC”** are to the State-owned Assets Management Centre of Cixi Municipality (慈溪市國有資產管理中心);

- “**GDP**” are to gross domestic product;
- “**GWh**” are to Gigawatt hours, a unit of energy representing one billion watt hours;
- “**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;
- “**kWh**” are to kilowatt-hour, a unit of energy;
- “**LPG**” are to liquefied petroleum gas;
- “**MLR**” are to the Ministry of Land and Resources of the People’s Republic of China;
- “**MOF**” are to the Ministry of Finance of the People’s Republic of China;
- “**MOFCOM**” are to the Ministry of Commerce of the People’s Republic of China;
- “**MOHURD**” are to the Ministry of Housing and Urban-Rural Development of the People’s Republic of China (formerly Ministry of Construction of the People’s Republic of China (“**MOC**”));
- “**NDRC**” are to the National Development and Reform Commission of the PRC and its competent local counterparts;
- “**PBOC**” are to the People’s Bank of China, the central bank of the PRC;
- the “**PRC government**” are to the central government of the PRC, including all political subdivisions (including provincial, municipal and other regional or local governmental entities) and instrumentalities thereof, or where the context requires, any of them;
- “**SAFE**” are to the State Administration of Foreign Exchange of the People’s Republic of China or its competent local counterparts;
- “**SASAC**” are to the State-owned Assets Supervision and Administration Commission of the PRC (中國國有資產監督管理委員會) or, where context requires, its local counterparts;
- “**SAT**” are to the State Administration of Taxation of the People’s Republic of China;
- “**sq.m.**” are to square metres;
- “**State Council**” are to the State Council of the People’s Republic of China; and
- “**VAT**” are to value-added tax.

FORWARD-LOOKING STATEMENTS

The Issuer and the Company have 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 statements as to the future business strategy, operating income and profitability, planned projects and other matters as they relate to the Issuer, the Company and/or the Group discussed in this Offering Circular. These forward-looking statements contained in this Offering Circular (whether made by the Issuer, the Company or by any third party) involve known and unknown risks, including those disclosed under the section entitled “*Risk Factors*”, uncertainties and other factors that may cause the actual results, performance or achievements of the Issuer, the Company or the Group to be materially different from those expressed or implied by such forward-looking statements.

These forward-looking statements speak only as of the date of this Offering Circular. The Issuer and the Company expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any of opinions or forward-looking statements expressed or implied 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 Company, the Group or any member of the Group to be materially different include:

- ability of the Group to successfully implement its business plans and strategies;
- various business opportunities that the Group may pursue;
- financial condition, performance and business prospects of the Group;
- acquisition, expansion and capital expenditure plans of the Group and its ability to carry out those plans;
- the continued availability and cost of capital and financing of the Group;
- dividend policies of the subsidiaries and portfolio companies of the Group;
- future developments, trends and conditions in the industries and markets in which the Group operates;
- competition in the market or industry in which the Group operates and the potential impact of such competition on its businesses;
- any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of the Group’s business;
- general political and economic conditions, including those related to Zhejiang Province and 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;
- fluctuations in prices of and demand for products and services that the Group provides;

- macroeconomic measures taken by the PRC government to manage economic growth;
- natural disasters, industrial action, terrorist attacks and other events beyond control of the Group;
- changes in global economic conditions; and
- other factors, including but not limited to those discussed in the section entitled “*Risk Factors*”.

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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. This summary does not contain all the information that may be important to prospective investors in deciding to invest in the Bonds. Terms defined elsewhere in this Offering Circular shall have the same meanings when used in this summary. Prospective investors should read this Offering Circular in its entirety, including the section entitled “Risk Factors” and the Audited Financial Statements included elsewhere in this Offering Circular, before making an investment decision.

OVERVIEW

The Group is the leading state-owned investment and financing entity in Cixi City focusing on infrastructure construction, provision of public services and management of stated-owned assets in Cixi City. With Cixi SAMC as the majority shareholder owning 90.1469 per cent. of its shares as at the date of this Offering Circular, the Group has, since the Company’s establishment in 2003, played an important role in implementing the Cixi Municipal Government’s blueprint for urban infrastructure construction, urbanisation and regional prosperity in Cixi City. The Group has leveraged financial and operational support provided by the Cixi Municipal Government and has established itself as one of the leading state-owned infrastructure developers and public service providers in Cixi City and plays a key role in the urbanisation and regional prosperity of Cixi City.

Cixi City is a county-level city in the north of Zhejiang Province under the administration of Ningbo City. It covers a total land area of 1,361 square kilometres and, according to the Ningbo Statistics Bureau (寧波市統計局), had a total population of 186.5 million as at 31 December 2022. The Group primarily engages in infrastructure construction, transportation, water supply, sale of coal gas, grain procurement and storage, affordable housing, property leasing, commodities trading and other businesses. For the years ended 31 December 2020, 2021 and 2022, the Group’s total operating income was approximately RMB2,552.7 million, RMB3,076.3 million and RMB2,970.3 million, respectively; and the Group’s operating profit for the same periods was approximately RMB542.2 million, RMB676.9 million and RMB823.0 million, respectively. As at 31 December 2020, 2021 and 2022, the Group had net assets of approximately RMB47,369.1 million, RMB51,872.9 million and RMB56,115.2 million, respectively, and total assets of approximately RMB120,526.6 million, RMB134,706.2 million and RMB151,235.8 million, respectively. The Group was supported by the Cixi Municipal Government and the Group expanded its business rapidly across its principal business segments. Set forth below is an overview of the business segments of the Group:

- *Infrastructure Construction.* The Group is an important infrastructure construction entity in Cixi City engaging in the provision of a wide range of services such as renovation of old towns, demolition, land development and consolidation, block development and road construction. The Group’s infrastructure construction activities are concentrated in the Central District of Cixi (慈溪市中心城區), Binhai Economic Development Zone (濱海經濟開發區), Cultural and Business District of Cixi (慈溪文化商務區) and Cixi Xincheng River Block (慈溪新城河區塊). As at 31 December 2022, the Group had five infrastructure construction projects completed with a total investment amount of approximately RMB1,703.0 million, six infrastructure construction projects under development with a total estimated investment amount of RMB3,584.2 million and three infrastructure construction projects under construction with a total estimated investment amount of RMB5,915.7 million. For the years ended 31 December 2020, 2021 and 2022, operating income generated from the Group’s infrastructure construction business was approximately RMB864.4 million, RMB906.6 million and RMB735.6 million, respectively, representing 33.9 per cent., 29.5 per cent. and 24.8 per cent. of the Group’s total operating income for the same periods.

- Transportation.* The Group is the largest entity conducting comprehensive transportation business in Cixi City, which can be divided into five sub-segments, namely (i) medium- and long-distance bus transportation, (ii) urban bus transportation, (iii) taxi transportation, (iv) freight business, and (v) station business. As at 31 March 2023, the Group owned a total of 145 operating vehicles for its medium- and long-distance bus transportation business, with 68 being medium- and long-distance passenger shuttle buses and 64 being tourist buses as at 31 March 2023. Moreover, as at 31 March 2023, the Group owned 15 passenger lines connecting different provinces, 18 passenger lines connecting different cities and seven passenger lines that traverse different counties; the Group also owned 872 buses for its urban bus transportation business and 161 bus routes, basically achieving full coverage of urban and rural areas in Cixi City. As at 31 March 2023, the Group operated 215 cruise taxis for its taxi transportation business, of which 193 were self-owned taxis, and the remaining 22 were taxis with long-term operating contracts. For the years ended 31 December 2020, 2021 and 2022, operating income generated from the Group's transportation business was approximately RMB120.4 million, RMB141.3 million and RMB103.1 million, respectively, representing 4.7 per cent., 4.6 per cent. and 3.5 per cent. of the Group's total operating income for the same periods.
- Water Supply.* The Group engages in the operation of water supply business in Cixi City, which includes water production and distribution. The Group is responsible for supplying water to the central area and 13 towns (streets) in the central and western areas of Cixi City as well as Cidong Binhai District (慈東濱海區) and Hangzhou Bay New District. The Group is also responsible for supplying water to the entire Cixi Binhai Economic Development Zone (慈溪濱海經濟開發區). For the years ended 31 December 2020, 2021 and 2022, operating income generated from the Group's water supply business was approximately RMB384.1 million, RMB423.2 million and RMB479.5 million, respectively, representing 15.0 per cent., 13.8 per cent. and 16.1 per cent. of the Group's total operating income for the same periods.
- Sale of Coal Gas.* The Group's sale of coal gas business includes (i) the sale of coal gas and LPG and (ii) the recycling and sale of used gas cylinders. For the years ended 31 December 2020, 2021 and 2022, operating income generated from the Group's sale of coal gas business was approximately RMB198.6 million, RMB304.2 million and RMB352.4 million, respectively, representing 7.8 per cent., 9.9 per cent. and 11.9 per cent. of the Group's total operating income for the same periods.
- Grain Procurement and Storage.* The Group is responsible for the execution of grain procurement orders in accordance with the Cixi Municipal Government's grain procurement policies and for balancing the demand and supply of grains in Cixi City. The Group's grain procurement and storage business involves the procurement, storage and sale of grains. The Group has six grain reserves warehouses with a total storage capacity of 150,000 tonnes. For the years ended 31 December 2020, 2021 and 2022, operating income generated from the Group's grain procurement and storage business was approximately RMB153.0 million, RMB100.8 million and RMB164.4 million, respectively, representing 6.0 per cent., 3.3 per cent. and 5.5 per cent. of the Group's total operating income for the same periods.
- Affordable Housing.* The Group is designated by the Cixi Municipal Government to undertake the development, sale and leasing of affordable housing in Cixi City, including resettlement housing (動遷安置房), public rental housing (公租房), subsidised housing (經濟適用房) and shanty town renovation (棚戶區改造). As at 31 December 2022, the Group had nine key affordable housing projects completed with a total investment amount of approximately RMB6,801.1 million, three key affordable housing projects under construction with a total estimated investment amount of approximately RMB3,899.6 million and three key affordable housing projects under planning with a total estimated investment of approximately RMB3,074.8 million. For the years ended 31 December 2020, 2021 and 2022, operating income generated from the Group's affordable housing business was approximately RMB146.3 million, RMB279.7 million and RMB92.9 million, respectively, representing 5.7 per cent., 9.1 per cent., and 3.1 per cent., respectively, of the Group's total operating income for the same periods.

- *Property Leasing.* The Group is a leading service provider in the rental market of commercial, office, and business properties, as well as industrial properties in Cixi City. Its market leasing business enjoys a local monopoly status. For the years ended 31 December 2020, 2021 and 2022, operating income generated from the Group's property leasing business was approximately RMB210.2 million, RMB238.9 million and RMB303.3 million, respectively, representing 8.2 per cent., 7.8 per cent., and 10.2 per cent., respectively, of the Group's total operating income for the same periods.
- *Commodities Trading.* The Group's commodities trading business includes three sub-segments, namely (i) natural gas refuelling business, (ii) gas sales, and (iii) merchandise sales. For the years ended 31 December 2020, 2021 and 2022, operating income generated from the Group's commodities trading business was approximately RMB125.5 million, RMB311.3 million and RMB291.4 million, respectively, representing 4.9 per cent., 10.1 per cent. and 9.8 per cent., respectively, of the Group's total operating income for the same periods.
- *Other Businesses.* In addition to its primary business segments, the Group also engages in other businesses which include security services, testing services, repairment and installation services, advertising, publishing and distribution, printing, entrusted operation services, land transfer business and construction waste disposal services. For the years ended 31 December 2020, 2021 and 2022, operating income generated from the Group's other businesses was approximately RMB344.0 million, RMB370.4 million and RMB447.6 million, respectively, representing 13.5 per cent., 12.0 per cent. and 15.1 per cent., respectively, of the Group's total operating income for the same periods.

RECENT DEVELOPMENT

Issuance of Onshore Securities

On 23 February 2023, the Company issued mid-term notes in an aggregate principal amount of RMB1,000.0 million with a tenor of five years and a fixed annual interest rate of 3.64 per cent. (the "**February MTN**"). On 21 June 2023, the Company issued a super short-term commercial paper in an aggregate principal amount of RMB500.0 million with a tenor of 180 days and a fixed annual interest rate of 2.33 per cent. (the "**2023 SCP I**"). On 25 August 2023, the Company issued a super short-term commercial paper in an aggregate principal amount of RMB500.0 million with a tenor of 179 days and a fixed annual interest rate of 2.24 per cent. (the "**2023 SCP II**"). As at the date of this Offering Circular, the entire principal amount of the February MTN, the 2023 SCP I and the 2023 SCP II remains outstanding.

COMPETITIVE STRENGTHS

The Group believes that the following strengths are important to its success and future development:

- well-positioned to leverage the excellent location of Cixi City to achieve business growth;
- a key infrastructure construction entity in Cixi City;
- strong support from local governments;
- diversified financing channels; and
- strong and experienced management team.

BUSINESS STRATEGIES

- closely focusing on the infrastructure construction;

- continue to diversify the Group's business portfolio and expand into industries that may provide synergies with the Group's core business;
- continue to diversify the Group's funding sources; and
- enhance management and internal control systems and optimise the structure of the Group's talent pool.

THE ISSUE

The summary below contains some basic information about the Bonds 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” shall have the same meanings in this summary. For a more complete description of the terms of the Bonds, see “Terms and Conditions of the Bonds”.

Issuer	Cixi State-owned Assets Overseas Development Company Limited 慈溪國投海外發展有限公司.
Legal Entity Identifier of the Issuer	8368007C8LIJADAUQM64.
Guarantor	Cixi State-owned Assets Investment Holding Co., Ltd. (慈溪市國有資產投資控股有限公司).
The Bonds	U.S.\$200,000,000 aggregate principal amount of 5.8 per cent. guaranteed sustainable bonds due 2026.
Issue Price	100.0 per cent.
Guarantee	The Guarantor will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Bonds. Its obligations in that respect will be contained in the Deed of Guarantee.
Form and Denomination	The Bonds will be issued in registered form in the specified denomination of U.S.\$200,000 and integral multiples of U.S. \$1,000 in excess thereof.
Interest	The Bonds will bear interest on their outstanding principal amount from and including 21 December 2023 at the rate of 5.8 per cent. per annum, payable semi-annually in arrear in equal instalments on 21 June and 21 December in each year, commencing on 21 June 2024.
Issue Date	21 December 2023.
Maturity Date	21 December 2026.
Use of Proceeds	See “ <i>Use of Proceeds</i> ”
Status of the Bonds	The Bonds will constitute direct, unsubordinated, unconditional and (subject to Condition 4(a) (Negative Pledge)) unsecured obligations of the Issuer and shall at all times rank pari passu and without any preference among themselves, and shall at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such exceptions as may be provided by applicable legislation.

Status of the Guarantee	The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a) (<i>Negative Pledge</i>) of the Terms and Conditions of the Bonds, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.
Negative Pledge	The Bonds will contain a negative pledge provision as further described in Condition 4(a) (<i>Negative Pledge</i>) of the Terms and Conditions.
Events of Default	The Bonds will contain certain events of default, as further described in “ <i>Terms and Conditions of the Bonds – Events of Default</i> ”.
Cross-default	The Bonds are subject to a cross-default provision in relation to the Issuer, the Guarantor or any of their respective Subsidiaries as further described in Condition 9(c) (<i>Cross-default</i>) of the Terms and Conditions.
Taxation	All payments of principal, premium (if any) and interest in respect of the Bonds by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the British Virgin Islands or the PRC or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. Where such withholding or deduction is made by the Issuer or, as the case may be, the Guarantor by or within the PRC at the rate applicable on 18 December 2023 (the “Applicable Rate”), the Issuer or, as the case may be, the Guarantor will pay such additional amounts as will result in receipt by the Bondholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required. If the Issuer (or, as the case may be, the Guarantor) is required to make a deduction or withholding by or within the British Virgin Islands or the PRC, in excess of the Applicable Rate, the Issuer (or, as the case may be, the Guarantor) shall pay such additional amounts (the “Additional Tax Amounts”) as will result in receipt by the Bondholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Tax Amounts shall be payable in respect of any Bond. See “<i>Terms and Conditions of the Bonds – Taxation</i>”.

Final Redemption	Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 21 December 2026.
Redemption for Taxation Reasons	The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders and in writing to the Trustee and the Principal Paying Agent, at their principal amount, (together with interest accrued to but excluding the date fixed for redemption), in the event of certain changes affecting taxes of the British Virgin Islands or the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), as further described in Condition 6(b) of the Terms and.
Redemption for Relevant Events	At any time following the occurrence of a Change of Control or a No Registration Event (each a " Relevant Event "), the Holder of any Bond will have the right, at such Holder's option, to require the Issuer to redeem all but not some only of that Holder's Bonds on the Put Settlement Date at 101 per cent (in the case of a redemption for a Change of Control) or 100 per cent. (in the case of a redemption for a No Registration Event) of their principal amount, together with accrued interest up to, but excluding such Put Settlement Date, as further described in Condition 6(c) (<i>Redemption for Relevant Events</i>) of the Terms and Conditions.
Further Issues	The Issuer may from time to time, without the consent of the Bondholders, create and issue further bonds either (i) having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date, the first payment of interest on time and the timing for complying with the requirements set out in these Conditions in relation to the Cross-Border Security Registration and the making of the NDRC Post-issue Filing) so as to consolidate and form a single series with the Bonds or (ii) upon such terms as the Issuer may determine at the time of their issue, as further described in Condition 15 (<i>Further Issues</i>) of the Terms and Conditions.
Clearing Systems	The Bonds will be represented by beneficial interests in a Global Certificate in registered form, which will be registered in the name of a nominee for, and shall be deposited on or about the Issue Date with, a common depository for Euroclear and Clearstream and their respective participants. Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except in the limited circumstances as described in the Global Certificate, certificates for Bonds will not be issued in exchange for interests in the Global Certificate.
Governing Law	English law.

Trustee	China CITIC Bank International Limited.
Principal Paying Agent	China CITIC Bank International Limited.
Registrar and Transfer Agent	China CITIC Bank International Limited.
Rating	The Bonds are expected to be rated BBB by Fitch. Such 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 Fitch.
Listing	Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors only.
Selling Restrictions	The Bonds have not been, and will not be, registered under the Securities Act or the securities laws of any state of the United States or other jurisdiction and will be subject to customary restrictions on transfer and resale. See “ <i>Subscription and Sale</i> ”.
ISIN	XS2735676236.
Common Code	273567623.
Sustainable Finance Framework	The Bonds are being issued as “Sustainable Bonds” under the Company’s Sustainable Finance Framework. See “ <i>Sustainable Finance Framework Overview</i> ”.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The following tables set forth the summary consolidated financial information of the Company as at and for the dates and periods indicated. The summary audited consolidated financial information of the Company as at and for the years ended 31 December 2020, 2021 and 2022 set forth below has been extracted from and should be read in conjunction with the Audited Financial Statements included elsewhere in this Offering Circular. The Audited Financial Statements were prepared and presented in accordance with PRC GAAP and have been audited by RSM China, the independent auditors of the Company.

PRC GAAP differs in certain respects from IFRS. For a discussion of certain differences between PRC GAAP and IFRS, see “Summary of Certain Differences between PRC GAAP and IFRS”. Prospective investors should seek advice from their own professional advisers if they have doubts about the differences.

The Company implemented the 2021 New Accounting Standard and Interpretations with effect from 1 January 2021. As a result, certain consolidated financial information of the Company as at 31 December 2020 extracted from the 2021 Financial Statements may not be comparable to the consolidated financial information of the Company as at 31 December 2021 and 2022, which are extracted from the 2022 Financial Statements. For details of the 2021 New Accounting Standards and Interpretations, please see “Notes to Financial Statements – 3.22 Changes in Significant Accounting Policies and Accounting Estimates – (a) Changes in accounting policies” of the 2021 Audited Financial Statements. Potential investors may also refer to “Notes to Financial Statements – Note 3.22 Changes in Significant Accounting Policies and Accounting Estimates – (c) First-time implementation of new financial instruments, new revenue standards and new leasing standards adjust relevant items in the financial statements at the beginning of the year of first implementation” of the 2021 Audited Financial Statements for details of the impact of adopting such new accounting policies on the Company’s consolidated financial information as at 1 January 2021, compared to that as at 31 December 2020 as these new accounting policies do not require retrospective adjustment to the consolidated financial information of the Company as at 31 December 2020.

The Company implemented Accounting Standards for Business Enterprises Interpretation No. 15 with effect from 1 January 2022 and the Accounting Standards for Business Enterprises Interpretation No. 16 with effect from 30 November 2022. The Company also transitioned its investment properties from the cost measurement model to the fair value model in accordance with the Accounting Standards for Business Enterprises Interpretation No. 3 – Investment Property and Accounting Standards for Business Enterprises Interpretation No. 28 – Accounting Policies, Changes in Accounting Estimates and Error Corrections. The change in the measurement model for the Company’s investment properties requires retrospective adjustments to the Company’s consolidated financial information as at and for the year ended 2021. For details, please refer to “Notes to Financial Statements – 3.31 Changes in Significant Accounting Policies and Accounting Estimates – (a) Changes in accounting policies” of the 2022 Audited Financial Statements. Please also refer to “Risk Factors – Risks relating to Financial Information – Investors should exercise caution to the changes in accounting standards, procedures or policies adopted by the Group which may materially affect the financial condition and results of operation of the Group”.

SUMMARY CONSOLIDATED BALANCE SHEET DATA

	As at 31 December			
	2020	2021	2022	
	(RMB)	(RMB)	(RMB)	(U.S.\$)
	(in thousands)			
Current assets				
Cash and cash equivalents	9,630,049.8	13,371,261.6	7,970,251.5	1,155,577.8
Held-for-trading financial assets	–	5,229.0	5,305.6	769.2
Notes receivable	694.1	240,621.4	1,185.9	171.9
Accounts receivable	627,602.5	291,748.0	416,733.5	60,420.7
Prepayments	1,552,938.4	1,738,206.9	3,259,008.9	472,511.9
Other receivables	16,724,765.7	16,513,437.5	18,376,690.8	2,664,369.7
Inventories	51,569,433.1	55,108,589.7	67,279,373.7	9,754,592.3
Other current assets	92,631.1	78,651.4	938,635.2	136,089.3
Total current assets	80,198,114.6	87,347,745.5	98,247,185.0	14,244,502.8
Non-current assets				
Available-for-sale financial assets	221,848.8	–	–	–
Long-term receivables	600,190.0	610,289.9	606,289.9	87,903.8
Long-term equity investment	356,498.2	420,155.1	609,807.9	88,413.8
Other equity instruments investments	–	488,626.3	1,298,567.3	188,274.6
Other non-current financial assets	–	132,000.0	142,000.0	20,588.1
Investment properties	3,307,239.8	8,701,003.0	11,109,842.0	1,610,775.7
Property, plant and equipment	6,853,025.2	7,513,140.0	7,447,328.6	1,079,761.2
Construction in process	4,408,383.4	3,742,643.4	6,495,513.2	941,760.9
Right-of-use assets	–	35,547.1	30,741.0	4,457.0
Intangible assets	22,255,535.0	22,366,584.0	22,576,698.6	3,273,313.6
Goodwill	47,571.8	47,571.8	47,571.8	6,897.3
Long-term deferred expenses	80,962.6	107,972.4	104,891.4	15,207.8
Deferred tax assets	3,925.6	27,585.3	37,520.3	5,439.9
Other non-current assets	2,193,352.7	3,165,305.6	2,481,848.9	359,834.3
Total non-current assets	40,328,533.0	47,358,423.7	52,988,620.8	7,682,627.9
Total assets	120,526,647.6	134,706,169.2	151,235,805.9	21,927,130.7
Current liabilities				
Short-term borrowings	9,183,207.0	7,877,480.5	7,573,263.1	1,098,019.9
Notes payable	160,000.0	120,000.0	–	–
Accounts payable	286,376.5	753,763.5	921,447.6	133,597.3
Advances from customers	327,553.3	111,517.1	168,355.5	24,409.3
Contract liabilities	–	204,703.9	191,692.5	27,792.8
Employee benefits payable	31,457.5	39,981.9	73,978.2	10,725.8
Taxes payable	525,223.7	530,689.9	533,930.0	77,412.6
Other payables	7,508,078.9	10,104,604.8	12,478,058.3	1,809,148.4
Non-current liabilities maturing within one year	10,051,377.6	10,727,456.6	12,532,904.0	1,817,100.3
Other current liabilities	49,357.8	1,083,417.1	1,282,877.0	185,999.7
Total current liabilities	28,122,632.4	31,553,615.3	35,756,506.2	5,184,206.1

	As at 31 December			
	2020	2021	2022	
	(RMB)	(RMB)	(RMB)	(U.S.\$)
	(in thousands)			
Non-current liabilities				
Long-term borrowings	25,764,525.0	25,605,935.0	32,366,266.9	4,692,667.6
Bonds payable	12,073,046.1	15,440,458.5	14,310,990.7	2,074,898.6
Lease liabilities	–	11,418.1	14,162.7	2,053.4
Long-term payables	6,890,230.2	8,032,775.5	11,196,155.8	1,623,290.0
Deferred income	298,934.9	260,573.6	263,174.7	38,156.7
Deferred tax liabilities	8,164.3	783,713.4	1,034,108.3	149,931.6
Other non-current liabilities	–	1,144,825.8	179,290.0	25,994.6
Total non-current liabilities	45,034,900.5	51,279,699.9	59,364,149.0	8,606,992.5
Total liabilities	73,157,532.9	82,833,315.1	95,120,655.1	13,791,198.6
Owner's equity				
Paid-in capital	800,000.0	1,500,000.0	1,500,000.0	217,479.6
Capital reserves	43,904,731.2	45,098,420.9	48,112,988.7	6,975,727.6
Other comprehensive income	–	77,343.5	675,756.9	97,975.5
Special reserves	10,542.8	10,553.7	12,046.3	1,746.5
Surplus reserves	23,196.1	53,217.1	61,287.8	8,885.9
Retained earnings	2,216,020.8	4,751,896.2	5,303,226.9	768,895.6
Total owners' equity attributable to parent company	46,954,490.9	51,491,431.4	55,665,306.5	8,070,710.8
Non-controlling interests	414,623.8	381,422.7	449,844.2	65,221.3
Total shareholders' equity	47,369,114.7	51,872,854.1	56,115,150.7	8,135,932.1
Total liabilities and shareholders' equity	120,526,647.6	134,706,169.2	151,235,805.9	21,927,130.7

SUMMARY CONSOLIDATED INCOME STATEMENT DATA

	For the year ended 31 December			
	2020	2021	2022	
	(RMB)	(RMB)	(RMB)	(U.S.\$)
	(in thousands)			
Operating income	2,552,704.7	3,076,260.3	2,970,297.1	430,652.6
Costs of sales	(2,437,005.8)	(2,777,504.8)	(2,711,824.2)	(393,177.6)
Taxes and surcharges	(36,850.4)	(55,130.5)	(50,706.5)	(7,351.7)
Selling and distribution expenses	(87,271.1)	(111,783.4)	(124,842.9)	(18,100.5)
General and administrative expenses	(336,228.3)	(477,088.1)	(523,853.5)	(75,951.6)
Financial costs	(181,354.3)	(198,508.2)	(517,326.2)	(75,005.3)
Other income	815,349.4	1,091,032.7	1,104,186.8	160,092.0
Investment income	25,955.4	7,356.9	36,535.9	5,297.2
Gains from changes at fair value	–	113,777.1	634,598.4	92,008.1
Credit impairment losses	–	4,552.7	74.8	10.8
Impairment losses on assets	377.0	–	(80.7)	(11.7)
Gains from assets disposal	226,546.2	3,886.8	5,965.6	864.9
Profit from operations	542,222.9	676,851.6	823,024.7	119,327.4
Non-operating income	4,773.3	31,269.8	16,677.7	2,418.0
Non-operating expenses	(46,068.1)	(4,439.2)	(12,429.3)	(1,802.1)
Profit before income tax	500,928.2	703,682.2	827,273.1	119,943.3
Income tax expenses	(51,789.6)	(105,705.5)	(243,874.4)	(35,358.5)
Net profit for the year	449,138.6	597,976.7	583,398.7	84,584.9
Other comprehensive income, net of tax	–	85,550.7	598,413.4	86,761.8
Total comprehensive income for the year	449,138.6	683,527.4	1,181,812.1	171,346.6
Attributable to owners of the parent company	453,418.3	681,008.1	1,178,797.8	170,909.6
Attributable to non-controlling interests	(4,279.7)	2,519.3	3,014.3	437.0

SUMMARY CONSOLIDATED CASH FLOW STATEMENT DATA

	For the year ended 31 December			
	2020	2021	2022	
	(RMB)	(RMB)	(RMB)	(U.S.\$)
	(in thousands)			
Net cash flow (used in)/from operating activities	(3,364,065.4)	994,780.7	(9,491,385.9)	(1,376,121.6)
Net cash flow (used in)/from investment activities	(2,166,923.0)	136,220.6	(4,307,980.4)	(624,598.4)
Net cash flow from financing activities	5,665,329.8	3,094,641.1	9,545,376.9	1,383,949.6
Net increase/(decrease) in cash and cash equivalents	134,341.4	4,225,642.5	(4,253,989.4)	(616,770.5)
Cash and cash equivalents at the beginning of the period	7,062,808.4	7,197,149.8	11,422,792.3	1,656,149.2
Cash and cash equivalents at the end of the period	7,197,149.8	11,422,792.3	7,168,802.8	1,039,378.7

OTHER FINANCIAL DATA

The following table sets forth certain other financial data of the Group as at the dates and for the periods indicated.

	As at and for the year ended 31 December		
	2020	2021	2022
EBITDA ⁽¹⁾ (RMB in thousands)	1,187,625.4	1,381,951.6	1,886,259.2
EBITDA-to-interest coverage ratio ⁽²⁾	0.46	0.47	0.56
Total indebtedness ⁽³⁾ (RMB in thousands) . . .	69,449,685.1	67,998,927.6	76,052,805.5
Net debt ⁽⁴⁾ (RMB in thousands)	59,819,635.3	54,627,666.0	68,082,554.0

Notes:

- (1) EBITDA for any period is calculated as total profit before tax adjusted for interest expenses under financial expenses, depreciation of fixed assets, amortization of intangible assets and amortization of long-term deferred expenses. EBITDA is a widely used financial indicator of a company's ability to service and incur debt, EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of performance or as an indicator of the Group's operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. In evaluating EBITDA, the Company believes that investors should consider, among other things, the components of EBITDA such as sales and operating expenses under the amount by which EBITDA exceeds capital expenditures and other charges. The Company has included EBITDA because it believes that it is a useful supplement to the cash flow data as a measure of the Group's performance and its ability to generate cash flow from operations to cover debt service and taxes. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare the Group's EBITDA to EBITDA presented by other companies because not all companies use the same definitions.
- (2) EBITDA-to-interest coverage ratio is calculated by dividing EBITDA by the total interest payment, which includes the interest expenses under financial expenses and capitalised interest expenses.
- (3) Total indebtedness consists of short-term borrowings, other payables (interest-bearing portion), non-current liabilities maturing within one year, other current liabilities (interest-bearing portion), long-term borrowings, bonds payable, long-term payables (interest-bearing portion) and other non-current liabilities (interest-bearing portion). Investors should not compare the Group's total indebtedness to total indebtedness presented by other companies because not all companies use the same definitions.
- (4) Net debt is calculated as total indebtedness minus cash and cash equivalents. Investors should not compare the Group's net debt to net debt presented by other companies because not all companies use the same definitions.

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 Issuer, the Company, the Group, the Group's business, the markets in which the Group operates and the value of the Bonds. PRC laws and regulations may differ from the laws and regulations in other countries. Some risks may be unknown to the Issuer, the Company or the Group 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, the Company or the Group or the value of the Bonds. The Group 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 Group 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 none of the Issuer, the Company and the Group is 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 but not limited to the risks described below and elsewhere in this Offering Circular.

None of the Issuer, the Company and the Group represents that the statements below regarding the risk factors 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

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

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

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

The outbreak of the coronavirus disease 2019 (“**COVID-19**”) and its global spread introduced unprecedented uncertainty and volatility in global markets. Governments were compelled to respond at unprecedented levels to safeguard public health, local economies, and livelihoods. The impact of COVID-19 varied across regions and evolved over time. The rapid pace of change and significant operational demands posed challenges due to the varying government support measures and restrictions implemented in response to the pandemic. These restrictions, enacted worldwide in an effort to curb the spread of COVID-19, led to a significant contraction in global economic activity over the past years.

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

On 24 February 2022, Russia launched a large-scale invasion of Ukraine. As a result, the United States, the United Kingdom, the member states of the European Union and other public and private actors have imposed severe sanctions on Russia. On 7 October 2023, the Palestinian militant group Hamas launched an attack on Israel from the Gaza Strip. Israel responded to this assault with intense bombing on the Gaza Strip and declared a complete siege on the enclave, stopping all supplies entering Gaza, including food and medicine. The geopolitical and macroeconomic consequences of the Russian invasion on Ukraine and associated sanctions as well as the recent upheaval in the Middle East cannot be predicted, and such events, or any further hostilities in Ukraine, the Middle East or elsewhere, could severely impact the world economy. Please see “– Any occurrence of force majeure events, natural disasters, contagious disease outbreaks or other adverse incidents in the PRC may materially and adversely affect the Group’s businesses, financial condition and results of operations” for further information.

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

The Group’s business, financial condition and results of operation are dependent on the level of economic activity in Cixi City, Ningbo City and Zhejiang Province as well as the PRC.

Cixi City is a county-level city located in the north of Zhejiang Province and is under the jurisdiction of the sub-provincial city of Ningbo City. Most of the Group’s businesses and assets are located in Cixi City, Ningbo City of Zhejiang Province. Accordingly, the Group’s business, financial condition and results of operations have been and will continue to be dependent on the level of economic activity in Cixi City, Ningbo City, Zhejiang Province and the PRC.

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

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

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

The Group's business largely depends on continued spending by the Cixi Municipal Government to undertake infrastructure construction projects. The Group is a key investment and financing platform of the Cixi Municipal Government, which holds 90.1469 per cent. of the shares of the Guarantor via Cixi SAMC. The Cixi Municipal Government is the majority shareholder of the Group. The Group's business, results of operations and future prospects may be heavily affected by the Cixi Municipal Government's budgets and planning, especially those allocated for infrastructure construction. Any significant reduction in the Cixi Municipal Government's public budgets relating to infrastructure construction could materially affect the Group's business.

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

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

The Guarantor is a state-owned enterprise that is 90.1469 per cent. owned by Cixi SAMC and 9.8531 per cent. owned by the Zhejiang Provincial Government via Zhejiang Financial Development Co., Ltd. (浙江省財務開發有限責任公司). The Group was established as an investment and financing entity focusing on infrastructure construction, the provision of public services and the management of stated-owned assets in Cixi City. Given the Group's strategic role in the development of Cixi City, the Group may not always make decisions, take action or invest or operate in projects that are in the Group's best interests or that aim to maximise the Group's profits. The Cixi Municipal Government is in a position to exert influence on the Group's major business decisions and strategies, including the scope of its activities, investment decisions, annual budget plans, supports from the government in various forms, preferential tax policies and dividend policy. There can be no

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

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

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

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

Circular 43 also sets forth the general principles of dealing with existing debts of local financing platforms. In 2014, the local counterparts of MOF began an audit on the existing debts of the financing vehicles of local governments whereby the existing debts of the financing vehicles reported by the local governments were to be classified into four categories, namely (i) debts that shall be repaid with funds of the local governments (the “**First Type of Borrowings**”), (ii) debts that are guaranteed by the local governments (the “**Second Type of Borrowings**”), (iii) debts that may be repaid by the local governments with public funds at its option when the borrowing financing vehicles are not able to repay (the “**Third Type of Borrowings**”), and (iv) debts that will

not be repaid or financed with the funds of the local governments. Circular 43 is not applicable to the Bonds and the Cixi Municipal Government, Cixi SAMC and the Zhejiang Provincial Government have no obligation to repay any amount under the Bonds. Investment in the Bonds relies solely on the credit risk of the Issuer and the Guarantor. In the event the Issuer and the Guarantor do not fulfil their obligations under the Bonds and the Guarantee, investors will only be able to claim as an unsecured creditor against the Issuer and the Guarantor and not any other person including the Cixi Municipal Government, Cixi SAMC or Cixi City.

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

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

On 28 May 2017, the MOF issued the Notice on Firmly Curbing Local Governments’ Illegal Financing Activities in the Name of Government Procurement of Services (關於堅決制止地方以政府購買服務名義違法違規融資的通知) (“**Circular 87**”) which came into effect on the same day. According to Circular 87, it is prohibited to include certain kinds of infrastructure construction projects into the government’s lists of procurement. Such requirements may have a significant impact on the Guarantor and the Group’s access to financing and operations.

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

On 13 September 2018, the Guiding Opinions on Strengthening Asset-Liability Constraints on State-owned Enterprises (關於加強國有企業資產負債約束的指導意見) (the “**Guiding Opinions**”) was promulgated by the General Office of the CPC Central Committee and the General Office of State Council and become

effective on the same date. The Guiding Opinions, consistent with Circular 43 and Circular 50, bans local governments from engaging in “disguised” borrowing by using state-owned enterprises to issue corporate debt on their behalf.

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

In July 2021, the China Banking and Insurance Regulatory Commission issued the Guidelines for Banking and Insurance Institutions to Further Prevent and Defuse the Risks of Implicit Local Government Debt (Yin Bao Jian Fa [2021] No. 15) (銀行保險機構進一步做好地方政府隱性債務風險防範化解工作的指導意見(銀保監發[2021]15號)) (“**Circular 15**”), which provides that the banks and insurance institutions shall not increase any new local government implicit debt in any form. Circular 15 also provides that, the financing provided by banks and insurance institutions shall meet the following requirements: (i) It is not allowed to provide financing which actually will be repaid by government fiscal funds, or guaranteed by the government; (ii) the banks and insurance institutions shall not require or accept guarantee documents issued by local government or their departments; (iii) the banks and insurance institutions shall not require or accept any guarantee using the state-owned assets of local government, public institution or social organisation as guaranty; (iv) the banks and insurance institutions shall not require or accept any guarantee with government reserve land or expected land sale income as guaranty; (v) in PPP projects or government investment fund projects, the banks and insurance institutions shall not stipulate or require local government to repurchase the investment principal, bear the loss of the investment principal or guarantee the minimum return; (vi) financing services provided by banks and insurance institutions shall not be included in government purchase services; (vii) existing local government financing shall be rectified in accordance with relevant regulations; (viii) it is not allowed to increase any implicit local government debt in any form.

The Group believes that the PRC government will continue to implement Circular 19, Circular 2881, Circular 43, Circular 50, Circular 87, Circular 706, the Guiding Opinions, Circular 666, Circular 15 and other relevant regulations to control local government debts. Accordingly, the Group should rely on the cash flow generated from its operations and external borrowings to satisfy its cash needs for servicing its outstanding indebtedness and for financing its operating activities. The PRC government may continue to release new policies or amend existing regulations to control the increase in local government debts in the PRC. The Group may be required to further change its financing model and business model, which may have a material impact on its business, financial condition, results of operations and prospects.

The PRC government (including the Cixi Municipal Government, Cixi SAMC and the Zhejiang Provincial Government) has no payment or other obligations under the Bonds and the Guarantee nor provide any assurance on the financial conditions of the Issuer, the Guarantor and the Group.

The PRC government (including the Cixi Municipal Government, Cixi SAMC and the Zhejiang Provincial Government) is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Bonds and the Guarantee. The repayment obligations under the Bonds and the Guarantee remain the obligation of the Issuer and the Guarantor. Any ownership or control by the PRC government (including the Cixi Municipal Government, Cixi SAMC and the Zhejiang Provincial Government) does not necessarily correlate to, or provide any assurance as to, the Issuer’s and the Guarantor’s financial condition. This position has been reinforced by the Circular of the Ministry of Finance on Issues relevant to the Regulation on the Financing Activities Conducted by Financial Institutions for Local Governments and State-

owned Enterprises (Cai Jin [2018] No. 23) (財政部關於規範金融企業對地方政府和國有企業投融資行為有關問題的通知(財金[2018]23號)) (the “**Circular 23**”) promulgated on 28 March 2018 and which took effect on the same day, and Circular 706.

The PRC government as the ultimate equity holder of the Issuer and the Guarantor only has limited liability in the form of its equity contribution in the Issuer and the Guarantor. The PRC government (including the Cixi Municipal Government, Cixi SAMC and the Zhejiang Provincial Government) has no obligation to repay any amount under the Bonds and the Guarantee, or the transaction documents relating thereto. The Bonds are to be repaid by the Issuer and the Guarantor, each as an obligor under the relevant transaction documents and as an independent legal person. In the event the Issuer and/or the Guarantor does not fulfil its obligations under the Bonds and/or Guarantee, investors will only be able to claim as an unsecured creditor against the Issuer, the Guarantor and their assets, and not any other person including the PRC government (including the Cixi Municipal Government, Cixi SAMC and the Zhejiang Provincial Government) or any other local or municipal government. As the Circular 23 and Circular 706 are relatively new and given the limited volume of published decision related to these circulars, the interpretation and enforcement of these laws and regulations involve uncertainties, which could have a significant impact on the Issuer’s, the Guarantor’s and the Group’s business, financial condition, results of operations and prospects.

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

The Group faces risks associated with contracting with public bodies.

As the primary investment and financing platform of the Cixi Municipal Government focusing on infrastructure construction, provision of public services (including transportation, water supply and sale of coal gas) and management of stated-owned assets in Cixi City, the Group collaborates with various governmental authorities and their controlled entities in Cixi City. Although the Group believes that it currently maintains close working relationships with those governmental authorities and entities relevant to its businesses, there can be no assurance that these relationships will continue to be maintained on good terms in the future. Local governments and the government-controlled entities with which the Group collaborates may (i) have economic or business interests or consideration that are inconsistent with the Group’s; (ii) take actions contrary to the Group’s requests, policies or objectives; (iii) be unable or unwilling to fulfil their obligations; (iv) have financial difficulties; or (v) have disputes with the Group as to the contractual terms or other matters. If there are any material disagreements between the Group and any local government or any of the government-controlled entities, there can be no assurance that the Group is able to successfully resolve them in a timely manner.

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

The Group may not successfully implement its growth strategy.

The Group has historically been engaging in infrastructure construction, provision of public utilities (including transportation, water supply and sale of coal gas) and management of stated-owned assets in Cixi City.

Whether the Group can successfully implement this strategy, to some extent, depends on the Group’s ability to identify attractive projects, obtain required approvals from relevant regulatory authorities in the PRC, obtain sufficient capital on acceptable terms in a timely manner and maintain close working relationships with various

governmental authorities and agencies. The success of negotiations with respect to any particular project cannot be assured. There can be no assurance that the Group will be able to successfully implement its strategy, manage or integrate newly-acquired operations with its existing operations. Failure to implement the Group's growth strategy could have a material adverse impact on its business, financial condition and results of operations.

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

To fund its projects and businesses, the Group has incurred a large amount of indebtedness mainly through bank loans and issuance of domestic debt securities. As at 31 December 2022, the Group's total indebtedness (comprising short-term borrowings, other payables (interest-bearing portion), non-current liabilities maturing within one year, other current liabilities (interest-bearing portion), long-term borrowings, bonds payable, long-term payables (interest-bearing portion) and other non-current liabilities (interest-bearing portion)) amounted to approximately RMB76,052.8 million, representing 50.3 per cent. of the Group's total assets. Approximately RMB23,961.1 million of such indebtedness would become due within 12 months. The Group may incur additional indebtedness in the future, including but not limited to the issuance of debt securities or entering into banking or other loan arrangements. The Group's existing and future indebtedness and liabilities may be secured by the Guarantor's or its subsidiaries' assets, including but not limited to land and other fixed assets. As at 31 December 2022, the Group's restricted assets amounted to RMB12.4 billion, representing 8.2 per cent. of its total assets. In the case such security is enforced on such restricted assets, the Group's business operation and asset liquidity may be adversely affected. If any member of the Group incurs additional debt, the Group may be presented with increased risks.

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

In addition, from time to time the Group guarantees indebtedness of other entities outside the Group and such guarantees may from time to time be secured by the Guarantor's or its subsidiaries' assets, including but not limited to land and other fixed assets. As at 31 December 2022, the total amount of the outstanding guarantees provided by the Group to non-Group entities was approximately RMB5,854.2 million, representing 3.9 per cent. of the Group's total assets. Such entities are mainly state-owned enterprises. If any such entity defaults in paying the indebtedness, the Guarantor or any other member of the Group (as the case may be) would be liable for such indebtedness or obliged to pay the shortfall according to the provisions of the relevant guarantee, which would have an adverse effect on the Guarantor's or, as the case may be, the Group's business, financial condition, results of operations and prospects.

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

Failure to obtain sufficient capital on acceptable terms or in a timely manner may adversely affect the Group's business and growth prospects.

The Group's business requires and will continue to require substantial capital expenditure. For the years ended 31 December 2020, 2021 and 2022, the Group made capital expenditures of RMB1,437.9 million, RMB1,063.1 million and RMB3,811.2 million, respectively. The Group has historically satisfied its capital requirements through cash inflows from operating activities, bank loans and debt financing.

The ability of the Group to generate sufficient operating cash flow is affected by a number of factors, such as the Group's ability to manage and implement its business plans, changes in general market conditions, the regulatory environment, governmental policies and the competition in certain sectors in which the Group operates. Any material adverse change in these factors may cause the Group to experience a capital shortfall. There is no assurance that the Group's operations are or will be able to generate sufficient cash flow to satisfy its cash need at all times, if at all.

Insufficient cash flow generated from the Group's operating activities will increase the reliance on external financing. As at 31 December 2022, the Group had obtained credit facilities in the aggregate amount of approximately RMB89.2 billion, of which approximately RMB16.5 billion had not been utilised. 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 and the Group's financial condition. Some of these factors are beyond the Group's control and there is no assurance that the Group will be able to procure sufficient funds in a timely manner or to obtain external financing on commercially acceptable terms, or at all. In these cases, the Group 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 effect on its business, financial condition, results of operations and prospects.

The Group has historically experienced significant fluctuation in operating cash flow and cash flow from investing activities.

The Group has historically recorded significant fluctuation in its operating cash flow and cash flow from investing activities. For the years ended 31 December 2020 and 2022, the Group recorded a negative cash flow from its operating activities of RMB3,364.1 million and RMB9,491.4 million, respectively. For the year ended 31 December 2021, the Group recorded a positive net cash flow of RMB994.8 million from its operating activities. The Group's historical fluctuation in cash flow from operating activities was primarily attributable to significant project investments in recent years. In addition to significant fluctuation in cash flow from operating activities, the Group also recorded significant fluctuation in cash flow from its investing activities. For the years ended 31 December 2020 and 2022, the Group recorded a negative cash flow from its investing activities of RMB2,166.9 million and RMB4,308.0 million, respectively. For the year ended 31 December 2022, the Group recorded a positive net cash flow of RMB136.2 million from its investing activities. The Group's historical fluctuation cash flow from investing activities was primarily attributable to an increase in cash paid to acquire property, plant and equipment, intangible assets and other long-term assets. There is no assurance that the Group will not experience fluctuation in cash flow or negative cash flow in the future. If negative operating cash flow is recorded again in the future, the working capital of the Group may be constrained, which may materially and adversely affect the business, financial condition and results of operations of the Group.

The Group's ability to make payments on and to refinance its indebtedness, including the Bonds, and to fund planned capital expenditures and project development will depend on the Group's ability to generate cash. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond the Group's control. The Group's business operations might not generate sufficient cash flow to enable it to pay its indebtedness, including the Bonds, or to fund the Group's other liquidity

needs. The Group may need to refinance all or a portion of its indebtedness, including the Bonds, on or before maturity. However, the Group might not be able to refinance any of its indebtedness, including the Bonds, on commercially reasonable terms or at all. If the Group is unable to service its indebtedness or obtain refinancing on acceptable terms, it may be forced to adopt an alternative strategy that may include reducing or delaying capital expenditures, selling assets or seeking equity capital. These strategies may not be instituted on satisfactory terms, if at all.

The Group is subject to credit risk in collecting receivables, which may adversely affect the Group's cash flows or financial results.

As at 31 December 2020, 2021 and 2022, the Group's other receivables amounted to RMB16,724.8 million, RMB16,513.4 million and RMB18,376.7 million, representing 13.9 per cent., 12.3 per cent. and 12.2 per cent. of the Group's total assets in the same period. Deterioration of the financial position of the business counterparties of the Group, especially the business counterparties in the Group's infrastructure construction and affordable housing construction businesses from whom a significant portion of the Group's other receivables are due, will affect the Group's ability to collect the receivables. There is no assurance that the Group will be able to collect all or any part of the receivables from relevant business counterparties within the agreed credit terms. The Group has made provisions for bad debts of receivables based on the individual or aggregate importance of such receivables. However, such provisions are subject to the judgment and estimate of the management and there is no guarantee that sufficient provisions have been made for bad debts of receivables of the Group. The Group's failure to collect receivables from relevant business partners or failure to make sufficient provisions for bad debts of receivables may have a material adverse effect on the Group's cash flows and financial results.

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

As at 31 December 2020, 2021 and 2022, the Group's inventories amounted to RMB51,569.4 million, RMB55,108.6 million and RMB67,279.4 million, respectively, representing 42.8 per cent., 40.9 per cent. and 44.5 per cent. of the Group's total assets in the same period. The Group's inventories comprise primarily of development costs of land and property and the developed products. Any decrease in the market demand and the corresponding unanticipated drop in the sales of the land or projects that the Group developed or the services that the Group provided could cause the Group's inventories to accumulate or depreciate in value, which may adversely affect the Group's businesses, financial condition, results of operations and prospects. In addition, land and property development costs, which are recognised as inventories on the Group's consolidated balance sheet, are illiquid assets and might not be sold for cash in a timely manner. This may limit the Group's ability to respond to changing economic, financial and investment conditions. The Group's ability to sell these inventories, to a large extent, relies on the market demand for the land and property projects it develops. These factors may in turn be affected by the controlling measures of the PRC government on urban development and real property investment and the PRC government's macroeconomic and monetary policies, which are beyond the Group's control. Any failure to effectively manage the Group's inventory level will have a material impact on the Group's cash flow and adversely affect its ability to carry on ordinary business activities and to serve its outstanding debt, such as the Bonds, which in turn could materially and adversely affect the Group's business, financial condition, results of operations and prospects.

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

As a key investment and financing platform for infrastructure construction in Cixi City, the Guarantor has been receiving support from the government in the form of government subsidies. For the years ended 31 December 2020, 2021 and 2022, the government subsidies received by the Group amounted to approximately RMB1,120.4 million, RMB1,254.4 million and RMB1,204.8 million, respectively, representing 249.5 per cent., 209.8 per cent. and 206.5 per cent. of the Group's net profit in the same period. The government's provision of

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

Restrictive covenants contained in credit facilities may limit the Group's ability to incur additional indebtedness and restrict its future operations, and failure to comply with these restrictive covenants may adversely affect its liquidity, financial condition, results of operations and prospects.

Certain financing contracts entered into by members of the Group may contain operational and financial covenants that prohibit the borrower from incurring additional indebtedness unless it is able to satisfy certain financial ratios, restrict the borrower from creating security over its assets or granting guarantees, or prohibit the borrower from changing its business and corporate structure, without the lender's prior consent. The ability of the Guarantor and its subsidiaries (as borrower) to comply with such covenants may be affected by events beyond its control. Such restrictive covenants may also adversely affect the Group's ability to respond to changes in market conditions, take advantage of business opportunities the Group believes to be desirable, obtain future financing, fund capital expenditures, or withstand a continuing or future downturn in its business. Any of these factors could materially and adversely affect the Issuer's and the Guarantor's ability to satisfy their respective obligations under the Bonds, the Guarantee, the Trust Deed and other debt.

If the Issuer, the Guarantor or any of their relevant subsidiaries is unable to comply with the restrictive covenants in its current or future debt, a default under such debt may occur. In such event, the creditors may terminate their commitments to the Issuer, the Guarantor or their subsidiaries, accelerate the outstanding debt and declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Some of the financing contracts entered into by the Issuer, the Guarantor or their subsidiaries may contain cross-acceleration or cross-default provisions. As a result, a default by the Issuer, the Guarantor or any of their subsidiaries under any of other debt may cause the acceleration of not only the defaulted debt but also those debt containing cross-acceleration or cross-default provisions, including the Bonds, or result in a default under these debt instruments. If any of these events occurs, there is no assurance that the Issuer, the Guarantor or their subsidiaries will be able to obtain the lenders' waiver in a timely manner or at all, or that the assets and cash flow of the Issuer, the Guarantor or their subsidiaries would be sufficient to repay all of their respective debts in full as they become due, or that the Issuer, the Guarantor or their subsidiaries would be able to secure alternative financing. Even if the Issuer, the Guarantor and their subsidiaries could secure alternative financing, there is no assurance that it would be on terms that are acceptable to the Issuer, the Guarantor or their subsidiaries.

Furthermore, the Group's borrowings may be secured. Security rights may limit the Group's use of the underlying collateral assets and adversely affect their operational efficiency. If the Group is unable to service its secured debt on a timely basis, the assets provided as security for such secured debt may be subject to foreclosure, which may adversely affect the Group's business, prospects and financial conditions.

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

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

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

The Group's business operations are heavily regulated and any failure of the Group to comply with applicable laws, rules and regulations, including obtaining or maintaining necessary qualifications, permits and approvals for its operations may adversely affect its business, financial condition and results of operations.

Certain business activities of the Group, such as infrastructure construction, affordable housing construction, water supply and sale of coal gas, are extensively regulated in the PRC. The operation of these business activities requires a number of approvals, licences and permits from different governmental authorities. It takes time to obtain all of these approvals and certificates. Governmental authorities in the PRC have broad discretion in implementing and enforcing applicable laws and regulations and in granting approvals, qualifications, licences, permits and certificates necessary for the Group to conduct its business. For this reason, there are significant uncertainties in the interpretation and implementation of PRC laws, rules, regulations, policies and measures and verbal clarifications given by the governmental authorities may be inconsistent with the regulations concerned, increasing the Group's compliance risk. As of the date of this Offering Circular, the Group has obtained all approvals, qualifications, licences and permits that are necessary and material to its business operation and is not aware of any deficiencies that may have a material adverse effect on its business, financial condition, results of operations and prospect.

In addition, PRC governmental authorities may amend existing laws and regulations and release new policies which may affect the Group's business operations from time to time. The Group may encounter problems complying with new laws, regulations or policies or fails to respond to any changes in the regulatory environment in a timely manner. In addition, to ensure the restrictions and conditions of relevant business permits, licenses and certificates are fulfilled, governmental authorities normally conduct regular or special inspections, investigations and inquiries. If there is any material non-compliance of the Group or its business, the Group's permits, licenses and certificates may be suspended or revoked, and it may receive fines or other penalties, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

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

Certain business activities of the Group, such as infrastructure construction, are extensively regulated in the PRC. The operation of these business activities requires a number of approvals, licences and permits from different governmental authorities. For example, for each property development project and some of the infrastructure construction projects, the Group is required to obtain a project approval and the environmental assessment approval at the outset of the project, and as the projects progress, it needs to receive the construction land planning permit (建設用地規劃許可證), the land use right certificate (土地使用權證書), the environment impact evaluation approval (環境影響評價批覆), the construction project planning permit (建設工程規劃許可證), the construction permit (建築工程施工許可證), the real estate ownership certificate (不動產權證書) and go through fire safety inspection procedures at different stages of development. It takes time to obtain all of these approvals and certificates.

Governmental authorities in China have broad discretion in implementing and enforcing applicable laws and regulations and in determining the grant of approvals, licenses, permits and certificates necessary for conducting businesses. As at the date of this Offering Circular, the Group is in the process of obtaining the aforesaid approvals, licences, permits and certificates for some of its construction projects. Failure to obtain the necessary approvals, licences or permits in a timely manner could result in delay or suspension of business operations and a failure to obtain the necessary approvals, licences or permits may subject the relevant entities to regulatory or administrative penalties. Governmental authorities may adjust existing regulations or promulgate new regulations from time to time. The Group may encounter problems in obtaining or renewing the permits, licences, certificates and government authorisations necessary to conduct its businesses and may be unable to comply with new laws, regulations or policies. In addition, to ensure the restrictions and conditions of relevant business permits, licences and certificates are fulfilled, governmental authorities normally conduct regular or special inspections, investigations and inquiries. If any significant non-compliance is found by the governmental authorities, the Group's permits, licences and certificates may be suspended or revoked, and it may receive fines or other penalties, which could have a material adverse effect on the Group's businesses, financial condition, results of operations and prospects.

The Group's financial condition and results of operations may be affected by material fluctuations of interest rates.

The Group has substantial indebtedness outstanding. Much of the Group's indebtedness bears interests that accrue at interest rates linked to benchmark lending rates published by the PBOC which is now required to be converted into the loan prime rate (the "LPR") published by National Interbank Funding Centre as authorised by PBOC. Any material fluctuation in the LPR may have a material impact on the Group's interest expenses and payables under its bank loans and other borrowings and in turn affect its results of operations. The PRC government from time to time adjusts interest rates corresponding to the implementation of the PRC government's economic and monetary policies. Any material fluctuation in the LPR could have a material impact on the Group's interest payables under its bank loans and in turn affect its results of operations. The Group's future loan facilities may also carry interest rates based on the LPR and subject to market conditions. There is no assurance, as a result of any increase in the PBOC benchmark rate, LPR or otherwise, the Group will be able to service its existing bank borrowings as they become due or obtain sufficient additional bank borrowings going forward on commercially acceptable terms, or at all, which could have a material adverse effect on the Group's business, financial condition and results of operations.

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

The Group engages third-party contractors for its infrastructure construction, affordable housing and other businesses. It generally selects third-party contractors through a standardised public bidding and tendering process. The Group endeavours to employ those companies with good reputations, strong track records, performance reliability and adequate financial resources, and the Group also implements quality control procedures and closely monitors the construction progress. However, there is no assurance that its third-party contractors will always provide satisfactory services or meet the quality and safety standards required by the Group. If any third-party contractor fails to meet the requirements of the Group, the Group may need to replace such contractor or take other remedial actions, which could adversely affect the cost and development schedule of its projects. Moreover, the Group's contractors may undertake projects from other enterprises operating similar business, engage in risky undertakings or otherwise encounter financial or other difficulties, which may adversely affect their ability to complete the Group's projects on time, within budget or at all. All of these third-party related factors may have material adverse impact on the quality of services provided by the Group's contractors and the Group's reputation, credibility, financial position and business operations.

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

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

The Group's water supply business is subject to tariff payments and adjustments approved by the government.

Operating income from the Group's water supply business consists primarily of tariff payments under the relevant concession agreements. Adjustments to tariffs are generally subject to approvals by the relevant government authorities in the PRC and applications for upward adjustments to the tariffs may usually be made in the case of increases in key costs, including raw material prices, labour costs and electricity charges. There is no assurance that, in the event that there is any increase in such key costs, the relevant government authorities will approve the Group's applications for increasing the tariffs to reflect such increase in costs. Furthermore, even if the relevant government authorities agree to increase the tariffs, there is no assurance that such increase will fully and timely reflect the increase in the Group's actual costs.

Pollution may have adverse effects on the Group's water supply business.

Water is a resource and a raw material in the water industry, and the quality of raw water has a significant impact on water production. There has been an increase in the occurrence of water pollution in certain cities. Such water pollution is caused by various factors, including, but not limited to, the discharge of untreated sewage directly into water supply source. In the event that raw water is contaminated by pollutants, the Group is required to undertake additional technical procedures to treat such raw water to generate clean drinking water, resulting in increased production costs. The increase in polluted water has also necessitated the Group's investment in additional water production and treatment technologies, resulting in additional costs. If the raw water is contaminated by pollutants that the Group is unable to treat, the Group will not be able to deliver its water services, which could have a material adverse effect on the Group's businesses, financial conditions, results of operations and prospects. In addition, the Group's reputation and ability to obtain new projects may be negatively affected.

Gas operations entail inherent safety and environmental risks that may result in substantial liability to the Group.

Gas operations entail inherent risks, including equipment defects, malfunctions and failures, human error, accidents and natural disasters, which could result in uncontrolled flows of gas, fires, explosions, property damage, damage to the environment, injury and death. Liquefied natural gas ("LNG") fuel tanks, if damaged or improperly maintained, may rupture and the contents of the tank may rapidly decompress and result in death or injury. Also, operation of LNG pumps requires special training and protective equipment because of the extremely low temperatures of LNG. Improper loading of LNG vehicles can result in venting of methane gas, leading to explosions. The location of pipelines near populated areas, including residential areas, commercial business centers, industrial sites and other public gathering places, could increase the level of damage resulting

from these risks, including the loss of human life, significant damage to property, environmental damage, impairment of the Group's operations and substantial loss to the Group. The Group may incur substantial liability and cost if damages are not covered by insurance or are in excess of policy limits.

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

The Group relies on third-party contractors for its business. In recent years, work stoppages, employee suicide and other similar events in certain cities in the PRC have caused the PRC government to amend labour laws to enhance protection of employees' rights. Increasing awareness of labour protection as well as increasing minimum wages is likely to increase the labour costs borne by PRC enterprises in general, including the Group or the contractors participating in the Group's projects. As such, labour shortages, labour disputes or increases in labour costs of the Group's third-party contractors could cause an extension of the construction progress and an increase in the Group's fees payable to the contractors, which could in turn materially and adversely affect the Group's business and results of operations. See *"Risks Relating to the PRC – The Group's labour costs may increase for reasons such as the implementation of the PRC employment regulation"*.

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, unless otherwise provided, if the Group does not commence land development for more than one year after the date specified in the relevant land use rights grant contract or allocation decision, or the Group commences development on an area which is less than one-third of the area granted, or the capital invested in the development is less than one-fourth of the total investment approved for the development, and the development is suspended for more than one year without governmental approval, the PRC government may impose an idle land fee equal to 20 per cent. of the land premium or allocation fees. 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 or allocation decision 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 MLR and other authorities are required to research and commence the drafting of implementation rules concerning the levy of land appreciation fees on idle land. Furthermore, MLR issued the Notice on Restricting the Administration of Construction Land and Promoting the Utilisation of Approved Land (國土資源部關於嚴格建設用地管理促進批而未用土地利用的通知) in August 2009 which reiterated its policy on idle land. Any fines or penalties imposed, or any cancellation of land use rights with respect to idle land may materially and adversely affect the Group's business, financial condition and results of operations. As at 31 December 2022, the Group did not possess any land for which it had not commenced development within the time stipulated in the relevant land use rights grant contracts. However, the Group may have idle land issues in the future, and the imposition of fines and penalties in relation to any idle land could have a material and adverse effect on the Group's business, financial condition, results of operations and prospects.

Any failure of the Group 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 system to ensure the safety and quality of its construction projects. Therefore, it needs to maintain an effective quality control system for the Group's infrastructure and affordable housing construction business. The effectiveness of the Group's quality control system may be affected by a number of factors, such as timely update of the quality control system to address changing business needs, and the Group's and its contractors' willingness and ability to adhere to its quality control policies and guidelines. There is no assurance that the quality of the projects developed by the Group will not be undermined by the

underperformance of the Group's contractors. Any failure or deterioration of the Group's quality control system 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. 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 is no assurance that failures in its quality control systems will not occur in the future, and any such failure could have an adverse effect on the Group's business and operations.

The 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:

- operating limitations imposed by environmental or other regulatory requirements;
- work-related personal injuries;
- on-site occupational accidents;
- construction interruptions caused by operational errors, electricity outages, raw material shortages, equipment failure and other production risks;
- credit risks relating to the performance of customers or other contractual third parties;
- disruption in the global capital markets and the economy in general;
- loss on investments;
- environmental or industrial accidents; and
- catastrophic events such as fires, earthquakes, explosions, floods or other natural disasters, epidemics or pandemics.

The Group maintains insurance policies that provide different types of risk coverage, which the Group believes to be consistent with applicable laws and industry and business practices in the PRC. However, some of the above-mentioned operational risks may not be covered and even if covered by the insurance policies maintained by the contractors of the Group, claims under these insurance policies may not be honoured fully or on time, or the insurance coverage may not be sufficient to cover the costs incurred in the Group's operations related to the above-mentioned operational risks. Certain types of losses (such as from wars, acts of terrorism or acts of God, business interruption, property risks and third-party (public) liability) are not insured in the PRC because they are either uninsurable or not economically insurable. To the extent that the Group suffers loss or damage that is not covered by insurance or that exceeds the limit of its insurance coverage, its business, financial condition, results of operations and cash flow may be materially and adversely affected.

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

The success of the Group's business is dependent to a large extent on its ability to attract and retain key personnel who possess in-depth knowledge and understanding of the Group's businesses, as well as the industries in which the Group invests or operates. In light of the diversified business portfolio, the Group depends on the continued service of its executive officers and other skilled managerial and technical 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. In addition, as the Group's businesses continue to grow, it will need to recruit and train additional qualified personnel. If the Group fails to attract and retain key members of the senior management team or key qualified personnel, the Group's businesses and financial condition may also be materially and adversely affected.

The Group may not be able to fully detect money laundering and other illegal or improper activities in its business operations on a timely basis.

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 vehicles 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 the Group's business reputation, financial condition and results of operations.

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 scope;
- 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 bribes;

- conducting any insider dealing; or
- otherwise not complying with applicable laws or the Group's internal policies and procedures.

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

The Group is exposed to litigation risks.

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

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

Any future occurrence of force majeure events, natural disasters or outbreaks of epidemics and contagious diseases, may materially and adversely affect the Group's businesses and results of operations. An outbreak of an epidemic or contagious disease could result in a widespread health crisis and restrict the level of business activities in affected areas, which may in turn adversely affect the Group's businesses. For example, the outbreak of the COVID-19 pandemic, a highly infectious novel coronavirus initially detected toward the end of 2019, started a pandemic globally since early 2020. From 2020 to 2022, the PRC government implemented various restrictive measures in response to the COVID-19 pandemic, including imposing lockdowns and other restrictions from time to time. Such measures had adversely and materially affected the manufacturing, exports and imports and consumption of goods and services globally and significantly reduced global market liquidity and depressed spending and economic activities. Moreover, the PRC has experienced natural disasters such as earthquakes, floods and droughts in the past few years. For instance, serious earthquakes hit Sichuan Province in May 2008 and April 2013 and resulted in significant loss of lives and destruction of economic condition and development in Sichuan Province. As the Group's businesses are dependent on economic conditions in the PRC as a whole, any future occurrence of severe natural disasters in the PRC may adversely affect its economy and, in turn, the Group's businesses and results of operations. There is no assurance that any future occurrence of natural disasters or outbreak of avian influenza, severe acute respiratory syndrome, swine influenza or other epidemics or the measures taken by the PRC government or other countries in response to such events will not seriously disrupt the Group's operations or those of the Group's business partners or prospective investors in the Group's, which may have a material adverse effect on the Group's results of operations.

In addition, acts of war and terrorist attacks may cause damage or disruption to the Group, its employees, facilities, markets, suppliers and customers, any of which may materially and adversely affect its operating income, cost of sales, results of operations or financial condition. Potential war or terrorist attacks may also cause uncertainty and cause the Group's business to suffer in ways that it cannot currently predict. Any of the aforementioned factors may materially and adversely affect the Group's business, financial condition and results of operations.

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

This Offering Circular contains facts and statistics relating to the economy of the PRC and the industries in which the Group operates. While the Group has taken reasonable care to select reputable and reliable information sources and ensure that the facts and statistics relating to the relevant economies and the industries in which the Group operates presented are accurately extracted from such sources, such facts and statistics have not been independently verified by the Group, the Managers, the Trustee, the Agents or their respective advisers and, therefore, none of them makes any representation as to the accuracy of such facts and statistics, which may not be consistent with other information compiled within or outside the PRC. Due to ineffective calculation and collection methods and other problems, the facts and statistics herein may be inaccurate or may not be comparable to facts and statistics produced for other economies and should not be unduly relied upon.

RISKS RELATING TO FINANCIAL INFORMATION

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

The Guarantor from time to time issues medium-term notes, super short-term financing papers and private placement notes in the domestic capital markets in the PRC. According to applicable PRC securities regulations on debt capital markets, the Guarantor needs to publish its semi-annual and annual financial information to satisfy its continuing disclosure obligations relating to its medium term notes, ultra short-term financing papers and private placement notes. After the Bonds are issued, the Guarantor is obligated by the terms of the Bonds, among others, to provide holders of the Bonds with its audited financial statements and certain unaudited but reviewed periodical financial statements. The semi-annual financial information published by the Group in the PRC is normally derived from the Group's management accounts which have not been audited or reviewed by independent auditors. As such, the financial information published in the PRC should not be referred to or relied upon by potential investors to provide the same quality of information associated with any audited or reviewed financial information. The Guarantor 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.

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

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

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

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

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

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

Investors should exercise caution to the changes in accounting standards, procedures or policies adopted by the Group which may materially affect the financial condition and results of operation of the Group.

The financial accounting, procedures and reporting standards governing the Group's financial statements as well as their application and interpretation may change from time to time. Such changes may be beyond the control of the Group, and can be difficult to predict, which, in turn, could materially impact the Group's results of operations and financial condition. In some cases, the Group may be required to apply a new or revised standard retrospectively, resulting in material changes to previously reported financial results.

The Company implemented the 2021 New Accounting Standard and Interpretations with effect from 1 January 2021. As a result, certain consolidated financial information of the Company as at 31 December 2020 extracted from the 2021 Financial Statements may not be comparable to the consolidated financial information of the Company as at 31 December 2021 and 2022, which are extracted from the 2022 Financial Statements. For details of the 2021 New Accounting Standards and Interpretations, please see "*Notes to Financial Statements – 3.22 Changes in Significant Accounting Policies and Accounting Estimates – (a) Changes in accounting policies*" of the 2021 Audited Financial Statements. Potential investors may also refer to "*Notes to Financial*

Statements – Note 3.22 Changes in Significant Accounting Policies and Accounting Estimates – (c) First-time implementation of new financial instruments, new revenue standards and new leasing standards adjust relevant items in the financial statements at the beginning of the year of first implementation” of the 2021 Audited Financial Statements for details of the impact of adopting such new accounting policies on the Company’s consolidated financial information as at 1 January 2021, compared to that as at 31 December 2020 as these new accounting policies do not require retrospective adjustment to the consolidated financial information of the Company as at 31 December 2020.

The Company implemented Accounting Standards for Business Enterprises Interpretation No. 15 with effect from 1 January 2022 and the Accounting Standards for Business Enterprises Interpretation No. 16 with effect from 30 November 2022. The Company also transitioned its investment properties from the cost measurement model to the fair value model in accordance with the Accounting Standards for Business Enterprises Interpretation No. 3. Investment Property and Accounting Standards for Business Enterprises Interpretation No. 28 – Accounting Policies, Changes in Accounting Estimates and Error Corrections. The change in the measurement model for the Company’s investment properties requires retrospective adjustments to the Company’s consolidated financial information as at and for the year ended 2021. For details, please refer to “Notes to Financial Statements – 3.31 Changes in Significant Accounting Policies and Accounting Estimates – (a) Changes in accounting policies” of the 2022 Audited Financial Statements.

There can be no assurance that MOF will not promulgate other new accounting standards or requirements in relation to financial statements which would affect the Company’s accounting policies, or that the Company or its subsidiaries will not change their accounting estimates or uncover future accounting errors, each of which may affect the presentation and comparability of the Group’s financial statements. Investors should therefore exercise caution when making comparisons on the Group’s historical financial figures and when evaluating the Group’s financial condition and results of operations.

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

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

RISKS RELATING TO THE PRC

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

Substantially all of the Group’s operating income is derived from its operations in the PRC. The Chinese economy experienced rapid growth in the past 40 years with an average annual growth rate of 9.5 per cent. between 1979 to 2017 according to the National Statistics Bureau of the PRC. There has been a recent slowdown in the growth of China’s GDP, raising concern that the rapid growth of the PRC economy may not be sustainable. According to the National Statistics Bureau of the PRC, the growth rate of China’s GDP for 2017 slowed to 6.9 per cent. and it further decreased to 3.0 per cent. for 2022.

The future performance of China’s economy is not only affected by the economic and monetary policies of the PRC government, but is also vulnerable to material changes in global economic and political environments as well as the performance of certain major developed economies in the world, such as the United States and the European Union. In recent years, trade tension between the U.S. and China has escalated, where both countries

have increased tariffs on certain products in their bilateral trade. The latest conflict between Ukraine and Russia could adversely impact and exacerbate global supply chain constraints. Any such disruption could result in an adverse impact to the Group's financial results. Further, military, social, and political instability in a number of countries around the world, including continued hostilities and civil unrest in Ukraine and the Middle East, may have a negative effect on the Group's business, financial condition, and operations as a result of the impact on the global supply chain, the volatility in the prices of components, the global economy and the financial markets.

The outlook for the world economy and financial markets remains uncertain. These and other issues resulting from the global economic slowdown and financial market turmoil have adversely affected, and may continue adversely affecting the Group's business, financial condition, results of operations and prospects. Any volatility in the global markets and negative economic developments could, in turn, materially adversely affect the Group's business, prospects, financial condition or results of operations. In addition, this could adversely affect the Group's access to the debt capital markets and may increase funding costs, having a negative impact on the Group's operating income and financial conditions. Any of the foregoing may cause a further slowdown in the PRC economy, and there can be no assurance that any measures or actions taken by the PRC government with an aim to increasing investors' confidence in the PRC's economy in the PRC will be effective. The slowdown in the PRC economy may adversely affect the Group's business, financial condition, results of operations and prospects.

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

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

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

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

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

As substantially all of the Group's businesses are conducted, and substantially all of the Group's assets are located, in the PRC, the Group's operations are governed principally by PRC laws and regulations. The PRC legal system is based on written statutes while prior court decisions can only be cited as a reference. Since 1979, the PRC government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organisation and governance, commerce, taxation, foreign exchange and trade, with a view to developing a comprehensive system of commercial law. However, the promulgation of new laws, changes in existing laws and abrogation of local regulations by national laws may have an adverse effect on the Group's business, results of operations and financial condition as well as its prospects.

Additionally, given the involvement of different enforcement bodies of the relevant rules and regulations and the non-binding nature of prior court decisions and administrative rulings, the interpretation and enforcement of PRC laws and regulations involve significant uncertainties under the current legal environment. In addition, the enforcement of existing laws or contracts based on existing laws may be uncertain and sporadic, and it may be difficult to obtain swift and equitable enforcement or to obtain enforcement of a judgment by a court of another jurisdiction. These uncertainties relating to the interpretation and implementation of PRC laws and regulations may adversely affect legal protections and remedies that are available to the Group in its operations and to the holders of the Bonds.

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

Most of the Group's operating income is denominated in Renminbi, which is also the reporting currency. Renminbi is not a freely convertible currency. A portion of the Group's cash may be required to be converted into other currencies in order to meet the Group's foreign currency needs, including cash payments on declared dividends, if any. However, the PRC government may restrict future access to foreign currencies for current account transactions at its discretion. On the other hand, foreign exchange transactions under capital account in the PRC continue not to be freely convertible and require the approval of the SAFE. These limitations could affect the Group's ability to obtain foreign currencies through equity financing, or to obtain foreign currencies for capital expenditures.

The operations of the Group may be affected by inflation and deflation within the PRC.

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

Recently, concerns have arisen over deflationary pressures in the PRC as a result of weak domestic demand and a slowing economy. A prolonged period of deflation may result in falling profits, closure of plants and shrinking employment and incomes by companies and individuals, any of which could adversely affect the Group's business, financial condition or results of operations.

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

The Labour Contract Law of the PRC (中華人民共和國勞動合同法) became effective on 1 January 2008 in China and was amended on 28 December 2012. It imposes more stringent requirements on employers in relation to entry into fixed-term employment contracts and compensation payments upon dismissal of an employee. A minimum wage requirement has also been incorporated into Labour Contract Law of the PRC. 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 fifteen days. Employees who consent to waive such vacation at the request of employers due to work commitments shall be compensated an amount equal to three times their normal daily salaries for each vacation day being waived. The implementation of the labour law in the PRC has increased the Group's labour costs (including those incurred by contractors). In the event the Group decides to significantly change its workforce, the Labour Contract Law of the PRC could adversely affect its ability to effect these changes in a cost-effective manner or in the manner that the Group desires, which may result in an adverse impact on the Group's business 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 are likely to increase. In such circumstances, the profit margin may decrease and its financial results may be adversely affected. In addition, inflation in the PRC has increased in recent years, which also results in the increase the costs of raw materials required by the Group for conducting its businesses and the costs of labour. Rising labour costs may increase the Group's operating costs and partially erode the cost advantage of the Group's operations and therefore negatively effect the Group's profitability.

It may be difficult to effect service of process upon, or to enforce against, the Group or its directors or members of its senior management who reside in the PRC in connection with judgements obtained in non-PRC courts.

The Group conducts substantial operations in China and a substantial portion of its assets are located in China. In addition, a substantial majority of the Company's directors and senior management reside within China. As a result, it may not be possible for investors to effect service of process outside China upon the substantial majority of its directors and senior management.

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

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

Facts and other statistics in this Offering Circular relating to the PRC, its economy or the relevant industry in which the Group operates have been directly or indirectly derived from official government publications and certain other public industry sources and the Group can guarantee neither the quality nor the reliability of such source materials. They have not been prepared or independently verified by the Issuer, the Company, the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, employees, directors, officers, agents, advisers or representatives (or any person who controls any of them), and, therefore, the Issuer, the Company, the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, employees, directors, officers, agents, advisers 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 give consideration as to how much weight or importance they should attach to or place on such facts or other statistics.

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

Under the Enterprise Income Tax Law of the People's Republic of China which took effect on 1 January 2008 and was amended on 29 December 2018 (together with its implementation rules and regulations, 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. If relevant PRC tax authorities decide, in accordance with applicable tax rules and regulations, that the "de facto management body" of the Group is within the territory of PRC, the Issuer may be treated as a PRC tax resident enterprise for the purpose of the EIT Law. As at the date of this Offering Circular, the Issuer has not been notified or informed by the PRC tax authorities that it is considered as a PRC tax resident enterprise for the purpose of the EIT Law. However, there can be no assurance that the Issuer will not be treated as a PRC tax resident enterprise under the EIT Law and related implementation regulations in the future. There remains uncertainty as to whether the gains realised on the transfer of the Bonds by 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 People's Republic of China as last amended on 31 August 2018, and its implementation rules, 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 the Bonds by individual Holders who are not PRC citizens or residents will be subject to PRC individual income tax. If such gains are subject to PRC income tax, the 10 per cent. enterprise income tax rate and 20 per cent. individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Bonds minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排) which was promulgated on 21 August 2006, Bondholders who are Hong

Kong residents, including both enterprise Holders and individual Holders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of the Bonds if such capital gains are not connected with an office or establishment that the Bondholders have in the PRC and all the other relevant conditions are satisfied.

On 13 December 1993, the State Council issued the Provisional Regulations on Value-added Tax of the People's Republic of China (中華人民共和國增值稅暫行條例) which was last amended on 19 November 2017. On 23 March 2016, MOF and SAT issued the Circular of Full Implementation of Business Tax to VAT Reform (關於全面推開營業稅改徵增值稅試點的通知) (“**Circular 36**”), which introduced a new VAT from 1 May 2016. Further, Circular 36 was partially amended by Notice on Pilot Policies of Levying Value-added Tax in Lieu of Business Tax for Construction Services and Other Sectors which was issued by MOF and SAT on 11 July 2017 and became effective on 1 July 2017, and was partially amended by Announcement of the State Taxation Administration on Matters relating to Deepening the VAT Reform which was issued by MOF, SAT and the General Administration of Customs on 20 March 2019 and became effective on 1 April 2019. VAT is applicable where entities or individuals provide services within the PRC. VAT is unlikely to be applicable to any transfer of Bonds between entities or individuals located outside of the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Bonds, but there is uncertainty as to the applicability of VAT if either the seller or buyer of Bonds is located inside the PRC. Circular 36 together with other laws and regulations pertaining to VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties.

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

RISKS RELATING TO THE BONDS AND THE GUARANTEE

Any failure to comply with relevant requirements of the NDRC in respect of the issue of the Bonds within the prescribed time frame following the completion of the issue of the Bonds may have adverse consequences for the Group and/or the Bondholders.

NDRC issued the NDRC Circular 56 on 5 January 2023, which came into effect on 10 February 2023 and replaced the NDRC Circular 2044. According to the NDRC Circular 56, domestic enterprises and their overseas controlled entities shall procure the registration of any debt securities issued outside the PRC with NDRC prior to the issue of the securities and notify the particulars of the relevant issue within 10 PRC working days after the completion of the issue of the securities. The NDRC Circular 56 are silent on the legal consequences of non-compliance with the pre-issue registration requirements. The Company has received the Pre-issuance Certificate from NDRC in connection with the Pre-Issuance Registration. Similarly, the legal consequence of non-compliance with the post-issue notification requirement under the NDRC Circular 56 is unclear. In the worst-case scenario, such non-compliance with the post-issue notification requirements under the NDRC Circular 56 may result in it being unlawful for the Group to perform or comply with any of its obligations under the Bonds and the Bonds might be subject to enforcement as provided in Condition 9 (*Events of Default*) of the Terms and Conditions. Prospective investors are advised to exercise due caution when making their investment decisions.

The PRC government does not have any payment, guarantee or other obligations under the Bonds, the Trust Deed or the Deed of Guarantee.

The PRC government as the ultimate shareholder of the Group only has limited liability in the form of its equity contribution in the Issuer. As such, the PRC government is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Bonds, the Trust Deed, the Agency

Agreement and the Deed of Guarantee in lieu of the Issuer and Guarantor and will not provide guarantee of any kind for the Bonds. The Bondholders shall have no recourse to the PRC government in respect of any obligation arising out of or in connection with the Bonds, the Trust Deed, the Agency Agreement or the Deed of Guarantee. The Bonds are solely to be repaid by the Issuer and the Guarantor and the obligations of the Issuer and Guarantor under the Bonds, the Trust Deed, the Agency Agreement and the Deed of Guarantee shall solely be fulfilled by the Issuer and the Guarantor as obligors under the relevant transaction documents and as independent legal persons.

This position has been reinforced by the Circular 23 promulgated on 28 March 2018 and took effect on the same date, the Circular 706 promulgated on 11 May 2018 and took effect on the same date and Circular 666 issued by 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 with financial funds, nor shall they provide guarantees for the issuance of foreign debt by local state-owned enterprises.

Therefore, investors should base their investment decision only on the financial condition of the Issuer and the Group and any perceived credit risk associated with an investment in the Bonds should base only on the Group's own financial information reflected in its financial statements. The PRC government does not have any obligation to pay any amount under the Bonds, the Trust Deed, the Agency Agreement and the Deed of Guarantee. Investments in the Bonds are relying solely on the credit risk of the Group. In the event the Group does not fulfil its obligations under the Bonds, investors will only be able to claim as an unsecured creditor against the Group and its assets, and not any other person including the PRC government, any other local or municipal government or any other governmental or state-owned entities. As Circular 23, Circular 706 and Circular 666 are relatively new and given the limited volume of published decisions related to these circulars, the interpretation and enforcement of these laws and regulations involve uncertainties.

The Bonds and the Guarantee are unsecured obligations.

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

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

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

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

Following the occurrence of a Relevant Event (as defined in the Terms and Conditions), the Issuer may, at the option of any Bondholder, be required to redeem all, but not some only, of such Bondholder's Bonds at 101 per cent. (in the case of a redemption for a Change of Control) or 100 per cent. (in the case of a redemption for a No Registration Event) of their principal amount, together in each case with accrued interest to but

excluding the Put Settlement Date (as defined in the Terms and Conditions). 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.

There is also no assurance that the Guarantor would have sufficient liquidity at such time to make the required redemption of the Bonds. The ability to redeem the Bonds in such event may also be limited by the terms of other debt instruments. The Issuer's and the Guarantor's failure to repay, repurchase or redeem tendered Bonds could constitute an event of default under the Bonds, which may also constitute a default under the terms of the Issuer's, the Guarantor's or the Group's other indebtedness.

If the Guarantor fails to complete the Cross-Border Security Registration in connection with the Guarantee within the time period prescribed by SAFE, there may be logistical hurdles for cross-border payment under the Guarantee and the Guarantor may be subject to administrative penalties.

Pursuant to the Deed of Guarantee executed by the Guarantor and the Trustee, the Guarantor will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer under the Bonds and the Trust Deed. The Guarantor will be required to file or cause to be filed the Deed of Guarantee with the SAFE for registration in accordance with, and within 15 PRC Business Days after the execution date of the Deed of Guarantee as prescribed by the Provisions on the Foreign Exchange Administration of Cross-Border Guarantees (跨境擔保外匯管理規定) (the "SAFE Rules"), the Operational Guidelines on Foreign Exchange Administration of Cross-border Guarantee (跨境擔保外匯管理操作指引) promulgated by SAFE on 12 May 2014 (the "SAFE Guidelines"), and any implementation rules as issued by SAFE from time to time. As provided by the SAFE Rules, although the non-registration does not render the Guarantee ineffective or invalid under PRC law, SAFE may impose penalties on the Guarantor if registration is not carried out within the stipulated time frame. The Guarantor intends to complete the registration of the Guarantee as soon as practicable and in any event before the Registration Deadline (being the day falling 90 PRC Business Days after the Issue Date). However, there is no assurance that the Guarantor will be able to complete the Cross-Border Security Registration within the prescribed timeframe or at all. Under the Terms and Conditions, Bondholders may require the Issuer to redeem their Bonds in the event that the Guarantee is not registered within a specified timeframe. Bondholders who do not exercise such redemption option should note that before requisite registrations of the Guarantee given by the Guarantor are completed, it is uncertain whether the Guarantee given by the Guarantor can be enforced in practice. In addition, if the Guarantor fails to complete the Cross-Border Security Registration, there may be logistical hurdles at the time of remittance of funds (if any cross-border payment is to be made by the Guarantor under the Guarantee) as domestic banks may require evidence of Cross-Border Security Registration in connection with the Deed of Guarantee. The interpretation of the SAFE Rules and the SAFE Guidelines may involve significant uncertainty, and may adversely affect the practical enforceability of the Guarantee given by the Guarantor in the PRC. In addition, the administration of the SAFE Rules and SAFE Guidelines may be subject to a certain degree of executive and policy discretion by the SAFE.

If any of the Guarantor or its subsidiaries, including the Issuer, is unable to comply with the restrictions and covenants in its respective debt agreements, or the Bonds, there could be a default under the terms of these agreements, or the Bonds, which could cause repayment of the relevant debt to be accelerated.

If the Issuer is unable to comply with the restrictions and covenants in the Bonds, or if any of the Guarantor or its subsidiaries, including the Issuer, is unable to comply with its current or future debt obligations and other agreements, there could be a default under the terms of such agreements. In the event of a default under such agreements, the holders of the debt could terminate their commitments to lend to the Guarantor or its relevant subsidiary, accelerate repayment of the debt, declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Furthermore, some of the debt agreements entered into by members of the Group, and the Bonds, contain (or may in the future contain) cross-acceleration or cross-default provisions. As a result, the default by the Guarantor or the relevant subsidiary under one debt agreement may cause the

acceleration of repayment of debt, including the Bonds, or result in a default under its other debt agreements, including the Bonds. If any of these events occur, there can be no assurance that the assets and cash flows of the Group would be sufficient to repay in full all of their indebtedness, or that they would be able to find alternative financing. Even if alternative financing could be obtained, there can be no assurance that it would be on terms that are favourable or acceptable to the Guarantor or its subsidiaries.

The Bonds may not be a suitable investment for all investors seeking exposure to green or social assets or assets with sustainability characteristics.

The Group has developed the Sustainable Finance Framework and intends to adopt certain obligations with respect to the issue of the Bonds as described in the section headed “Sustainable Finance Framework Overview”. The Issuer intends to issue the Bonds for financing and/or re-financing, in whole or in part, projects which meet the eligibility criteria of the Eligible Green Projects and/or Eligible Social Projects as defined in the Sustainable Finance Framework. The Group cannot guarantee that it will be able to comply with the obligations as set out in the Sustainable Finance Framework. The Group has engaged Sustainable Fitch Hong Kong Limited, an independent firm that specialises in rating environmental and corporate governance performance, to review the Sustainable Finance Framework and to provide a second-party opinion (the “SPO”) on the Sustainable Finance Framework’s environmental and social credentials and its alignment with the Green Bond Principles (2021), Social Bond Principles (2021), Sustainability Bond Guidelines (2021), Green Loan Principles (2023) and Social Loan Principles (2023).

The SPO provides an opinion on certain environmental and related considerations and is not intended to address any credit, market or other aspects of an investment in the Bonds, including without limitation market price, marketability, investor preference or suitability of any security. The SPO is not incorporated into, and does not form part of, this Offering Circular. Furthermore, the SPO is for information purposes only and Sustainable Fitch Hong Kong Limited does not accept any form of liability for the substance of the SPO and/or any liability for loss arising from the use of the SPO and/or the information provided in them. None of the Issuer, the Company, the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, representatives, advisers, agents or affiliates or any person who controls any of them accepts any form of liability for the substance of the SPO and/or any liability for loss arising from the use of the SPO and/or the information provided in it.

There is currently no market consensus on what precise attributes are required for a particular project to be defined as “sustainable”, and therefore no assurance can be provided to potential investors that the eligible projects as described in the Sustainable Finance Framework will continue to meet the relevant eligibility criteria. Although eligible projects are expected to be selected in accordance with the categories described in the Sustainable Finance Framework and are expected to be developed in accordance with applicable legislation and standards, there can be no guarantee that adverse environmental and/or social impacts will not occur during the design, construction, commissioning and/or operation of any such projects/assets. Where any negative impacts are insufficiently mitigated, projects/assets may become controversial, and/or may be criticised by activist groups or other stakeholders.

While the Issuer and the Guarantor have agreed to certain obligations relating to use of proceeds and reporting as described under the sections headed “*Use of Proceeds*” and “*Sustainable Finance Framework Overview*” of this Offering Circular, it would not be an Event of Default under the Terms and Conditions if (i) the Issuer or the Guarantor were to fail to comply with such obligations or were to fail to use an amount equal to the net proceeds of the issue of the Bonds in accordance with the Sustainable Finance Framework and/or (ii) the SPO and/or any other certification were to be withdrawn. While the Issuer intends to allocate the proceeds from the offering to eligible projects, as described under the Sustainable Finance Framework, any failure to use the proceeds in connection with such eligible projects, and/or any failure to meet, or to continue to meet, the investment requirements of certain investors with environmental and/or social concerns with respect to the Bonds, may affect the value and/or trading price of the Bonds, and/or may have consequences for certain

investors with portfolio mandates to invest in sustainable projects. In the event that the Bonds are included in any dedicated “green”, “social”, “environmental”, “sustainable” or other equivalently-labelled index, no representation or assurance is given by the Issuer or the Guarantor or any other person that such listing or admission, or inclusion in such index, satisfies any present or future investor expectations or requirements as regards to any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable laws or regulations or by its own constitutive documents or other governing rules or investment portfolio mandates. Therefore, the Bonds may not be a suitable investment for all investors seeking exposure to green or social assets or assets with sustainability characteristics.

None of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents, advisers or any person who controls any of them makes any representation as to the suitability or reliability for any purpose of the SPO or any other certification or whether the Bonds fulfil, in whole or in part, the relevant environmental and social criteria or any present or future investor expectations or requirements. None of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents, advisers or any person who controls any of them makes any representation as to (i) whether the Bonds will meet investor criteria and expectations with regard to environmental impact, social impact and sustainability performance for any investors, (ii) whether the use of the net proceeds will be used for the eligible projects in accordance with the criteria described in the Sustainable Finance Framework or (iii) the characteristics of the eligible projects, including their environmental, social and sustainability criteria. Each prospective investor of the Bonds should determine for itself the relevance of the information contained in the Offering Circular regarding the use of proceeds and its purchase of the Bonds should be based upon such investigation as it deems necessary.

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 for the Bonds will develop. 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 but not limited to prevailing interest rates, the Group’s financial condition and results of operations and the market for similar securities. Although an application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds on the Hong Kong Stock Exchange, no assurance can be given that such application will be approved, or even if the Bonds become so listed, an active trading market for the Bonds will develop or be sustained. No assurance can be given as to the ability of Holders to sell their Bonds or the price at which Holders will be able to sell their Bonds or that a liquid market will develop. Further, the Bonds are issued in the specified denomination of U.S. \$200,000 and integral multiples of U.S.\$1,000 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. All of these factors may limit liquidity of Bonds.

The liquidity of the Bonds will be adversely affected if the Bonds are held by or allocated to limited investors. Bondholders should note that they may need to hold the Bonds until maturity as there may not be an active secondary market for the Bonds. None of the Joint Lead Managers is obligated to make a market in the Bonds, and any such market making, if commenced, may be discontinued at any time at the sole discretion of the Joint Lead Managers. In addition, the Bonds are being offered pursuant to exemptions from registration under the Securities Act and, as a result, Holders of the Bonds will only be able to resell the Bonds in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act. It is investors’ obligation to ensure that offers and sales of the Bonds within any

countries comply with applicable securities laws. See the section entitled “*Subscription and Sale*”. None of the Issuer, the Company or the Group can predict whether an active trading market for the Bonds will develop or be sustained.

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

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

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

The price and trading volume of the Bonds may be highly volatile. Factors such as variations in the Group’s operating income, earnings and cash flows and proposals of new investments, strategic alliances and/or acquisitions, changes in interest rates and fluctuations in prices for comparable companies, changes in government regulations and changes in the national or international economic conditions could cause the price of the Bonds to change. Any such developments may result in large and sudden changes in the volume and price at which the Bonds will be traded. There can be 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 global economy is facing significant uncertainties and the global financial markets are experiencing significant volatilities. 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, such as that caused in recent years by the global financial and economic crisis including the European debt crisis, the United Kingdom’s withdrawal from the European Union, the recent trade tensions between the United States and the PRC, and the ongoing COVID-19 pandemic around the world. If similar developments occur in the international financial markets in the future, the market price of the Bonds could be adversely affected. Prospective investors must exercise due caution before making their investment decisions.

Stamp duty may also be imposed during the issuance and transfer of the Bonds.

According to Interim Regulation of the PRC on Stamp Duty (中華人民共和國印花稅暫行條例) promulgated by the State Council on 6 August 1988, and implemented on 1 October 1988 and amended on 8 January 2011 and its implementation rules, enterprises or individuals which receive any of the instruments specified in these rules within the territory of the PRC or to the extent that any such instruments have legally binding effect within the territory of the PRC and are protected under PRC laws shall be obliged to pay relevant stamp duty in accordance with the provisions therein.

The Stamp Duty Law of the People’s Republic of China (中華人民共和國印花稅法) was promulgated on 10 June 2021 and shall come into force as at 1 July 2022 while the Interim Regulations of the PRC on Stamp Duty will then be repealed on the same date. According to the Stamp Duty Law, from 1 July 2022, entities and

individuals who make taxable documents and conduct securities transactions within the territory of the People's Republic of China are the taxpayers of stamp duty and shall pay stamp duty in accordance with the provisions of this Law, and all entities and individuals who make taxable documents outside the territory of the People's Republic of China to be used within the territory of the People's Republic of China shall pay stamp duty in accordance with the provisions of this Law.

However, there can be no assurance that if the issuance or transfer of the Bonds will not be deemed or treated by PRC taxation authority as the entry into a loan contract or use of any other taxable instruments in the PRC and thus be subject to PRC stamp duty. In addition, there can be no assurance that PRC laws will not be revised as to impose stamp duty upon the issuance or transfer of the Bonds or similar debt instrument. If the issuance of the Bonds is treated in the same way as the entering into of a loan contract, or use of any other taxable instruments in the PRC, both the borrower and lender (i.e., the Issuer and investors purchasing the Bonds, respectively) in respect of the issuance of the Bonds, or both the transferor and transferee (i.e., investors transferring the Bonds) in respect of the transfer of the Bonds would be each subject to PRC stamp duty of 0.005 per cent. of the amount borrowed, or any other rate applicable to the issuance and 0.05 per cent to the transfer of the Bonds (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 PRC stamp duty.

The taxation authority may impose a fine if a person subject to PRC stamp duty has failed to pay, or has paid an insufficient amount of stamp duty on a taxable instrument. The levy of stamp duty shall be administered by tax authorities in accordance with the provisions of the present Law and the Law of the People's Republic of China on the Administration of Tax Collection.

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

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

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

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

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

The Terms and Conditions contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including those Bondholders who did not attend and vote at the relevant meeting and those Bondholders who voted in a manner contrary to the majority.

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

In addition, the Trustee may, without the consent of the Bondholders, authorise or waive any proposed breach or breach of the Terms and Conditions, the Trust Deed, the Deed of Guarantee or the Agency Agreement if, in the opinion of the Trustee, the interests of the Bondholders will not be materially prejudiced thereby.

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

Each prospective investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each prospective 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 in this Offering Circular;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds;
- understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Bonds are complex financial instruments. A prospective investor should not invest in the Bonds unless it has 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 prospective investor's overall investment portfolio. In addition, the investment activities of certain investors are subject to legal investment laws and regulations and/or review or regulation by certain authorities. Each prospective 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 of the 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.

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

Bonds will initially be represented by the Global Certificate. Such Global Certificate will be deposited with a common depository for Euroclear and Clearstream (each of Euroclear and Clearstream, a “**Clearing System**”). Except in the circumstances described in the Global Certificate, investors will not be entitled to receive definitive Bonds. The relevant Clearing System will maintain records of the beneficial interests in the Global Certificate.

While the Bonds are represented by the Global Certificate, investors will be able to trade their beneficial interests only through the Clearing Systems. While the Bonds are represented by the Global Certificate, the Issuer will discharge its payment obligations under the Bonds by making payments to the common depository for Euroclear and Clearstream, for distribution to their account holders. A holder of a beneficial interest in the 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 the 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, 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.

Claims by the Holders of the Bonds are structurally or effectively subordinated to secured debt.

The Bonds are senior and unsecured obligations of the Issuer and the Guarantor. Payments under the Bonds are structurally or effectively subordinated to all the secured debts of the Issuer and/or the Guarantor to the extent of the value of the assets securing such debts. The effect of this subordination is that, in the event of a bankruptcy, liquidation, dissolution, reorganisation or similar proceeding involving the Issuer or the Guarantor, the assets of the Issuer or the Guarantor could not be used to pay the Holders of the Bonds until after all secured claims against the Issuer or the Guarantor have been fully paid.

Additional procedures may be required to be taken to bring matters or disputes governed by English law to the Hong Kong courts, and a Bondholder would need to be subject to the exclusive jurisdiction of the Hong Kong courts. There can be no assurance that the PRC courts will recognise and enforce judgments of the Hong Kong courts.

The Terms and Conditions and the transaction documents are governed by English law, whereas parties to these documents would 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 to be taken. Under the Arrangement, judgments of Hong Kong courts are likely to be recognised and enforced by the PRC

courts where the contracting parties to the transactions pertaining to such judgments have agreed to submit to the exclusive jurisdiction of Hong Kong courts. However, recognition and enforcement of a Hong Kong court judgment could be refused if the PRC courts consider that the enforcement of such judgment is contrary to the social and public interest of the PRC or under certain other circumstances specified by the Arrangement. While it is expected that the PRC courts will recognise and enforce a judgment given by Hong Kong courts, 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. As compared to other similar debt securities issuances in the international capital markets where the relevant holders of the debt securities would not typically be required to submit to an exclusive jurisdiction, Holders of the Bonds will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts, and thus the Holder's ability to initiate a claim outside Hong Kong will be limited.

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 interest accrued up to but excluding the date fixed for redemption if, subject to certain conditions, as a result of any change in, or amendment to, tax law, the Issuer (or if the Guarantor were called, the Guarantor) has or will become obliged to pay Additional Tax Amounts (as defined in Condition 8 (Taxation) of the Terms and Conditions), as further described in Condition 6(b) (*Redemption for Taxation Reasons*) of the Terms and Conditions.

If the Issuer redeems the Bonds prior to 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 not be able to meet its outstanding obligations under the Bonds.

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Maturity Date. In addition, following the occurrence of a Change of Control (as defined in the Terms and Conditions), the Issuer may, at the option of any Bondholder, be required to redeem all, but not some only, of that Bondholder's Bonds. If any of such events 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 of the Issuer to redeem the Bonds in any of such events may also be limited by the terms of other debt instruments. The Issuer's failure to repay, repurchase or redeem tendered Bonds could constitute an event of default under the Bonds, which may also constitute a default under the terms of the Issuer's other indebtedness.

The Issuer may issue additional Bonds in the future.

The Issuer may from time to time, without the consent of the Bondholders and in accordance with the Terms and Conditions, create and issue further bonds either (i) having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date, the first payment of interest and the timing for complying with the requirements set out in the Terms and Conditions in relation to Cross-Border Security Registration and the making of the NDRC Post-issue Filing and the relevant notifications to the Trustee and the Bondholders) and so that such further issue shall be consolidated and form a single series with the outstanding bonds of any series (including the Bonds)) (see "*Terms and Conditions of the Bonds – Further Issues*") or (ii) upon such terms as the Issuer may determine at the time of their issue. There can be no assurance that such future issuance or capital raising activity will not adversely affect the market price of the Bonds.

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

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

As the Bonds will carry a fixed interest rate, the trading price of the Bonds will consequently vary with the fluctuations in interest rates. If Bondholders sell the Bonds they hold before the maturity of such Bonds, they may receive an offer less than the amount they have invested.

Certain initial investors may purchase a significant portion of the Bonds and may therefore be able to exercise certain rights and powers on their own.

Certain initial investors may purchase a significant portion of the aggregate principal amount of the Bonds in this offering. Any Holder of a majority of the aggregate principal amount of the Bonds will be able to exercise certain rights and powers on its own under the Terms and Conditions and Deed of Covenant, which will be binding on Holders of the Bonds. Any Holder of a significant portion of or majority of the aggregate principal amount of the Bonds may be able to exercise such rights and powers on its own, which will be binding on all Holders of the Bonds and control the outcome of votes on such matters. Any Holder of a significant percentage of the Bonds, even if less than a majority, will be able to exercise certain rights and powers and will have significant influence on matters voted on by Bondholders. Additionally, the existence of any such significant Bondholder may reduce the liquidity of the Bonds in the secondary trading market.

EXCHANGE RATES

PBOC sets and publishes daily a base exchange rate with reference primarily to the supply and demand of Renminbi against a basket of currencies in the market during the prior day. PBOC also takes into account other factors, such as the general conditions existing in the international foreign exchange markets. On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On the same day, the value of Renminbi appreciated by 2 per cent. against U.S. dollar. The PRC government has since made and in the future may make further adjustments to the exchange rate system. On 18 May 2007, PBOC enlarged, effective on 21 May 2007, the floating band for the trading prices in the inter-bank spot exchange market of Renminbi against U.S. dollar from 0.3 per cent. to 0.5 per cent. around the central parity rate. This allows Renminbi to fluctuate against U.S. dollar by up to 0.5 per cent. above or below the central parity rate published by PBOC. The floating band was further widened to 1.0 per cent. on 16 April 2012. These changes in currency policy resulted in Renminbi appreciating against U.S. dollar by approximately 26.9 per cent. from 21 July 2005 to 31 December 2013. On 14 March 2014, PBOC further widened the floating band against U.S. dollar to 2.0 per cent. On 11 August 2015, PBOC announced to improve the central parity quotations of Renminbi against U.S. dollar by authorising market-makers to provide central parity quotations to the China Foreign Exchange Trading Centre daily before the opening of the interbank foreign exchange market with reference to the interbank foreign exchange market closing rate of the previous day, the supply and demand for foreign exchange as well as changes in major international currency exchange rates. Following the announcement by PBOC on 11 August 2015 and until the date of this Offering Circular, Renminbi has both depreciated and fluctuated significantly against U.S. dollar. On 5 August 2019, the PBOC set the Renminbi's daily reference rate above RMB7 per U.S. dollar for the first time in over a decade amidst an uncertain trade and global economic climate. The PRC government may adopt further reforms of its exchange rate system, including making Renminbi freely convertible in the future.

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

	Noon Buying Rate ⁽¹⁾			
	Low	Average ⁽²⁾	High	Period end
	(RMB per U.S.\$1.00)			
Period				
2018	6.2649	6.6292	6.9737	6.8755
2019	6.6822	6.9014	7.1786	6.9618
2020	6.5208	6.8878	7.1681	6.5250
2021	6.3435	6.4382	6.5716	6.3726
2022	6.3084	6.7518	7.3048	6.8972
2023				
July	7.1340	7.1863	7.2500	7.1426
August	7.1651	7.2486	7.2985	7.2582
September	7.2606	7.2979	7.3430	7.2960
October	7.2948	7.3071	7.3171	7.3166
November	7.1300	7.2226	7.3175	7.1360
December (through				
11 December 2023)	7.1386	7.1499	7.1645	7.1645

Notes:

- (1) Exchange rates between Renminbi and U.S. dollar represent the noon buying rates as set forth in the H. 10 statistical release of the Federal Reserve Board.
- (2) Annual averages have been calculated from month-end rate. Monthly averages have been calculated using the average of the daily rates during the relevant period.

TERMS AND CONDITIONS OF THE BONDS

The following, subject to modification and other than the words in italics, is the text of the terms and conditions of the Bonds which will appear on the reverse of each of the definitive certificates representing the Bonds:

The issue of the U.S.\$200,000,000 5.8 per cent. guaranteed green bonds due 2026 (the “**Bonds**”, which term shall include, unless the context requires otherwise, any further bonds issued in accordance with Condition 15 and consolidated and forming a single series therewith) was authorised by a written resolution of the sole director of Cixi State-owned Assets Overseas Development Company Limited 慈溪國投海外發展有限公司 (the “**Issuer**”) passed on 15 December 2023. The guarantee of the Bonds was authorised by a resolution of the board of directors of Cixi State-owned Assets Investment Holding Co., Ltd. (慈溪市國有資產投資控股有限公司) (the “**Guarantor**”) passed on 25 October 2023 and by a resolution of the shareholders of the Guarantor on 26 October 2023. The Bonds are constituted by a trust deed (as amended and/or supplemented from time to time, the “**Trust Deed**”) dated 21 December 2023 (the “**Issue Date**”) between the Issuer, the Guarantor and China CITIC Bank International Limited (the “**Trustee**”, which expression shall, where the context so permits, include all persons for the time being the trustee or trustees under the Trust Deed and any successor) as trustee for itself and for the holders of the Bonds. These terms and conditions (these “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bonds, such deed being executed in favour of the Trustee (for itself and the Bondholders (as defined below)). The Bonds have the benefit of a deed of guarantee (as amended and/or supplemented from time to time, the “**Deed of Guarantee**”) dated 21 December 2023 executed by the Guarantor and the Trustee relating to the Bonds. The Bonds are the subject of an agency agreement (as amended and/or supplemented from time to time, the “**Agency Agreement**”) dated 21 December 2023 relating to the Bonds has been entered into between the Issuer, the Guarantor, the Trustee, China CITIC Bank International Limited as the principal paying agent (in that capacity, the “**Principal Paying Agent**”, which expression shall include any successor principal paying agent appointed from time to time), the transfer agent (in that capacity, the “**Transfer Agent**”, which expression shall include any successor or additional transfer agent appointed from time to time) and the registrar (the “**Registrar**”, which expression shall include any successor registrar appointed from time to time) and any other agents named in it. Copies of the Trust Deed, the Deed of Guarantee and the Agency Agreement are available for inspection by the Bondholders (as defined below) at all reasonable times during usual business hours (being between 9:00 a.m. (Hong Kong time) and 3:00 p.m. (Hong Kong time), Monday to Friday (other than public holidays)) at the principal place of business of the Trustee (being as at the Issue Date at 80/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong) following prior written request and with proof of holding and identity to the satisfaction of the Trustee. “**Agents**” means the Principal Paying Agent, the Registrar, the Transfer Agent and any other agent or agents appointed from time to time pursuant to the Agency Agreement with respect to the Bonds including their respective successors. The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Deed of Guarantee and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

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

1 Form, Specified Denomination and Title

The Bonds are issued in registered form in the specified denomination of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof (each, a “**Specified Denomination**”).

The Bonds are represented by registered certificates (the “**Certificates**” and each a “**Certificate**”) and, save as provided in Condition 2(a), 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 that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”). Except as ordered by a court of competent jurisdiction or as otherwise required by law, the holder (as defined below) of any Bond shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on the Certificate (other than the endorsed form of transfer) representing it or the theft or loss of such Certificate and no person shall be liable for so treating the holder.

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

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

Except in the limited circumstances described in the Global Certificate, owners of interests in Bonds represented by the Global Certificate will not be entitled to receive definitive Certificates in respect of their individual holdings of Bonds. The Bonds are not issuable in bearer form. Each Bondholder shall be entitled to receive only one Certificate in respect of its entire holding of Bonds.

2 Transfers of Bonds and Delivery of New Certificates

- (a) **Transfer:** A holding of Bonds may, subject to Conditions 2(d) and 2(e) and the provisions of the Agency Agreement, be transferred in whole or in part in the specified denomination as provided by Condition 1 upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate(s) representing such Bonds to be transferred, together with the form of transfer endorsed on such Certificate(s) (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or the relevant Transfer Agent may require. In the case of a transfer of part only of a holding of Bonds represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Bonds to a person who is already a holder of Bonds, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. No transfer of title to a Bond will be valid unless and until entered on the Register.

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

- (b) **Delivery of New Certificates:** Each new Certificate to be issued upon transfer of Bonds pursuant to Condition 2(a) shall be made available for delivery within seven business days of receipt by the Registrar or, as the case may be, the Transfer Agent of a duly completed form of transfer and surrender of the existing Certificate(s). Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer and Certificate shall have been made or, at the option of the

holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(b), “**business day**” means a day, other than a Saturday or Sunday or public holiday, on which commercial banks are generally open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

- (c) **Transfer or Exercise Free of Charge:** Registration of a transfer of Bonds and issuance of new Certificates will be effected without charge by or on behalf of the Issuer or any Agent but upon (i) payment (or the giving of such indemnity and/or security and/or prefunding as the Issuer or any Agent may require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer; (ii) the Registrar or the relevant Transfer Agent being satisfied in its absolute discretion with the documents of title or identity of the person making the application and (iii) the relevant Agent being satisfied that the regulations concerning transfer of Bonds have been complied with.
- (d) **Closed Periods:** No Bondholder may require the transfer of a Bond to be registered (i) during the period of 15 days ending on (and including) the due date for redemption of that Bond, (ii) after a Put Exercise Notice in respect of such Bond has been deposited pursuant to Condition 6(c), (iii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(a)) or (iv) after notice of redemption has been given pursuant to Condition 6(b).
- (e) **Regulations:** All transfers of Bonds and entries on the Register will be made subject to the detailed regulations concerning transfer and registration of Bonds scheduled to the Agency Agreement. Each of the Issuer and the Registrar may change the regulations from time to time, with the prior written approval (in the case of any regulation proposed by the Issuer) of the Trustee and the Registrar. A copy of the current regulations will be made available for inspection by any Bondholder at the specified office of the Registrar at all reasonable times during usual business hours (being between 9:00 a.m. (Hong Kong time) and 3:00 p.m. (Hong Kong time), Monday to Friday (other than public holidays)) following prior written request and proof of holding and identity to the satisfaction of the Registrar.

3 Guarantee and Status

- (a) **Guarantee:** The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Bonds. Its obligations in respect of the Bonds (the “**Guarantee**”) are contained in the Deed of Guarantee. The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a), at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.
- (b) **Status:** The Bonds constitute direct, unsubordinated, unconditional and (subject to Condition 4(a)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a), at all times rank at least equally with all the Issuer’s other present and future unsecured and unsubordinated obligations.

4 Covenants

- (a) **Negative Pledge:** So long as any Bond remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Guarantor will, and each of the Issuer and the Guarantor will ensure that none of their respective Subsidiaries will, create, or have outstanding, any mortgage, charge, lien, pledge, encumbrance or other security interest of any kind (including without limitation, any conditional sale or other title retention agreement or lease in the nature thereof or any agreement to create any mortgage, charge, lien, pledge, security interest, easement or encumbrance of any kind), upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Bonds the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.
- (b) **Undertakings relating to the NDRC and Undertakings relating to the Guarantee:** The Guarantor shall within ten PRC Business Days after the Issue Date, file or cause to be filed with the National Development and Reform Commission of the PRC (the “NDRC”) the requisite information and documents in respect of the Bonds in accordance with the Administrative Measures for the Review and Registration of Medium- and Long-Term Foreign 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, regulations, certificates, circulars, notices or policies in connection therewith as issued by the NDRC from time to time (the “NDRC Post-issue Filing”), and comply with all applicable PRC laws and regulations (including laws and regulations as issued by the NDRC from time to time) in connection therewith.

The Guarantor undertakes to file or cause to be filed with the State Administration of Foreign Exchange or its local counterparts (“SAFE”), the Deed of Guarantee within the timeframe prescribed by, and in accordance with, the Provisions on the Foreign Exchange Administration of Cross-Border Guarantees(跨境擔保外匯管理規定) promulgated by SAFE on 12 May 2014 which came into effect on 1 June 2014 (the “Cross-Border Security Registration”). The Guarantor shall use its best endeavours to complete the Cross-Border Security Registration and obtain a registration certificate from SAFE (or any other document evidencing the completion of registration issued by SAFE) on or before the Registration Deadline and comply with all applicable PRC laws and regulations in relation to the issue of the Bonds and the Deed of Guarantee.

- (c) **Notification of Completion of the NDRC Post-issue Filing and the Cross-Border Security Registration:**

The Guarantor shall, within ten PRC Business Days after the later of (i) submission of the NDRC Post-issue Filing and (ii) receipt of the registration certificate from SAFE (or any other document evidencing the completion of the Cross-Border Security Registration), provide the Trustee with (i) a certificate in English substantially in the form set out in the Trust Deed signed by an Authorised Signatory of the Guarantor confirming the completion of the NDRC Post-issue Filing and the Cross-Border Security Registration and (ii) a copy of the relevant documents evidencing due filing with the NDRC and the completion of registration issued by SAFE and the particulars of registration certified in English as a true and complete copy of the original by an Authorised Signatory of the Guarantor (the items specified in (i) and (ii) of this Condition 4(c) together, the “Registration Documents”). In addition, the Guarantor shall give notice to the Bondholders in the form scheduled to the Trust Deed confirming the completion of the NDRC Post-issue Filing and the Cross-Border Security Registration (in accordance with Condition 16).

The Trustee and the Agents may rely conclusively and without investigation or verification on the Registration Documents and any certificate, confirmation, information or other documents in relation to or in connection with the Registration Documents. None of the Trustee or the Agents shall have any obligation or duty to monitor or ensure or assist with the completion of the NDRC Filings Post-issue Filing and the Cross-Border Security Registration on or before the deadlines referred to above or to verify the accuracy, validity and/or genuineness of any certificate, confirmation, information or other documents in relation to or in connection with the NDRC Filings Post-issue Filing and the Cross-Border Security Registration (each of which the Trustee and each Agent may accept and rely on without investigation and without liability to Bondholders or any other person) or to procure that any NDRC Post-issue Filing Document and the Cross-Border Security Registration or any other certificate, confirmation, information or other document not in English is translated into English or to verify the accuracy of any English translation of any certificate, confirmation or other document (if any) or to give notice to the Bondholders confirming the completion of the NDRC Post-issue Filing and the Cross-Border Security Registration, and none of them shall be liable to the Issuer, the Guarantor, the Bondholders or any other person for not doing so.

- (d) **Issuer Activities:** So long as any Bond remains outstanding, the Issuer shall not, and the Guarantor will procure that the Issuer will not carry on any business activity whatsoever other than the activities in connection with raising debt financing for the Group, including activities in connection with the offering, sale or issue of any bonds, notes, debentures, loan stock or other securities or incurrence of indebtedness, and any other activities reasonably incidental thereto (such activities shall, for the avoidance of doubt, include the on-lending of the proceeds of such issue(s) to the Guarantor or any other Subsidiaries of the Guarantor); and
- (e) **Financial Statements:** So long as any Bond remains outstanding, the Guarantor shall furnish the Trustee with:
 - (i) a copy of the Guarantor Audited Financial Reports within 150 calendar days of the end of each Relevant Period prepared in accordance with PRC GAAP (audited by a nationally or internationally recognised firm of independent accountants (which may be the auditor of the Guarantor as at the Issue Date)) and if such statements shall be in the Chinese language, together with an English translation of the same translated by (A) a nationally or an internationally recognised firm of accountants (which may be the auditor of the Guarantor as at the Issue Date) or (B) a professional translation service provider and checked by a nationally or an internationally recognised firm of accountants (which may be the auditor of the Guarantor as at the Issue Date), together in each such case with a certificate in English signed by an Authorised Signatory of the Guarantor certifying that such translation is complete and accurate;
 - (ii) a copy of the Guarantor Unaudited Semi-Annual Management Accounts prepared on a basis consistent with the Guarantor Audited Financial Reports within 120 calendar days of the end of each Relevant Period and if such statements shall be in the Chinese language, together with an English translation of the same and translated by (A) a nationally or an internationally recognised firm of accountants (which may be the auditor of the Guarantor as at the Issue Date) or (B) a professional translation service provider and checked by a nationally or an internationally recognised firm of accountants (which may be the auditor of the Guarantor as at the Issue Date), together in each such case with a certificate in English signed by an Authorised Signatory of the Guarantor certifying that such translation is complete and accurate; and

- (i) a Compliance Certificate of the Issuer and the Guarantor (on which the Trustee may rely conclusively without investigation or verification as to such compliance and shall not be liable to any Bondholder or any other person for such reliance) (A) at the same time as providing the copy of the Guarantor Audited Financial Reports as set out in Condition 4(e)(i) above and (B) within 14 days of any written request by the Trustee.

In addition, so long as any Bond remains outstanding, each of the Issuer and the Guarantor shall furnish the Trustee with a Compliance Certificate (on which the Trustee may rely conclusively without investigation or verification as to such compliance and shall not be liable to any Bondholder or any other person for such reliance) (I) at the same time as the Guarantor provides a copy of the Guarantor Audited Financial Reports as set out in Condition 4(e)(i) above and (II) within 14 days of any written request by the Trustee.

The Trustee shall not be required to review and may conclusively rely on the Guarantor Audited Financial Reports and/or the Guarantor Unaudited Semi-Annual Management Accounts or any other financial report 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 or to verify the accuracy or completeness of any English translation, and the Trustee shall not be liable to any Bondholder, the Issuer, the Guarantor or any other person for not doing so.

- (f) **Ratings:** For so long as any Bonds remain outstanding, save with the approval of an Extraordinary Resolution, the Guarantor will use its best endeavours to maintain at least one rating on the Bonds by a Rating Agency.
- (g) **Definitions:** In these Conditions:

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

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

- (i) no Relevant Event (as defined in Condition 6(c)), Event of Default (as defined in Condition 9) or Potential Event of Default (as defined in the Trust Deed) has occurred since the Certification Date of the last such certificate or (if none) the date of the Trust Deed or, if such an event had occurred, giving details of it; and
- (ii) each of the Issuer and the Guarantor (as the case may be) has complied with all its covenants and obligations under the Trust Deed, the Bonds and the Deed of Guarantee (in the case of the Guarantor only) or, if any non-compliance had occurred, giving details of it;

“**Guarantor Audited Financial Reports**” means, for a Relevant Period, the annual audited consolidated statement of financial position, statement of profit or loss and other comprehensive income and statement of cash flows of the Guarantor together with any statements, reports (including any auditors’ reports) and notes attached to or intended to be read with any of them;

“Guarantor Unaudited Semi-Annual Management Accounts” means, for a Relevant Period, the unaudited and unreviewed consolidated statement of financial position, statement of profit or loss and other comprehensive income and statement of cash flows of the Guarantor, prepared on a basis consistent with the Guarantor Audited Financial Reports;

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

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

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

“Rating Agency” means (i) any of S&P Global Ratings, a division of S&P Global Inc., or its successors (“S&P”), Fitch Ratings Inc. or its successors (“Fitch”) or Moody’s Investors Service, Inc., a subsidiary of Moody’s Corporation, or its successors (“Moody’s”) or (ii) if none of S&P, Fitch or Moody’s shall make a rating of the Bonds publicly available, any other reputable credit rating agency of international standing selected by the Issuer and notified by the Issuer to the Trustee in writing;

“Registration Deadline” means the day falling 90 PRC Business Days after the Issue Date;

“Relevant Indebtedness” means any indebtedness incurred outside the PRC which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter market or other securities market (which for the avoidance of doubt, does not include bilateral loans, syndicated loans or club deal loans, any transferable loan facility or agreement (including any draw-down of any existing credit line or facility));

“Relevant Period” means, in relation to the Guarantor Audited Financial Reports, each period of twelve months ending on the last day of the Guarantor’s financial year (being 31 December of that financial year) and, in relation to the Guarantor Unaudited Semi-Annual Management Accounts, each period of six months ending on the last day of the first half of the Guarantor’s financial year (being 30 June of that financial year); and

a **“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.

5 Interest

The Bonds bear interest on their outstanding principal amount from and including the Issue Date at the rate of 5.8 per cent. per annum, payable semi-annually in arrear in equal instalments of U.S.\$29.0 per Calculation Amount (as defined below) on 21 June and 21 December in each year (each an **“Interest Payment Date”**), commencing on 21 June 2024.

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

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

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 the “**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.

So long as the Bonds are represented by a Global Certificate which is held on behalf of Euroclear, Clearstream or an Alternative Clearing System (as defined in the Trust Deed), the Interests in respect of the Bonds shall be calculated based on the aggregate principal amount of the Bonds represented by the Global Certificate.

6 Redemption and Purchase

- (a) **Final Redemption:** Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 21 December 2026. 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 to the Bondholders (which notice shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, at their principal amount together with any interest accrued to but excluding the date fixed for redemption, if the Issuer (or, if the Guarantee is called, the Guarantor) satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer (or, if the Guarantee were called, the Guarantor) 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 British Virgin Islands or the PRC, or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 18 December 2023, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds (or the Guarantee, as the case may be) then due.

Prior to the publication by the Issuer of any notice of redemption pursuant to this Condition 6(b), the Issuer (or the Guarantor, as the case may be) shall deliver to the Trustee:

- (A) a certificate in English signed by any Authorised Signatory of the Issuer (or a certificate of the Guarantor signed by any Authorised Signatory of the Guarantor, as the case may be) stating that the obligation referred to in (i) above of this Condition 6(b) cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it; and
- (B) an opinion addressed to and in form and substance satisfactory to the Trustee of independent tax or legal advisers of recognised standing to the effect that the Issuer (or the Guarantor, as the case may be) has or will become obliged to pay such Additional Tax Amounts as a result of such change or amendment or statement.

The Trustee shall be entitled (but shall not be obliged) to accept and rely conclusively upon such certificate and opinion as satisfactory and sufficient evidence (without further investigation or query and without liability to any Bondholder, the Issuer or any other person) of the satisfaction of the conditions precedent set out in (A) and (B) above of this Condition 6(b), in which event such certificate and opinion shall be conclusive and binding on the Bondholders.

All Bonds in respect of which any notice of redemption is given under this Condition 6(b) shall be redeemed on the date specified in such notice in accordance with this Condition 6(b).

Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying the calculations of any amount payable under any notice of redemption under this Condition 6(b) or any Put Exercise Notice under Condition 6(c) and none of them shall be liable to the Bondholders, the Issuer, the Guarantor or any other person for not doing so.

- (c) **Redemption for Relevant Events:** At any time following the occurrence of a Relevant Event, the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem all but not some only of that holder's Bonds on the Put Settlement Date at 101 per cent. (in the case of a redemption for a Change of Control) or 100 per cent. (in the case of a redemption for a No Registration Event) of their principal amount, together with any interest accrued to but excluding such Put Settlement Date. In order to exercise such right, the holder of the relevant Bond must deposit at the specified office of the Principal Paying Agent or any other Paying Agent a duly completed and signed notice of redemption, substantially in the form scheduled to the Agency Agreement, obtainable from the specified office of the Principal Paying Agent (a "**Put Exercise Notice**"), together with the Certificate representing the Bonds to be redeemed by not later than 30 days following a Relevant Event, or, if later, 30 days following the date upon which notice thereof is given to the Bondholders by the Issuer in accordance with Condition 16.

The "**Put Settlement Date**" shall be the fourteenth day after the expiry of such period of 30 days as referred to above. A Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Bonds the subject of the Put Exercise Notices delivered as aforesaid on the Put Settlement Date.

The Issuer shall give notice to the Bondholders in accordance with Condition 16 (such notice shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent by not later than 14 days following the first day on which it becomes aware of the occurrence of a Relevant Event, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Bonds pursuant to this Condition 6(c), the requirements that holders must satisfy in order to do so, and the following:

- (i) a statement that either a Change of Control or a No Registration Event has occurred;

- (ii) the date by which the Put Exercise Notice must be given;
- (iii) the redemption amount and the method by which such amount will be paid;
- (iv) the names and addresses of all Paying Agents;
- (v) a statement that a Put Exercise Notice, once validly given, may not be withdrawn.

Unless it has received express notice pursuant to this Condition 6(c), the Trustee shall be entitled to assume that no Relevant Event has occurred. Neither the Agents nor the Trustee shall be required to monitor or to take any steps to ascertain whether a Relevant Event or any event which could lead to a Relevant Event has occurred or may occur and none of them shall have any obligation or duty to verify the accuracy, validity and/or genuineness of any documents in relation to or connection with the Registration Conditions and none of them shall be liable to Holders, the Issuer, the Guarantor or any other person for not doing so.

In this Condition 6(c):

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

- (i) the Guarantor ceases, directly or indirectly, to hold or own 100 per cent. of the issued share capital of the Issuer;
- (ii) the Controlling Person ceases to, directly or indirectly, hold or own 90 per cent. of the issued share capital of the Guarantor; or
- (iii) the Guarantor consolidates with or merges into or sells or transfers all or substantially all of the Guarantor’s assets to any other person or persons, except where 100 per cent. of the issued share capital of 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, held or owned by the Controlling Person;

“Controlling Person” mean the (i) Cixi State-owned Assets Management Centre (慈溪市國有資產管理中心) or its successor; (ii) the Ningbo Municipal People’s Government (寧波市人民政府) or its successor; (iii) the Zhejiang Provincial People’s Government (浙江省人民政府) or its successor; (iv) the PRC government, together with any other person(s) directly or indirectly Controlled by any of the persons referred in (i), (ii) (iii) and (iv);

“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; (ii) the right to appoint and/or remove the majority of the members of the relevant person’s board of directors or other governing body, the possession of voting rights, contract or otherwise, or (iii) the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of the relevant persons, and the term **“Controlled”** has meanings correlative to the foregoing.

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

“PRC Government” means the central government of the PRC and its provincial, municipal and local counterparts; and

“Registration Conditions” means the receipt by the Trustee of the Registration Documents.

In addition, in these Conditions:

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

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

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

- (d) **Notices 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 such notice in accordance with this Condition 6. If there is more than one notice of redemption given in respect of any Bond (which shall include any notice given by the Issuer pursuant to Condition 6(b) and any Put Exercise Notice given by a Bondholder pursuant to Condition 6(c)), the notice given first in time shall prevail and in the event of two notices being given on the same date, the first to be given shall prevail.

Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying any calculations of any amounts payable under any notice of redemption or Put Exercise Notice and none of them shall be liable to the Bondholders, the Issuer, the Guarantor or any other person for not doing so.

- (e) **Purchase:** The Issuer, the Guarantor and 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 Guarantor 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, among other things, the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Conditions 9, 12(a) and 13.
- (f) **Cancellation:** All Certificates representing Bonds redeemed or purchased by or on behalf of the Issuer, the Guarantor and their respective Subsidiaries shall be surrendered for cancellation to the Registrar and, upon surrender thereof, all such Bonds shall be cancelled forthwith. Any Certificates so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the Guarantor 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 any Transfer Agent or of the Registrar if no further payment falls to be made in respect of the Bonds represented by such Certificates) in the manner provided in Condition 7(a)(ii) below.
- (ii) Interest on each Bond shall be paid on the due date to the person shown on the Register at the close of business on the fifth Payment Business Day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Bond shall be made in U.S. dollars by wire transfer to the registered account of the Bondholder. For the purposes of this Condition

7(a)(ii), a Bondholder's "**registered account**" means the U.S. dollar denominated account maintained by or on behalf of it with a bank, details of which appear on the Register at the close of business on the Record Date.

- (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.

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

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

Notice of any such termination or appointment or any change of any specified office of an Agent shall promptly be given by the Issuer or the Guarantor to the Bondholders in accordance with Condition 16.

- (e) **Delay in Payment:** Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Bond if the due date is not a Payment Business Day, or if the Bondholder is late in surrendering or cannot surrender its Certificate (if required to do so).
- (f) **Non-Payment Business Days:** If any date for payment in respect of any Bond is not a Payment Business Day, the holder shall not be entitled to payment until the next following Payment Business Day nor to any interest or other sum in respect of such postponed payment. In this Condition 7, “**Payment Business Day**” means a day (other than a Saturday, a Sunday or a public holiday) on which commercial banks and foreign exchange markets are generally open for business in New York City and the place in which the specified office of the Registrar is located and where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency.

8 Taxation

All payments of principal, premium (if any) and interest by or on behalf of the Issuer or the Guarantor in respect of the Bonds or under the Guarantee 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 the British Virgin Islands or the PRC or, in each case, any political subdivision or authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

Where such withholding or deduction is made by the Issuer or, as the case may be, the Guarantor by or within the PRC at the rate up to and including the rate applicable on 18 December 2023 (the “**Applicable Rate**”), the Issuer or, as the case may be, the Guarantor will increase the amounts paid by it to the extent required, so that the net amount received by the Bondholders equals the amount which would otherwise have been receivable by them had no such withholding or deduction been required.

If (a) the Issuer (or, as the case may be, the Guarantor) is required to make any deduction or withholding by or within the British Virgin Islands, or (b) by or within the PRC in excess of the Applicable Rate, then the Issuer (or the Guarantor, as the case may be) 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 British Virgin Islands or the PRC other than the mere holding of the Bond; or
- (ii) **Surrender more than 30 days after the Relevant Date:** in respect of which the Certificate representing it is presented or surrendered (where presentation or surrender is required) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such Additional Tax Amounts on presenting or, as the case may be, surrendering the Certificate representing such Bond for payment on the last day of such period of 30 days (as if such last day were a Payment Business Day).

“**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 presentation or, as the case may be, 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 presentation or surrender.

Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, assessment, governmental charges, withholding or other payment referred to in this Condition 8 or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, the Guarantor, any Bondholder or any third party to pay such tax, duty, assessment, governmental charges, withholding or other payment in any jurisdiction or to provide any notice or information to the Trustee or any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Bonds without deduction or withholding for or on account of any tax, duty, assessment, governmental charge, withholding or other payment imposed by or in any jurisdiction.

9 Events of Default

If any of the following events (each an “**Event of Default**”) occurs, the Trustee at its discretion may, and if so requested in writing by holders of at least 25 per cent. in aggregate principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall (provided that in any such case the Trustee shall first have been indemnified and/or secured and/or pre-funded to its satisfaction), give written notice to the Issuer and the Guarantor 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:

- (a) **Non-Payment:** the Issuer and the Guarantor each fail to pay (i) the principal of or any premium (if any) on any of the Bonds when due or (ii) interest on any of the Bonds when due within seven days of the due date for payment thereof; or
- (b) **Breach of Other Obligations:** the Issuer or the Guarantor does not perform or comply with any one or more of its other obligations under the Bonds, the Trust Deed or the Deed of Guarantee (where applicable) (other than where such default gives rise to a right of redemption pursuant to Condition 6(c)), which default is, in the opinion of the Trustee, incapable of remedy or, if such default is, in the opinion of the Trustee, capable of remedy, such default is not remedied within 30 days after notice in writing of such default shall have been given to the Issuer or the Guarantor (as the case may be) by the Trustee; or
- (c) **Cross-default:** (i) any other present or future indebtedness of the Issuer or the Guarantor or any of their respective Subsidiaries for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Issuer or the Guarantor or any of their respective Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 9(c) have occurred equals or exceeds U.S.\$30,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this Condition 9(c) operates); or
- (d) **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against the whole or any material part of the property, assets or revenues of the Issuer or the Guarantor or any of the Principal Subsidiaries and is not discharged or stayed within 30 days; or

- (e) **Security Enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or the Guarantor or any of the Principal Subsidiaries on the whole or any material part of the undertaking, assets and revenues of the Issuer, the Guarantor or any of the Principal Subsidiaries becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) and is not discharged or stayed within 30 days; or
- (f) **Insolvency:** the Issuer or the Guarantor or any of the Principal Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt, or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or any material part of its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all or any 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 any material part of such debts or a moratorium is agreed or declared in respect of or affecting all or any material part of the debts of the Issuer, the Guarantor or any of the Principal Subsidiaries; or
- (g) **Winding-up:** an order is made or an effective resolution is passed for the winding-up or dissolution of the Issuer or the Guarantor or any of the Principal Subsidiaries, or the Issuer, the Guarantor or any of the Principal Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business or operations, except, in each case above, (i) for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation or dissolution on terms approved by an Extraordinary Resolution of the Bondholders, (ii) in the case of a Principal Subsidiary (other than the Issuer), whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer, the Guarantor and/or any of their respective Subsidiaries, (iii) a disposal of a Principal Subsidiary (other than the Issuer) on an arm's length basis where the proceeds (whether in cash or otherwise) resulting from such disposal are vested in the Guarantor or any of its Subsidiaries or (iv) for a voluntary solvent winding-up of any Principal Subsidiary (other than the Issuer); or
- (h) **Nationalisation:** any step is taken by any person acting under the authority of any national, regional or local government with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the undertaking, assets and revenues of the Issuer, the Guarantor or any of their respective Principal Subsidiaries or (ii) the Issuer, the Guarantor or any of their respective Principal Subsidiaries is prevented by any such person from exercising normal control over all or any material part of its undertaking, assets and revenues; or
- (i) **Authorisation and Consents:** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done by the Issuer or the Guarantor in order (i) to enable the Issuer and the Guarantor lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under and in respect of the Bonds, the Trust Deed and the Deed of Guarantee (as applicable), (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Bonds, the Trust Deed and the Deed of Guarantee admissible in evidence in the courts of the PRC is not taken, fulfilled or done; or
- (j) **Illegality:** it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any one or more of their respective obligations under or in respect of any of the Bonds, the Trust Deed and/or the Deed of Guarantee; or
- (k) **Unenforceability of Guarantee:** the Guarantee is or becomes unenforceable or invalid or is not or shall for any reason cease to be in full force and effect or is claimed to be unenforceable, invalid or not in full force and effect by the Guarantor; 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 in any of Conditions 9(d) to 9(h) (both inclusive).

In this Condition 9, “**Principal Subsidiary**” means any Subsidiary of the Guarantor:

- (a) whose total operating revenue or (in the case of a Subsidiary which itself has Subsidiaries) consolidated total operating revenue, as shown by its latest audited income statement, is at least five per cent. of the consolidated total operating revenue as shown by the latest published audited consolidated income statement of the Guarantor and its Subsidiaries including, for the avoidance of doubt, the Guarantor 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 total profit or (in the case of a Subsidiary which itself has Subsidiaries) consolidated total profit, as shown by its latest audited income statement, is at least five per cent. of the consolidated total profit as shown by the latest published audited consolidated income statement of the Guarantor and its Subsidiaries including, for the avoidance of doubt, the Guarantor and its consolidated Subsidiaries’ share of profits of Subsidiaries not consolidated and of jointly controlled entities and after adjustments for minority interests; or
- (c) whose total assets or (in the case of a Subsidiary which itself has Subsidiaries) consolidated total assets, as shown by its latest audited balance sheet, are at least five per cent. of the amount which equals the amount included in the consolidated total assets of the Guarantor and its Subsidiaries as shown by the latest published audited consolidated balance sheet of the Guarantor and its Subsidiaries including, for the avoidance of doubt, the investment of the Guarantor in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Guarantor and after adjustment for minority interests;

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 Guarantor relate, the reference to the then latest consolidated audited accounts of the Guarantor for the purposes of the calculation above shall, until consolidated audited accounts of the Guarantor 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 Guarantor 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 Guarantor or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, total operating revenue, total profit or total assets of the Guarantor and/or any such Subsidiary shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by or on behalf of the Guarantor;
- (iii) if at any relevant time in relation to any Subsidiary, no accounts are audited, its total operating revenue, total 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 or on behalf of the Guarantor;
- (iv) if the accounts of any Subsidiary (not being a Subsidiary referred to in proviso (i) above of this definition) are not consolidated with those of the Guarantor, 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 Guarantor prepared for this purpose by the Guarantor; and

- (v) in the case of a Subsidiary 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, 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 become a Principal Subsidiary upon such transfer but shall cease to be a Principal Subsidiary at the date on which the first published audited accounts (consolidated, if appropriate) of the Guarantor prepared as of a date later than such transfer are issued unless such Subsidiary would continue to be a Principal Subsidiary on the basis of such accounts by virtue of the provisions of paragraphs (a), (b) or (c) above of this definition.

A certificate signed by an Authorised Signatory of the Guarantor certifying that, in the opinion of the Guarantor, a Subsidiary is or is not, or was or was not, a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Bondholders and all parties.

10 Prescription

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

11 Replacement of Certificates

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority regulations, at the specified office of the Registrar or such Transfer Agent as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to the Bondholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity 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 and Waiver

- (a) **Meetings of Bondholders:** The Trust Deed contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including without limitation the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed, the Agency Agreement and/or the Deed of Guarantee. Such a meeting may be convened by the Issuer, the Guarantor or the Trustee and shall be convened by the Trustee if requested in writing by Bondholders holding not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding and subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in aggregate principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the maturity of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, any premium payable on redemption of, or interest on, the Bonds, (iii) to change the currency of payment of the Bonds, (iv) to modify 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 cancel the Deed of Guarantee (subject to Condition 12(b)), in which case the necessary quorum will be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in aggregate principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed).

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

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear, Clearstream or the Alternative Clearing System, a resolution 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.

- (b) **Modification and Waiver:** The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (i) any modification of any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement and/or the Deed of Guarantee, that is in its opinion of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of law, and (ii) any other modification (except as mentioned in the Trust Deed and the Deed of Guarantee), and any waiver or authorisation of any breach or proposed breach, of any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement and/or the Deed of Guarantee that is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders. Any such modification, authorisation or waiver shall be binding on the Bondholders and, unless the Trustee otherwise agrees, such modification, authorisation or waiver shall be notified by the Issuer to the Bondholders as soon as practicable. The Trustee may request and conclusively rely upon an officer's certificate and/or an opinion of counsel concerning the compliance with the above conditions in respect of any modification and amendments.
- (c) **Entitlement of the Trustee:** In connection with performance and the exercise of its functions, rights, powers, trusts, authorities and 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 on behalf of any Bondholder, nor shall any Bondholder be entitled to claim, from the Issuer, the Guarantor or the Trustee any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

13 Enforcement

At any time after the Bonds become due and payable, the Trustee may, at its discretion and without further notice, take such steps and/or actions and/or institute such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce the terms of the Trust Deed, the Bonds and/or the Deed of Guarantee (as the case may be), but it need not take any such steps and/or actions and/or institute any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Bondholders holding at least 25 per cent. in aggregate principal amount of the Bonds then

outstanding, and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Bondholder may proceed directly against the Issuer or the Guarantor 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 steps and/or actions and/or instituting proceedings to enforce its rights under the Trust Deed, the Agency Agreement, the Deed of Guarantee and/or these Conditions and in respect of the Bonds and to enforce payment or taking steps and/or actions and/or instituting proceedings unless first indemnified and/or secured and/or pre-funded to its satisfaction and to be paid or reimbursed for its fees, costs, expenses and indemnity payments and any liabilities incurred by it in priority to the claims of the Bondholders. The Trustee is entitled to enter into business transactions with the Issuer, the Guarantor and any entity related (directly or indirectly) to the Issuer or the Guarantor without accounting for any profit. To act as trustee for the holders of any other securities issued by, or relating to, the Issuer and any entity related to the Issuer, to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Bondholders and 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 or these Conditions, or ascertain whether an Event of Default or a Potential Event of Default or a Relevant Event has occurred, and shall not be liable to the Bondholders or any other person for not doing so.

The Trustee may rely conclusively and without liability to the Bondholders, the Issuer, the Guarantor or any other person on any report, confirmation, certificate or information from or any advice or opinion of any legal counsel, accountants, financial advisers, 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 or any other person in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation, certificate, information, advice or opinion, in which event such report, confirmation, certificate, information, advice or opinion shall be binding on the Issuer, the Guarantor and the Bondholders. The Trustee shall not be responsible or liable to the Issuer, the Guarantor, the Bondholders or any other person for any loss occasioned by acting on or refraining from acting on any such report, information, confirmation, certificate, opinion or advice.

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

None of the Trustee or any of the Agents shall be responsible for the performance by the Issuer, the Guarantor and any other person appointed by the Issuer and/or the Guarantor 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 Guarantor to the contrary, the Trustee and each Agent shall be entitled to assume that the same are being duly performed. None of the Trustee or any Agent shall be liable to any Bondholder, the Issuer, the Guarantor or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Bondholders. The Trustee shall be entitled to rely conclusively on any direction, request or resolution of Bondholders given by holders of the requisite principal amount of Bonds outstanding or passed at a meeting of Bondholders convened and held in accordance with the Trust Deed. Neither the Trustee nor any of the Agents shall be under any obligation to ascertain whether any Event of Default, Potential Event of Default (as defined in the Trust Deed) or Relevant Event has occurred or monitor the performance or compliance of the Issuer or the Guarantor in the fulfilment of their respective obligations under the provisions of the Trust Deed, the Agency Agreement, the Deed of Guarantee (as the case may be) or these Conditions.

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, the Guarantor and their respective Subsidiaries, and the Trustee shall not at any time have any responsibility for the same and each Bondholder shall not rely on the Trustee in respect thereof.

15 Further Issues

The Issuer may from time to time without the consent of the Bondholders create and issue further bonds either (a) having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date, the first payment of interest on them and the timing for complying with the requirements set out in these Conditions in relation to the Cross-Border Security Registration and the making of the NDRC Post-issue Filing and the relevant notifications to the Trustee and the Bondholders) and so that such further issue shall be consolidated and form a single series with the outstanding bonds of any series (including the Bonds) or (b) upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Bonds include (unless the context requires otherwise) any other bonds issued pursuant to this Condition 15 and consolidated and forming a single series with the Bonds. Any further bonds forming a single series with the outstanding Bonds shall be constituted by a deed supplemental to the Trust Deed and be guaranteed by the Guarantor pursuant to a deed supplemental to the Deed of Guarantee or an additional deed of guarantee.

16 Notices

Notices to the holders of Bonds shall be mailed to them by uninsured post at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday, a Sunday or a public holiday) after the date of mailing. The Issuer shall also ensure that notices are duly published in a manner that complies with the rules and regulations of any stock exchange or other relevant authority on which the Bonds are for the time being listed. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which such publication is made.

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held by or on behalf of Euroclear and Clearstream, any notice to the holders of the Bonds shall be validly given by the delivery of the relevant notice to Euroclear and Clearstream, for communication by the relevant clearing system to entitled accountholders in substitution for notification as required by the Conditions and shall be deemed to have been given on the date of delivery to such clearing system.

17 Contracts (Rights of Third Parties) Act 1999

Save as contemplated in Condition 13, no person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999.

18 Governing Law and Jurisdiction

- (a) **Governing Law:** The Trust Deed, the Agency Agreement, the Deed of Guarantee 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 Deed of Guarantee, the Trust Deed or the Agency Agreement and accordingly any legal action or proceedings arising out of or in connection with any Bonds, the Deed of Guarantee, the Trust Deed or the Agency Agreement (“**Proceedings**”) may be brought to such courts. Each of the Issuer and the Guarantor has irrevocably submitted to the exclusive jurisdiction of such courts and waived any objection to Proceedings in any such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.
- (c) **Agent for Service of Process:** Each of the Issuer and the Guarantor has irrevocably appointed The Law Debenture Corporation (H.K.) Limited at Suite 1301, Ruttonjee House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong as its authorised agent in Hong Kong to accept service of process in any Proceedings based on any of the Bonds, the Deed of Guarantee, the Trust Deed or the Agency Agreement. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by the Guarantor). If for any reason such agent ceases to be able to act as such or ceases to have an office in Hong Kong for service of process, each of the Issuer and the Guarantor irrevocably agrees to promptly appoint a substitute process agent and deliver to the Trustee and the Agents a copy of the agent’s acceptance of that appointment within 30 days of such cessation. Nothing herein shall affect the right to serve process in any other manner permitted by law.
- (d) **Waiver of Immunity:** Each of the Issuer and the Guarantor has waived any right to claim sovereign, crown, state or other immunity from jurisdiction or execution and any similar defence, and has irrevocably consented to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings.

SUMMARY OF PROVISIONS RELATING TO THE BONDS HELD IN GLOBAL FORM

The Global Certificate will contain provisions which apply to the Bonds in respect of which the Global Certificate is issued, some of which modify the effect of the Terms and Conditions of the Bonds set out in this Offering Circular. Terms defined in the Terms and Conditions of the Bonds have the same meaning in the paragraphs below. The following is a summary of those provisions:

The Bonds will be represented by the Global Certificate in registered form, which will be registered in the name of a nominee of, and deposited with, a common depository for Euroclear and Clearstream.

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

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 Euroclear, Clearstream or any other clearing system selected by the Issuer and approved in writing by the Trustee, the Principal Paying Agent and the Registrar through which the Bonds are held (an “**Alternative Clearing System**”) is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so. In such circumstances, the Issuer will cause sufficient individual definitive Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant holders of the Bonds. A person with an interest in the Bonds in respect of which the Global Certificate is issued must provide the Registrar not less than 30 days’ notice at its specified office of such holder’s intention to effect such exchange and a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual definitive Certificates.

PAYMENT

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

CALCULATION OF INTEREST

So long as the Bonds are represented by a Global Certificate and such Global Certificate is held on behalf of a clearing system, the Issuer has promised, inter alia, to pay interest in respect of such Bonds from the Issue Date in arrear at the rates, on the dates for payment, and in accordance with the method of calculation provided for in the Terms and Conditions of the Bonds, save that the calculation is made in respect of the total aggregate amount of the Bonds represented by such Global Certificate.

TRUSTEE’S POWERS

In considering the interests of the Bondholders whilst the Global Certificate is registered in the name of a nominee for a clearing system, the Trustee may, to the extent it considers it appropriate to do so in the circumstances, but without being obligated to do so, (a) have regard to any information as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its

accountholders (either individually or by way of category) with entitlements in respect of the Bonds and (b) consider such interests on the basis that such accountholders were the holders of the Bonds in respect of which the Global Certificate is issued.

NOTICES

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

BONDHOLDER'S REDEMPTION

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

ISSUER'S REDEMPTION

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

TRANSFERS

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

CANCELLATION

Cancellation of any Bond represented by the Global Certificate by the Issuer following its redemption or purchase by the Issuer, the Guarantor and their respective Subsidiaries will be effected by reduction in the principal amount of the Bonds in the register of the Bondholders.

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 U.S. \$1,000 in principal amount of the Bonds then outstanding for which the Global Certificate is issued.

USE OF PROCEEDS

The gross proceeds from the offering of the Bonds will be U.S.\$200,000,000. The net proceeds from the offering of the Bonds, being the gross proceeds less commissions and other estimated expenses payable in connection with the offering of the Bonds, are intended to be used for projects development and working capital replenishment, in accordance with the Sustainable Finance Framework as set forth in this Offering Circular.

SUSTAINABLE FINANCE FRAMEWORK OVERVIEW

The description of the Sustainable Finance Framework set out below is in summarised form only and has been prepared in respect of the Bonds. The full version of the Sustainable Finance Framework does not form part of this Offering Circular. The Sustainable Finance Framework is intended to provide non exhaustive, general information. The information contained in the Sustainable Finance Framework does not purport to be comprehensive. The Sustainable Finance Framework may contain or incorporate by reference public information not separately reviewed, approved or endorsed by the Issuer, the Company or the Joint Lead Managers, and accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Issuer, the Company or the Joint Lead Managers, as to the fairness, accuracy, reasonableness or completeness of such information. The Sustainable Finance Framework may contain statements about future events and expectations that are forward-looking statements. Forward-looking statements inherently involve risks and uncertainties that could cause actual results to differ materially from those predicted in such statements. See “Forward-looking Statements” and “Risk Factors” of this Offering Circular. No representation is made as to the suitability of any sustainable securities to fulfil environmental and sustainability criteria required by prospective investors.

The Sustainable Finance Framework is not intended to be and should not be construed as providing legal or financial advice or as a recommendation regarding any securities of the Company. Prospective investors are required to make their own independent investigation and appraisals prior to any investment decisions and are solely liable for any use of the information contained in this Offering Circular. Neither the Company nor any of its subsidiaries shall be liable for any damages, direct, indirect or otherwise and whether arising in tort, contract or otherwise, resulting from the use of, failure to implement or comply with or achieve the goals and intentions set out in and/or otherwise in connection with the Sustainable Finance Framework.

The information contained herein is provided as at the date of the Sustainable Finance Framework and is subject to change without notice and none of the Issuer, the Company or the Joint Lead Managers assumes any responsibility or obligation to update or revise such information, regardless of whether such information is affected by the results of new information, future events or otherwise.

The Sustainable Finance Framework has been developed to demonstrate how the Group could enter into sustainable financing transactions (“SFT”) to fund projects, assets and developments that will deliver environmental and social benefits and support the Group’s sustainability vision, as well as its business strategy.

Bonds issued under the Sustainable Finance Framework will be aligned with voluntary guidelines in Green Bond Principles (“GBP”) (2021), Social Bond Principles (“SBP”) (2021) and Sustainability Bond Guidelines (“SBG”) (2021) by the International Capital Markets Association (“ICMA”). Loans issued under the Sustainable Finance Framework will be aligned to Green Loan Principles (“GLP”) (2023) and Social Loan Principles (“SLP”) (2023) by the Loan Market Association (“LMA”), Asia Pacific Loan Market Association (“APLMA”) and Loan Syndications and Trading Association (“LSTA”).

For each SFT, the Group’s management will adopt the following principles:

- (i) Use of Proceeds
- (ii) Project Evaluation and Selection
- (iii) Management of Proceeds
- (iv) Reporting and External Review

USE OF PROCEEDS

The Group commits to allocating the proceeds or an equivalent amount of proceeds of each SFT exclusively for the financing and/or refinancing of eligible green projects (“**Eligible Green Projects**”) and/or eligible social projects at the Group (“**Eligible Social Projects**”, collectively with Eligible Green Projects, the “**Eligible Projects**”), in whole or in part, including the acquisition, construction, development or re-development of such projects that provide clear environmental and/or social benefits. Refinancing of Eligible Projects will have a look-back period of no longer than 24 months from the time of issuance. The Group is committed to fully allocate the net proceeds of each SFT on a best effort basis within 36 months of issuance. Projects and assets eligible for sustainable financing must fulfill the relevant eligibility criteria set forth below.

Green Issuance

Eligible Green Projects Categories and examples of Eligible Green Projects:

Eligible Green Project Categories	Eligibility Criteria	United Nations Sustainable Development Goals
Green Building	Acquisition, development, construction and refurbishment of new or existing commercial or residential buildings that will reduce the building’s environmental impact in accordance to one or more of the national or international green building certification scheme, such as: • China Green Building Evaluation Label – 2 stars or above; or • China Green Bond Endorsed Projects Catalogue 5.2.1.2 and 5.2.1.5.; or • U.S. Leadership in Energy and Environmental Design (LEED) – minimum certification of Gold; or • BEAM Plus – minimum certification level of Gold; or • BREEAM – minimum certification level of Excellent Building; or • EDGE Green Building Certificate – minimum certification level of level 1.	

Eligible Green Project Categories	Eligibility Criteria	United Nations Sustainable Development Goals
Climate Change Adaptation	Development and construction of industrial parks in Cixi with “sponge city” designs such as sunken green space, permeable pavement, and storm water recycle and control systems, etc., to enhance the infrastructure’s resilience to impacts of climate change. Projects under this category shall conform to the following national standards: • Assessment Standard for Sponge City Effects (GB/T 51345-2018); • The Reuse of Urban Recycling Water — Water Quality Standard for Scenic Environment Use (GB/T 18921-2019); • China Green Bond Endorsed Projects Catalogue 5.4.2.	
Renewable Energy	Procurement and installation of rooftop solar photovoltaic systems to supply renewable electricity to buildings. Projects under this category shall be compliant with: • Code for design of photovoltaic power station (GB50797-2012); • Technical code for application of solar photovoltaic system of civil buildings (JGJ203-2010); • Code for design of photovoltaic generation connecting to distribution network (GB/T 50865-2013).	

Social Issuance

Eligible Social Projects Category and examples of Eligible Social Projects:

Eligible Social Project Category	Eligibility Criteria	United Nations Sustainable Development Goals
Affordable Housing	Development and construction of resettlement houses integral to urban upgrade projects carried out by the Group in Cixi, in accordance to local government guidance. Target Population: Populations currently living in shantytowns, urban villages and other underdeveloped areas with inadequate housing conditions, and whose original residence will be demolished and rebuilt through urban upgrade projects.	

EXCLUSION CRITERIA

Based on the latest International Finance Corporation Exclusion List (the “**Exclusion List**”), the Group has added the following activities to the Exclusion List. Projects under the Sustainable Finance Framework will exclude the following activities from consideration for eligibility:

- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone-depleting substances, polychlorinated biphenyls, wildlife or products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora.
- Production or trade in weapons and munitions.
- Production or trade in alcoholic beverages (excluding beer and wine).
- Production or trade in tobacco.
- Gambling, casinos, and equivalent enterprises.
- Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where any international financial company considers the radioactive source to be trivial and/or adequately shielded.
- Production or trade in unbonded asbestos fibers. This does not apply to the purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20 per cent.
- Drift net fishing in the marine environment using nets over 2.5 kilometers in length.
- Production or activities involving harmful or exploitative forms of forced labor/harmful child labor.
- Commercial logging operations for use in primary tropical forest.

- Production or trade in wood or other forestry products other than from sustainably managed forests.
- Projects related to nuclear production.
- Projects related to fossil fuel production.
- Projects related to coal mining.
- Projects related to hydropower which installed capacity > 25M.

PROCESS FOR PROJECT EVALUATION AND SELECTION

The Group has established a Sustainable Finance Working Group (“**SFWG**”) to be responsible for governing and implementing financing initiatives in accordance to the Sustainable Finance Framework. The SFWG consists of senior representatives from the following department:

- Strategy and Investment Department
- Risk Management Department; and
- Treasury and Finance Department.

The SFWG may be supplemented from time to time, or expanded, by the inclusion of representatives from other relevant departments. The SFWG will:

- Meet at least two times each year, endeavored to be distributed evenly throughout the year.
- Ratify Eligible Green Projects and/or Eligible Social Projects, which will be proposed by group’s subsidiaries based on their investment plans and initial screening against the eligibility criteria set out in the use of proceeds section of the Sustainable Finance Framework.
- Monitor the asset pool during the entire funding period to ensure green and/or social projects are compliant with eligibility criteria set out in the use of proceeds section of the Sustainable Finance Framework. Meanwhile, any ineligible green and/or social projects will be substituted by eligible new green and/or social projects.
- Manage any future updates to the Sustainable Finance Framework.
- Ensure that the approval of Eligible Green Projects and/or Eligible Social Projects will follow the Group’s existing credit/loan/investment approval processes.
- Ensure that each Eligible Green Project and/or Eligible Social Project also complies with the environmental guidelines applicable to the Group, as well as all applicable national and local environmental standards, laws and regulations.

MANAGEMENT OF PROCEEDS

The proceeds of each of the Group’s SFT will be managed under the oversight of SFWG. The Group will track the allocation of proceeds through an earmarked account or an SFT register (the “**SFT Register**”). Under the SFT Register method, the proceeds will be deposited in the general funding accounts and earmarked for allocation towards the Eligible Green/Social Projects. The Register will contain, for each SFT launched, information including:

Terms of the SFT

- Issuer/borrower entity.
- Pricing, settlement, and maturity dates.
- Currency of denomination and amount then outstanding.
- Labelling (e.g. Green Bond, or Green Loan).
- ISIN number (if applicable).

Allocation of Use of Proceeds:

- Name and description of Eligible Green and/or Social Projects.
- Amount of SFT proceeds or an equivalent amount of SFT proceeds allocated to each project.
- The remaining balance of unallocated proceeds yet to be earmarked.
- Other relevant information such as information of temporary investment for unallocated proceeds.

Reporting

Allocation Reporting: The Group will provide below information on the allocation of net proceeds of the SFT on an annual basis until all the net proceeds have been allocated:

- The aggregate amount allocated to various Eligible Projects.
- The remaining balance of funds which have not yet been allocated and type of temporary investment.
- The proportion of net proceeds allocated to financing vs. refinancing.
- Examples of Eligible Projects (subject to confidentiality disclosures).

Impact Reporting: The Group will report the environmental and social benefits of the Eligible Green and/or Social Projects. Such benefits may be measured by the following impact indicators subject to the nature of Eligible Project and information availability. Where possible, calculation methodologies and key assumptions will be disclosed.

Eligible Project Category	Impact Indicators
Green Buildings	• Type and number of green building certifications obtained • Annual energy savings (kWh) • Annual greenhouse gas (“GHG”) emissions avoided (ton of Carbon dioxide (“CO₂”))
Climate Change Adaptation	• Annual runoff volume control rate • The amount of storm-water collected in cubic metres
Renewable Energy	• Annual renewable energy generation (GWh) • Annual GHG emission reduced/avoided (ton of CO₂)
Affordable Housing	• Number of affordable housing units constructed and delivered • Number of individual/households benefitted

EXTERNAL REVIEW

The Group has engaged Sustainable Fitch Hong Kong Limited to assess this Sustainable Finance Framework and its alignment with the GBP, SBP, SBG, GLP and SLP and issue a SPO accordingly.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the consolidated total indebtedness (both current and non-current portions), total equity and total capitalisation of the Company as at 31 December 2022 on an (i) actual basis and (ii) on an adjusted basis 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 summary consolidated financial information below should be read in conjunction with the Company's consolidated financial statements and the notes to those statements included elsewhere in this Offering Circular.

	As at 31 December 2022			
	Actual		As adjusted	
	(RMB)	(U.S.\$) ⁽¹⁾	(RMB)	(U.S.\$) ⁽¹⁾
	(in thousands)			
Current indebtedness:				
Short-term borrowings	7,573,263.1	1,098,019.9	7,573,263.1	1,098,019.9
Other payables (interest-bearing portion) . .	2,630,000.0	381,314.2	2,630,000.0	381,314.2
Non-current liabilities maturing within one year	12,532,904.0	1,817,100.3	12,532,904.0	1,817,100.3
Other current liabilities (interest-bearing portion)	1,224,908.0	177,595.0	1,224,908.0	177,595.0
Total current indebtedness	<u>23,961,075.1</u>	<u>3,474,029.3</u>	<u>23,961,075.1</u>	<u>3,474,029.3</u>
Non-current indebtedness:				
Long-term borrowings	32,366,266.9	4,692,667.6	32,366,266.9	4,692,667.6
Bonds payable	14,310,990.7	2,074,898.6	14,310,990.7	2,074,898.6
Long-term payables (interest-bearing portion)	5,414,472.9	785,024.8	5,414,472.9	785,024.8
Bonds to be issued ⁽²⁾	—	—	1,379,440.0	200,000.0
Total non-current indebtedness	<u>52,091,730.4</u>	<u>7,552,591.0</u>	<u>53,471,170.4</u>	<u>7,752,591.0</u>
Total indebtedness⁽³⁾	<u>76,052,805.5</u>	<u>11,026,620.3</u>	<u>77,432,245.5</u>	<u>11,226,620.3</u>
Total equity	<u>56,115,150.7</u>	<u>8,135,932.1</u>	<u>56,115,150.7</u>	<u>8,135,932.1</u>
Total capitalisation⁽⁴⁾	<u>132,167,956.3</u>	<u>19,162,552.4</u>	<u>133,547,396.3</u>	<u>19,362,552.4</u>

Notes:

- (1) For convenience only, all translations from Renminbi into U.S. dollars are made at the rate of RMB6.8972 to U.S.\$1.00, based on the noon buying rate as set forth in the H.10 statistical release of the Federal Reserve Bank of New York on 30 December 2022.
- (2) This amount represents the aggregate principal amount of the Bonds to be issued, before deducting commissions and other estimated expenses payable in connection with the offering of the Bonds.

- (3) Total indebtedness equals the sum of current indebtedness and non-current indebtedness.
- (4) Total capitalisation represents the sum of total indebtedness and total equity.

The Group may, from time to time, enter into bank loans and other financing arrangements and issue debt securities in the capital market in the ordinary course of business to finance its operations and existing debt. For instance, on 23 February 2023, the Company issued mid-term notes in an aggregate principal amount of RMB1,000.0 million with a tenor of five years and a fixed annual interest rate of 3.64 per cent. On 21 June 2023, the Company issued a super short-term commercial paper in an aggregate principal amount of RMB500.0 million with a tenor of 180 days and a fixed annual interest rate of 2.33 per cent. On 25 August 2023, the Company issued a super short-term commercial paper in an aggregate principal amount of RMB500.0 million with a tenor of 179 days and a fixed annual interest rate of 2.24 per cent. As at the date of this Offering Circular, the entire principal amount of the February MTN, the 2023 SCP I and the 2023 SCP II remains outstanding. Please also see “*Summary – Recent Developments*” or “*Description of the Group – Recent Developments*” for further details.

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

DESCRIPTION OF THE ISSUER

OVERVIEW

The Issuer is a BVI business company incorporated under the BVI Business Companies Act, 2004 of the British Virgin Islands (BVI Company Number: 2134273). It was incorporated in the British Virgin Islands on 18 October 2023. The Issuer is an indirect wholly-owned subsidiary of the Company. The registered office of the Issuer is at Ritter House, Wickhams Cay II, PO Box 3170, Road Town, Tortola VG1110, British Virgin Islands.

BUSINESS ACTIVITIES

The Issuer was established with full capacity to carry on or undertake any business or activity, do any act or enter into any transaction and has full rights, powers and privileges for the above purposes pursuant to the objects and powers set out in its memorandum of association. As at the date of this Offering Circular, the Issuer does not carry and has not carried on any business other than entering into arrangements for the issue of securities and the Issuer has no debt outstanding and has no contingent liabilities. As at the same date, the Issuer has no subsidiaries and no material assets or liabilities as at the date of this Offering Circular.

DIRECTORS AND OFFICERS

The sole director of the Issuer is Hanru Ni. The sole director of the Issuer does not hold any shares or options to acquire shares of the Issuer. As at the date of this Offering Circular, the Issuer does not have any employees.

SHARE CAPITAL

The Issuer is authorised under its memorandum of association to issue a maximum of 50,000 shares with no par value each of a single class. As at the date of this Offering Circular, 10,000 shares have been issued and credited as fully paid. No part of the equity securities of the Issuer is listed or dealt on any stock exchange and no listing of or permission to deal in such securities is being or proposed to be sought.

FINANCIAL INFORMATION

Under British Virgin Islands law, the Issuer is not required to publish condensed or annual financial statements. The Issuer has not published, and does not propose to publish, any financial statements. The Issuer is, however, required to keep proper books of account as are necessary to give a true and fair view of the state of the Issuer's affairs and to explain its transactions. Effective from 1 January 2023, the Issuer is also required to file a financial annual return with its registered agent within nine months after the end of each year to which the financial annual return relates.

LEGAL PROCEEDINGS

As at the date of this Offering Circular, the Issuer is not involved in any litigation or arbitration proceedings, and are not aware of any pending or threatened action against any of them.

DESCRIPTION OF THE GROUP

OVERVIEW

The Group is the leading state-owned investment and financing entity in Cixi City focusing on infrastructure construction, provision of public services and management of stated-owned assets in Cixi City. With Cixi SAMC as the majority shareholder owning 90.1469 per cent. of its shares as at the date of this Offering Circular, the Group has, since the Company's establishment in 2003, played an important role in implementing the Cixi Municipal Government's blueprint for urban infrastructure construction, urbanisation and regional prosperity in Cixi City. The Group has leveraged financial and operational support provided by the Cixi Municipal Government and has established itself as one of the leading state-owned infrastructure developers and public service providers in Cixi City and plays a key role in the urbanisation and regional prosperity of Cixi City.

Cixi City is a county-level city in the north of Zhejiang Province under the administration of Ningbo City. It covers a total land area of 1,361 square kilometres and, according to the Ningbo Statistics Bureau, had a total population of 186.5 million as at 31 December 2022. The Group primarily engages in infrastructure construction, transportation, water supply, sale of coal gas, grain procurement and storage, affordable housing, property leasing, commodities trading and other businesses. For the years ended 31 December 2020, 2021 and 2022, the Group's total operating income was approximately RMB2,552.7 million, RMB3,076.3 million and RMB2,970.3 million, respectively; and the Group's operating profit for the same periods was approximately RMB542.2 million, RMB676.9 million and RMB823.0 million, respectively. As at 31 December 2020, 2021 and 2022, the Group had net assets of approximately RMB47,369.1 million, RMB51,872.9 million and RMB56,115.2 million, respectively, and total assets of approximately RMB120,526.6 million, RMB134,706.2 million and RMB151,235.8 million, respectively. The Group was supported by the Cixi Municipal Government and the Group expanded its business rapidly across its principal business segments. Set forth below is an overview of the business segments of the Group:

- *Infrastructure Construction.* The Group is an important infrastructure construction entity in Cixi City engaging in the provision of a wide range of services such as renovation of old towns, demolition, land development and consolidation, block development and road construction. The Group's infrastructure construction activities are concentrated in the Central District of Cixi, Binhai Economic Development Zone, Cultural and Business District of Cixi and Cixi Xincheng River Block. As at 31 December 2022, the Group had five infrastructure construction projects completed with a total investment amount of approximately RMB1,703.0 million, six infrastructure construction projects under development with a total estimated investment amount of RMB3,584.2 million and three infrastructure construction projects under construction with a total estimated investment amount of RMB5,915.7 million. For the years ended 31 December 2020, 2021 and 2022, operating income generated from the Group's infrastructure construction business was approximately RMB864.4 million, RMB906.6 million and RMB735.6 million, respectively, representing 33.9 per cent., 29.5 per cent. and 24.8 per cent. of the Group's total operating income for the same periods.
- *Transportation.* The Group is the largest entity conducting comprehensive transportation business in Cixi City, which can be divided into five sub-segments, namely (i) medium- and long-distance bus transportation, (ii) urban bus transportation, (iii) taxi transportation, (iv) freight business, and (v) station business. As at 31 March 2023, the Group owned a total of 145 operating vehicles for its medium- and long-distance bus transportation business, with 68 being medium- and long-distance passenger shuttle buses and 64 being tourist buses as at 31 March 2023. Moreover, as at 31 March 2023, the Group owned 15 passenger lines connecting different provinces, 18 passenger lines connecting different cities and seven passenger lines that traverse different counties; the Group also owned 872 buses for its urban bus transportation business and 161 bus routes, basically achieving full coverage of urban and rural areas in

Cixi City. As at 31 March 2023, the Group operated 215 cruise taxis for its taxi transportation business, of which 193 were self-owned taxis, and the remaining 22 were taxis with long-term operating contracts. For the years ended 31 December 2020, 2021 and 2022, operating income generated from the Group's transportation business was approximately RMB120.4 million, RMB141.3 million and RMB103.1 million, respectively, representing 4.7 per cent., 4.6 per cent. and 3.5 per cent. of the Group's total operating income for the same periods.

- *Water Supply.* The Group engages in the operation of water supply business in Cixi City, which includes water production and distribution. The Group is responsible for supplying water to the central area and 13 towns (streets) in the central and western areas of Cixi City as well as Cidong Binhai District and Hangzhou Bay New District. The Group is also responsible for supplying water to the entire Cixi Binhai Economic Development Zone. For the years ended 31 December 2020, 2021 and 2022, operating income generated from the Group's water supply business was approximately RMB384.1 million, RMB423.2 million and RMB479.5 million, respectively, representing 15.0 per cent., 13.8 per cent. and 16.1 per cent. of the Group's total operating income for the same periods.
- *Sale of Coal Gas.* The Group's sale of coal gas business includes (i) the sale of coal gas and LPG and (ii) the recycling and sale of used gas cylinders. For the years ended 31 December 2020, 2021 and 2022, operating income generated from the Group's sale of coal gas business was approximately RMB198.6 million, RMB304.2 million and RMB352.4 million, respectively, representing 7.8 per cent., 9.9 per cent. and 11.9 per cent. of the Group's total operating income for the same periods.
- *Grain Procurement and Storage.* The Group is responsible for the execution of grain procurement orders in accordance with the Cixi Municipal Government's grain procurement policies and for balancing the demand and supply of grains in Cixi City. The Group's grain procurement and storage business involves the procurement, storage and sale of grains. The Group has six grain reserves warehouses with a total storage capacity of 150,000 tonnes. For the years ended 31 December 2020, 2021 and 2022, operating income generated from the Group's grain procurement and storage business was approximately RMB153.0 million, RMB100.8 million and RMB164.4 million, respectively, representing 6.0 per cent., 3.3 per cent. and 5.5 per cent. of the Group's total operating income for the same periods.
- *Affordable Housing.* The Group is designated by the Cixi Municipal Government to undertake the development, sale and leasing of affordable housing in Cixi City, including resettlement housing, public rental housing, subsidised housing and shanty town renovation. As at 31 December 2022, the Group had nine key affordable housing projects completed with a total investment amount of approximately RMB6,801.1 million, three key affordable housing projects under construction with a total estimated investment amount of approximately RMB3,899.6 million and three key affordable housing projects under planning with a total estimated investment of approximately RMB3,074.8 million. For the years ended 31 December 2020, 2021 and 2022, operating income generated from the Group's affordable housing business was approximately RMB146.3 million, RMB279.7 million and RMB92.9 million, respectively, representing 5.7 per cent., 9.1 per cent., and 3.1 per cent., respectively, of the Group's total operating income for the same periods.
- *Property Leasing.* The Group is a leading service provider in the rental market of commercial, office, and business properties, as well as industrial properties in Cixi City. Its market leasing business enjoys a local monopoly status. For the years ended 31 December 2020, 2021 and 2022, operating income generated from the Group's property leasing business was approximately RMB210.2 million, RMB238.9 million and RMB303.3 million, respectively, representing 8.2 per cent., 7.8 per cent., and 10.2 per cent., respectively, of the Group's total operating income for the same periods.

- *Commodities Trading.* The Group's commodities trading business includes three sub-segments, namely (i) natural gas refuelling business, (ii) gas sales, and (iii) merchandise sales. For the years ended 31 December 2020, 2021 and 2022, operating income generated from the Group's commodities trading business was approximately RMB125.5 million, RMB311.3 million and RMB291.4 million, respectively, representing 4.9 per cent., 10.1 per cent. and 9.8 per cent., respectively, of the Group's total operating income for the same periods.
- *Other Businesses.* In addition to its primary business segments, the Group also engages in other businesses which include security services, testing services, repairment and installation services, advertising, publishing and distribution, printing, entrusted operation services, land transfer business and construction waste disposal services. For the years ended 31 December 2020, 2021 and 2022, operating income generated from the Group's other businesses was approximately RMB344.0 million, RMB370.4 million and RMB447.6 million, respectively, representing 13.5 per cent., 12.0 per cent. and 15.1 per cent., respectively, of the Group's total operating income for the same periods.

RECENT DEVELOPMENT

Issuance of Onshore Securities

On 23 February 2023, the Company issued mid-term notes in an aggregate principal amount of RMB1,000.0 million with a tenor of five years and a fixed annual interest rate of 3.64 per cent. On 21 June 2023, the Company issued a super short-term commercial paper in an aggregate principal amount of RMB500.0 million with a tenor of 180 days and a fixed annual interest rate of 2.33 per cent. On 25 August 2023, the Company issued a super short-term commercial paper in an aggregate principal amount of RMB500.0 million with a tenor of 179 days and a fixed annual interest rate of 2.24 per cent. As at the date of this Offering Circular, the entire principal amount of the February MTN, the 2023 SCP I and the 2023 SCP II remains outstanding.

COMPETITIVE STRENGTHS

The Group believes that the following strengths are important to its success and future development:

Well-positioned to Leverage the Excellent Location of Cixi City to Achieve Business Growth

Cixi City, situated in the north of Zhejiang Province, is a county-level city under the administration of Ningbo City. It is located on the coast of the East China Sea (東海) and the south shore of the Hangzhou Bay (杭州灣). It is an important industrial and commercial hub in the Yangtze River Delta region and the southern flank of the Shanghai Economic Circle, as well as one of the open coastal economic zones (沿海經濟開放區) approved by the State Council. With the opening of the Hangzhou Bay Bridge (杭州灣跨海大橋) in May 2008, Cixi has become a vital connection between Shanghai and Ningbo, fully integrated into the Shanghai-Hangzhou-Ningbo two-hour transportation circle. Cixi City's strategic position in the Yangtze River Delta city cluster has become increasingly prominent. For the years ended 31 December 2020, 2021 and 2022, the regional GDP of Cixi City reached RMB200.8 billion, RMB237.9 billion and RMB252.2 billion, respectively.

Pursuant to Cixi High-quality Development and Construction of Common Wealth Pioneer City Action Plan (2021-2025) (慈溪高質量發展建設共同富裕先鋒市行動計劃 (2021-2025)), Cixi Municipal Government aims to seize new opportunities to accelerate the creation of a modernised regional central city. Leveraging Cixi City's advantageous geographical location and stable fiscal income, the Group has established a presence in multiple industries, reinforcing its ability to withstand cyclical economic fluctuations. For the year ended 31 December 2022, the Group has generated an operating income of RMB2,970.3 million and a net profit of RMB583.4 million. In addition, as at 31 December 2022, the Group had a total assets of RMB151,235.8 million.

By contributing to the growth and development of Cixi City, the Group believes that it will further strengthen its role as a major state-owned entity in Cixi City and expand its business scale.

A Key Infrastructure Construction Entity in Cixi City

As a leading state-owned investment and financing entity in Cixi City, the Group actively participates in various infrastructure construction projects within Cixi City, making significant contributions to the city's urbanisation and regional economic development. As a key entity responsible for infrastructure development in the Central District of Cixi, Binhai Economic Development Zone, Cultural and Business District of Cixi and Cixi Xincheng River Block, the Group had undertaken a series of important projects such as Cixi Cultural Business District Binhe Landscape Phase I Project (慈溪市文化商務區濱河景觀一期工程) and Road Construction Project for the Eastern Section of the North of the Four Coast Routes (四沿海北線東段道路工程).

Furthermore, the Group firmly believes that its diversified business portfolio ensures a stable, consistent, and reliable performance. The Group's operations and investments primarily focus on infrastructure construction, transportation, water supply, sale of coal gas, grain procurement and storage, affordable housing, property leasing, commodities trading and other businesses. This, in turn, enhances the Group's competitive advantage.

Strong Support from Local Governments

The Group is controlled by the Cixi SAMC, a government organ of the Cixi Municipal Government. As the primary state-owned investment and financing entity in Cixi City, the Group has received strong support from its controlling shareholder. For the years ended 31 December 2020, 2021 and 2022, the government subsidies received by the Group amounted to approximately RMB1,120.4 million, RMB1,254.4 million and RMB1,204.8 million, respectively, representing 249.5 per cent., 209.8 per cent. and 206.5 per cent. of the Group's net profit in the same period.

With continues strong support from local governments, the Company believes that the Group will be able to sustain its operations and investments in infrastructure construction field, and further expand its business operation to reinforce its leading position in Cixi City.

Diversified Financing Channels

Over the years, the Group has established a solid cooperation relationship with numerous commercial banks and financial institutions in the PRC, providing a solid foundation for the Group to access capital, such as China Development Bank, Industrial and Commercial Bank of China, Hangzhou Bank, Agricultural Development Bank of China, Shanghai Bank, China Construction Bank, China CITIC Bank and China Everbright Bank. As at 31 December 2022, the Group had total credit facilities from banks of approximately RMB89.2 billion, of which approximately RMB16.5 billion had not been utilised. As such, the Company has an excellent credit utilisation ratio.

Meanwhile, the Company has received a long-term foreign- and local-currency issuer default rating of "BBB" by Fitch Ratings, as well as an onshore credit rating of "AA+" by both Shanghai Brilliance Credit Rating & Investors Service Co., Ltd. (上海新世紀資信評估投資服務有限公司) and Golden Credit Rating International Co., Ltd. (東方金誠國際信用評估有限公司). The Group also leverages its excellent financial performance and credibility to access direct financing from capital markets through issuing debt securities on both exchange and interbank markets within the PRC. The Group believes that it will continue to have access to sufficient capital to support its business operations and expansion in the future.

Strong and Experienced Management Team

The Group's directors and senior management personnel are highly experienced with a proven track record of performance. For details on the qualification, experience and credentials of the Company's directors and senior management, please see "*Directors, Supervisors and Senior Management of the Company*". With extensive management experience and in-depth industrial knowledge and insight, the Group's directors and senior management have been critical to its success and their strategic vision and leadership have positioned the Group for continued growth. The Group believes that its management team, with a proven track record in delivering excellent operational and financial results, is equipped with the critical knowledge and skills required to take advantage of market opportunities, which are expected to continue to improve the Group's overall performance.

BUSINESS STRATEGIES

As a leading state-owned investment and financing entity in Cixi City and pursuant to the requirements of Cixi Municipal Government for the Company, the Group is committed to integrating the state-owned assets in Cixi City and realising the value preservation and appreciation of state-owned assets to optimise the investment, operation and supervision and management of the state-owned assets, as well as actively broaden the financing channels to raise funds. To achieve the goal, the Group intends to focus on the following business strategies:

Closely Focusing on the Infrastructure Construction

Leveraging over ten years of profound operational experience, the Group intends to continue to prioritise its primary business on infrastructure construction. The Group also aims to continue to leverage its existing close working relationship with various governmental authorities and entities in Cixi City with a view to undertaking major infrastructure construction projects, which will generate stable operating income upon completion of those projects, drive steady growth in this business segment and solidify its leading position in Cixi City.

Continue to Diversify the Group's Business Portfolio and Expand into Industries that may Provide Synergies with the Group's Core Business

Supported by the Group's extensive experience and strong execution capabilities, the Group has gradually expanded its business portfolio to engage in various businesses such as infrastructure construction, transportation, water supply, sale of coal gas, grain procurement and storage, affordable housing, property leasing, commodities trading and other businesses, through its subsidiaries or associated companies, to create synergies among its businesses. The Group intends to actively explore new investment opportunities to promote the socialisation and diversification of public goods and services to fully leverage the power of state-owned capital. The Group strives to accelerate the comprehensive development of its business structure and diversify its operations. The Group believes that this expects to further strengthen the Group's competitiveness and further increase its operating income and cash flows to achieve a sustainable growth.

Continue to Diversify the Group's Funding Sources

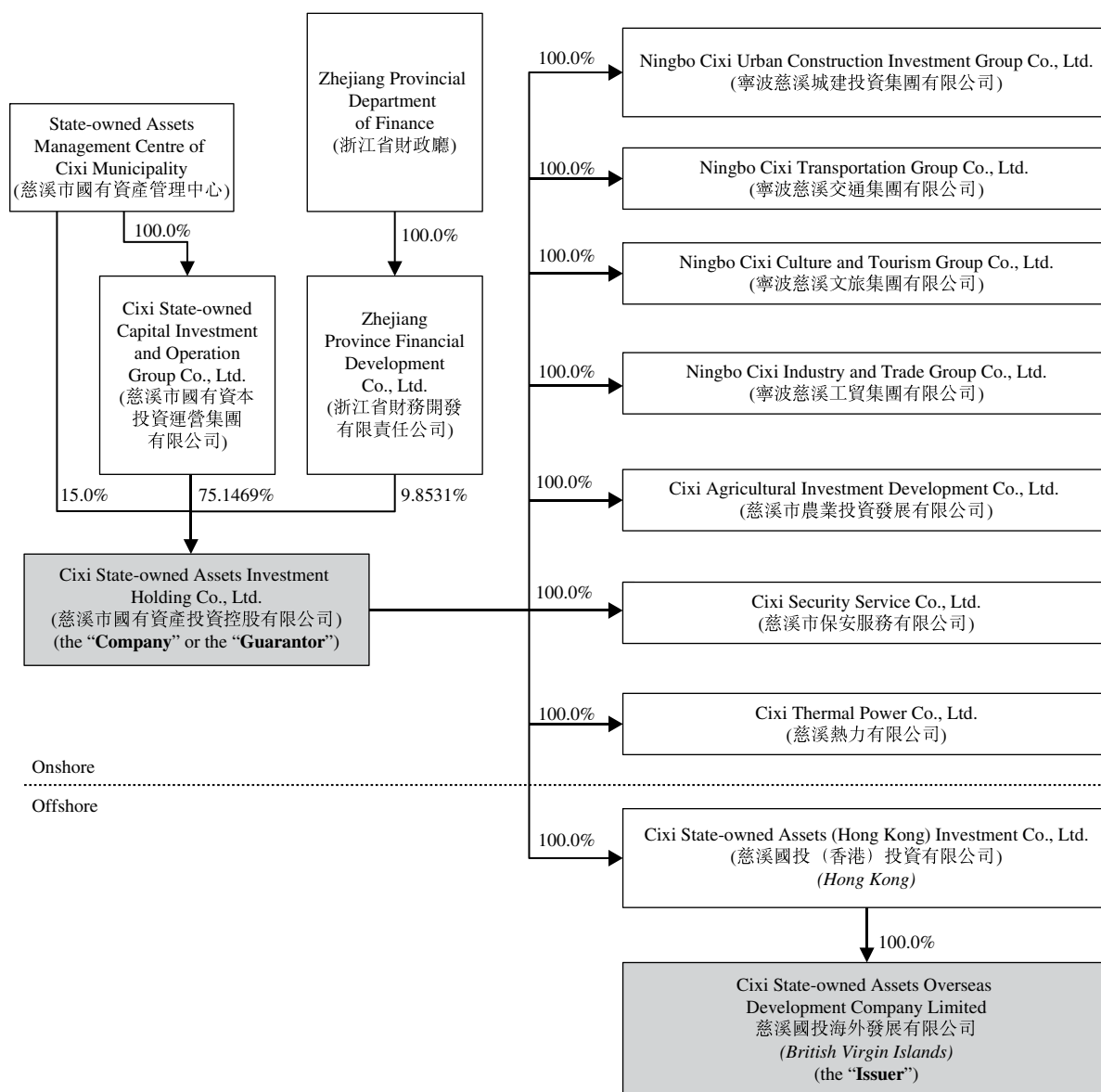
The Group has established a prudent financing structure where it obtains financing through bank loans, bond issuances and equity contributions from its shareholders. The Group will continue to maintain close connection with major commercial banks and policy banks, explore additional funding resources, such as accessing new markets to issue debt securities, and diversify its financing channels with the view to further optimising its financing structure.

Enhance Management and Internal Control Systems and Optimise the Structure of the Group's Talent Pool

The Group will continue to improve and streamline its management so as to further increase its capability in terms of corporate management and internal control. The Group will continue to adopt prudent financial and risk management policies to control costs and risks. The Group considers effective management at all organisational levels and among members of the Group to be critical to optimising its overall operational efficiency. The Group believes that people are one of its important assets. The Group's ability to compete effectively in its existing businesses and expand into new business areas depends on its ability to attract, motivate and retain talent. The Group will continue to invest in its employees and maintain a spirit of partnership with its employees to optimise the structure of its talent pool, so as to support its business goals and enhance its competitive advantages.

CORPORATE STRUCTURE

The following chart presents a simplified corporate structure of the Group as at the date of this Offering Circular:



HISTORY AND DEVELOPMENT

Pursuant to the Opinions on Deepening the Reform of the State-owned Assets Management System (關於深化國有資產管理體制改革的意見) issued by Cixi Municipal Party Committee (慈溪市委) and Cixi Municipal Government and under the authorisation of Cixi Municipal Government, the Company was established by Cixi Municipal Finance Bureau (慈溪市財政局) on 25 June 2003. As at the date of this Offering Circular, the Company has a registered capital of RMB1,500.0 million.

The table below sets forth selected key milestone events in the history of the Company and the Group:

Year	Milestone Event
June 2003	The Company was established by Cixi Municipal Finance Bureau.
November 2008	Pursuant to Certain Opinions on Adjusting the Layout of State-owned Capital to Enhance the Development Capability of State-owned Capital (關於調整國有資本佈局增強國有資本發展能力的若干意見) issued by Cixi Municipal Government, Cixi Municipal Government gratuitously transferred 50.0 per cent. of its equity interest in Cixi Transportation Group Co., Ltd. (慈溪市交通集團有限公司) (currently known as Ningbo Cixi Transportation Group Co., Ltd. (寧波慈溪交通集團有限公司)) to the Company.
December 2008	Cixi Municipal Government gratuitously transferred all of its equity interest in Cixi Commerce and Trade Investment Co., Ltd. (慈溪市商貿投資有限公司) (currently known as Cixi Commercial and Trade Group Co., Ltd. (慈溪市商貿集團有限公司)) to the Company.
2010	Pursuant to Minutes of the Coordination Meeting on the Optimisation and Reorganisation of State-owned Transportation Enterprises (關於國有交通運輸企業優化重組的協調會議紀要) and the Optimisation and Reorganisation Plan for State-owned Transportation Enterprises in Cixi City (慈溪市國有交通運輸單位優化重組方案) issued by Cixi Municipal Government, Cixi Municipal Government gratuitously transferred all of its equity interest in Cixi Urban and Rural Public Transportation Co., Ltd. (慈溪市城鄉公共交通有限公司), Cixi Traffic and Logistics Development Co., Ltd. (慈溪市交通物流發展有限公司), Cixi Passenger Transport Centre Co., Ltd. (慈溪市客運中心有限公司), Cixi Highway Transportation Co., Ltd. (慈溪市公路運輸有限公司) to Cixi Transportation Group Co., Ltd., a subsidiary of the Company.
2013	Pursuant to the Pilot Program for the Reform of the Management System of the Key State-owned Enterprises in Cixi City (慈溪市重點國有企業管理體制改革試點方案), Cixi Municipal State-owned Assets Supervision and Administration Bureau (慈溪市國有資產監督管理局) gratuitously transferred all of its equity interest in Cixi Water Affairs Co., Ltd. (慈溪市水務有限公司) (currently known as Cixi Water Affairs Group Co., Ltd. (慈溪市水務集團有限公司)) to the Company.

Year	Milestone Event
July 2013	The Company's sole shareholder was changed from Cixi Municipal Finance Bureau to Cixi Municipal State-owned Assets Supervision and Administration Bureau.
December 2017	The Company's sole shareholder was further changed from Cixi Municipal State-owned Assets Supervision and Administration Bureau to Cixi State-owned Assets Management Office (慈溪市國有資產管理辦公室).
July 2018	Cixi State-owned Assets Management Office injected certain state-owned land allocated for agricultural purposes into certain subsidiaries of the Company, including Cixi Guoli Land Resources Investment and Development Co., Ltd. (慈溪市國力土地資源投資開發有限公司), Cixi Construction Investment Group Co., Ltd. (慈溪市建設投資集團有限公司) (currently known as Ningbo Cixi Urban Construction Investment Group Co., Ltd. (寧波慈溪城建投資集團有限公司)), Cixi Transportation Group Co., Ltd., Cixi Commerce and Trade Investment Co., Ltd., Cixi Hangzhou Bay Modern Agriculture Development Co., Ltd. (慈溪市杭州灣現代農業開發有限公司) and Cixi Xinhua Construction Investment Co., Ltd. (慈溪市欣湖建設投資有限公司).
July 2020	The Company's sole shareholder was renamed from Cixi State-owned Assets Management Office to Cixi SAMC.
August 2020	Pursuant to the Notice on the Comprehensive Promotion of the Transfer of Part of State-owned Capital to Supplement the Social Security Fund (關於全面推開劃轉部分國有資本充實社保基金工作的通知) issued by five governmental departments including Zhejiang Provincial Department of Finance (浙江省財政廳), the Reply on the Comprehensive Transfer of State-owned Equity to Supplement the Social Security Fund (關於全面劃轉國有股權充實社保基金方案的復函) issued by Zhejiang Provincial Department of Finance, and the Notice on the Relevant Matters of the Gratuitous Transfer of State-owned Equity of Cixi State-owned Assets Investment Holding Co., Ltd. (關於慈溪市國有資產投資控股有限公司國有股權無償劃轉相關事項的通知) by Cixi SAMC, Cixi SAMC gratuitously transferred ten per cent. of its equity interest in the Company to Zhejiang Province Financial Development Co., Ltd. (浙江省財務開發有限責任公司).
December 2021	The Company's registered capital was increased to RMB1,500.0 million with Cixi SAMC holding 90.1469 per cent. equity interest and Zhejiang Province Financial Development Co., Ltd. holding 9.8531 per cent. equity interest.
October 2023	Cixi SAMC transferred 75.1469 per cent. equity interest in the Company to Cixi State-owned Capital Investment and Operation Group Co., Ltd. (慈溪市國有資本投資運營集團有限公司), a wholly-owned subsidiary of Cixi SAMC, while retaining the ultimate shareholding in, and acting as the controlling shareholder of, the Company.

RELATIONSHIP WITH CIXI SAMC AND CIXI MUNICIPAL GOVERNMENT

The Company is ultimately controlled by Cixi SAMC, which is a government organ of Cixi Municipal Government. As a leading state-owned enterprise in Cixi City, the Group has extensive connections with other entities directly or indirectly controlled by Cixi SAMC or Cixi Municipal Government.

Notwithstanding the Group's extensive relationships with Cixi SAMC, Cixi Municipal Government and other entities controlled by them, the various social and community functions performed by the Group and the government financial support received by the Group, the Company is not part of any government. It is operationally and financially separated from Cixi SAMC and Cixi Municipal Government. Its functions and departments are separated from those of the government and do not share any premises with Cixi SAMC and Cixi Municipal Government. The Company has its own budget and financial reporting system, and its assets and liabilities are separated from those of Cixi SAMC and Cixi Municipal Government. Cixi State-owned Capital Investment and Operation Group Co., Ltd., Cixi SAMC and Zhejiang Province Financial Development Co., Ltd., as the shareholders of the Company, are only responsible for the liability of the Company up to the limit of the equity contributions to the Company. None of Cixi SAMC, Cixi Municipal Government or any other PRC governmental entity has any payment or other obligations under the Bonds, the Deed of Guarantee or the Trust Deed, and they will not provide guarantee of any kind for the Bonds. The Bondholders do not have any recourse against Cixi SAMC, Cixi Municipal Government or any other PRC governmental entities in respect of any obligation arising out of or in connection with the Bonds, the Deed of Guarantee or the Trust Deed. The Bonds are solely to be repaid by the Issuer or the Company, and the obligations of the Issuer or the Company under the Bonds and the Deed of Guarantee (as the case may be) shall solely be fulfilled by Issuer and the Company as independent legal persons. Investments in the Bonds are on the credit risk of the Company, rather than that of Cixi State-owned Capital Investment and Operation Group Co., Ltd., Cixi SAMC, Cixi Municipal Government or any other PRC governmental entity. In the event that the Issuer and the Company do not fulfil their respective obligations under the Bonds, the Deed of Guarantee (as the case may be) or the Trust Deed, investors will only be able to claim as an unsecured creditor against the Issuer, the Company or their respective assets, and not any other person, including Cixi State-owned Capital Investment and Operation Group Co., Ltd., Cixi SAMC, Cixi Municipal Government nor any other PRC governmental entity.

This position has been reinforced by Circular 23, Circular 706 and Circular 666. However, none of these circulars prohibit the PRC 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 among the Issuer, the Company, Cixi SAMC and Cixi Municipal Government in this Offering Circular does not imply in any way any explicit or implicit credit support of Cixi SAMC or Cixi Municipal Government in respect of the Bonds, the repayment of which remains the sole responsibility of the Issuer or the Company. See also the risk factors entitled "*The Group has received government subsidies in the past and any reduction in subsidies and grants could substantially reduce the Group's profits*" and "*The Group may not make decisions, take action or invest or operate in businesses or projects that are always in the Group's best interests or that aim to maximise the Group's profits as the Cixi Municipal Government can exert significant influence on the Group*" in the section entitled "*Risk Factors – Risks Relating to the Group's Business*".

DESCRIPTION OF THE GROUP'S BUSINESS

Overview

The Group is the leading state-owned investment and financing entity in Cixi City focusing on infrastructure-construction, provision of public services and management of stated-owned assets in Cixi City. The Group engages in infrastructure construction, transportation; water supply, sale of coal gas, grain procurement and storage, affordable housing construction, property leasing, commodities trading and other businesses.

The table below sets forth a breakdown of the total operating income from each business segment for the years indicated:

	For the years ended 31 December					
	2020		2021		2022	
	Amount (RMB in millions)	Per cent. of total (%)	Amount (RMB in millions)	Per cent. of total (%)	Amount (RMB in millions)	Per cent. of total (%)
Infrastructure construction . . .	864.4	33.9	906.6	29.5	735.6	24.8
Transportation	120.4	4.7	141.3	4.6	103.1	3.5
Water supply	384.1	15.0	423.2	13.8	479.5	16.1
Sale of coal gas	198.6	7.8	304.2	9.9	352.4	11.9
Grain procurement and storage	153.0	6.0	100.8	3.3	164.4	5.5
Affordable housing	146.3	5.7	279.7	9.1	92.9	3.1
Property leasing	210.2	8.2	238.9	7.8	303.3	10.2
Commodities trading	125.5	4.9	311.3	10.1	291.4	9.8
Other businesses ⁽¹⁾	344.0	13.5	370.4	12.0	447.6	15.1
Total operating income . . .	2,552.7	100.0	3,076.3	100.0	2,970.3	100.0

Note:

- (1) Other businesses include security services, testing services, repairment and installation services, advertising, publishing and distribution business, printing business, entrusted operation services, land transfer business and construction waste disposal services.

Infrastructure construction

Overview

The Group is an important infrastructure construction entity in Cixi City that provides a wide range of services such as renovation of old towns, demolition, land development and consolidation, block development and road construction. The Group's infrastructure construction activities are concentrated in Central District of Cixi City, Binhai Economic Development Zone, Cultural and Business District of Cixi City and Cixi Xincheng River Block.

The Group primarily engages in the infrastructure construction business through Ningbo Cixi Urban Construction Investment Group Co., Ltd. and its subsidiary Cixi Xincheng River Construction Investment Co., Ltd. (慈溪市新城河建設投資有限公司), Cixi Cultural and Business District Development Co., Ltd. (慈溪市

文化商務區開發有限公司), Cixi Cidong Industrial Development Co., Ltd. (慈溪市慈東工業發展有限公司) and Ningbo Cixi Culture and Tourism Group Co., Ltd. (寧波慈溪文旅集團有限公司). As at 31 December 2022, the Group had five infrastructure construction projects completed with a total investment amount of approximately RMB1,703.0 million, six infrastructure construction projects under development with a total estimated investment amount of RMB3,584.2 million and three infrastructure construction projects under construction with a total estimated investment amount of RMB5,915.7 million. For the three years ended 31 December 2020, 2021 and 2022, operating income generated from the Group's infrastructure construction business was approximately RMB864.4 million, RMB906.6 million and RMB735.6 million, respectively, representing 33.9 per cent., 29.5 per cent. and 24.8 per cent. of the Group's total operating income for the same periods.

Business Model

The Group primarily undertakes infrastructure construction projects under the agent construction model. Under the agent construction model, details of the infrastructure construction projects to be developed by the Group (such as the scope of work and the calculation of payment amount) are generally set out in a construction agency agreement entered into between the relevant operating entities and the Group's client. According to the construction agency agreement, the Group is responsible for the construction of the projects and for financing such projects through the use of its own funds, external financing and financial subsidies. For payment of the agency construction fee, the client will engage an independent agency, typically a qualified auditor, to review the accounts prepared by the Group every year in relation to the infrastructure construction projects and pay the Group based on the progress of such infrastructure construction projects and the accounts as confirmed by such independent agency. Alternatively, the Group will receive payments for its infrastructure construction projects upon the completion and acceptance of such infrastructure construction projects. The payments received by the Group will be recognised as operating income, which represents the sum of the construction cost incurred by the Group for the relevant infrastructure construction project and an agency management fee ranging from five per cent. to ten per cent. of the confirmed cost of construction of such project.

Project Description

Completed Projects

As at 31 December 2022, the Group had five infrastructure construction projects completed with a total investment amount of approximately RMB1,703.0 million. The table below sets forth particulars of these projects:

Project	Year of commencement	Year of completion	Total investment⁽¹⁾ (RMB in millions)
Road Construction Project for the Eastern Section of the North of the Four Coast Routes (四沿海北線東段道路工程)	2015	2018	93.9
Cidong Binhai District 1#, 4# and 6# Road Construction Project (慈東濱海區1#、4#、6#道路工程)	2015	2016	218.5
Cixi Cultural Business District Binhe Landscape Phase I Project (慈溪市文化商務區濱河景觀一期工程)	2016	2018	1,150.0

Project	Year of commencement	Year of completion	Total investment⁽¹⁾ (RMB in millions)
Cixi Cultural Business District Chaotang River North Side Municipal Road Project (慈溪市文化 商務區潮塘江北側市政道路工程)	2015	2018	137.5
Cixi Fangsong Line and Related Supporting Projects (慈溪市方淞線及相關配套工程項目)	2015	2017	103.1
Total			1,703.0

Note:

(1) Represents the actual amount that has been invested in the project based on the Group's internal records.

Projects under Development

As at 31 December 2022, the Group had six infrastructure construction projects under development with a total estimated investment amount of approximately RMB3,584.2 million. The table below sets forth particulars of these projects:

Project	Year of commencement	Expected year of completion	Total estimated investment⁽¹⁾ (RMB in millions)
Sizaopu South Extension (Xincheng River) Expansion and Dredging Phase II Project (四灶 浦南延(新城河)拓疏二期工程)	2019	2024	1,815.4
Mingyue Lake Infrastructure Project (明月湖基礎 設施工程)	2020	2023	352.8
Cixi East Area Water Diversion Project Phase I (慈溪東部地區引水工程一期)	2020	2023	226.8
Cidong Avenue (Tiaotoupu to Cidong River) Project Phase I (慈東大道(跳頭浦－慈東河)工 程一期)	2021	2023	251.6
Cixi Binhai Economic Development Zone International Industrial Corporation Park Supporting Infrastructure Project Phase I Project (慈溪濱海經濟開發區國際產業合作園配套基礎 建設工程一期項目)	2020	2023	280.6
Central Santang Hengjiang Expansion and Dredging Project (Luzhongwan to Shuiyunpu) (中部三塘橫江拓疏工程 (陸中灣至水雲浦))	2019	2023	657.0
Total			3,584.2

Note:

- (1) Represents the estimated total cost to be incurred for the project. The actual cost incurred upon completion may differ from the estimation.

Projects under Development

As at 31 December 2022, the Group had three infrastructure construction projects under planning with a total estimated investment amount of approximately RMB5,915.7 million. The table below sets forth particulars of these projects:

Project	Expected year of commencement	Total estimated investment⁽¹⁾
		(RMB in millions)
Cixi Future Industrial Park (City Commodity Market Lots 13# and 14#-1) Project (慈溪未來產業園 (市商品市場園區13#、14#-1地塊)項目)	2023	207.1
Zhangqi Affordable Housing Construction Project (掌起保障性租賃住房建設項目)	2023	148.6
Huatai Plot (華泰地塊)	2023	5,560.0
Total		5,915.7

Note:

- (1) Represents the estimated total cost to be incurred for the project. The actual cost incurred upon completion may differ from the estimation.

Transportation

Overview

The Group is the largest entity conducting comprehensive transportation business in Cixi City. The Group engages in transportation business primarily through the Company's subsidiary Ningbo Cixi Transportation Group Co., Ltd. and several subsidiaries of Ningbo Cixi Transportation Group Co., Ltd. The Group's transportation business can be further divided into five sub-segments, namely (i) medium- and long-distance bus transportation, (ii) urban bus transportation, (iii) taxi transportation, (iv) freight business, and (v) station business. As at 31 March 2023, the Group owned a total of 145 operating vehicles for its medium- and long-distance bus transportation business, with 68 being medium- and long-distance passenger shuttle buses and 64 being tourist buses as at 31 March 2023. Moreover, as at 31 March 2023, the Group owned 15 passenger lines connecting different provinces, 18 passenger lines connecting different cities and seven passenger lines that traverse different counties; the Group also owned 872 buses for its urban bus transportation business and 161 bus routes, basically achieving full coverage of urban and rural areas in Cixi City. As at 31 March 2023, the Group operated 215 cruise taxis for its taxi transportation business, of which 193 were self-owned taxis, and the remaining 22 were taxis with long-term operating contracts.

For the years ended 31 December 2020, 2021 and 2022, operating income generated from the Group's transportation business was approximately RMB120.4 million, RMB141.3 million and RMB103.1 million, respectively, representing 4.7 per cent., 4.6 per cent. and 3.5 per cent. of the Group's total operating income for the same periods.

Medium- and Long-distance Bus Transportation

The Group conducts its medium- and long-distance bus transportation business mainly through the Company's subsidiary Cixi Highway Transportation Co., Ltd. ("**Cixi Highway**"), which offers cross-county, cross-city and inter-provincial bus transportation services. Cixi Highway owns the Second Level National Road Passenger Transportation Qualification (國家道路旅客運輸二級資質).

The Group's medium- and long-distance bus transportation business mainly adopts two operating models, namely public ownership and contracting. The Group is responsible for the operation and management of the buses under the public ownership model, under which the Group derives its operating income from passenger fees. Under the contracting model, the Group charges contracting fees on a monthly basis to third party contractors who operate bus routes and are responsible for their own profits. There are 35 routes with 56 buses in medium and long-distance bus transportation that adopt the contracting model, while the remaining eight routes with 17 buses use the public ownership model, covering areas such as the Hangzhou Bay New Area (杭州灣新區) and Cixi to Pudong Airport Line (慈溪至浦東機場線). Among the tourist vehicles owned by the Group, 11 of them are operated under the contracting model, while the remaining 37 vehicles are operated under the public ownership model.

As at 31 March 2023, the Group owned a total of 145 operating vehicles for its medium- and long-distance bus transportation business, with 68 being medium- and long-distance passenger shuttle buses and 64 being tourist buses as at 31 March 2023. Moreover, as at 31 March 2023, the Group owned 15 passenger lines connecting different provinces, 18 passenger lines connecting different cities and seven passenger lines that traverse different counties. The table below sets forth certain operating information of the Group's medium- and long-distance bus transportation business as at and for the years ended 31 December 2020, 2021 and 2022:

	As at and for the years ended 31 December		
	2020	2021	2022
Total vehicles in operation	117	121	147
Medium- and long-distance passenger shuttle buses	78	73	67
Tourist buses	39	48	66
Passenger lines connecting different provinces	18	18	16
Passenger lines connecting different cities . . .	19	18	18
Passenger lines connecting different counties .	7	7	7

Urban Bus Transportation

The Group conducts its urban bus transportation business mainly through the Company's subsidiary, Cixi Urban and Rural Public Transportation Co., Ltd., which is primarily responsible for providing urban bus transportation services throughout Cixi City. Operating income generated from the Group's urban bus transportation business is mainly derived from bus fares charged on passengers. Due to the public service nature of urban bus transportation, bus fares are regulated by the government which imposes a low fare policy in general. In addition, senior citizens aged 70 or above can travel for free on urban buses. Students with a student bus card are eligible for a 50 per cent. discount on urban bus fares. Citizens with a public transportation financial IC card are eligible for a 10 per cent. discount on urban bus fares. The operating cost for urban bus transportation business mainly include labour costs, fuel costs, vehicle depreciation and maintenance costs. The operating cost of urban buses is normally higher than the bus fare income, and the Group's operating loss is partially offset by the subsidies provided by the government.

As at 31 March 2023, the Group owned 872 buses for its urban bus transportation business and 161 bus routes, basically achieving full coverage of urban and rural areas in Cixi. The table below sets forth certain operating information of the Group's urban bus transportation business as at and for the years ended 31 December 2020, 2021 and 2022:

	As at and for the years ended 31 December		
	2020	2021	2022
Total vehicles in operation	876	871	872
New buses purchased during the year	30	21	151
Lines in operation	109	109	115
Operation mileage (<i>thousand kilometres</i>)	49,214.6	51,087.8	51,557.8
Number of bus stations	33	34	34
Total passenger volume (<i>in thousands</i>)	25,192.9	29,517.7	18,732.3

Taxi Transportation

The Group conducts its taxi transportation business through the Company's subsidiary, Cixi Sanbei Taxi Co., Ltd. (慈溪市三北出租汽車有限公司) ("**Sanbei Taxi**"), the largest taxi enterprise in Cixi City. As at 31 March 2023, the Group operated 215 cruise taxis for its taxi transportation business, of which 193 were self-owned taxis, and the remaining 22 were taxis with long-term operating contracts.

Sanbei Taxi operates cruise taxis through the contractual business model. Sanbei Taxi leases its taxis to drivers, who are responsible for providing the taxi service during the contracted period. Sanbei Taxi and drivers will enter in a contractual operating agreement. Typically, two drivers will work in shifts to provide the taxi service. The contracting fee decreases as the contract period extends, and drivers could voluntarily apply to extend the contract period and sign a supplemental agreement. The drivers pay the contracting fee monthly to Sanbei Taxi, and they must pay it before providing the taxi service. Sanbei taxi is responsible for installing vehicle dispatch system, obtaining various car licences and dispatching annual inspection forms to drivers, and related service fees are included in the contracting fee. Additionally, Sanbei taxi receives certain subsidies from the government for energy saving and emission reduction, taxi fuel price, and taxi vehicle purchases, and also receives a certain amount of special financial subsidies each year.

Freight Transportation

The Group conducts its freight transportation business primarily through the Company's subsidiary, Cixi Railway Co., Ltd. (慈溪鐵路公司). Operating income generated from the Group's freight transportation business is mainly derived from freight charges and handling fees. The railway operated by Cixi Railway Co., Ltd. is the first local railway funded and constructed in Cixi City. The operating section ranges between Shushan Station (蜀山站) and Cixi Freight Station (慈溪貨運站), which mainly focuses on cargo delivery, targeting private entities in Cixi City.

Station Business

The Group conducts its station business primarily through the Company's subsidiary, Cixi Transportation Station Operation Co., Ltd. (慈溪市交通場站經營有限公司) ("**Cixi Transportation Station**"), which owns 34 stations. The Group's station business mainly includes passenger station management, luggage and parcel services and parking lot services. Operating income generated from the Group's station business is mainly derived from ticket sales labour fees, baggage handling fees and fixed labour fees for settlement of inbound vehicles. The Group operates Passenger Central Station (Level I Station) (客運中心站 (一級)), Passenger West Station (Level III Station) (客運西站 (三級)) and Passenger South Station (客運南站).

Water Supply

Overview

The Group is authorised to engage in water supply business in Cixi City, including water production and distribution. The Group conducts its water supply business primarily through the Company's subsidiaries, Cixi Water Affairs Group Co., Ltd. ("**Cixi Water Affairs**") and Cixi Cidong Water Supply Co., Ltd. (慈溪市慈東自來水有限公司) ("**Cidong Water Supply**"). Cixi Water Affairs is responsible for supplying water to the central area and 13 towns (streets) in the central and western areas of Cixi City, as well as Cidong Binhai District and Hangzhou Bay New District. Cidong Water Supply is responsible for supplying water to the entire Cixi Binhai Economic Development Zone. As at 31 December 2022, the daily water supply capacity of Cixi Water Affairs was 595 thousand tonnes and the daily water supply capacity of Cidong Water Supply was 20 thousand tonnes.

For the three years ended 31 December 2020, 2021 and 2022, operating income generated from the Group's water supply business was approximately RMB384.1 million, RMB423.2 million and RMB479.5 million, respectively, representing 15.0 per cent., 13.8 per cent. and 16.1 per cent. of the Group's total operating income for the same periods.

Business Model

Procurement

Cixi Water Affairs primarily obtains fresh water from Qilipu (七裡浦), Sizaopu (四灶浦), Xiayao River (下姚江) and Tangpu Reservoir (湯浦水庫). The raw water is then delivered by large transfer mains and tunnels to water treatment plants of Cixi Water Affairs for further treatment. Cidong Water Supply does not process raw water to turn it into tap water, but purchases it directly from Cixi Water Supply Co., Ltd. (慈溪市自來水有限公司), Water Art Holding Group Co., Ltd. (水藝控股集團有限公司) and Longshan Town Water Plant (龍山鎮自來水廠). Cidong Water Supply purchases tap water from Cixi Water Supply Co., Ltd. at RMB3.43 per tonne, Water Art Holding Group Co., Ltd. at RMB3.13 per tonne, and Longshan Town Water Plant at RMB3.43 per tonne.

Operating Capacity

The Group has implemented a thorough operation system that focuses on improving different aspects of its water supply business, including production process enhancement, water quality improvement, safety operation, equipment maintenance and human resource allocation. Cixi Water Affairs has over 600 kilometres of pipelines with DN100 standard or above in its water supply network, covering an area of approximately 210 square kilometres in Cixi City. The table below sets forth particulars of Cixi Water Affairs' operating capacity as at and for the years ended 31 December 2020, 2021 and 2022:

	As at and for the years ended 31 December		
	2020	2021	2022
Number of water plants	4	4	6
Water supply capacity (thousand tonnes per day)	460	460	595
Water supply volume (thousand tonnes)	91,190	108,520	114,370
Water sales volume (thousand tonnes)	84,410	95,400	107,510
Average cost (RMB per tonne)	2.94	2.99	2.77
Water quality compliance rate (per cent.) . . .	100.0	100.0	100.0

Cidong Water Supply does not own any water plants and sells water purchased from relevant water supply companies through its own water pipelines. For township users, Cidong Water Supply does not supply water directly to them, but realises operating income by wholesaling water to township water plants. For urban residents, Cidong Water Supply supplies and distributes water to them directly. The table below sets forth particulars of Cidong Water Supply's operating capacity for the years ended 31 December 2020, 2021 and 2022:

	For the years ended 31 December		
	2020	2021	2022
Water supply capacity (<i>thousand tonnes per day</i>)	20	20	20
Water supply volume (<i>thousand tonnes</i>)	6,860	7,850	7,310
Water sales volume (<i>thousand tonnes</i>)	5,350	6,780	6,100
Average cost (<i>RMB per tonne</i>)	4.25	4.24	4.00
Water quality compliance rate (<i>per cent.</i>) . . .	100.0	100.0	100.0

Pricing

The Group's water production and distribution operations are subject to government price controls, under which the pricing of water supply is periodically reviewed and adjusted by the relevant government authority with reference to the local economy. Urban water supply in Cixi is generally classified into several categories of uses, including residential use, non-operational residential use and industrial and commercial use. The price of different types of water for different uses varies. The table below sets forth particulars of current prices distributed by Cixi Water Affairs as at the date of this Offering Circular:

Use	Price
	(RMB per tonne)
Residential use	2.80 for each household without a water metre - For each household with a water metre, the charges payable are calculated on a tariff structure consisting of three tiers with progressively increasing prices, namely, 2.70, 4.35 and 5.75
Non-operational residential use	5.20
Industrial and commercial use	5.20
Heavy polluting enterprises	7.50
Specialised industries ⁽¹⁾	8.50

Note:

- (1) Specialised industries include industries such as pure water and beverage manufacturing, car washes, saunas and beauty salons.

Cidong Water Supply's pricing mechanism is based on the Notice on the Classification of the Nature of Water Use in the Standardised Operating Charge System (關於規範營業收費系統用水性質分類的通知). The sales price of tap water distributed by Cidong Water Supply ranges from RMB3.38 per tonne to RMB13.0 per tonne, depending on the business of water-using enterprises.

Sale of Coal Gas

Overview

The Group engages in the sale of coal gas through its subsidiary Cixi Coal Gas Co., Ltd. (慈溪市煤氣有限公司). The Group's coal gas business includes (i) the sale of coal gas and LPG and (ii) the recycling and sale of used gas cylinders. For the years ended 31 December 2020, 2021 and 2022, operating income generated from the Group's sale of coal gas business was approximately RMB198.6 million, RMB304.2 million and RMB352.4 million, respectively, representing 7.8 per cent., 9.9 per cent. and 11.9 per cent. of the Group's total operating income for the same periods.

Business Model

The Group does not directly produce coal gas and LPG but instead procures them from third party suppliers for reselling. In terms of downstream distribution, the Group is mainly responsible for the supply of coal gas and LPG within the urban area of Cixi City and its customers are mainly residents in the main urban area of Cixi City. For individual customers, the payment methods include cash payments and bank transfers. Payment is made after the gas is filled at the relevant location or at the time of delivery. For corporate customers, a regular settlement method is generally adopted, and the corresponding payments are made through bank transfers to the coal gas company's account. In terms of upstream procurement, the Group procures coal gas and LPG from third party suppliers and settles the costs of purchase on a monthly basis.

The following table sets forth the procurement amount of the Group's sale of coal gas business for the year ended 31 December 2022:

Suppliers	For the year ended 31 December 2022	
	Amount of	Per cent. of total
	procurement	amount
	(RMB in millions)	(%)
Ningbo Xingguang Liquefied Gas Co., Ltd. (寧波興光液化氣有限公司)	91.8	30.0
Ningbo Mingang Liquefied Gas Co., Ltd. (寧波明港液化氣有限公司)	192.0	62.7
Total	283.8	92.6

Grain Procurement and Storage

Overview

The Group operates its grain procurement and storage business through its subsidiary Cixi Grain Procurement and Storage Co. Ltd. (慈溪市糧食收儲有限公司). The Group is responsible for the execution of grain procurement orders in accordance with the Cixi Municipal Government's grain procurement policies and for balancing the demand and supply of grains in Cixi City. The Group's grain procurement and storage business involves the procurement, storage and sale of grains. Based on market conditions, the Group needs to manage grain distribution and rotation in order to ensure the supply of military rations. In addition, the Group is also engaged in grain reserves business which includes the collection, storage and rotation of the grain reserves for the local government in Cixi City. The Group has six grain reserves warehouses located in Sanbei (三北), Guanhaiwei (觀海衛), Henghe (橫河), Zhouxiang (周巷), Andong (庵東) and Cibe (慈北), with a total

storage capacity of 150,000 tonnes. For the years ended 31 December 2020, 2021 and 2022, operating income generated from the Group's grain procurement and storage business was approximately RMB153.0 million, RMB100.8 million and RMB164.4 million, respectively, representing 6.0 per cent., 3.3 per cent. and 5.5 per cent. of the Group's total operating income for the same periods.

Business Model

The Cixi Municipal Government and Cixi Municipal Grain Bureau (慈溪市糧食局) jointly formulates the size, structure, distribution, purchase and sale, rotation and deployment plan of the grain reserves in Cixi City. The Group executes such plan on behalf of the Cixi Municipal Government. The Group assumes the management duties on behalf of the government and supervises the rotation work in each warehouse to make sure that the grain stocks conform to the national quality standards and the grains that pass the maximum storage period are replaced by new qualified grains.

According to the Grain and Oil Rotation Plan Policy (政策性調控糧油輪換計畫) jointly issued by the Cixi Municipal Grain Bureau, Cixi Municipal Finance Bureau and the Agricultural Development Bank of China, Cixi Branch, the purchase price of grain shall be the minimum guaranteed purchase price for wheat and rice produced in 2015 that conform to international medium standards or above. If the market price at the time of purchase is higher than the pre-determined purchase price, it will be purchased at the market price. If it is lower, it will be purchased at the aforementioned price. Grains that do not conform to national quality standards are purchased at market prices following the principle of buying in and selling out.

To maintain the stability of the local grain reserves, the Zhejiang Provincial Government, Ningbo Municipal Government and Cixi Municipal Government jointly provide government subsidies to support the operation of the Group's grain procurement and storage business. The main source of income of the grain procurement and storage business is government subsidies. The Finance Bureau and the Commerce Bureau of Cixi City have jointly issued a subsidy document for grain procurement and storage in which various types of subsidies are specified, including (i) interest, storage fees, and rotation price difference subsidies, (ii) military grain and oil price difference subsidies and (iii) policy support subsidies which include salaries and additional benefits for employees working in storage companies, office maintenance costs and others. As a result of the government support, there has been a dynamic increase in the Group's operating income from the grain procurement and storage business.

Affordable Housing

Overview

The Group is designated by the Cixi Municipal Government to undertake the development, sale and leasing of affordable housing in Cixi City, including resettlement housing, public rental housing, subsidised housing and shanty town renovation. The Group engages in affordable housing business primarily through Ningbo Cixi Construction Group Co., Ltd. (寧波慈溪建設集團有限公司) ("**Cixi Construction**") which has undertaken more than 80 per cent. of the affordable housing construction projects in Cixi City in the past three years. The specific project implementation is carried out by four wholly-owned subsidiaries of Cixi Construction, namely Cixi Minghong Construction Investment Co., Ltd. (慈溪市明虹建設投資有限公司), Cixi Haihong Construction Investment Co., Ltd. (慈溪市海虹建設投資有限公司), Cixi Tianhong Construction Investment Co., Ltd. (慈溪市天虹建設投資有限公司), and Cixi Housing Development Investment Co., Ltd. (慈溪市住房發展投資有限公司). As at the date of this offering circular, all the aforementioned companies conducting affordable housing business hold valid the real estate development enterprise third-level qualification certificate (房地產開發企業三級資質證書).

As at 31 December 2022, the Group had nine key affordable housing projects completed with a total investment amount of approximately RMB6,801.1 million, three key affordable housing projects under construction with a total estimated investment amount of approximately RMB3,899.6 million and three key affordable housing projects under planning with a total estimated investment of approximately RMB3,074.8 million. For the years ended 31 December 2020, 2021 and 2022, operating income generated from the Group's property leasing business was approximately RMB146.3 million, RMB279.7 million and RMB92.9 million, respectively, representing 5.7 per cent., 9.1 per cent., and 3.1 per cent., respectively, of the Group's total operating income for the same periods.

Business Model

The Group adopts the self-development model and acquires land use rights through allocation or public bidding, followed by development and construction of affordable housing, and then sells the completed housing to qualified purchasers, such as relocated households or ordinary buyers. If the land is acquired through allocation, the Group pays the land transfer fees during the house selling phase.

The Group's operating income from affordable housing sales primarily comes from two sales models. First, units are sold to relocated households at agreed-upon prices. This portion is sold by the street demolition department to the affected households, who then pay the corresponding housing fees to the Group. Second, the remaining units are sold directly to ordinary consumers at market prices by the Group. The Cixi Municipal Government provides subsidies based on the overall performance of the Group's affordable housing business segment.

Project Description

Completed Projects

As at 31 December 2022, the Group had completed nine key affordable housing projects, with a total GFA of approximately 1,561.5 thousand square metres and a total investment amount of approximately RMB6,801.1 million. The table below sets forth particulars of these projects:

Project	Year of completion	Total GFA (sq.m.)	Total investment⁽¹⁾ (RMB in millions)
Jiepai New Village (界牌新村)	2013	265,398	942.2
Meilin Yuan (梅林苑)	2015	184,193	1,000.0
Xinchotang Nanyuan (新潮塘南苑)	2015	199,681	
Xinchotang Beiyuan (新潮塘北苑)	2015	92,203	1,348.7
Mingbei Community (Phase I) (鳴北小區 (一期))	2011	55,056	284.6
Mingbei Community (Phase II) (鳴北小區 (二期))	2015	283,771	1,593.4
Yujia Community (裕嘉小區)	2019	84,984	528.0
Chengnan Construction E05 Resettlement Housing (城南建設E05 安置房)	2016	265,402	364.0
Mingyue Lake Plot B# Resettlement Housing Project (明月湖B#地塊安置房工程)	2019	130,770	740.2
Total		1,561,458	6,801.1

Note:

(1) Represents the actual amount that has been invested in the project based on the Group's internal records.

Projects under Construction

As at 31 December 2022, the Group had three key affordable housing projects under construction, with a total GFA of approximately 705.7 thousand square metres and a total estimated investment amount of approximately RMB3,899.6 million. The table below sets forth particulars of these projects:

Project	Construction period	Total GFA (sq.m.)	Total estimated investment ⁽¹⁾ (RMB in millions)
Mingyue Lake Plot C# Resettlement Housing Project (明月湖C#地塊安置房工程)	2020-2023	162,700.0	975.0
Mingyue Lake Plot dB# Resettlement Housing Project (明月湖D#地塊安置房工程)	2020-2024	394,692.0	2,192.9
Cixi Xinchatong Resettlement Housing Plot 3# Construction Project (慈溪市新潮塘安置房3#地塊建設項目)	2021-2023	148,301.5	731.7
Total		705,694	3,899.6

Note:

(1) Represents the total estimated cost the Group would incur for the project based on the Group's internal records. The actual cost incurred upon completion may differ from the estimation.

Projects under Planning

As at 31 December 2022, the Group had three key affordable housing projects under construction, with a total estimated investment of approximately RMB3,074.8 million. The table below sets forth particulars of these projects:

Project	Construction period	Total estimated investment ⁽¹⁾ (RMB in millions)
Xinchenghe Block Comprehensive Renovation G# Resettlement Housing Project (新城河區塊綜合改造G#安置房工程)	2023-2025	1,096.0
Xinchenghe C-4# Resettlement Housing Project (新城河C-4#地塊安置房工程)	2023-2025	591.2
Xinchenghe I# Resettlement Housing Project (新城河I#安置房工程)	2023-2025	1,387.6
Total		3,074.8

Note:

- (1) Represents the total estimated cost the Group would incur for the project based on the Group's internal records. The actual cost incurred upon completion may differ from the estimation.

Property Leasing

Overview

The Group engages in property leasing business primarily through the Company and its subsidiaries, Ningbo Cixi Industry and Trade Group Co., Ltd. (寧波慈溪工貿集團有限公司) (“**Cixi Industry & Trade**”), Cixi Construction, Ningbo Cixi Transportation Group Co., Ltd. and Cixi Hangzhou Bay Modern Agriculture Development Co., Ltd. The Group occupies a dominant position in the leasing of commercial, office, and business properties, as well as industrial properties in Cixi City. Specifically, its market rental business enjoys a local monopoly status. For the years ended 31 December 2020, 2021 and 2022, operating income generated from the Group's property leasing business was approximately RMB210.2 million, RMB238.9 million and RMB303.3 million, respectively, representing 8.2 per cent., 7.8 per cent., and 10.2 per cent., respectively, of the Group's total operating income for the same periods.

The main source of income for Cixi Industrial & Trade comes from rents, booth fees, and other related fees generated from its market leasing business. The specialised markets currently owned by Cixi Industrial & Trade mainly include Cixi Hushan Vegetable Market (慈溪澔山菜市場), Cixi Jinshan Agricultural Market (慈溪金山農貿市場), Cixi Ximen Market (慈溪西門市場), Cixi Shengshan Clothing and Fabric Market (慈溪勝山服裝布料市場), Cixi Tianyuan Metal Market (慈溪天元鐵皮市場), Cixi Comprehensive Trade City (慈溪綜合商貿城), Cixi Baisha Knitwear Market (慈溪白沙針織品市場), Cixi Textile City (慈溪輕紡城) and Cixi Agricultural Trade City (慈溪農貿城). Among these, the Cixi Comprehensive Trade City is the largest market in terms of both area and business scale in Cixi City, while the Agricultural Trade City is the largest and most diverse wholesale market for agricultural and sideline products in the Yuyao-Cixi region.

Cixi Construction specialises in the leasing business of offices, commercial properties and industrial spaces. The main source of income of Cixi Construction is derived from the rental of Shunchang Building (順昌大廈), Cihui Building (慈惠大廈), Business Centre (商務中心), Creative Water Street (創意水街), Standard Factory Buildings (Cidong Binhai Science and Technology Entrepreneurship Park) (標準廠房 (慈東濱海區科技創業園)), North Commercial Service Centre (北區商業服務中心), Cidong Industrial Zone Seaside Farmers Market (慈東工業區海濱農貿市場), and Phase I factory buildings of the Central and Eastern Europe (Czech) Ningbo Industrial Base (中東歐(捷克)寧波產業基地一期廠房).

Business Model

The Group prices the rents of each market based on historical prices and takes in account market conditions and leasing situation.

Market Leasing Business

The tenancy agreements for spaces in the markets generally adopt an annual or quarterly signing method. This means that once the tenant wins the bid, they are required to pay the rent in full within the specified period. The market issues invoices and confirms the corresponding income for the period.

The Comprehensive Trade City commenced operations in September 2016. To attract tenants and enhance occupancy rates, tenancy agreements are signed for a five-year term. During the first three years, the rent is paid in a 2+1 manner, allowing tenants who pay rent for the first two years in advance to enjoy a three-year lease term. The remaining two years entail rent determination at the end of the third year, followed by annual payments.

The Agricultural Trade City began operating in July 2020. In the primary trading area, tenancy agreements for self-produced and self-sold vegetables are signed annually, with a 15 per cent. discount on rent in the first year and standard rent in the second year. Other areas have three-year lease terms, with a 25 per cent. discount on rent in the first and second years and standard rent in the third year.

Leasing Business of Offices, Commercial Properties and Industrial Spaces

The tenancy agreements are typically signed on an annual basis, and the rent payment can be made monthly, quarterly, semi-annually, or annually. The payment can be made in cash or through bank transfer. The leasing period ranges from one to four years.

Properties for Leasing

The following table sets forth particulars of the properties leased by the Group as at 31 December 2022:

No.	Property	Rentable area	Rented area	Occupancy rate
		(sq.m.)	(sq.m.)	(%)
1.	Cixi Hushan Vegetable Market (慈溪澣山菜市場)	5,100.0	5,046.0	98.9
2.	Cixi Jinshan Agricultural Market (慈溪金山農貿市場)	6,822.1	6,652.1	97.5
3.	Cixi Ximen Market (慈溪西門市場)	7,822.7	7,612.4	97.3
4.	Cixi Shengshan Clothing and Fabric Market (慈溪勝山服裝布料市場)	11,906.8	0.0	0.0
5.	Cixi Tianyuan Metal Market (慈溪天元鐵皮市場)	7,659.7	7,624.7	99.5
6.	Cixi Comprehensive Trade City (慈溪綜合商貿城)	54,250.0	34,880.5	64.3
7.	Cixi Baisha Knitwear Market (慈溪白沙針織品市場)	4,434.0	4,434.0	100.0
8.	Cixi Textile City (慈溪輕紡城)	174,578.7	72,190.5	41.3
9.	Cixi Agricultural Trade City (慈溪農貿城)	232,782.1	195,323.6	83.9
10.	Shunchang Building (順昌大廈)	56,685.1	56,685.1	100.0
11.	Cihui Building (慈惠大廈)	53,906.2	53,906.2	100.0
12.	Business Centre (商務中心)	24,466.0	24,466.0	100.0
13.	Creative Water Street (創意水街)	28,231.7	28,231.7	100.0
14.	Standard Factory Buildings (Cidong Binhai Science and Technology Entrepreneurship Park) (標準廠房 (慈東濱海區科技創業園))	77,649.7	46,772.4	60.2
15.	Cidong Industrial Zone Seaside Farmers Market (慈東工業區海濱農貿市場) . . .	1,067.5	1,982.5	65.0
16.	North Commercial Service Centre (北區商業服務中心)	8,434.6	7,734.6	91.7

No.	Property	Rentable area	Rented area	Occupancy rate
		(sq.m.)	(sq.m.)	(%)
17.	Phase I factory buildings of the Central and Eastern Europe (Czech) Ningbo Industrial Base (中東歐(捷克)寧波產業基地一期廠房)	30,269.2	27,269.2	90.1

Commodities Trading

Overview

The Group's commodities trading business is primarily undertaken by its subsidiaries, Cixi Railway Management Co., Ltd. (慈溪市鐵路管理處有限公司) ("**Cixi Railway Management**"), Cixi Highway, Cixi Transportation Investment Comprehensive Energy Development Co., Ltd. (慈溪市交投綜合能源發展有限公司) ("**Cixi Transportation Investment**") and Cixi Transportation Station. The Group's commodities trading business includes three sub-segments, namely (i) natural gas refuelling business, (ii) gas sales, and (iii) merchandise sales.

Cixi Transportation Investment is responsible for natural gas refuelling business and operating gas stations, including Xiaoxi Gas Station (逍西加油站), Hangzhou Bay New Area West II Gas Station (杭州灣新區西二加油站), the Comprehensive Energy Supply Service Station in the Merchandise Market Park (商品市場園區綜合供能服務站), the Hushan Gas Station (澁山加油站), the Passenger Transport Centre Gas Station (客運中心加油站), the Xincheng Gas Station (新城加油站) and the Yuci Comprehensive Energy Supply Service Station (餘慈綜合供能服務站). Cixi Highway and Cixi Transportation Station are responsible for gas sales business and operating the Cixi Passenger Transport Centre Refuelling Station (慈溪市客運中心加氣站) and the Yuci Refuelling Station (餘慈加氣站), respectively. Cixi Railway Management is responsible for merchandise sales. The main products sold are terephthalic acid and polyethylene.

For the years ended 31 December 2020, 2021 and 2022, operating income generated from the Group's commodities trading business was approximately RMB125.5 million, RMB311.3 million and RMB291.4 million, respectively, representing 4.9 per cent., 10.1 per cent. and 9.8 per cent., respectively, of the Group's total operating income for the same periods. The main products sold are natural gas, petroleum, terephthalic acid, and polyethylene.

Business Model

Natural Gas Refuelling Business

The supplier for the Cixi Passenger Transport Centre Refuelling Station is Ningbo Zhejiang Energy Natural Gas Utilization Co., Ltd. (寧波浙交能源天然氣利用有限公司) ("**Zhejiang Energy Company**"). The price of natural gas is equal to the prevailing LNG trading price offered by Zhejiang Ningbo Beilun LNG Receiving Terminal (浙江寧波北侖液化天然氣接收站) plus a transportation fee of RMB130 per tonne. The guaranteed operating income base is RMB3.0 million, and 50.0 per cent. of the profit exceeding this base will be shared with Zhejiang Energy Company at the end of each year. The group has the authority to determine the retail price of natural gas. The supplier for the Yuci Refuelling Station is Zhejiang Huaqi Energy Development Co., Ltd. (浙江華氣能源開發有限公司) ("**Zhejiang Huaqi Energy**"). The price of natural gas is determined monthly by Zhejiang Huaqi Energy and confirmed by the Group through a price confirmation letter, with settlement on a monthly basis.

Gas Sales

The main supplier for the Group's gas stations is China Petroleum & Chemical Sales Co., Ltd., Ningbo Petroleum Branch (中國石化銷售有限公司寧波石油分公司) which is also a shareholder of Cixi Transportation Investment. Therefore, Cixi Transportation Investment can benefit from preferential pricing for gas as an affiliated company. The Group generates profits by selling gas at a price differential.

Merchandise Sales

The Group primarily conducts its merchandise sales business through a "sales-oriented procurement" business model. Under such model, the Group will first ascertain the needs of downstream customers, then conduct price inquiry with the suppliers and finally provide feedback and negotiate price with downstream customers based on the acquired information. Once the parties reach a consensus as to the price and the terms of trade, the Group will carry out the business contracts execution and delivery process. At the procurement stage, the Group enters into a procurement contract with the supplier, and both parties perform their respective delivery, inspection and acceptance obligations in accordance with the time and venue stipulated in the procurement contract. Suppliers deliver goods to the Group's warehouses and the Group will issue a warehouse receipt to downstream customers upon receipt of payment, who generally collect the goods themselves. The Group receives advance payments from downstream customers before making payments to upstream suppliers.

The following table illustrates top customers of the Group's merchandise sales business for year ended 31 December 2022:

Customer	Sales amount (RMB in millions)	Per cent. of total (%)
Ningbo Shangcheng Chemical Co., Ltd. (寧波尚誠化工有限公司)	86.0	60.5
Ningbo Kunxuan Trading Co., Ltd. (寧波坤軒貿易有限公司) . . .	56.1	39.5
Total	142.1	100.0

The following table illustrates top suppliers of the Group's merchandise sales business for year ended 31 December 2022:

Supplier	Procurement amount (RMB in millions)	Per cent. of total (%)
Beijing Fuhai Liqing Chemical Economics and Trade Co., Ltd. (北京富海力慶化工經貿有限公司)	86.0	60.6
Zhejiang Pengyuan Supply Chain Management Co., Ltd. (浙江鵬源供應鏈管理有限公司)	56.0	39.4
Total	142.0	100.0

Other Businesses

In addition to its primary business segments, the Group also engages in other businesses, such as security services, testing services, repairment and installation services, advertising, publishing and distribution business, printing business, entrusted operation services, land transfer business and construction waste disposal services.

For the years ended 31 December 2020, 2021 and 2022, operating income generated from the Group's other businesses was approximately RMB344.0 million, RMB370.4 million and RMB447.6 million, respectively, representing 13.5 per cent., 12.0 per cent. and 15.1 per cent., respectively, of the Group's total operating income for the same periods.

ENVIRONMENT MATTERS

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

INSURANCE

The Group maintains insurance policies, which it believes to be consistent with the relevant law and industry and business practice in the PRC. The Group maintains insurance coverage in the types which it believes are commensurate with its risk of loss and industry practice. Consistent with what the Group believes to be customary practice in the PRC, it does not carry any business interruption insurance, key-man insurance or insurance covering potential environmental damage claims. Such insurance is not mandatory under the laws and regulations of the PRC, and such insurance is either unavailable in the PRC or requires substantial cost. As at the date of this Offering Circular, the Group has not made, and is not aware of, any insurance claim settlement in relation to its operations that may have a material adverse impact on its business, financial condition or results of operation.

EMPLOYEES

As at 31 December 2022, the Company had 3,376 full-time employees, 829 of which hold bachelor's degree or above. In accordance with the applicable regulations of local governments in regions where the Group has business operations, the Group makes contributions to its employee's social insurance, including the statutory pension plan, medical insurance, unemployment insurance, maternity insurance and workers' compensation insurance. The amount of contributions is based on the specified percentages of employees' aggregate salaries as required by relevant PRC authorities. The Group also makes contributions to an employee housing fund according to applicable PRC regulations. In addition to statutory contributions, the Group provides annual bonuses to employees. The Group enters into an employment contract with each of its employees in accordance with applicable PRC laws. Such contracts include provisions on wages, vacation, employee benefits, training programmes, health and safety, confidentiality obligations and grounds for termination.

LEGAL PROCEEDINGS

From time to time, the Company, together with its subsidiaries, may be involved in legal proceedings or other disputes in the ordinary course of its business. See also "*Risk Factors – Risks Relating to the Group's Business – The Group is exposed to litigation risks*".

As at the date of this Offering Circular, the Group is not aware of any legal proceedings, claims, disputes, penalties or liabilities currently pending or threatened against the Group that may have a material adverse change on its business, financial condition or results of operations.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

DIRECTORS

The board of directors of the Company (the “**Board**”) consists of five directors, including one chairman and four directors. The directors are appointed for a term of three years and they are eligible for re-election and re-appointment. The Board is primarily responsible for convening shareholder meetings and reporting to the shareholders. They implement resolutions of the shareholders and determine the Company’s operational plans and investment schemes. Additionally, the Board formulates the Company’s annual financial budget plans, final accounts plans, annual profit distribution plans, and deficit covering plans. They also devise plans for capital increase or reduction and issuing corporate bonds. The Board is responsible for determining the internal management structure, organization, and basic management systems of the Company. They appoint and dismiss the general manager, deputy general manager, and chief financial officer, as well as determine their remuneration. Furthermore, the Board drafts proposals for amending the Company’s articles of association and exercises any other powers granted by the Company’s articles of association or resolutions of the shareholders’ meetings.

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

Name	Age	Position/Title
Mr. YE Wenjin (葉文進)	41	Chairman of the Board and deputy general manager (in charge of work)
Mr. LUO Caoli (羅曹立)	46	Director and deputy general manager
Ms. HONG Ru (洪汝)	35	Director
Ms. SHI (史詩)	33	Employee director
Ms. NI Hanru (倪含汝)	36	Employee director

Mr. YE Wenjin (葉文進), aged 41, has been the chairman of the Board and deputy general manager (in charge of work) of the Company since June 2023. He previously served in the Cixi SAMC. Mr. Ye holds a bachelor’s degree.

Mr. LUO Caoli (羅曹立), aged 46, has been a director and deputy general manager of the Company since June 2023. He previously served in the Cixi Municipal Finance Bureau (慈溪市財政局). Mr. Luo holds a bachelor’s degree.

Ms. HONG Ru (洪汝), aged 35, has been a director of the Company since June 2023. She also serves as a director of several subsidiaries of the Company. Ms. Hong has been employed at the Cixi SAMC since September 2011. She previously held positions as a deputy section chief of the Enterprise Reform Department (企業改革科) and a deputy section chief (in charge of work) of the Property Rights Management Department (產權管理科) of the Cixi SAMC. From August 2020 to June 2023, she served as a director and the general manager of the Company. Ms. Hong holds a bachelor’s degree.

Ms. SHI (史詩), aged 33, has been a director of the Company since June 2023. She previously worked at Ningbo Cixi Industry and Trade Group Co., Ltd. (寧波慈溪工貿集團有限公司). Ms. Shi holds a master’s degree.

Ms. NI Hanru (倪含汝), aged 36, has been a director of the Company since June 2023. She previously worked at Cixi Chengnan Construction Investment Co., Ltd. (慈溪市城南建設投資有限公司). Ms. Ni holds a bachelor's degree.

SUPERVISORS

The board of supervisors of the Company (the “**Supervisory Board**”) consists of five supervisors, including one chairman and four supervisors. The Supervisory Board is primarily responsible for examining the Company's finances; overseeing the performance of directors and senior executives in carrying out their corporate duties; recommending the removal of directors and senior executives who violate laws, regulations, or the Company's articles of association; requesting correction from directors and senior executives whose actions harm the Company's interests; initiating legal proceedings against directors and senior executives when necessary; attending the Board's meetings; and exercising other powers granted by shareholders. Each of the supervisors is appointed for a term of three years, which is renewable upon re-election and re-appointment.

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

Name	Age	Position/Title
Ms. GU Lihong (顧麗虹)	53	Chairman of the Supervisory Board
Mr. SHEN Chao (沈超)	36	Supervisor
Mr. FAN Jianding (範建定)	50	Supervisor
Mr. CEN Yuke (岑玉科)	40	Employee supervisor
Mr. ZHANG Liang (張亮)	40	Employee supervisor

Ms. GU Lihong (顧麗虹), aged 53, has been the chairman of the Supervisory Board since June 2023. Ms. Gu holds a bachelor's degree.

Mr. SHEN Chao (沈超), aged 36, has been a supervisor of the Company since August 2020 and serving in Cixi SAMC since 2011. He previously worked in the Cixi Municipal People's Procuratorate from 2010 to 2011. Mr. Shen holds a bachelor's degree.

Mr. FAN Jianding (範建定), aged 50, has been a supervisor of the Company since August 2020. He previously worked in the audit and supervision section of the Cixi Municipal Commerce Bureau (慈溪市商業局) from 1995 to 2003 and joined the Company in March 2003. Mr. Fan holds a bachelor's degree.

Mr. CEN Yuke (岑玉科), aged 40, has been a supervisor of the Company since June 2023. He previously worked in Ningbo Cixi Transportation Group Co., Ltd. (寧波慈溪交通集團有限公司). Mr. Cen holds a master's degree.

Mr. ZHANG Liang (張亮), aged 40, has been an employee supervisor of the Company since June 2023. He also serves as an employee of the Company. Mr. Zhang holds a bachelor's degree.

SENIOR MANAGEMENT

The Company's senior management is appointed by and reports to the Board. The Company's general manager is currently vacant, and the deputy general manager, Mr. Ye Wenjin, is temporarily assuming full responsibility for the work. The following table sets forth the Company's senior management as at the date of this Offering Circular:

Name	Age	Position/Title
Mr. YE Wenjin (葉文進)	41	Chairman of the Board and deputy general manager (in charge of work)
Mr. LUO Caoli (羅曹立)	46	Director and deputy general manager

Mr. YE Wenjin (葉文進), aged 41, has been the chairman of the Board and a deputy general manager (in charge of work) of the Company since June 2023. See “– *Directors*”.

Mr. LUO Caoli (羅曹立), aged 46, has been a director and deputy general manager of the Company since June 2023. See “– *Directors*”.

PRC LAWS AND REGULATIONS

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

MAIN REGULATORY AUTHORITIES AND CONTENTS OF SUPERVISION

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

- MOHURD (formerly the MOC) and the competent local departments of MOHURD at various levels are responsible for the comprehensive supervision over the construction industry as well as real estate development qualifications. Such management mainly includes: management of the competency and qualification of market players, approval and verification of the qualifications of various construction enterprises for access to the market, examination and approval of occupational qualifications of individuals in the construction industry, supervision over and management of construction projects, and establishment of industrial standards.
- Ministry of Transport of the People's Republic of China ("MOT") and the competent local departments of MOT at various levels are responsible for the construction projects of ports, airports and highways nationwide.
- National Railway Administration of the People's Republic of China (formerly Ministry of Railways ("MOR")) and the competent local departments of MOR at various levels are responsible for the railway construction projects nationwide.
- NDRC and the local development and reform commissions at various levels are responsible for the investment planning, examination and approval of city infrastructure construction projects.
- Ministry of Ecology and Environment (生態環境部) ("MEE") and the competent local departments of environmental protection at various levels are responsible for the environmental protection management of construction projects.

REGULATIONS RELATING TO FISCAL DEBTS OF LOCAL GOVERNMENTS

On 21 September 2014, Circular 43 was promulgated by the State Council. Circular 43 aims to regulate the financing system of local governments and presents three channels. In accordance with Circular 43, financing platforms shall no longer serve the fiscal financing functions or incur new government debts. Public interest projects may be funded by the PRC government through issuing government bonds since the Budget Law of the People's Republic of China (中華人民共和國預算法) (the "**Budget law**") empowers local governments to issue government bonds and carry out public interest projects with the capital generated, such as city infrastructure construction which may be operated independently by social investors or jointly by the PRC government and social investors through the establishment of special purpose companies. Social investors or such special purpose companies shall invest in accordance with market-oriented principles and may be funded by, among other market-oriented approaches, bank loans, enterprise bonds, project revenue bonds and asset-backed securitisation. Social investors or the special purpose companies shall bear the obligation to pay off

such debts and the PRC government shall not be liable for any of the social investors' or special purpose companies' debts. Circular 43 also sets forth the general principles of dealing with existing debts of financing platforms. Based on the auditing results of such debts run by the local governments, the existing debts that should be repaid by the local governments shall be identified, reported to the State Council for approval, and then included in the budget plan of local governments.

On 11 May 2015, Circular 40 was promulgated by the General Office of the State Council. In accordance with Circular 40, local governments at all levels and banking financial institutions shall properly deal with follow-up financing issues for projects under construction of financing platform companies. Projects under construction refer to projects that have started construction upon the completion of examination, approval or filing procedures in accordance with the relevant regulations by competent investment authorities before the date on which Circular 43 was promulgated.

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

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

On 2 February 2016, MOF, MLR, CBRC and PBOC promulgated the Notice on Regulating Land Banking and Fund Management Related Issues (Caizong [2016] No. 4) (關於規範土地儲備和資金管理等相關問題的通知 (財綜[2016]4號)) (“**Circular 4**”), which requires developers such as the Group to carry out primary land development in accordance with project buyback agreements to be entered between members of the Group and the relevant governmental authority. Pursuant to Circular 4, the land resources, finance and administrative bureaus of local governments shall be required to publish project information in respect of primary land development projects, including project plans, details of contractors or suppliers, performance evaluation standards, final results and achievements. Primary land developers or the designated contractors or suppliers are not permitted to completely sub-contract the development works to be carried out by them to third parties, and remuneration payable to primary land developers such as the Group may not be linked to the auction price. Without prejudice to the previous land use rights acquired, the Group is only permitted to carry out primary land development on an agency basis in which case the Group conducts its primary land development business as only an agent without obtaining land use rights of the underlying project.

On 26 April 2017, MOF, NDRC, the Ministry of Justice, PBOC, CBRC and CSRC jointly issued Circular 50. According to Circular 50, (i) local governments should not inject public assets and land reserves into their financing vehicles, and should not undertake to use the expected income from transfer of land reserves as sources of debt servicing for their financing vehicles; (ii) when providing financing to enterprises such as financing vehicles, the financial institutions shall not request or accept any form of guarantee of such financing from the local governments and their departments by way of letter of guarantee, letter of undertaking, letter of comfort or otherwise; and (iii) a financing vehicle shall make a written representation to the relevant creditor that it does not perform any financing function on behalf of local governments, and any debts incurred by it after 1 January 2015 shall not be regarded as local government debts pursuant to applicable laws. On 28 March 2018, MOF issued Circular 23. According to Circular 23, (i) state-owned financial enterprises are prohibited from increasing loans of local government financing platform companies in violation of regulations including the Budget Law which took effect on 1 January 2015, Circular 43 and other requirements, except for purchase of local government debts; (ii) while providing financing for state-owned enterprises, financing platforms of local government or public-private partnership projects of local construction, state-owned financial enterprises shall, under the “penetration principle”, ensure that the source of financing entities’ capital funds is in compliance with applicable laws and regulations, and that the financing projects satisfy the requirements for the proportion of capital funds; (iii) state-owned financial enterprises are obliged to evaluate the financial capabilities of entities raising funds and sources of repayments when they provide agency services to local state-owned enterprises, such as financing platforms of local governments for domestic and overseas bonds issuance. Where the source of repayments made by the entities raising funds involve fiscal funds, state-owned financial enterprises shall conduct due diligence, and carefully verify whether the arrangement to offer fiscal funds is in compliance with applicable laws and regulations; and (iv) such documents including the offering circulars shall not disclose information that can implicitly or explicitly indicate the government’s endorsement, such as local financial revenue and expenditure and government debt information, or conduct misleading publicity that implies an association with the government’s credit.

In May 2018, Circular 706 was released which reiterates the PRC government’s position to isolate the debt of local government financing vehicles from the relevant local government. See “– *Regulations relating to Overseas Financing – Regulation relating to the Issuance of Foreign Bonds*” for further information about Circular 706.

The above-mentioned regulations may adversely affect the Group’s access to financing by imposing requirements not only on the Group but also on lenders. These regulations and any more stringent policies that the PRC government may issue in the future could have a material impact on the Group’s business model, business, financial condition, results of operations and prospects.

REGULATIONS RELATING TO OVERSEAS FINANCING

Regulation relating to the Issuance of Foreign Bonds

Pursuant to the and NDRC Circular 56 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 ten 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.

Regulations relating to Overseas Investment, Financing and Acquisition Activities

NDRC Supervision

According to the Measures for the Administration of Overseas Investment of Enterprises (企業境外投資管理辦法) issued on 26 December 2017 and which became effect on 1 March 2018, the procedure of approval and filing shall be respectively applied to different overseas investment projects. In particular, overseas investment projects involving sensitive countries and regions or sensitive industries shall be subject to confirmation by the NDRC. Projects shall be subject to the filing with the competent governmental body. Specifically, overseas investment projects carried out by enterprises under central management, or those carried out by local enterprises in which the amount of Chinese investment reaches or exceeds U.S.\$300 million shall be subject to

the filing with NDRC. Those carried out by local enterprises in which the amount of Chinese investment is below U.S.\$300 million shall be subject to the filing with competent investment departments of the provincial government.

Investment projects to be carried out in Hong Kong and/or the Macau Special Administrative Region shall be governed by the Measures for the Administration of Overseas Investment of Enterprises (企業境外投資管理辦法).

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.

REGULATIONS RELATING TO 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:

- 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;
- 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;

- where an overseas enterprise no longer keeps state-owned property right due to dissolution, bankruptcy, or property right transfer and capital reduction; or
- other circumstances in which property right registration needs to be made.

REGULATIONS RELATING TO LAND AND THE DEVELOPMENT OF REAL ESTATE PROJECTS

Land Grants

In April 1988, the National People's Congress of the People's Republic of China passed an amendment to the Constitution of the People's Republic of China (中華人民共和國憲法). The amendment allowed the transfer of land use rights for value to prepare for reforms of the legal regime governing the use of land and transfer of land use rights. In December 1988, the Standing Committee of the National People's Congress (全國人民代表大會常委會) (the "SCNPC") amended the Land Administration Law to permit the transfer of land use rights for value. The Land Administration Law was last amended on 26 August 2019 and became effective on 1 January 2020.

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

Under the Regulations regarding the Grant of State-owned Land Use Rights by way of Public Bidding, Auction and Listing Procedure (招標拍賣掛牌出讓國有土地使用權規定) issued by MLR on 9 May 2002 and implemented on 1 July 2002 (the "**2002 Regulations**") and revised on 28 September 2007 with the name Regulations regarding the Grant of State-owned Construction Land Use Rights by way of Public Bidding, Auction and Listing Procedure (招標拍賣掛牌出讓國有建設用地使用權規定) (the "**2007 Regulations**") effective on 1 November 2007, land for industrial (except land for mining) or commercial use, tourism, entertainment and commercial residential properties, and land for which there are two or more intended users must be granted by way of the public bidding, auction and listing procedure. A number of measures in the 2007 Regulations ensure such grants of land use rights for commercial purposes are conducted openly and fairly. For instance, the local land bureau must take into account various social, economic and planning considerations when deciding on the use of a certain piece of land, and its decision regarding land use designation is subject to the approval of the city or county government. The grantee shall apply for land registration and obtain the land use rights certificate upon full payment of the land premium for the land according to the land grant contract. In the event that the land premium for the land is not paid in full, the grantee will not receive the land use rights certificate. In addition, the announcement of public bidding, auction and listing procedure must be made 20 days prior to the date on which such competitive process begins. Further, the 2007 Regulations stipulate that for listings on a land exchange, the time period for accepting bids

must be no less than ten days. Following the 2002 Regulations, MLR and the Ministry of Supervision of the People's Republic of China ("MOS") issued the Notice on Continuing the Review of the Implementation of the Grant of Land Use Rights for Commercial Uses By Soliciting Public Bidding, Auction and Listing Procedure on a Land Exchange (關於繼續開展經營性土地使用權招標拍賣出讓情況執法監察工作的通知) on 31 March 2004, which requires all local land administration authorities to strictly enforce the 2002 Regulations. In addition, MLR and MOS required that beginning from 31 August 2004, no land use rights for commercial uses granted by way of agreement shall be dealt with due to reasons stemming from historical legal legacy issues. In the Urgent Notice of the General Office of the State Council on Intense Regulation and Rectification of the Land Market and Strict Administration of Land (國務院辦公廳關於深入開展土地市場治理整頓嚴格土地管理的緊急通知), issued by the General Office of the State Council on 29 April 2004, the approval process for the change of use from agricultural land to non-agricultural land for development was suspended for a period of approximately six months so that the PRC government could rectify irregularities in land development in China. On 13 May 2011, MLR implemented the Opinions on Upholding and Improving the System for the Transfer of Land by Public Bidding, Auction and Listing Procedure (國有資源部關於堅持和完善土地招標拍賣掛牌出讓制度的意見), which provides, among other things (i) how to correctly implement the land transfer policy through the public bidding, auction and listing procedure; (ii) an explanation of improvements in the transparency of the public bidding, auction and listing procedure for housing land; (iii) an explanation of adjustments and improvements to the land transfer policy through the public bidding, auction and listing procedure; (iv) promotion of online operation of the transfer of land use rights; and (v) improvement in contracts for land transfers through the public bidding, auction and listing procedure.

In the case of tenders, the local land bureau granting the land use rights should examine the qualifications of the intended bidders and encourage those who are qualified to participate in the bidding process by sending out invitations to tender. Bidders are asked to submit sealed bids together with the payment of a security deposit. When land use rights are granted through tenders, a tender evaluation committee consisting of an odd number of members of at least five people (including a representative of the grantor and relevant expert) shall be formed by the land bureau which is responsible for initiating the tenders and deciding on the successful bidder. The successful bidder will then sign the land grant contract with the land bureau and pay the balance of the land premium before obtaining a land use rights certificate.

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

Where land use rights are granted through a listing administered by the local government, a public notice will be issued by the local land bureau to specify, among other things, the location, area, purpose of use of the land and the period for receiving bids. The land use rights are granted to the bidder with the highest bid who satisfies the terms and conditions stipulated by the local land bureau. The successful bidder will enter into a land grant contract with the local land bureau and pay the relevant land premium within a prescribed period.

On 11 June 2003, MLR promulgated the Regulations on the Grant of State-owned Land Use Rights by Agreement (協議出讓國有土地使用權規定), which was implemented on 1 August 2013. According to this regulation, if there is only one entity interested in using the land, the land use rights (excluding profit-oriented land for commercial use, tourism, entertainment and commercial residential properties) may be assigned by way of agreement. If two or more entities are interested in the land use rights to be assigned, such land use rights shall be granted by means of public bidding, auction and listing.

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

- the city or county land resource department must specify the land transfer price, rent and the total sum of the allocated land price, payment time and payment mode in the state-owned land transfer contract, lease contract and letter of decision on appropriation. If the land use conditions have been changed upon approval according to law, the city or county land resource management department must specify the additional price of the land that shall be paid in the land transfer and lease contracts and the payer shall pay the sum of money as stipulated by the contract. If a unit or individual fails to pay up the land price as required, the city or county land resource management department must neither approve nor issue the state-owned land use certificate nor issue a partial certificate according to the proportion of the land price paid; and
- in principle, the term for paying the full land transfer price by instalments agreed between the city or county land resource management department and land transferee pursuant to law shall not exceed one year. The proportion of first payment shall not be less than 50 per cent. of the total land transfer price.

Idle Land

The Notice on Promoting the Saving and Intensive Use of Land (國務院關於促進節約集約用地的通知), issued by the State Council on 3 January 2008, aims at optimising the utilisation of land. It provides that if a piece of land has been idle for two years or more, it must be taken back free of charge resolutely and rearranged for other uses, and if a piece of land does not satisfy the legal conditions for such taking-back, measures such as change of use, equivalent replacement, arrangements of temporary use or bringing it into governmental reserve shall be taken to make full use of the idle land. It also provides that if a piece of land has been idle for more than one year but less than two years, the real estate developer shall pay the idle land surcharge at 20 per cent. of the land grant premium.

Planning of Construction Projects

On 1 January 2008, the SCNPC implemented City and Countryside Planning Law of the People's Republic of China (中華人民共和國城鄉規劃法) which was amended on 24 April 2015 and 23 April 2019, pursuant to which a construction planning permit must be obtained from the relevant urban and rural planning government authorities for building any structure, fixture, road, pipeline or other engineering project within an urban or rural planning area. After obtaining the construction works planning permit, a construction project developer shall apply for a construction work commencement permit from the construction authority under the local people's government at the county level or a higher construction authority in accordance with the Measures for the Administration of Construction Permit for Construction Projects (建築工程施工許可管理辦法) promulgated by MOHURD on 25 June 2014, implemented on 25 October 2014 and recently amended on 30 March 2021. According to the Notice Regarding Strengthening and Regulating the Administration of Newly-commenced Projects (國務院辦公廳關於加強和規範新開工項目管理的通知) issued by the General Office of the State Council on 17 November 2007, before commencement of construction, all kinds of projects shall fulfil certain conditions, including, among others, compliance with national industrial policies, development plans, land supply policy and market access standards, completion of all approval and filing procedures, compliance with zoning plans in terms of site and planning, completion of proper land use procedures and obtaining proper environmental valuation approvals and construction work commencement permits or construction start-up reports. In accordance with the Regulations on Administration of Development of Urban Real Estate and the Regulations on the Quality Management of Construction Projects (建設工程質量管理條例) implemented by the State Council on 30 January 2000 and amended on 7 October 2017 and 23 April 2019, the Measures for Reporting Details Regarding Acceptance Examination Upon Completion of Buildings and City Infrastructure (房屋建築和市政基礎設施工程竣工驗收備案管理辦法) implemented by

MOHURD on 4 April 2000 and amended on 19 October 2009 and the Rules for the Confirmation of the Completion of Housing Construction and City Infrastructure Projects (房屋建築和市政基礎設施工程竣工驗收規定) implemented by MOHURD and implemented on 2 December 2013, after the completion of construction of a project, the construction project must undergo inspection and receive the relevant approvals from local authorities which include approvals from planning bureau, fire safety authorities and environmental protection authorities.

Real Estate Registration

According to the Interim Regulations on Real Estate Registration (不動產登記暫行條例) issued by the State Council on 24 November 2014, enforced on 1 March 2015 and amended on 24 March 2019, PRC will apply a uniform registration system over real estate. Under this system, ownership of buildings and land use right shall be registered in accordance with the provisions of the interim regulations. If registration is applied by reasons of transfer or settlement of mortgage, the application shall be made jointly by both parties. However, the first registration application for the real estate without registration record shall be filed by either party involved. Any interested party may apply to inquire about or copy the real estate registration materials in accordance with the law and the registration. The competent authorities shall not refuse to provide the information which has been registered. Furthermore, the Interim Regulation confirmed that various real estate ownership certificates issued prior to the implementation of the interim regulation shall remain valid.

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

Bidding and Tendering Management

Bidding and tendering for various construction projects have been provided for in, among others: (i) the Bidding and Tendering Law promulgated by the SCNPC on 30 August 1999 which became effective on 1 January 2000 and was amended on 27 December 2017; (ii) the 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) (the “**Regulations on the Implementation of the Bidding and Tendering Law**”) promulgated by the State Council on 20 December 2011 which became effective on 1 February 2012 and was amended on 1 March 2017, 19 March 2018 and 2 March 2019 and which amendment became effective on the same date; (iii) the 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, the Ministry of Information Industry of the People’s Republic of China, the Ministry of Water Resources of the People’s Republic of China and the Civil Aviation Administration of China on 8 March 2003 which became effective on 1 May 2003 and was amended on 11 March 2013 and which amendment became effective on 1 May 2013; (iv) the Administrative Measures for the Bidding and Tendering of Design of Construction Projects (建築工程設計招標投標管理辦法) issued by MOC on 18 October 2000 and became effective on the same date, and further amended on 24 January 2017 and became effective on 1 May 2017; and (v) the Administrative Measures for the Bidding and Tendering of Housing Construction and City Infrastructure Work (房屋建築和市政基礎設施工程施工招標投標管理辦法) issued by MOC on 1 June 2001, last amended on 13 March 2019 and became effective on the same date.

In accordance with the Bidding and Tendering Law, 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 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 PRC government in whole or in part and projects using loans or funding aid from international organisations or foreign governments.

The process of bidding and tendering consists of five stages including bid invitation, tendering, bid opening, bid evaluation and bid award. The principles of openness, fairness 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 tenderer shall issue the notification to the successful bidder. The notification is legally binding on both the tenderer and the bid winner.

According to the Regulations on the Implementation of the Bidding and Tendering Law, where the tender invitation and bidding activities of a project required by law to call for tenders violate the provisions of the Bidding and Tendering Law and the Regulations on the Implementation of the Bidding and Tendering Law, and have a substantive influence on the outcome of the award of tender, if it is impossible to adopt remedial measures to rectify, the tender invitation, bidding, and the award of tender shall be void, and the tender exercise or bid evaluation shall be organised anew pursuant to the law.

In accordance with the Bidding and Tendering Law and the Measures for the Construction Bidding and Tendering of Construction Projects, if any project that should undergo bidding as required by law fails to go through the bidding process or the bidding process is otherwise evaded, the relevant administrative supervision department shall order rectification within a specified period, and may impose a fine of 0.5 per cent. up to 1.0 per cent. of the contract amount of the project. For projects using the state-owned funds in whole or in part, the project approval authority may suspend the implementation of the project or suspend the fund appropriation, and impose punishment on the person directly in charge of the entity or other person directly liable. Further, in accordance with the provisions of the Interpretations of the Supreme People's Court on Issues of Law Application during the Trial of Construction Contracts for Building Projects (最高人民法院關於審理建設工程施工合同糾紛案件適用法律問題的解釋 (一)) issued by the Supreme People's Court of the People's Republic of China 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, among others: (i) the Construction Law which became effective on 1 March 1998 and amended on 22 April 2011, which amendment became effective on 1 July 2011, modified on 23 April 2019; (ii) the Regulations on the Quality Management of Construction Projects issued by the State Council on 30 January 2000, became effective on the same date, and was amended on 7 October 2017 and 23 April 2019; (iii) the 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 1 April 2021 and became effective on the same date; (iv) the Measures for Reporting Details Regarding Acceptance Examination Upon Completion of Buildings and City Infrastructure implemented by MOHURD on 4 April 2000 and amended on 19 October 2009 and became effective on the same date; (v) the 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; (vi) the Measures for Completion Acceptance of Port Works (港口工程竣工驗收辦法) promulgated by MOT on 12 April 2005 which became effective on 1 June 2005 and amended on 5 September 2014 and 19 April 2016, and subsequently was replaced by the Regulations on the Administration of Port Engineering Construction (港口工程建設管理規定) promulgated by MOT on 15 January 2018 and was amended on 28 November 2019; (vii) the Measures for Completion (Delivery) Acceptance of Highway Works (公路工程竣(交)工驗收辦法) promulgated by MOT on 15 March 2004 and its implementation rules which was promulgated on 27 January 2010 and became effective on 1 May 2010; and (viii) the Measures for the Management of Construction Project Quality Deposits (建設工程品質保證金管理辦法) issued by the MOHURD and the MOF on 20 June 2017 and became effective on 1 July 2017.

According to the Regulations on the Quality Management of Construction Projects issued by the State Council on 30 January 2000 and became effective on the same date and was amended on 7 October 2017 and on 23 April 2019, all the building, surveying, designing, construction and supervision units shall be responsible for the quality of construction projects. The competent administrative department of construction at or above county level is the competent authority for quality supervision and management of construction projects.

Environmental Protection Management

Major laws and regulations on environmental protection during the project construction process include, among others: (i) 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 the SCNPC on 24 April 2014 which became effective on 1 January 2015; (ii) the Environmental Impact Appraisal Law of the People's Republic of China (中華人民共和國環境影響評價法) promulgated by the SCNPC on 28 October 2002 which became effective on 1 September 2003 and last amended on 29 December 2018; and (iii) the Administrative Regulations on Environmental Protection of Construction Projects (建設項目環境保護管理條例) issued by the State Council on 29 November 1998 and became effective on the same date and amended on 16 July 2017 and became effective on 1 October 2017.

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

Air Pollution

The Air Pollution Prevention Law of the People's Republic of China (中華人民共和國大氣污染防治法) promulgated on 5 September 1987 by the SCNPC, which became effective on 1 June 1988 and was recently amended on 26 October 2018 and became effective on the same date, establishes the legal framework for air pollution prevention in the PRC. MEE formulates national air quality standards. Each of the local environmental protection bureaus is authorised to regulate air pollution within each of their respective jurisdictions by formulating specific local standards and may impose penalties for violation.

Water Pollution

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

Noise Pollution

Major laws and regulations on noise pollution include, among others, the Noise Pollution Prevention Law of the People's Republic of China (中華人民共和國噪聲污染防治法) promulgated by the SCNPC on 24 December 2021 and became effective on 5 June 2022. Under the Noise Pollution Prevention Law of the People's Republic of China, 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.

Construction Projects

The Environmental Impact Appraisal Law of the People's Republic of China promulgated by the SCNPC on 28 October 2002 which became effective on 1 September 2003 and last amended on 29 December 2018 and the Administrative Regulations on Environmental Protection of Construction Projects issued by State Council on 29 November 1998 and became effective on the same date and amended on 16 July 2017 and became effective on 1 October 2017 and the 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 the Ministry of Environmental Protection of the People's Republic of China on 20 November 2017 which became effective on the same date, require enterprises planning construction projects to engage qualified professionals to provide assessment reports on the environmental impact of such projects. The assessment report shall be filed with and approved by the relevant environmental protection bureau, prior to the commencement of any construction work. The construction project shall not commence operation, unless inspected and approved by the relevant environmental protection bureau.

REGULATIONS RELATING TO LABOUR

Employment Contracts

The Labour Law of the People's Republic of China (中華人民共和國勞動法) promulgated by the SCNPC on 5 July 1994, which became effective on 1 January 1995 and amended on 29 December 2018 and the Labour Contract Law promulgated by the SCNPC 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, govern the relationship between employers and employees and provide for specific provisions in relation to the terms and conditions of an employment contract. The Labour Contract Law stipulates that employment 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, promulgated by the SCNPC on 28 October 2010, which became effective on 1 July 2011 and was amended on 29 December 2018 and became effective on the same date, the Interim Regulations on the Collection and Payment of Social Insurance Premiums (社會保險費征繳暫行條例) promulgated by the State Council on 22 January 1999, which became effective on 22 January 1999 and was last amended on 24 March 2019, and the Administrative Regulations on the Housing Provident Fund (住房公積金管理條例) promulgated by the State Council on 3 April 1999, which became effective on 3 April 1999 and as amended on 24 March 2002 and 24 March 2019, employers are required to contribute, on behalf of their employees, to a number of social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance, maternity leave insurance and to housing provident funds. These payments are made to local administrative authorities and any employer who fails to contribute may be fined and ordered to pay the outstanding amount within a stipulated time period.

REGULATIONS ON WORK SAFETY

According to the Work Safety Law of the People's Republic of China (中華人民共和國安全生產法) effective from 1 November 2002 and last amended on 10 June 2021 and became effective on 1 September 2021, if anything relating to work safety shall be subject to examination and approval according to the provisions of the relevant laws and regulations (including but not limited to approval, verification, permission, registration, certification and granting licences), the departments responsible for work safety supervision and administration must carry out the examination and approval by strictly following the relevant laws and regulations as well as the conditions and procedures for safe production as required by national or industrial standards. In the event that the administrative department in charge of examination and approval discovers or receives reports that any entity has unlawfully engaged in relevant activities without obtaining approval or without passing the examinations for acceptance, it shall revoke the unlawful act without delay and handle the case according to the law.

The Administrative Regulations on the Safety of Hazardous Chemicals (危險化學品安全管理條例), which was promulgated on 26 January 2002 and last amended on 7 December 2013, firstly provides that the PRC government implements the licensing system for the operation of hazardous chemicals (including storage management, hereinafter the same), and without being licensed, any units and individuals shall not deal in hazardous chemicals. Secondly, it provides that the enterprises dealing in hyper-toxic chemicals or hazardous chemicals to make explosives shall file applications to the production safety supervision and administration departments of the local people's governments at municipality (with districts) level and the enterprises dealing in other hazardous chemicals shall file applications to the production safety supervision and administration departments of the local people's governments at county level (if the enterprise has storage facilities, it shall file applications to the production safety supervision and administration department of the local people's government at municipality (with districts) level). Thirdly, the authorities mentioned above shall examine such documents pursuant to laws, conduct on-site verification on the business premises and storage facilities of the applicants, and make the decision of approval or refusal (if the application is approved, the licences for dealing in hazardous chemicals shall be issued). At last, the applicants shall not deal in hazardous chemicals until they hold the licences for dealing in hazardous chemicals to handle registration at the Administration for Industry and Commerce.

TAXATION

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

The following summary describes the principal PRC tax consequences of ownership of the Bonds by beneficial owners who, or which, are not residents of PRC for PRC tax purposes. These beneficial owners are referred to as non-resident Bondholders in this section entitled “*PRC Taxation*”. 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.

Enterprise Income Tax

Pursuant to the EIT Law, which was amended on 29 December 2018 and took effect on the same date, and its implementation regulations and Individual Income Tax Law of the PRC (“**IIT Law**”), which was amended on 31 August 2018 and took effect on 1 January 2019, and its implementation regulations, enterprises that are established under laws of foreign countries and regions (including Hong Kong, Macau and Taiwan) but whose “de facto management body” are within the territory of PRC are treated as PRC tax resident enterprises for the purpose of the EIT Law and must pay PRC enterprise income tax at the rate of 25 per cent. in respect of their taxable income. Although the rules are not entirely clear, dividends from a PRC tax resident enterprise should be excluded from the taxable income of a recipient that is also a PRC tax resident enterprise. If relevant PRC tax authorities decide, in accordance with applicable tax rules and regulations, that the “de facto management body” of the Issuer is within the territory of PRC, the Issuer may be treated as a PRC tax resident enterprise for the purpose of the EIT Law, and the Issuer may be subject to PRC enterprise income tax at the rate of 25 per cent. on its taxable income.

As at the date of this Offering Circular, the Issuer has not been notified or informed by the PRC tax authorities that it is considered as a PRC tax resident enterprise for the purpose of the EIT Law. However, there can be no assurance that the Issuer will not be treated as a PRC tax resident enterprise under the EIT Law and related implementation regulations in the future. Pursuant to the EIT Law and its implementation regulations, any non-resident enterprise without an establishment within the PRC or whose income has no connection to its establishment inside the PRC must pay enterprise income tax on income sourced within the PRC, and such income tax must be withheld at source by the PRC payer. Accordingly, if the Issuer is treated as a PRC tax resident enterprise by the PRC tax authorities, the Issuer may be required to withhold income tax from the payments of interest in respect of the Bonds to any non-PRC Bondholder, and gain from the disposition of the Bonds may be subject to PRC tax, if the income or gain is treated as PRC-source. The tax rate is generally ten per cent. for non-resident enterprise Bondholders and 20 per cent. in the case of non-resident individuals,

subject to the provisions of an applicable tax treaty. The Issuer has agreed to pay additional amounts to Bondholders, subject to certain exceptions, so that they would receive the full amount of the scheduled payment, as further set out in the Terms and Conditions.

In addition, as the Guarantor is currently regarded as a PRC tax resident enterprise, if the Issuer is not able to make payments under the Bonds and the Guarantor fulfils the payment obligations under the Guarantee, the Guarantor must withhold PRC income tax on payments with respect to the interest accrued on the Bonds to non-resident enterprise holders generally at the rate of ten per cent. (and possibly at a rate of 20 per cent. in the case of payments to non-resident individual holders), subject to the provisions of any applicable tax treaty.

VAT

On 23 March 2016, MOF and the SAT issued Circular 36 which confirms that business tax will be completely replaced by VAT from 1 May 2016. Since then, the income derived from the provision of financial services which attracted business tax will be entirely replaced by, and subject to, VAT.

According to Circular 36, the entities and individuals providing the services within China shall be subject to VAT. The services are treated as being provided within China where either the service provider or the service recipient is located in China. The services subject to VAT include the provision of financial services such as the provision of loans. It is further clarified under Circular 36 that the “loans” refers to the activity of lending capital for another’s use and receiving the interest income thereon. Based on the definition of “loans” under Circular 36, the issuance of Bonds is likely to be treated as the holders of the Bonds providing loans to the Issuer, which thus shall be regarded as financial services subject to VAT. Further, the holders of the Bonds may be subject to VAT at the rate of six per cent. when receiving the interest payments under the Bonds in the event that the Guarantor is required to discharge its obligations under the Guarantee.

However, there is uncertainty as to whether gains derived from a sale or exchange of Bonds consummated outside of the PRC between non-PRC resident Bondholders will be subject to VAT. VAT is unlikely to be applicable to any transfer of Bonds between entities or individuals located outside of the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Bonds, but there is uncertainty as to the applicability of VAT if either the seller or buyer of Bonds is located inside the PRC.

Circular 36 has been partly amended by the Notice of the Ministry of Finance and the State Administration of Taxation on the Policies on Construction Services and Other Items during the Period of the Pilot Program of Replacing Business Tax with Value-Added Tax (財政部、國家稅務總局關於建築服務等營改增試點政策的通知) issued on 11 July 2017, Notice of the Ministry of Finance and the State Administration of Taxation on the Value-added Tax Policies for the Deduction of Input Taxes on Rented Fixed Assets and other Matters (財政部、稅務總局關於租入固定資產進項稅額抵扣等增值政策的通知) issued on 25 December 2017 and became effective on 1 January 2018 and Announcement on Policies for Deepening the VAT Reform (關於深化增值稅改革有關政策的公告) issued on 20 March 2019 and become effective on 1 April 2019. There is uncertainty as to the application of Circular 36.

Pursuant to the EIT Law and the VAT reform detailed above, if the Issuer is regarded as a PRC tax resident enterprise, the Issuer shall withhold EIT (should such tax apply) from the payments of interest in respect of the Bonds for any non-PRC-resident Bondholder and the Issuer shall withhold VAT (should such tax apply) from the payments of interest in respect of the Bonds for any Bondholders located outside of the PRC. However, in the event that the Issuer is required to make such a deduction or withholding (whether by way of EIT, VAT or otherwise), the Issuer has agreed to pay such additional amounts as will result in receipt by the Bondholders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required. For more information, see “*Terms and Conditions of the Bonds – Taxation*”.

Capital Gains

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 the Bonds by enterprise holders located outside of the PRC would be treated as incomes derived from sources within the PRC and be subject to PRC enterprise income tax. In addition, under the IIT Law, any individual who has no domicile and does not live within the territory of the PRC or who has no domicile but has lived within the territory of China for less than 183 days cumulatively within a tax year shall pay individual income tax on any income obtained within the PRC. There is uncertainty as to whether gains realised on the transfer of the Bonds by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax. If such gains are subject to PRC income tax, the ten 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 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.

Stamp Duty

No PRC stamp duty will be imposed on non-PRC Noteholders 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 of the PRC and the issuance and the sale of the Bonds is made outside the PRC.

BRITISH VIRGIN ISLANDS TAXATION

The Issuer is exempt from all provisions of the Income Tax Ordinance of the British Virgin Islands.

Payments of principal, premium or interest in respect of the Bonds to persons who are not resident in the British Virgin Islands are not subject to British Virgin Islands tax or withholding tax.

Capital gains realised with respect to the Bonds by persons who are not persons resident in the British Virgin Islands are also exempt from all provisions of the Income Tax Ordinance of the British Virgin Islands.

No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not resident in the British Virgin Islands with respect to the Bonds.

All instruments relating to transactions in respect of the Bonds are exempt from payment of stamp duty in the British Virgin Islands. This assumes that the Issuer does not hold an interest in real estate in the British Virgin Islands.

HONG KONG TAXATION

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal (including any premium payable on redemption of the Bonds) 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).

Under the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the “IRO”), as it is currently applied in the Inland Revenue Department, interest on the Bonds may be deemed to be profit 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 (such as a partnership), carrying on a trade, profession or business in Hong Kong and is in respect of the funds of the trade, profession or business;
- (c) Interest on the Bonds is received by or accrues to a financial institution (as defined in the IRO) and arises through or from the carrying on by the financial institution of its business in Hong Kong, notwithstanding that the money in respect of which the interest is received or accrues are made available outside 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), even if the money in respect of which the interest is received or accrues are made available outside Hong Kong.

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal or redemption of 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 securities 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 certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisers 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 the Bonds.

FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a “foreign financial institution” may be required to withhold on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including Hong Kong and the PRC) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Bonds, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, are uncertain and may be subject to change.

Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, such withholding would not apply prior to the date that is two years after the publication of the final regulations defining “foreign passthru payment”. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Bonds. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Bonds, no person will be required to pay additional amounts as a result of the withholding.

SUMMARY OF CERTAIN DIFFERENCES BETWEEN PRC GAAP AND IFRS

The Company's Audited Financial Statements were prepared and presented in accordance with PRC GAAP. PRC GAAP differs in certain respects from IFRS. The following is a general summary of certain differences between PRC GAAP and IFRS as applicable to the Company. The differences identified below are limited to those significant differences that are appropriate to the Company's financial statements. Since the summary is not meant to be exhaustive, there can be no assurance regarding the completeness of the summary. The Company has not prepared the Audited Financial Statements in accordance with IFRS and has not prepared any reconciliation of its consolidated financial information and its consolidated financial statements and related footnotes between PRC GAAP and other generally accepted accounting principles. No attempt has been made to quantify such differences. Had any such quantification or reconciliation been undertaken by the Company, 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. No attempt has been made to identify future differences between PRC GAAP and IFRS that may affect the financial information as a result of transactions or events that may occur in the future. Accordingly, there can be no assurance that the following summary of differences between PRC GAAP and IFRS is complete.

In making an investment decision, each prospective investor must rely upon its own examination of the Issuer, the Company, the Group, the terms of the offering and other disclosure contained herein. Each prospective 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.

ACCOUNTING YEAR

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

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

GOVERNMENT GRANT

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

Under PRC GAAP, the relocation compensation for public interests is required to be recognised as special payables. The income from compensation attributable to losses of fixed assets and intangible assets, related expenses, losses from production suspension incurred during the relocation and reconstruction period and purchases of assets after the relocation 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, assets-related government grants are allowed to be presented in the statement of financial position either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

Under 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 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 could be reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. 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.

CLASSIFICATION OF EXPENSES IN THE STATEMENT OF COMPREHENSIVE INCOME

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

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

RELATED PARTY DISCLOSURES

Under PRC GAAP, only state-controlled without other related party relationship companies are not treated as related parties; government-related entities are not treated as related parties.

Under IFRS, state-controlled companies are not treated as related parties; government-related entities may still be treated as related parties if such government-related entities can exercise significant influence over the reporting entity.

FIXED ASSETS AND INTANGIBLE ASSETS

Under PRC GAAP, only the cost model is allowed.

Under IFRS, an entity can choose either the cost model or the revaluation model as its accounting policy.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

Under PRC GAAP, an enterprise shall measure available-for-sale financial assets at their fair values. If the available-for-sale financial assets do not have a quoted market price in an active market, and their fair value cannot be reliably measured, cost model shall be applied.

Under IFRS, available-for-sale financial assets are measured at fair value.

NON-CONTROLLING INTEREST/MINORITY INTEREST

Under PRC GAAP, the acquirer should always recognize the minority interest at the minority shareholders' proportionate interest in the acquiree's identifiable net assets.

Under IFRS, the acquirer can choose, on an acquisition by acquisition basis, whether to measure components of non-controlling interest in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

IMPAIRMENT OF ASSETS (INCLUDING LONG-TERM ASSETS MEASURED AT HISTORICAL COST, SUCH AS FIXED ASSETS AND INTANGIBLE ASSETS, AND ASSETS HELD FOR SALE)

Under PRC GAAP, once an impairment loss is recognized, it shall not be reversed in a subsequent period (except for the current assets impairment loss).

Under IFRS, impairment losses recognized in prior periods for an asset other than goodwill should be reversed when the recoverable amount of the asset increases as a result of a change in estimates.

STATEMENT OF CASH FLOWS

Under PRC GAAP, the direct method together with a supporting note reconciling operating results to cash flows arising from operations is the only permitted method.

Under IFRS, enterprises can choose whether to present cash flows from operating activities using the direct method or indirect method. Typically, entities reporting under IFRS use the indirect method.

REVENUE FROM CONTRACTS WITH CUSTOMERS

IFRS 15 – Revenue from Contracts with Customers (“**IFRS 15**”) is effective for the annual reporting period commencing 1 January 2018. On 5 July 2017, the MOF issued revised the Accounting Standards for Business Enterprises No. 14 – Revenue (the “**new PRC Revenue Standards**”). According to the transition requirements of the new PRC Revenue Standards, as the Company is not listed overseas, the Company is not required to implement the new PRC Revenue Standards till 1 January 2021.

There is no substantive difference between the new PRC Revenue Standards and IFRS 15 except for the effective date illustrated as above.

Under the new PRC Revenue Standards and IFRS 15, the core principle is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework:

Step one: Identify the contract(s) with a customer.

Step two: Identify the performance obligations in the contract.

Step three: Determine the transaction price.

Step four: Allocate the transaction price to the performance obligations in the contract.

Step five: Recognise revenue when (or as) the entity satisfies a performance obligation.

Application of this guidance will depend on the facts and circumstances present in a contract with a customer and will require the exercise of judgment.

By reviewing the sales contracts which had not been performed as of 1 January 2021, the Company estimates that the adoption of the new PRC Revenue Standards does not affect the financial statements of the Company significantly, mainly because the transfer of risks and rewards and the realization of the performance obligation of the sales contract are usually synchronous. Besides, generally only one performance obligation is identified in each sales contract of the Company. The adoption of the new PRC Revenue Standards has no significant impact on the company's revenue, net profit and shareholders' equity.

LEASES

IFRS 16 – Leases (“**IFRS 16**”) is effective for the annual reporting period commencing 1 January 2019. On 7 Dec 2018, the MOF issued revised the Accounting Standards for Business Enterprises No. 21 – Leases (the “**New PRC Leases Standards**”). According to the transition requirements of the new PRC Leases Standards, as the Company is not listed overseas, the Company is not required to implement the new PRC Revenue Standards till 1 January 2021.

There is no substantive difference between the new PRC Leases Standards and IFRS 16 except for the effective date illustrated as above.

Under the new PRC Leases Standards and IFRS 16, upon lease commencement a lessee recognizes a right-of-use asset and a lease liability other than the two exemptions: leases with a lease term of 12 months or less and containing no purchase options; and leases where the underlying asset has a low value.

BUSINESS COMBINATIONS UNDER THE COMMON CONTROL

Under PRC GAAP, there are specific provisions for a business combination under common control and the recognition and measurement of the investment.

Under IFRS, there is no such specific provision for a business combination under common control and the recognition and measurement of the investment.

In making an investment decision, each prospective investor must rely upon its own examination of the Company and the Group, the terms of the offering and other disclosure contained herein. Each prospective investor should consult its own professional advisors 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.

SUBSCRIPTION AND SALE

The Issuer and the Company has entered into a subscription agreement with the Joint Lead Managers dated 18 December 2023 (the “**Subscription Agreement**”), pursuant to which and subject to certain conditions contained therein, the Issuer has agreed to issue, and the Joint Lead Managers have agreed to, severally but not jointly, subscribe and pay for, or to procure subscribers to subscribe and pay for, the aggregate principal amount of the Bonds indicated in the following table.

Managers	Principal amount of the Bonds to be subscribed (U.S.\$)
CLSA Limited	25,000,000
China Zheshang Bank Co., Ltd. (Hong Kong Branch)	25,000,000
China International Capital Corporation Hong Kong Securities Limited	25,000,000
Bank of China Limited, Singapore Branch	25,000,000
Haitong International Securities Company Limited	25,000,000
CRIC Securities Company Limited	25,000,000
CMBC Securities Company Limited	12,500,000
CNCB (Hong Kong) Capital Limited	12,500,000
Guotai Junan Securities (Hong Kong) Limited	12,500,000
Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch	12,500,000
Total	<u>200,000,000.0</u>

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

In connection with the issue of the Bonds, any of the Joint Lead Managers appointed or any person acting on its capacity as a Stabilisation Manager or any person acting on behalf of the Stabilisation Manager may, to the extent permitted by applicable laws and directives, over-allot and 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 behalf of the Stabilisation Manager shall act as principal and not as agent of the Issuer. However, there can be no assurance that the Stabilisation Manager or any person acting on behalf of the Stabilisation Manager will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the Bonds is made and, if begun, may be ended at any time, but must end after a limited period. Any loss or profit sustained as a consequence of any such over-allotment or stabilisation shall be for the account of the Stabilisation Manager. The Joint Lead Managers and certain of their respective subsidiaries or affiliates may perform certain investment banking and advisory services for, and enter into certain commercial banking transactions with the Issuer from time to time, for which they may receive customary fees and expenses. The Joint Lead Managers and their respective subsidiaries or affiliates may, from time to time, engage in transactions with and perform services for the Issuer in the ordinary course of business.

In connection with the offering of the Bonds, the Joint Lead Managers and/or their respective affiliate(s) may act as an investor for its own account and may take up Bonds in the offering and in that capacity may retain, purchase or sell for its own account such securities and any securities of the Issuer and may offer or sell such securities or other investments otherwise than in connection with the offering of the Bonds. Accordingly, references herein to the Bonds being “offered” should be read as including any offering of the Bonds to the Joint Lead Managers and/or their respective affiliates acting in such capacity. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any applicable legal or regulatory requirements.

The Joint Lead Managers or their respective affiliates may purchase the Bonds for its own account or for the accounts of their customers and enter into transactions, including credit derivative, such as asset swaps, repackaging and credit default swaps relating to the Bonds and/or other securities of the Issuer at the same time as the offer and sale of the Bonds or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Bonds to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Bonds). Should any of the foregoing transactions occur the trading price and liquidity of the Bonds may be impacted.

Furthermore, it is possible that a significant proportion of the Bonds may be initially allocated to, and subsequently held by, a limited number of investors. If this is the case, the trading price and liquidity of trading in the Bonds may be constrained. The Issuer and the Joint Lead Managers are under no obligation to disclose the extent of the distribution of the Bonds amongst individual investors, otherwise than in accordance with any applicable legal or regulatory requirements.

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

IMPORTANT NOTICE TO CMIS (INCLUDING PRIVATE BANKS)

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

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

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

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

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

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

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

When placing an order for the Bonds, private banks should disclose, at the same time, if such order is placed other than on a “principal” basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks that do not provide such disclosure are hereby deemed to be placing their order on such a “principal” basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code. Private Banks should be aware that placing an order on a “principal” basis may require the Joint Lead Managers to apply the “proprietary orders” requirements of the SFC Code to such order and will result in that private bank not being entitled to, and not being paid, any rebate.

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

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

Underlying investor information in relation to omnibus order should be sent to: ProjectCeladon@cls.com; dcm_hk@czbank.com; dcmmsg@bankofchina.com; project.celadon@htisec.com; IB_ProjectCeladon@cicc.com.cn; dongyang.fu@cicc.com.cn; and dcmteam@cricsec.com.

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to the OCs; (B) that they have obtained the necessary consents from the underlying investors to disclose such information to the OCs. By submitting an order and providing such information to the OCs, each CMI (including private bank) further warrants that they and the underlying investors have

understood and consented to the collection, disclosure, use and transfer of such information by any OCs and/or any other third parties as may be required by the SFC Code, including to the Issuer, relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in this offering. The Joint Lead Managers may be asked to demonstrate compliance with their obligations under the SFC Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the relevant Joint Lead Manager(s) with such evidence within the timeline requested.

GENERAL

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

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

UNITED STATES

Each Joint Lead Manager understands that the Bonds have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except in accordance with Regulation S. Each Joint Lead Manager represents and agrees that it has not offered or sold, and will not offer or sell, any Bonds constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S. Each Joint Lead Manager represents and agrees that neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to any Bonds. Terms used above have the meaning given to them by Regulation S.

UNITED KINGDOM

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

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

THE PRC

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

HONG KONG

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

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

SINGAPORE

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

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

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

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

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

JAPAN

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "FIEA"). Accordingly, each of the Joint Lead Managers has represented, warranted and undertaken that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any 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 resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

THE BRITISH VIRGIN ISLANDS

Each Joint Lead Manager has represented, warranted and agreed that no invitation has been made or will be made, directly or indirectly, to any person in the British Virgin Islands or to the public in the British Virgin Islands to purchase the Bonds and the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in the British Virgin Islands, except as otherwise permitted by the British Virgin Islands law.

This Offering Circular does not constitute, and there will not be, an offering of the Bonds to any person in the British Virgin Islands.

GENERAL INFORMATION

1. **Clearing System:** The Bonds have been accepted for clearance through Euroclear and Clearstream under Common Code 273567623 and ISIN XS2735676236. The Issuer's Legal Entity Identifier (LEI) is 8368007C8LIJADAUQM64.
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 written resolutions of the sole director of the Issuer dated 15 December 2023. The Guarantor has obtained all necessary consents, approvals and authorisations in connection with the giving and performance of its obligations under the Deed of Guarantee, the Trust Deed and the Agency Agreement. The giving of the Guarantee was authorised by a resolution of the board of directors of the Guarantor on 25 October 2023 and a resolution of the board of shareholders of the Guarantor on 26 October 2023.
3. **No Material and Adverse Change:** Save as disclosed in this Offering Circular, there has been no material adverse change, or any development or event involving a prospective material adverse change, in the condition (financial or otherwise), prospects, properties, results of operations, business or general affairs of the Issuer or the Group since 31 December 2022.
4. **Litigation:** None of the Issuer, the Guarantor or any other member of the Group is involved in any litigation or arbitration proceedings which the Issuer or the Guarantor believes are material in the context of the Bonds and the giving of the Guarantee, and so far as the Issuer and the Guarantor are aware, no such proceedings are pending or threatened.
5. **Available Documents:** So long as any of the Bonds is outstanding, copies of the Trust Deed, the Agency Agreement and the Deed of Guarantee will be available for inspection at all reasonable times during normal business hours (being between 9.00 a.m. and 3.00 p.m. (Hong Kong time), from Monday to Friday (other than public holidays)) at the principal office of the Principal Paying Agent (being as at the date of this Offering Circular at 80/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong, in each case following prior written request and proof of holding and identity to the satisfaction of the Principal Paying Agent.
6. **Financial Statements:** The Company's Audited Financial Statements, which are included elsewhere in this Offering Circular has been audited by RSM China, which is a member of the Chinese Institute of Certified Public Accountants.
7. **Listing of Bonds:** Application will be made to the Hong Kong Stock Exchange for the listing of and permission to deal in the Bonds by way of debt issues to Professional Investors only and such permission is expected to become effective on or about 22 December 2023.

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Auditor's Report

RSM SZ [2023] NO.310Z0486

To the Shareholders of Cixi State-owned Assets Investment Holding Co., Ltd.:

I. Opinion

We have audited the financial statements of Cixi State-owned Assets Investment Holding Co., Ltd. (hereafter referred to as "**Cixi State-owned Company**"), which comprises the consolidated and the parent company's statement of financial position as at 31 December 2022, the consolidated and the parent company's statement of profit or loss and other comprehensive income, the consolidated and the parent company's statement of cash flows, the consolidated and the parent company's statement of changes in equity for the year then ended, and the notes to the financial statements.

In our opinion, the accompanying **Cixi State-owned Company's** financial statements present fairly, in all material respects, the consolidated and the company's financial position as of 31 December 2022, and their financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises and China Accounting System for Business Enterprises.

II. Basis for Opinion

We conducted our audit in accordance with Chinese Standards on Auditing ("**CSAs**"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of **Cixi State-owned Company** in accordance with the Code of Ethics for Chinese Certified Public Accountants, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III. Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management of **Cixi State-owned Company** (hereafter referred to as "**Management**") is responsible for the preparation and fair presentation of the financial statements in accordance with Accounting Standards of Business Enterprises, and for the design, implementation, and maintenance of such internal control as **Management** determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, **Management** is responsible for assessing **Cixi State-owned Company's** ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless **Management** either intends to liquidate **Cixi State-owned Company** or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing **Cixi State-owned Company's** financial reporting process.

IV. Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with **CSAs** will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- i) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by **Management**.
- iv) Conclude on the appropriateness of **Management's** use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on **Cixi State-owned Company's** ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause **Cixi State-owned Company** to cease to continue as a going concern.
- v) Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- vi) Obtain sufficient appropriate audit evidence regarding the financial information of

the entities or business activities within **Cixi State-owned Company** to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

(There is no text below, the following is the signature and seal page of Cixi State-owned Assets Investment Holding Co., Ltd.'s RSM SZ [2023] NO.310Z0486 report.)



China·Beijing



Name of CPA: 陈志敏

China Certified Public Accountant



Name of CPA: 周起越

China Certified Public Accountant



Name of CPA: 阙 圆

China Certified Public Accountant

Date: 29 November 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Prepared by: Cixi State-owned Assets Investment Holding Co., Ltd.

Unit: Yuan Currency: CNY

Item	Note	31 Dec. 2021	31 Dec. 2020	Item	Note	31 Dec. 2021	31 Dec. 2020
Current assets:				Current liabilities:			
Cash and cash equivalents	5.1	13,371,261,606.14	9,630,049,787.12	Short-term borrowings	5.23	7,877,480,531.25	9,183,207,000.00
Held-for-trading financial assets	5.2	5,229,000.00	Not applicable	Held-for-trading financial liabilities		-	Not applicable
Financial assets at fair value through profit or loss		Not applicable	-	Financial liabilities at fair value through profit or loss		Not applicable	-
Derivative financial assets		-	-	Derivative financial liabilities		-	-
Notes receivable	5.3	240,621,429.55	694,067.72	Notes payable	5.24	120,000,000.00	160,000,000.00
Accounts receivable	5.4	291,748,025.36	627,602,478.56	Accounts payable	5.25	753,763,499.70	286,376,539.85
Accounts receivable financing		-	Not applicable	Advances from customers	5.26	111,517,072.83	327,553,321.37
Prepayments	5.5	1,738,206,853.57	1,552,938,362.25	Contract liabilities	5.27	204,703,894.79	Not applicable
Other receivables	5.6	16,513,437,491.04	16,724,765,668.99	Employee benefits payable	5.28	39,981,914.68	31,457,497.54
Including: Interest receivable		-	17,040,706.94	Taxes payable	5.29	530,689,868.22	525,223,692.83
Dividend receivable		154,545.45	-	Other payables	5.30	10,104,604,825.58	7,508,078,916.52
Inventories	5.7	55,108,589,717.70	51,569,433,087.82	Including: Interest payable		-	442,467,803.77
Contract assets		-	Not applicable	Dividend payable		-	-
Classified as assets held for sale		-	-	Liabilities classified as held for sale		-	-
Non-current assets maturing within one year		-	-	Non-current liabilities maturing within one year	5.31	10,727,456,571.61	10,051,377,608.80
Other current assets	5.8	78,651,361.93	92,631,131.27	Other current liabilities	5.32	1,083,417,095.33	49,357,834.77
Total current assets		87,347,745,485.29	80,198,114,583.73	Total current liabilities		31,553,615,273.99	28,122,632,411.68
Non-current assets:				Non-current liabilities:			
Debt investments		-	Not applicable	Long-term borrowings	5.33	25,605,935,000.00	25,764,525,000.00
Available-for-sale financial assets	5.9	Not applicable	221,848,753.98	Bonds payable	5.34	15,440,458,533.07	12,073,046,078.83
Other debt investments		-	Not applicable	Including: Preferred shares		-	-
Held-to-maturity investments		Not applicable	-	Perpetual bonds		-	-
Long-term receivables	5.10	610,289,850.00	600,190,000.00	Lease liabilities	5.35	11,418,111.96	Not applicable
Long-term equity investments	5.11	420,155,050.95	356,498,197.01	Long-term payables	5.36	8,032,775,460.33	6,890,230,210.32
Other equity instrument investments	5.12	488,626,253.98	Not applicable	Long-term employee benefits payable		-	-
Other non-current financial assets	5.13	132,000,000.00	Not applicable	Estimated liabilities		-	-
Investment properties	5.14	6,306,777,460.55	3,307,239,756.55	Deferred income	5.37	260,573,567.39	298,934,894.49
Property, plant and equipment	5.15	7,513,139,971.43	6,853,025,207.66	Deferred tax liabilities	5.21	11,844,706.00	8,164,300.84
Construction in progress	5.16	3,742,643,417.85	4,408,383,400.59	Other non-current liabilities	5.38	1,144,825,821.44	-
Productive biological assets		-	-	Total non-current liabilities		50,507,831,200.19	45,034,980,484.48
Oil and gas assets		-	-	Total liabilities		82,061,446,474.18	73,157,532,896.16
Right-of-use assets	5.17	35,547,055.95	Not applicable	Owners' equity:			
Intangible assets	5.18	22,366,584,018.24	22,255,534,993.59	Paid-in capital	5.39	1,500,000,000.00	800,000,000.00
Research and development expenditure		-	-	Other equity instruments		-	-
Goodwill	5.19	47,571,816.35	47,571,816.35	Including: Preference shares		-	-
Long-term deferred expenses	5.20	107,972,365.34	80,962,570.93	Perpetual bonds		-	-
Deferred tax assets	5.21	25,456,044.81	3,925,557.33	Capital reserves	5.40	45,142,600,167.81	43,904,731,196.11
Other non-current assets	5.22	2,397,017,805.93	2,193,352,719.47	Less: Treasury stock		-	-
Total non-current assets		44,193,781,111.38	40,328,532,973.46	Other comprehensive income		-	-
				Specific reserves	5.41	10,553,740.51	10,542,796.80
				Surplus reserves	5.42	34,923,158.83	23,196,086.10
				Retained earnings	5.43	2,410,580,360.02	2,216,020,790.09
				Total owner's equity attributable to parent company		49,098,657,427.17	46,954,490,869.10
				Non-controlling interests		381,422,695.32	414,623,791.93
				Total owners' equity		49,480,080,122.49	47,369,114,661.03
Total assets		131,541,526,596.67	120,526,647,557.19	Total liabilities and owners' equity		131,541,526,596.67	120,526,647,557.19

Legal Representative:

Chief Financial Officer:

Finance Manager:

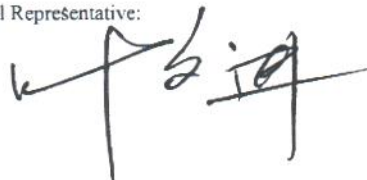
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Prepared by: Cixi State-owned Assets Investment Holding Co., Ltd.

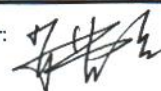
Unit: Yuan Currency: CNY

Item	Note	2021	2020
I. Revenue	5.44	3,076,260,319.33	2,552,704,737.67
Less: Costs of sales	5.44	2,906,640,905.72	2,437,005,805.14
Taxes and surcharges	5.45	55,130,476.89	36,850,379.04
Selling and distribution expenses		111,783,410.74	87,271,062.93
General and administrative expenses		511,555,440.58	336,228,261.12
Research and development expenses			
Finance costs	5.46	198,508,150.84	181,354,321.08
Including: Interest expenses		290,944,434.51	247,830,518.17
Interest income		105,672,680.22	78,752,321.55
Add: Other income	5.47	1,091,032,694.33	815,349,384.03
Investment income/(losses)	5.48	7,356,947.01	25,955,416.55
Including: Investment income from associates and joint ventures		6,505,397.01	25,937,416.55
Derecognition income of financial assets measured at amortized cost			Not applicable
Income /(losses) from net exposure hedging		-	Not applicable
Gains/(losses) from changes in fair values	5.49	-5,923,625.69	-
Credit impairment losses	5.50	4,552,691.95	Not applicable
Impairment loss of assets	5.51		377,010.98
Gains/(losses) from disposal of assets	5.52	3,886,777.86	226,546,227.42
II. Profit/(loss) from operations		393,547,420.02	542,222,947.34
Add: Non-operating income	5.53	31,269,795.96	4,773,345.59
Less: Non-operating expenses	5.54	4,439,168.35	46,068,081.24
III. Profit/(loss) before tax		420,378,047.63	500,928,211.69
Less: Income tax expenses	5.55	46,478,168.81	51,789,624.67
IV. Net profit/(loss) for the year		373,899,878.82	449,138,587.02
(I) Net profit/(loss) by continuity			
Net profit/(loss) from continuing operation		373,899,878.82	449,138,587.02
Net profit/(loss) from discontinued operation			
(II) Net profit/(loss) by ownership attribution			
Attributable to owners of the parent		371,380,626.88	453,418,268.79
Attributable to non-controlling interests		2,519,251.94	-4,279,681.77
V. Other comprehensive income for the year, after tax			
(a) attributable to owners of the parent			
(i) Items that will not be reclassified subsequently to profit or loss			
1. Remeasurement of the net defined benefit liability (asset)			
2. Share of the other comprehensive income of the investee accounted for using the equity method which will not be reclassified subsequently to profit and loss			
3. Changes in the fair value of other equity instrument investments			Not applicable
4. Changes in fair value of the enterprise's own credit risk			Not applicable
(ii) Items that may be reclassified subsequently to profit or loss			
1. Share of the other comprehensive income of the investee accounted for using the equity method which will be reclassified subsequently to profit or loss			
2. Changes in the fair value of other debt investments			Not applicable
3. Gains/(losses) arising from changes in fair value of available-for-sale financial assets		Not applicable	
4. Amount of financial assets reclassified and included in other comprehensive income			Not applicable
5. Gains/(losses) arising from reclassification of held-to-maturity investment as available-for-sale financial assets		Not applicable	
6. Credit impairment reserves of other debt investments			Not applicable
7. The effective portion of the gains /losses on cash flow hedge			
8. Exchange differences on translating foreign operations			
9. The non-investment properties are transformed into the investment properties which adopts the fair value model for subsequent measurement			
10. Others			
(b) Attributable to non-controlling interests			
VI. Total comprehensive income for the year		373,899,878.82	449,138,587.02
Attributable to owners of the parent		371,380,626.88	453,418,268.79
Attributable to non-controlling interests		2,519,251.94	-4,279,681.77

Legal Representative:



Chief Financial Officer:



Finance Manager:



CONSOLIDATED STATEMENT OF CASH FLOWS

Prepared by: Cixi State-owned Assets Investment Holding Co., Ltd.

Unit: Yuan Currency: CNY

Item	Note	2021	2020
I. Cash flows from operating activities			
Cash received from sale of goods or rendering of services		3,647,386,245.96	2,638,420,462.87
Refund of tax and levies		1,405,352.54	3,188,192.64
Other cash received relating to operating activities		6,551,915,210.62	4,252,020,220.77
Sub-total of cash inflows from operating activities		10,200,706,809.12	6,893,628,876.28
Cash paid for received commodities or labor		5,784,816,744.71	6,850,965,336.45
Cash paid to and for employees		553,814,162.06	431,454,595.67
Payments of all types of taxes		167,924,085.10	113,271,131.06
Other cash paid relating to operating activities		2,699,371,098.50	2,862,003,252.22
Sub-total of cash outflows from operating activities		9,205,926,090.37	10,257,694,315.40
Net cash flows from operating activities		994,780,718.75	-3,364,065,439.12
II. Cash flows from investing activities			
Cash received from disposal of investments		161,250.00	100,000.00
Cash received from returns on investments		19,677,916.33	9,811,128.07
Net cash received from disposals of property, plant and equipment, intangible assets and other long-term assets		29,282,432.61	184,569,007.96
Net cash received from disposals of subsidiaries or other business units			
Other cash received relating to investing activities		1,494,245,585.03	53,094,197.97
Sub-total of cash inflows from investing activities		1,543,367,183.97	247,574,334.00
Cash paid to acquire property, plant and equipment, intangible assets and other long-term assets		1,063,093,534.22	1,437,864,582.00
Cash paid to acquire investments		327,349,178.34	925,352,500.00
Net cash paid to acquire subsidiaries and other business units			
Other cash payments relating to investing activities		16,703,882.37	51,280,282.22
Sub-total of cash outflows from investing activities		1,407,146,594.93	2,414,497,364.22
Net cash flows from investing activities		136,220,589.04	-2,166,923,030.22
III. Cash flows from financing activities			
Cash received from capital contributions		809,307,140.00	72,540,000.00
Including: Cash receipts from minority shareholders' investments absorbed by subsidiaries		7,900,000.00	72,540,000.00
Cash received from borrowings		26,289,707,000.00	28,468,081,133.33
Other cash received relating to financing activities		2,984,156,272.45	2,897,551,542.71
Sub-total of cash inflows from financing activities		30,083,170,412.45	31,438,172,676.04
Cash repayments of amounts borrowed		23,155,580,962.78	22,037,877,645.23
Cash payments for dividends, distribution of profit or interest expenses		3,097,699,500.75	2,721,456,933.97
Including: Cash payments for dividends and distribution of profit to minority shareholders		4,950,878.09	
Other cash payments relating to financing activities		735,248,789.50	1,013,508,265.81
Sub-total of cash outflows from financing activities		26,988,529,253.03	25,772,842,845.01
Net cash flows from financing activities		3,094,641,159.42	5,665,329,831.03
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
V. Net increase / (decrease) in cash and cash equivalents	5.56	4,225,642,467.21	134,341,361.69
Plus: Cash and cash equivalents at the beginning of the period		7,197,149,787.12	7,062,808,425.43
VI. Cash and cash equivalents at the end of the period		11,422,792,254.33	7,197,149,787.12

Legal Representative:

Chief Financial Officer:

Finance Manager:







CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Prepared by City State-owned Assets Investment Holding Co., Ltd.

Unit: Yuan Currency: CNY

2021													
Owners' equity attributable to the parent company													
	Paid-in capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserves	Surplus reserves	Retained earnings	Sub-total	Non-controlling interests	Total owners' equity
		Preference shares	Perpetual bonds	Others									
I. Balance at 31 December 2020	800,000,000.00	-	-	-	43,904,731,196.11	-	-	10,542,796.80	23,196,986.10	2,209,405,807.60	46,947,875,886.61	414,623,791.93	47,362,499,678.54
Add: Changes in accounting policy													
Correction of prior period errors													
Business combination under common control													
Others													
II. Balance at 1 January 2021	800,000,000.00	-	-	-	43,904,731,196.11	-	-	10,542,796.80	23,079,965.79	2,051,058,326.18	46,789,412,284.88	414,092,586.51	47,203,504,871.39
III. Changes in equity during the reporting period	700,000,000.00	-	-	-	1,237,868,971.70	-	-	10,943.71	11,843,193.04	359,522,033.84	2,309,245,142.29	-32,669,891.19	2,276,575,251.10
(i) Total comprehensive income													
(ii) Capital contributions or withdrawals by owners	700,000,000.00	-	-	-	1,237,868,971.70	-	-	-	-	-	1,937,868,971.70	2,519,251.94	373,899,878.82
1. Ordinary shares contributed by owners	700,000,000.00				101,407,140.00						801,407,140.00	7,900,000.00	1,945,768,971.70
2. Capital contributed by holders of other equity instruments													
3. Share-based payments recognised in owners' equity													
4. Others													
(iii) Profit distribution													
1. Withdrawal of surplus reserves													
2. Profit distribution to investors (or shareholders)													
3. Others													
(iv) Transfer between equity													
1. Capital reserves transfer to paid-in capital													
2. Surplus reserves transfer to paid-in capital													
3. Surplus reserves used to cover accumulated deficits													
4. Defined benefit plan transfer to retained earnings													
5. Other comprehensive income transfer to retained earnings													
6. Others													
(v) Specific reserves													
1. Withdrawal during the reporting period													
2. Usage during the reporting period													
(vi) Others													
Balance at 31 December 2021	1,500,000,000.00	-	-	-	45,142,600,167.81	-	-	10,553,740.51	34,923,156.83	2,410,580,360.02	49,098,657,427.17	-38,436,112.76	49,480,080,122.49

Legal Representative:

Chief Financial Officer:

Finance Manager:

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Prepared by: ECD State-owned Assets Investment Holding Co., Ltd.

Unit: Yuan Currency: CNY

2020

Item	Owners' equity attributable to the parent company											Non-controlling interests	Total owners' equity
	Paid-in capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserves	Surplus reserves	Retained earnings	Sub-total		
		Preference shares	Perpetual bonds	Others									
I. Balance at 31 December 2019	800,000,000.00				41,585,334,032.83			9,161,228.45	20,653,474.84	1,783,676,464.42	44,198,835,206.54	397,093,504.28	44,595,918,704.82
Add: Changes in accounting policy											-		-
Correction of prior period errors											-		-
Business combination under common control											-		-
Others											-		-
II. Balance at 1 January 2020	800,000,000.00				41,585,334,032.83		-	9,161,228.45	20,653,474.84	1,783,676,464.42	44,198,835,206.54	397,093,504.28	44,595,918,704.82
III. Changes in equity during the reporting period	-				2,319,397,163.28		-	1,381,568.35	2,542,611.26	432,344,325.67	2,755,665,668.56	17,530,287.65	2,773,195,956.21
(i) Total comprehensive income													
(ii) Capital contributions or withdrawals by owners													
1. Ordinary shares contributed by owners					2,301,860,559.95		-	-	-	-	453,418,268.79	-4,279,681.77	449,138,587.02
2. Capital contributed by holders of other equity instruments					87,888,279.20						2,301,860,559.95	21,809,949.42	2,323,670,579.37
3. Share-based payments recognised in owners' equity											87,888,279.20	72,540,000.00	160,428,279.20
4. Others											-		-
(iii) Profit distribution											-		-
1. Withdrawal of surplus reserves					2,213,972,280.75		-	-	2,542,611.26	-3,537,339.79	-994,728.53	-50,730,030.58	2,163,242,250.17
2. Profit distribution to investors (or shareholders)									2,542,611.26	-2,542,611.26	-	-	-994,728.53
3. Others										-994,728.53	-994,728.53		-994,728.53
(iv) Transfer between equity											-		-
1. Capital reserves transfer to paid-in capital					17,536,603.33		-	-	-	-17,536,603.33	-	-	-
2. Surplus reserves transfer to paid-in capital											-		-
3. Surplus reserves used to cover accumulated deficits											-		-
4. Defined benefit plan transfer to retained earnings											-		-
5. Other comprehensive income transfer to retained earnings											-		-
6. Others										-17,536,603.33	-		-
(v) Specific reserves													
1. Withdrawal during the reporting period								1,381,568.35	-	-	1,381,568.35	-	1,381,568.35
2. Usage during the reporting period								3,546,233.79			3,546,233.79		3,546,233.79
(vi) Others								2,164,665.44			2,164,665.44		2,164,665.44
IV. Balance at 31 December 2020	800,000,000.00				43,904,731,196.11		-	10,542,796.80	23,196,086.10	2,216,020,790.09	46,954,490,869.10	414,623,791.93	47,369,114,661.03

Legal Representative:

Chief Financial Officer:

Finance Manager:

史海



STATEMENT OF FINANCIAL POSITION

Prepared by: Cui State-owned Assets Investment Holding Co., Ltd.

Unit: Yuan Currency: CNY

Item	Note	31 Dec. 2021	31 Dec. 2020	Item	Note	31 Dec. 2021	31 Dec. 2020
Current assets:				Current liabilities:			
Cash and cash equivalents		251,388,324.03	143,652,333.91	Short-term borrowings		-	-
Held-for-trading financial assets		-	Not applicable	Held-for-trading financial liabilities		-	Not applicable
Financial assets at fair value through profit or loss		Not applicable	-	Financial liabilities at fair value through profit or loss		Not applicable	-
Derivative financial assets		-	-	Derivative financial liabilities		-	-
Notes receivable		-	-	Notes payable		-	-
Accounts receivable		-	-	Accounts payable		-	-
Receivables financing		-	Not applicable	Advances from customers		2,909,047.62	2,830,714.29
Prepayments		-	-	Contract liabilities		-	Not applicable
Other receivables	13.1	4,419,148,459.94	4,610,335,790.54	Employee benefits payable		-	-
Including: Interest receivable		-	-	Taxes payable		6,151,024.90	5,710,483.16
Dividend receivable		-	-	Other payables		656,395,409.47	749,150,828.98
Inventories		-	-	Including: Interest payable		-	126,734,243.73
Contract assets		-	Not applicable	Dividend payable		-	-
Assets classified as held for sale		-	-	Liabilities classified as held for sale		-	-
Non-current assets maturing within one year		-	-	Non-current liabilities maturing within one year		1,080,861,661.24	500,000,000.00
Other current assets		-	-	Other current liabilities		-	-
Total current assets		4,670,536,783.97	4,753,988,124.45	Total current liabilities		1,746,317,143.23	1,257,692,026.43
Non-current assets:				Non-current liabilities:			
Debt investments		-	Not applicable	Long-term borrowings		-	300,000,000.00
Available-for-sale financial assets		Not applicable	10,000,000.00	Bonds payable		2,343,920,123.63	3,247,303,940.47
Other debt investments		-	Not applicable	Including: Preferred shares		-	-
Held-to-maturity investments		Not applicable	-	Perpetual bonds		-	-
Long-term receivables		-	-	Lease liabilities		-	Not applicable
Long-term equity investments	13.2	12,798,840,901.90	6,502,593,287.03	Long-term payables		88,755,418.26	88,755,418.26
Other equity instrument investments		9,000,000.00	Not applicable	Long-term employee benefits payable		-	-
Other non-current financial assets		1,000,000.00	Not applicable	Estimated liabilities		-	-
Investment properties		164,094,484.41	171,774,070.98	Deferred income		1,552,197.80	3,250,000.00
Property, plant and equipment		43,397,631.88	45,473,892.16	Deferred tax liabilities		-	-
Construction in progress		-	-	Other non-current liabilities		-	-
Productive biological assets		-	-	Total non-current liabilities		2,434,127,739.69	3,639,309,358.73
Oil and gas assets		-	-	Total liabilities		4,180,544,882.92	4,897,001,385.16
Right-of-use assets		-	Not applicable	Owners' equity:			
Intangible assets		308,160.00	337,200.00	Paid-in capital		1,500,000,000.00	800,000,000.00
Research and development expenditure		-	-	Other equity instruments		-	-
Goodwill		-	-	Including: Preference shares		-	-
Long-term deferred expenses		-	-	Perpetual bonds		-	-
Deferred tax assets		-	-	Capital reserves		11,825,605,608.16	5,723,408,445.68
Other non-current assets		-	-	Less: Treasury stock		-	-
Total non-current assets		13,016,641,178.19	6,730,178,450.17	Other comprehensive income		-	-
				Specific reserves		-	-
				Surplus reserves		34,923,158.83	23,196,086.10
				Retained earnings		146,104,312.25	40,560,657.68
				Total owner's equity		13,506,633,079.24	6,587,165,189.46
Total assets		17,687,177,962.16	11,484,166,574.62	Total liabilities and owners' equity		17,687,177,962.16	11,484,166,574.62

Legal Representative:

Chief Financial Officer:

Finance Manager:

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Prepared by: Cixi State-owned Assets Investment Holding Co., Ltd.

Unit: Yuan Currency: CNY

Item	Note	2021	2020
I. Revenue	13.3	7,457,664.91	7,508,563.81
Less: Costs of sales	13.3	7,729,504.57	7,838,136.85
Taxes and surcharges		601,643.03	630,868.08
Selling and distribution expenses			
Administrative expenses		3,942,370.28	3,301,149.86
Research and development expenses			
Finance costs		1,843,463.05	2,950,578.01
Including: Interest expense		6,616,151.59	5,555,115.88
Interest income		4,800,465.99	2,660,924.27
Add: Other income		1,697,802.20	5,891,398.15
Investment income/(losses)	13.4	102,419,212.39	26,420,436.45
Including: Investment income from associates and joint ventures		102,419,212.39	-4,311,823.55
Derecognition income of financial assets measured at amortized cost			Not applicable
Income /(losses) from net exposure hedging			Not applicable
Gains/(losses) from changes in fair values			
Credit impairment losses		-25,768.22	Not applicable
Impairment loss of assets			47.00
Gains/(losses) from disposal of assets			
II. Profit/(loss) from operations		97,431,930.35	25,099,712.61
Add: Non-operating income		21,000,000.00	326,400.00
Less: Non-operating expenses			
III. Profit/(loss) before tax		118,431,930.35	25,426,112.61
Less: Income tax expenses			
IV. Net profit/(loss) for the year		118,431,930.35	25,426,112.61
Net profit/(loss) from continuing operation		118,431,930.35	25,426,112.61
Net profit/(loss) from discontinued operation			
V. Other comprehensive income for the year, after tax			
(i) Items that will not be reclassified subsequently to profit or loss			
1. Remeasurement of the net defined benefit liability (asset)			
2. Share of the other comprehensive income of the investee accounted for using the equity method which will not be reclassified subsequently to profit and loss			
3. Changes in the fair value of other equity instrument investments			Not applicable
4. Changes in fair value of the enterprise's own credit risk			Not applicable
(ii) Items that may be reclassified subsequently to profit or loss			
1. Share of the other comprehensive income of the investee accounted for using the equity method which will be reclassified subsequently to profit or loss			
2. Changes in the fair value of other debt investments			Not applicable
3. Gains/(losses) arising from changes in fair value of available-for-sale financial assets		Not applicable	
4. Amount of financial assets reclassified and included in other comprehensive income			Not applicable
5. Gains/(losses) arising from reclassification of held-to-maturity investment as available-for-sale financial assets		Not applicable	
6. Credit impairment reserves of other debt investments			Not applicable
7. The effective portion of the gains /losses on cash flow hedge			
8. Exchange differences on translating foreign operations			
9. The non-investment properties are transformed into the investment properties which adopts the fair value model for subsequent measurement			
VI. Total comprehensive income for the year		118,431,930.35	25,426,112.61

Legal Representative:

Chief Financial Officer:

Finance Manager:

STATEMENT OF CASH FLOWS

Prepared by: Civi State-owned Assets Investment Holding Co., Ltd.

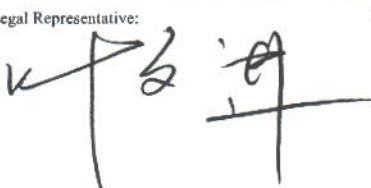
Unit: Yuan
Currency: CNY

Items	Note	2021	2020
I. Cash flows from operating activities			
Cash received from sale of goods or rendering of services		8,183,187.24	7,883,992.00
Refund of tax and levies			
Other cash received relating to operating activities		438,197,564.95	721,650,126.21
Sub-total of cash inflows from operating activities		446,380,752.19	729,534,118.21
Cash paid for received commodities or labor		49,918.00	119,365.85
Cash paid to and for employees			
Payments of all types of taxes		808,290.29	639,576.65
Other cash paid relating to operating activities		27,071,412.30	304,113,807.62
Sub-total of cash outflows from operating activities		27,929,620.59	304,872,750.12
Net cash flows from operating activities		418,451,131.60	424,661,368.09
II. Cash flows from investing activities			
Cash received from disposal of investments			
Cash received from returns on investments		961,620.00	961,620.00
Net cash received from disposals of property, plant and equipment, intangible assets and other long-term assets			
Net cash received from disposals of subsidiaries or other business units			
Other cash received relating to investing activities			
Sub-total of cash inflows from investing activities		961,620.00	961,620.00
Cash paid to acquire property, plant and equipment, intangible assets and other long-term assets		132,070.00	45,778.00
Cash paid to acquire investments		194,000,000.00	
Net cash paid to acquire subsidiaries and other business units			
Other cash payments relating to investing activities			
Sub-total of cash outflows from investing activities		194,132,070.00	45,778.00
Net cash flows from investing activities		-193,170,450.00	915,842.00
III. Cash flows from financing activities			
Cash received from capital contributions		801,407,140.00	
Cash received from borrowings		500,000,000.00	1,250,000,000.00
Other cash received relating to financing activities			
Sub-total of cash inflows from financing activities		1,301,407,140.00	1,250,000,000.00
Cash repayments of amounts borrowed		1,220,000,000.00	1,440,000,000.00
Cash payments for dividends, distribution of profit or interest expenses		191,882,550.92	228,083,114.29
Other cash payments relating to financing activities		8,840,000.00	
Sub-total of cash outflows from financing activities		1,420,722,550.92	1,668,083,114.29
Net cash flows from financing activities		-119,315,410.92	-418,083,114.29
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
V. Net increase/(decrease) in cash and cash equivalents		105,965,270.68	7,494,095.80
Plus: Cash and cash equivalents at the beginning of the period		143,652,333.91	136,158,238.11
VI. Cash and cash equivalents at the end of the period		249,617,604.59	143,652,333.91

Legal Representative:

Chief Financial Officer:

Finance Manager:







STATEMENT OF CHANGES IN EQUITY

Unit: Yuan Currency: CNY

	2021										
	Paid-in capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserves	Surplus reserves	Retained earnings	Total owners' equity
		Preference shares	Perpetual bonds	Others							
I. Balance at 31 December 2020	800,000,000.00	-	-	-	5,723,408,445.68	-	-	-	23,196,086.10	40,560,657.68	6,587,165,189.46
Add: Changes in accounting policy									-116,120.31	-1,045,082.74	-1,161,203.05
Correction of prior period errors											
Others											
II. Balance at 1 January 2021	800,000,000.00	-	-	-	5,723,408,445.68	-	-	-	23,079,965.79	39,515,574.94	6,586,003,986.41
III. Changes in equity during the reporting period	700,000,000.00	-	-	-	6,102,197,162.48	-	-	-	11,843,193.04	106,588,737.31	6,928,639,092.83
(i) Total comprehensive income										118,431,930.35	118,431,930.35
(ii) Capital contributions or withdrawals by owners	700,000,000.00				6,102,197,162.48						6,802,197,162.48
1. Ordinary shares contributed by owners	700,000,000.00				100,000,000.00						800,000,000.00
2. Capital contributed by holders of other equity instruments											
3. The amount of share-based payments recorded in owners' equity											
4. Others					6,002,197,162.48						6,002,197,162.48
(iii) Profit distribution									11,843,193.04	-11,843,193.04	
1. Withdrawal of surplus reserves									11,843,193.04	-11,843,193.04	
2. Profit distribution to investors											
3. Others											
(iv) Transfer between equity											
1. Capital reserves transfer to paid-in capital											
2. Surplus reserves transfer to paid-in capital											
3. Surplus reserves used to cover accumulated deficits											
4. Defined benefit plan transfer to retained earnings											
5. Other comprehensive income transfer to retained earnings											
6. Others											
(v) Specific reserves											
1. Withdrawal during the reporting period											
2. Usage during the reporting period											
(vi) Others											
IV. Balance at 31 December 2021	1,500,000,000.00				11,825,605,608.16				34,923,158.83	146,104,312.25	13,506,633,079.24

Legal Representative:

Chief Financial Officer:

Finance Manager:

STATEMENT OF CHANGES IN EQUITY

Prepared by: Civi State-owned Assets Investment Holding Co., Ltd.

Unit: Yuan Currency: CNY

	2020						
	Paid-in capital	Preference shares	Perpetual bonds	Others	Capital reserves	Less: Treasury stock	Other comprehensive income
I. Balance at 31 December 2019	800,000,000.00				5,642,584,489.54		
Add: Changes in accounting policy							
Correction of prior period errors							
Others							
II. Balance at 1 January 2020	800,000,000.00	-	-	-	5,642,584,489.54	-	-
III. Changes in equity during the reporting period							
(i) Total comprehensive income					80,823,956.14		-
(ii) Capital contributions or withdrawals by owners							
1. Ordinary shares contributed by owners					80,823,956.14		-
2. Capital contributed by holders of other equity instruments							
3. The amount of share-based payments recorded in owners' equity							
4. Others					80,823,956.14		
(iii) Profit distribution							
1. Withdrawal of surplus reserves							
2. Profit distribution to investors							
3. Others							
(iv) Transfer between equity							
1. Capital reserves transfer to paid-in capital							
2. Surplus reserves transfer to paid-in capital							
3. Surplus reserves used to cover accumulated deficits							
4. Defined benefit plan transfer to retained earnings							
5. Other comprehensive income transfer to retained earnings							
6. Others							
(v) Specific reserves							
1. Withdrawal during the reporting period							
2. Usage during the reporting period							
(vi) Others							
IV. Balance at 31 December 2020	800,000,000.00	-	-	-	5,723,408,445.68	-	-
Retained earnings					23,198,086.10		40,560,657.88
Surplus reserves							
Specific reserves							
Other comprehensive income							
Less: Treasury stock							
Capital reserves							
Others							
Total owners' equity							6,587,165,189.46

Legal Representative:

Chief Financial Officer:

Finance Manager:

Cixi State-owned Assets Investment Holding Co., Ltd.**Notes to the Financial Statements**

For the year ended 31 December 2022

(All amounts are expressed in Chinese Yuan ("CNY") unless otherwise stated)

1. BASIC INFORMATION ABOUT THE COMPANY**1.1 Corporate Information**

Cixi State-owned Assets Investment Holding Co., Ltd. (hereinafter referred to as "the **Company**" or "**Company**") was authorized by the Cixi Municipal People's Government, according to the <CPC Cixi Municipal Committee, Cixi Municipal People's Government on Deepening the Reform of the State-owned Assets Management System>, by the Cixi Municipal State-owned Assets Supervision and Administration Bureau of the capital of the formation of limited liability company. The Company was established on 25 June 2003 and obtained the business license with registration number No.330282000201443 for a business period of 20 years. The registered capital of the Company is CNY800.00 million, which was invested by the net assets after evaluation of Cixi Education Development Co., Ltd., Ningbo Cixi Construction Group Co., Ltd., Cixi Economic Development Co., Ltd., Cixi Wuleishan Scenic Area Investment and Development Co., Ltd., Ningbo Cixi Transportation Group Co., Ltd., Cixi Technology Venture Capital Co., Ltd. and Cixi Urban Construction Investment Development Co., Ltd. In May, 2003, Cixi Yongjing Accountant Firm Co., Ltd. audited and issued Cixi Yonghui Neiqi [2003] No.195 Capital Verification Report. In July 2020, 10.00% of the Company's equity was gratuitously transferred to Zhejiang Finance Development Company. After the transfer, the equity ratio of Cixi State-owned Assets Management Center is 90.00%, and the equity ratio of Zhejiang Finance Development Company is 10.00%.

In December 2021, the Company's registered capital was changed from CNY800.00 million to CNY1.50 billion. The capital contribution of Cixi City State-owned Assets Management Center was changed to CNY1.352 billion, with an equity ratio of 90.15%; the capital contribution of Zhejiang Finance Development Company was changed to CNY148.00 million, with an equity ratio of 9.85%.

Scope of business: general projects: investment activities with own funds; management of corporate headquarters.

Unified social credit code: 91330282750374589C.

Company registration address: No.1158, South Second Ring East Road, Baisha Road Street, Cixi City, Zhejiang Province, China

Legal representative: Ru, Hong.

The ultimate controlling owners is Cixi Municipal People's Government.

The financial report is permitted to be issued on 29 November 2023 by the **Company**.

1.2 Scope of Consolidation

(a) Incorporated subsidiaries of the Company

Sequence number	Name of subsidiaries	Abbreviation of subsidiaries	Proportion of ownership interest (%)	
			Direct	Indirect
1	Cixi Agricultural Investment Development Co., Ltd.	Agricultural Investment Development	100.00	
2	Cixi Agricultural Science and Technology Innovation Development Co., Ltd.	Agricultural Science and Technology Innovation Development		100.00
3	Cixi Art Performance Co., Ltd.	Art Performance	100.00	
4	Cixi Celadon Oule Art Troupe Co., Ltd.	Celadon Oule Art Troupe		100.00
5	Cixi Property Rights Trading Center Co., Ltd.	Property Rights Trading Center	100.00	
6	Cixi Construction Project Management Co., Ltd.	Construction Project Management	100.00	
7	Cixi Thermal Power Co., Ltd.	Cixi Thermal Power	100.00	
8	Cixi Huixi Industrial Development Co., Ltd.	Huixi Industrial Development	100.00	
9	Cixi Shanglin Talent Service Co., Ltd.	Shanglin Talent	100.00	
10	Cixi Daily Newspaper Co., Ltd.	Cixi Daily Newspaper	100.00	
11	Cixi Cixiao Yanxue Tourism Co., Ltd.	Yanxue Tourism		100.00
12	Cixi Security Service Co., Ltd.	Security Service	100.00	
13	Cixi Motor Vehicle Technology Testing Co., Ltd.	Motor Vehicle Technology Testing		100.00
14	Cixi Wanda Technology Prevention Engineering Co., Ltd.	Wanda Technology Prevention		100.00
15	Cixi Zhibo Parking Management Co., Ltd.	Zhibo Parking		100.00
16	Zhejiang Cixi Advertising Co., Ltd.	Cixi Advertising	100.00	
17	Cixi Radio and Television Information Network Co., Ltd.	Radio and Television Information Network		100.00
18	Ningbo Huanchuang Advertising Media Co., Ltd.	Huanchuang Advertising		100.00
19	Cixi Hangzhouwan Engineering Cost Consulting Co., Ltd.	Hangzhouwan Engineering Cost Consulting	100.00	
20	Cixi Xinhui Construction and Development Co., Ltd.	Xinhui Construction and Development	100.00	

Sequence number	Name of subsidiaries	Abbreviation of subsidiaries	Proportion of ownership interest (%)	
			Direct	Indirect
21	Cixi Xirang Construction Development Co., Ltd.	Xirang Construction	100.00	
22	Cixi Fuci Intelligent Technology Co., Ltd.	Fuci Intelligent	100.00	
23	Jiahui Commercial Factoring Co., Ltd.	Jiahui Commercial Factoring		100.00
24	Cixi SME Financing Guarantee Co., Ltd.	SME Financing Guarantee	80.03	
25	Cixi Industrial and Information Industry Fund Co., Ltd.	Industrial and Information Industry Fund	100.00	
26	Cixi Yici Equity Investment Partnership (Limited Partnership)	Cixi Yici	44.98	55.00
27	Cixi Xinxing Construction Investment Co., Ltd.	Xinxing Construction Investment	50.00	50.00
28	Cixi Gaochuang Investment Management Co., Ltd.	Gaochuang Investment Management	50.00	50.00
29	Ningbo Cixi Construction Group Co., Ltd.	Cixi Construction Group	100.00	
30	Cixi Education Development Co., Ltd.	Education Development		100.00
31	Cixi Housing Development Investment Co., Ltd.	Housing Development Investment		100.00
32	Cixi Chengzheng Construction Engineering Testing Co., Ltd.	Chengzheng Construction Engineering Testing		100.00
33	Cixi Tianhong Construction Investment Co., Ltd.	Tianhong Construction Investment		100.00
34	Cixi Minghong Construction Investment Co., Ltd.	Minghong Construction Investment		100.00
35	Cixi Haihong Construction Investment Co., Ltd.	Haihong Construction Investment		100.00
36	Cixi Shenghong Construction Investment Co., Ltd.	Shenghong Construction Investment		100.00
37	Cixi Jinhong Housing Service Co., Ltd.	Jinhong Housing Service		100.00
38	Cixi Parking Lot Construction Management Co., Ltd.	Parking Lot Construction Management		100.00
39	Cixi Cihong Construction Investment Co., Ltd.	Cihong Construction Investment		100.00
40	Cixi Coal Gas Co., Ltd.	Coal Gas Company		60.00

Sequence number	Name of subsidiaries	Abbreviation of subsidiaries	Proportion of ownership interest (%)	
			Direct	Indirect
41	Cixi Park Investment Holding Co., Ltd.	Park Investment		100.00
42	Cixi Chengnan Construction Investment Co., Ltd.	Chengnan Construction Investment	25.00	75.00
43	Cixi Xinchenghe Construction Investment Co., Ltd.	Xinchenghe Construction Investment	50.00	50.00
44	Cixi Xinhua Construction Investment Co., Ltd.	Xinhua Construction	50.00	50.00
45	Cixi Urban Construction Investment Development Co., Ltd.	Urban Construction Investment Development		100.00
46	Cixi Raw Water Co., Ltd.	Cixi Raw Water		100.00
47	Cixi Water Affairs Co., Ltd.	Water Affairs Company		100.00
48	Cixi Tap Water Co., Ltd.	Tap Water		100.00
49	Cixi Water Affairs Construction Co., Ltd.	Water Affairs Construction		100.00
50	Cixi Water Investment Co., Ltd.	Water Investment		100.00
51	Cixi City Resources Management Co., Ltd.	City Resources Management		100.00
52	Cixi Affordable Housing Construction Investment Co., Ltd.	Affordable Housing Construction Investment		80.00
53	Cixi Cijian Real Estate Management Co., Ltd.	Cijian Real Estate Management		100.00
54	Cixi Cijian Engineering Construction Co., Ltd.	Cijian Engineering Construction		100.00
55	Cixi Cijian Engineering Consulting Co., Ltd.	Cijian Engineering Consulting		100.00
56	Cixi Cheng'an Gas Service Co., Ltd.	Cheng'an Gas		60.00
57	Ningbo Cixi Transportation Group Co., Ltd.	Cixi Transportation Group	100.00	
58	Cixi Cultural Business District Development Co., Ltd.	Cultural Business District Development		100.00
59	Ningbo Huanchuang Asset Management Co., Ltd.	Huanchuang Asset Management		100.00
60	Cixi Huanchuang Sports Industry Co., Ltd.	Huanchuang Sports Industry		100.00
61	Cixi Huanchuang Real Estate Development Co., Ltd.	Huanchuang Real Estate		100.00
62	Cixi CiDong Industrial Development Co., Ltd.	CiDong Industrial	50.00	50.00

Sequence number	Name of subsidiaries	Abbreviation of subsidiaries	Proportion of ownership interest (%)	
			Direct	Indirect
63	Cixi City CiDong Industrial Zone Seashore Farmers Market Management Service Co., Ltd.	CiDong Farmers Market	50.00	50.00
64	Cixi Water Supply Co., Ltd.	Cixi Water Supply	50.00	50.00
65	Ningbo Binhai Aviation Engineering Technology Center Co., Ltd.	Aviation Engineering Company	50.00	50.00
66	Cixi Longxing Construction Co., Ltd.	Longxing Construction	50.00	50.00
67	Cixi Public Transport Co., Ltd.	Public Transport		100.00
68	Cixi Transportation Logistics Development Co., Ltd.	Transportation Logistics Development		100.00
69	Cixi Traffic Station Management Co., Ltd.	Traffic Station Management		100.00
70	Cixi Highway Transportation Co., Ltd.	Highway Transportation		100.00
71	Zhejiang Cixi Shinkansen Express Passenger Transport Co., Ltd.	Shinkansen Express Passenger Transport		65.00
72	Cixi Jiaoyun Automobile Maintenance Co., Ltd.	Jiaoyun Automobile Maintenance		100.00
73	Cixi Sanbei Taxi Co., Ltd.	Sanbei Taxi		100.00
74	Cixi Transportation Construction Investment Co., Ltd.	Transportation Construction Investment		100.00
75	Cixi Railway Management Office Co., Ltd.	Railway Management Office		100.00
76	Cixi Jiaotou Comprehensive Energy Development Co., Ltd.(i)	Jiaotou Comprehensive Energy Development		50.00
77	Cixi Longshan Port and Shipping Service Co., Ltd.	Longshan Port and Shipping		90.00
78	Cixi Zheyong Comprehensive Energy Sales Co., Ltd.(ii)	Zheyong Comprehensive Energy		49.00
79	Cixi Handover Maintenance New Material Co., Ltd.(iii)	Handover Maintenance		49.90
80	Cixi Jiaoan Motor Vehicle Testing Co., Ltd.	Jiaoan Motor Vehicle Testing		100.00
81	Cixi Jiangnan Road Development Co., Ltd.	Jiangnan Road		100.00
82	Cixi Chuangping Logistics Co., Ltd.	Chuangping Logistics		100.00
83	Cixi Chuangshi Logistics Co., Ltd.	Chuangshi Logistics		100.00
84	Cixi Jincheng Building Materials Co., Ltd.	Jincheng Building Materials		100.00

Sequence number	Name of subsidiaries	Abbreviation of subsidiaries	Proportion of ownership interest (%)	
			Direct	Indirect
85	Ningbo Cixi Industry and Trade Group Co., Ltd.	Cixi Industry and Trade Group	100.00	
86	Cixi Metal Recycling Co., Ltd.	Metal Recycling		100.00
87	Cixi Civil Blasting Equipment Franchise Co., Ltd.	Civil Blasting Equipment Franchise		100.00
88	Cixi Foodstuff Co., Ltd.	Foodstuff Company		51.45
89	Cixi Home Appliance Service Center Co., Ltd.	Home Appliance Service Center		100.00
90	Cixi Yangtze River Delta Market Group Investment Co., Ltd.	Yangtze River Delta Market Group Investment		100.00
91	Cixi Industrial Investment Co., Ltd.	Cixi Industrial Investment		100.00
92	Cixi Home Appliance Technology City Exhibition Management Co., Ltd.	Home Appliance Technology City		100.00
93	Cixi Foreign Trade Group Co., Ltd.	Foreign Trade Company		100.00
94	Anlong CiGong Industrial Park Management Co., Ltd.	Anlong CiGong		100.00
95	Cixi Technology Venture Capital Co., Ltd.	Technology Venture Capital		100.00
96	Cixi West Livestock and Poultry Slaughtering and Processing Center Co., Ltd.	West Livestock and Poultry Slaughtering		100.00
97	Cixi Cirong Safety Technology Service Co., Ltd.(iv)	Cirong Company		49.00
98	Ningbo Cida Yongshun Intelligent Technology Co., Ltd.(v)	Cida Yongshun		35.00
99	Ningbo Cixi Agricultural Tourism Group Co., Ltd.	Cixi Agricultural Tourism Group	100.00	
100	Cixi Hangzhou Bay Modern Agricultural Development Co., Ltd.	Hangzhou Bay Modern Agricultural Development		100.00
101	Cixi Haitu Agricultural Development Co., Ltd.	Haitu Agricultural Development		100.00
102	Cixi Water Conservancy Investment and Construction Co., Ltd.	Water Conservancy Investment		100.00
103	Cixi Farmers Microfinance Guarantee Co., Ltd.	Farmers Microfinance Guarantee		100.00
104	Cixi Guoli Land Resources Investment and Development Co., Ltd.	Guoli Land Resources Investment and Development		100.00

Sequence number	Name of subsidiaries	Abbreviation of subsidiaries	Proportion of ownership interest (%)	
			Direct	Indirect
105	Cixi Zichuang Land Consolidation and Development Co., Ltd.	Zichuang Land Consolidation and Development		100.00
106	Cixi Cereal Depositary Co., Ltd.	Cereal Depositary		100.00
107	Cixi Reclamation Development Co., Ltd.	Reclamation Development		100.00
108	Cixi Tourism Development Co., Ltd.	Tourism Development		100.00
109	Cixi Tourism Investment Development Co., Ltd.	Tourism Investment Development		100.00
110	Ningbo Houmaoshan Tourism Development Co., Ltd.	Houmaoshan Tourism		90.00
111	Cixi Wuleishan Scenic Area Investment and Development Co., Ltd.	Wuleishan		88.37
112	Ningbo Fulongshan Tourism Development Co., Ltd.	Fulongshan		51.00
113	Cixi Culture and Sports Development Co., Ltd.	Culture and Sports Development		100.00
114	Cixi Film Distribution and Projection Co., Ltd.	Film Distribution and Projection		100.00
115	Cixi Xinnong Water Conservancy Development Co., Ltd.	Xinnong Water Conservancy		100.00
116	Cixi Xinnong Cultural Tourism Development Co., Ltd.	Xinnong Cultural Tourism		100.00
117	Cixi Seed Co., Ltd.	Cixi Seed		100.00
118	Cixi Canghai Cihu Agricultural Development Co., Ltd.	Canghai Cihu		100.00

Notes:

- (i) The Company's first-tier subsidiary, Ningbo Cixi Transportation Group Co., Ltd. holds 50.00% equity in Cixi Jiaotou Comprehensive Energy Development Co., Ltd. however, pursuant to the concerted action agreement entered into between the Company and the other shareholders, the Company has the right to control Cixi Jiaotou Comprehensive Energy Development Co., Ltd. and therefore included the company in the scope of consolidation.
- (ii) The Company's first-tier subsidiary, Ningbo Cixi Transportation Group Co., Ltd. holds 49.00% equity in Cixi Zheyong Comprehensive Energy Sales Co., Ltd. however, pursuant to the concerted action agreement entered into between the Company and the other shareholders, the Company has the right to control Cixi Zheyong Comprehensive Energy Sales Co., Ltd. and therefore included the

company in the scope of consolidation.

- (iii) The Company's subsidiary, Ningbo Cixi Transportation Group Co., Ltd., a first-tier subsidiary of the Company, holds 49.90% of the equities of Cixi Handover Maintenance New Material Co., Ltd., but is included in the scope of consolidation as the Company has the right to control the company according to the unanimous action agreement entered into between the Company and the other shareholders.
- (iv) Cixi Industrial Investment Co., Ltd., a subsidiary of the Company's second-tier subsidiary, holds 49.00% of the equities of Cixi Cirong Safety Technology Service Co., Ltd. Pursuant to the investment agreement, Zhongrong Safety Technology Co., Ltd. unconditionally and irrevocably delegated the voting rights of 2.00% of the equities of the company to Cixi Industrial Investment Co., Ltd., and the Company has the right to control the company, and therefore it is included in the scope of consolidation.
- (v) Cixi Industrial Investment Co., Ltd., a subsidiary of the Company's second-tier subsidiary, held 35.00% of the equities of Ningbo Cida Yongshun Intelligent Technology Co., Ltd. Pursuant to the Joint Venture Cooperation Agreement, Zhejiang Shunjie Anyi Technology Co., Ltd. unconditionally and irrevocably Cixi Industrial Investment Co., Ltd. exercised the voting right of the 16.00% equities held by the company, and the Company had the right of control thereof, and therefore was included in the scope of consolidation.

For details of the subsidiaries mentioned above, please refer to *Note 7 INTEREST IN OTHER ENTITIES*

(b) Change of the scope of consolidation

The newly incorporated subsidiaries during the reporting period are as follows:

Sequence number	Name of subsidiaries	Abbreviation of subsidiaries	Reporting period	Reason of incorporation
1	Cixi Cheng'an Gas Service Co., Ltd.	Cheng'an Gas	From 1 May 2022 to 31 Dec. 2022	Investment establishment
2	Cixi Huanchuang Sports Industry Co., Ltd.	Huanchuang Sports Industry	From 1 Feb. 2022 to 31 Dec. 2022	Investment establishment
3	Cixi Huanchuang Real Estate Development Co., Ltd.	Huanchuang Real Estate	From 1 Feb. 2022 to 31 Dec. 2022	Investment establishment
4	Cixi Handover Maintenance New Material Co., Ltd.	Handover Maintenance	From 1 Feb. 2022 to 31 Dec. 2022	Investment establishment
5	Cixi Jiaoran Motor Vehicle Testing Co., Ltd.	Jiaoran Motor Vehicle Testing	From 1 Jan. 2022 to 31 Dec. 2022	Investment establishment
6	Ningbo Huanchuang Advertising Media Co., Ltd.	Huanchuang Advertising	From 1 Jun. 2022 to 31 Dec. 2022	Investment establishment

Sequence number	Name of subsidiaries	Abbreviation of subsidiaries	Reporting period	Reason of incorporation
7	Jiahui Commercial Factoring Co., Ltd.	Jiahui Commercial Factoring	From 1 Jan. 2022 to 31 Dec. 2022	Business combination not under common control
8	Cixi Chuangping Logistics Co., Ltd.	Chuangping Logistics	From 1 Jul. 2022 to 31 Dec. 2022	Investment establishment
9	Cixi Chuangshi Logistics Co., Ltd.	Chuangshi Logistics	From 1 Jul. 2022 to 31 Dec. 2022	Investment establishment
10	Cixi Jincheng Building Materials Co., Ltd.	Jincheng Building Materials	From 1 Jul. 2022 to 31 Dec. 2022	Investment establishment
11	Cixi Cirong Safety Technology Service Co., Ltd.	Cirong Company	From 1 Jul. 2022 to 31 Dec. 2022	Investment establishment
12	Ningbo Cida Yongshun Intelligent Technology Co., Ltd.	Cida Yongshun	From 1 Jun. 2022 to 31 Dec. 2022	Investment establishment

The subsidiaries reduced during the reporting period are as follows:

Sequence number	Name of subsidiaries	Abbreviation of subsidiaries	Reporting period	Reason of reduction
1	Cixi Agricultural Non-staple Products Wholesale Market Co., Ltd.	Agricultural Non-staple Products Wholesale Market	From 1 Jan. 2022 to 30 Jun. 2022	Disposed

For the detail of the change of consolidation scope, please refer to *Note 6 CHANGES IN THE SCOPE OF CONSOLIDATION*.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Basis of Preparation

Based on going concern, according to actually occurred transactions and events, the **Company** prepares its financial statements in accordance with the "Accounting Standards for Business Enterprises-Basic Standards and Concrete Accounting Standards, Accounting Standards for Business Enterprises-Application Guidelines, Accounting Standards for Business Enterprises-Interpretations and Other Relevant Provisions" (collectively known as "Accounting Standards for Business Enterprises, issued by Ministry of Finance of PRC").

2.2 Going Concern

The **Company** has evaluated its capacity to continually operate in the next twelve months from the end of the reporting period, and no any matters that may result in doubt on its ability as a going concern were noted. Therefore, it is reasonable for the **Company** to prepare financial statements on the going concern basis.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The following important accounting policies and accounting estimates of the **Company**

are formulated in accordance with the Accounting Standards for Business Enterprises. Business not mentioned are executed according to the relevant accounting policies in the Accounting Standards for Business Enterprises.

3.1 Statement of Compliance with the Accounting Standards for Business Enterprises

The financial statements prepared by the **Company** meet the requirements of the Accounting Standards for Business Enterprises and truly and completely reflect the **Company's** financial position as at 31 December 2022, and its operating results, cash flows and other related information for the year then ended.

3.2 Accounting Period

The accounting year of the **Company** is from January 1 to December 31 in calendar year.

3.3 Operating Cycle

The normal operating cycle of the **Company** is twelve months.

3.4 Functional Currency

The **Company** takes Chinese Yuan ("CNY") as the functional currency. The **Company's** overseas subsidiaries choose the currency of the primary economic environment in which the subsidiaries operate as the functional currency.

3.5 Accounting Treatment of Business Combinations under and not under Common Control

(a) Business combinations under common control

The assets and liabilities that the **Company** obtains in a business combination under common control shall be measured at their carrying amount of the acquired entity in the ultimate controller's consolidated financial statements at the combination date. If the accounting policy adopted by the acquired entity is different from that adopted by the acquiring entity, the acquiring entity shall, according to accounting policy it adopts, adjust the relevant items in the financial statements of the acquired party based on the principal of materiality. As for the difference between the carrying amount of the net assets obtained by the acquiring entity and the carrying amount of the consideration paid by it, the capital reserve shall be adjusted. If the capital reserve is not sufficient to be offset, the surplus reserve and retained earnings shall be adjusted in turn.

The accounting treatment of business combinations under common control through step-by-step transactions, please refer to *Note 3.6 (f) Accounting for Special Transactions*.

(b) Business combinations not under common control

The assets and liabilities that the **Company** obtains in a business combination not under common control shall be measured at their fair value at the acquisition date. If the accounting policy adopted by the acquired entity is different from that adopted by the acquiring entity, the acquiring entity shall, according to accounting policy it adopts,

adjust the relevant items in the financial statements of the acquired entity based on the principal of materiality. The acquiring entity shall recognize the positive balance between the combination costs and the fair value of the identifiable net assets it obtains from the acquired entity as goodwill. The acquiring entity shall, pursuant to the following provisions, treat the negative balance between the combination costs and the fair value of the identifiable net assets it obtains from the acquired entity:

- It shall reexamine the measurement of the fair values of the identifiable assets, liabilities and contingent liabilities it obtains from the acquired entity as well as the combination costs;
- If, after the reexamination, the combination costs are still less than the fair value of the identifiable net assets it obtains from the acquired entity, the balance shall be recognized in profit or loss of the reporting period.

The accounting treatment of business combination not under common control through step-by-step transactions, please refer to *Note 3.6 (f) Accounting for Special Transactions*.

(c) Accounting treatment of transaction costs in business combination

Intermediary expenses such as auditing, legal services, evaluation and consulting, and other related administrative expenses incurred for the business consolidations shall be included in the current profits or losses. The transaction costs of equity securities or debt securities issued as a consolidation consideration shall be included in the initial recognition amount of equity securities or debt securities.

3.6 Method of Preparing the Consolidated Financial Statements

(a) Scope of consolidation

The scope of consolidated financial statements shall be determined on the basis of control. It not only includes subsidiaries determined based on voting power (or similar) or other arrangement, but also structured entities under one or several contract arrangements.

Control exists when the **Company** has all the following: power over the investee; exposure, or rights to variable returns from the **Company's** involvement with the investee; and the ability to use the **Company's** power over the investee to affect the amount of the investor's returns. Subsidiaries are the entities that the **Company** has the power to govern (including enterprise, a divisible part of the investee, and structured entity controlled by the enterprise). A structured entity (sometimes called a Special Purpose Entity) is an entity designed not determining its controlling party based on the voting power (or similar).

(b) The special regulations about the parent company being an investment subject

If the parent company is an investment subject, only those subsidiaries that provide relevant services for the investment activities of the investment subject shall be included in the consolidation scope. Other subsidiaries are not consolidated. The equity investors of the subsidiaries that are not included in the consolidation scope will be

recognized as financial assets at fair value through profit or loss.

When the parent company satisfies the following conditions at the same time, the parent company is an investment subject:

- The purpose of the **Company** is to provide investment management services to investors and obtain funds from one or more investors.
- The **Company's** sole operating purpose is to allow investors to obtain returns through capital appreciation, investment income or both.
- The **Company** measures and evaluates the performance of almost all investments based on fair value.

When the parent company transforms from a non-investment subject to an investment subject, except that the preparation of consolidated financial statements by including only subsidiaries that provide relevant services for its investment activities within the consolidated financial statements, the other subsidiaries of the **Company** will not be consolidated from the date of transform and refer to the principle of partially disposing the subsidiary's equity without losing the control right.

When the parent company transforms from an investment subject to a non-investment subject, Subsidiaries not previously included in the consolidated financial statements shall be included in the consolidated financial statements on the date of transforms, the fair value of a subsidiary not previously included in the consolidated financial statements shall be regarded as the transaction consideration of the purchase at the date of transforms, according to accounting treatment of business combinations not under common control for processing.

(c) Method of preparing the consolidated financial statements

The consolidated financial statements shall be prepared by the **Company** based on the financial statements of the **Company** and its subsidiaries and using other related information.

When preparing consolidated financial statements, the **Company** shall consider the entire group as an accounting entity, adopt uniform accounting policies, and apply the requirements of Accounting Standard for Business Enterprises related to recognition, measurement, and presentation. The consolidated financial statements shall reflect the overall financial position, operating results, and cash flows of the group.

- (c.1) Combine items of assets, liabilities, owner's equity, income, expenses and cash flows of the **Company** with those of the **Company's** subsidiaries.
- (c.2) Offset the carrying amount of the **Company's** long-term equity investment in the subsidiaries and the **Company's** share of owner's equity of the subsidiaries.
- (c.3) Eliminate the impact of intragroup transactions between the **Company** and the subsidiaries or between subsidiaries, and when intragroup transactions indicate an impairment of related assets, the losses shall be recognized in full.
- (c.4) Make adjustments to special transactions from the perspective of the group.

(d) Method of preparation of the consolidated financial statements when subsidiaries are acquired or disposed in the reporting period

(d.1) Addition of subsidiaries or business

(d.1.1) Addition of subsidiaries or business through business combination under common control

When preparing consolidated statements of financial position, the opening balance of the consolidated balance sheet shall be adjusted. Related items of comparative financial statements shall be adjusted as well, deeming that the combined entity has always existed ever since the ultimate controlling party began to control.

Incomes, expenses and profits of the subsidiary incurred from the beginning of the reporting period to the end of the reporting period shall be included into the consolidated statement of profit or loss and other comprehensive income. Related items of comparative financial statements shall be adjusted as well, deeming that the combined entity has always existed ever since the ultimate controlling party began to control.

Cash flows from the beginning of the reporting period to the end of the reporting period shall be included into the consolidated statement of cash flows. Related items of comparative financial statements shall be adjusted as well, deeming that the combined entity has always existed ever since the ultimate controlling party began to control.

(d.1.2) Addition of subsidiaries or business through business combination not under common control

When preparing the consolidated statements of financial position, the opening balance of the consolidated statements of financial position shall not be adjusted.

Incomes, expenses and profits of the subsidiary incurred from the acquisition date to the end of the reporting period shall be included into the consolidated statement of profit or loss and other comprehensive income.

Cash flows from the acquisition date to the end of the reporting period shall be included into the consolidated statement of cash flows.

(d.2) Disposal of subsidiaries or business

When preparing the consolidated statements of financial position, the opening balance of the consolidated statements of financial position shall not be adjusted.

Incomes, expenses and profits incurred from the beginning of the subsidiary to the disposal date shall be included into the consolidated statement of profit or loss and other comprehensive income.

Cash flows from the beginning of the subsidiary to the disposal date shall be included into the consolidated statement of cash flows.

(e) Special consideration in consolidation elimination

(e.1) Long-term equity investment held by the subsidiaries to the Company shall be recognized as treasury stock of the Company, which is offset with the owner's

equity, represented as "Less: Treasury stock" under owner's equity in the statement of financial position.

Investment held by subsidiaries between each other is accounted for taking long-term equity investment held by the **Company** to its subsidiaries as reference. That is, the long-term equity investment is eliminated with the share of the corresponding subsidiary's equity.

- (e.2) Due to not belonging to paid-in capital and capital reserve, and being different from retained earnings and undistributed profit, "Specific reserve" and "General risk provision" shall be recovered at the share of the parent after long-term equity investment to the subsidiaries is eliminated with the subsidiaries' equity.
- (e.3) If temporary difference between the book value of the assets and liabilities in the consolidated statement of financial position and their tax basis is generated as a result of unrealized intra-group transaction profit or loss elimination, deferred tax assets or deferred tax liabilities shall be recognized, and adjusting income expense simultaneously, excluding deferred taxes related to transactions or events recognized in owner's equity or business combination.
- (e.4) Unrealized intra-group transactions profit or loss generated from the **Company** selling assets to its subsidiaries shall be eliminated with "Net profit attributed to the owners of the parent company" in full. Unrealized intra-group transactions profit or loss generated from the subsidiaries selling assets to the **Company** shall be eliminated with "Net profit attributed to the owners of the parent company" and "Non-controlling interests" pursuant to the proportion that the related subsidiaries distribute to the **Company**. Unrealized intra-group transactions profit or loss generated from the assets sales between the subsidiaries shall be eliminated with "Net profit attributed to the owners of the parent company" and "Non-controlling interests" pursuant to the proportion that the selling subsidiaries distribute to the **Company**.
- (e.5) If loss attributed to the minority shareholders of a subsidiary in current period is more than the minority shareholders' share of this subsidiary's owner's equity at the beginning of the period, non-controlling interest is still be written down.

(f) Accounting for Special Transactions

(f.1) Purchasing of non-controlling interests

Where, the **Company** purchases non-controlling interests of its subsidiary, in the individual financial statements of the **Company**, the cost of the long-term equity investment obtained in purchasing non-controlling interests is measured at the fair value of the consideration transferred. In the consolidated financial statements, difference between the cost of the long-term equity investment newly obtained in purchasing non-controlling interests and share of the subsidiary's net assets from the purchasing date or combination date continually calculated pursuant to the newly acquired shareholding proportion shall be adjusted in capital reserve (capital premium

or share premium). If capital reserve is not enough to be offset, surplus reserve and undistributed profit shall be offset in turn.

(f.2) Gaining control over the subsidiary in steps through multiple transactions

(f.2.1) Business combination under common control in stages through multiple transactions

At the combination date, preliminary cost of the long-term investment is determined according to the share of book value of the acquiree's net assets in the ultimate controlling entity's consolidated financial statements calculated at the accumulated shareholding percentage. The difference between the preliminary cost of the long-term investment and the carrying amount of the long-term investment prior of control is gained plus book value of additional consideration paid at consolidation date is adjusted in capital reserve (capital premium or share premium). If the capital reserve (capital premium or share premium) is not enough to be offset, surplus reserve and undistributed profit shall be offset in turn.

In the consolidated financial statements, the assets and liabilities of the combined party acquired by the combining party in the merger, except for adjustments due to different accounting principles, they shall be measured pursuant to their carrying amount in the consolidated financial statements of the final control party on the date of consolidation; The sum of the book value of the investment held before merger plus the book value of the consideration paid by the merger on a daily basis, as for the difference between the book value of the net assets obtained in the merger, the capital reserve shall be adjusted. If the capital reserve is not sufficient to be offset, the retained earnings shall be adjusted. If the acquiring entity holds equity investment in the acquired entity prior of the combination date and the equity investment is accounted for on equity method, related profit or loss, other comprehensive income and other equity movement which have been recognized during the period from the later of the date of the **Company** obtaining original equity interest and both the acquirer and the acquiree being common controlled by the same ultimate controlling entity to combination date should be offset with the retained earnings at the beginning of the period of the comparative financial statements.

(f.2.2) Business combination not under common control in stages through multiple transactions

In individual financial statements, equity investment is always recognized as long-term investment in each transaction prior of the combination date, and the preliminary cost of the investment is determined according to the fair value of the consideration paid.

In the consolidated financial statements, the share of the acquired entity's equity held prior of the acquisition date shall be re-measured at its fair value at the acquisition date. Difference between the fair value of the equity share and its book value is recognized as investment income. If other comprehensive income was recognized concerning the equity interest held prior of the acquisition date, the other comprehensive income should be transferred to investment income of reporting period which the acquisition

belongs to, excluding other comprehensive income recognized due to the movement of net assets or net liabilities under the circumstances of beneficiary plan being re-defined. The **Company** shall disclose in the note the fair value at the acquisition date of the equity interest held by it prior of the acquisition date, and the amount of related gains or losses due to re-measurement at fair value.

(f.3) Disposing investment in subsidiaries without losing control

For partial disposal of the long-term equity investment in the subsidiaries without control, when the **Company** prepares consolidated financial statements, difference between consideration received for the disposal and the corresponding subsidiary's net assets continually calculated from the acquisition date or combination date shall be adjusted in capital reserve (capital premium or share premium). If the balance of capital reserve is not enough, retained earnings shall be adjusted.

(f.4) Disposing investment in subsidiaries with controlling right lost

(f.4.1) Disposal through one transaction

For partial disposal of the long-term equity investment in the subsidiaries with controlling right lost, when the **Company** prepares consolidated financial statements, the remaining equity interest shall be re-measured at its fair value at the date when the controlling right is lost. Consideration received for disposal of the equity interest, plus the fair value of the remaining equity interest, minus share of the former subsidiary's net assets continually calculated from the acquisition date or combination date, shall be recognized in investment income of the period when the controlling right is lost.

Moreover, other comprehensive income and other equity movement related to the equity investment in the original subsidiary shall be transferred to investment income of the consolidation date, excluding other comprehensive income recognized due to the movement of net assets or net liabilities under the circumstances of beneficiary plan being re-defined.

(f.4.2) Disposal in steps

In business combination, first of all, disposal in stages should be assessed whether they should be classified as "a package deal".

If the disposal in stages should not be classified as "a package deal", in the individual financial statements, the transaction before the loss of control of the subsidiary shall be carried forward to the book value of the long-term equity investment corresponding to each disposal of the equity, and the difference between the proceeds and the book value of the disposal of the long-term equity investment shall be booked into the current investment income; In the consolidated financial statements, it should be accounted for according to related policy in "Disposing investment in subsidiaries with no controlling right lost".

If the disposal in steps should be classified as "a package deal", these transactions should be considered as a single transaction and accounted for according to related policy in "Disposing investment in subsidiaries with controlling right lost". In the

individual financial statements, for transactions prior of the date when controlling right is lost, difference between consideration received and share of corresponding subsidiary's net assets is recognized as other comprehensive income in the consolidated financial statements, which as a whole is recognized as profit or loss when the controlling right is lost. In the consolidated financial statements, for transactions prior of the date when controlling right is lost, difference between consideration received and share of corresponding subsidiary's net assets is recognized as other comprehensive income in the consolidated financial statements, which as a whole is recognized as profit or loss when the controlling right is lost.

If the terms, conditions and economic impact of various transactions meet one or more of the following conditions, multiple transactions are usually recognized as "a package deal":

- These transactions are signed at the same time or taking into account the mutual influence.
- Only these transactions as a whole can achieve a complete commercial result.
- One transaction occurred depends on the occurrence of at least one other transaction.
- One transaction is not economical when considered alone, but it is economical when considered together with other transactions.

(f.5) Diluting equity share of parent company in its subsidiaries due to additional capital injection by the subsidiaries' minority shareholders.

Other shareholders (minority shareholders) of the subsidiaries inject additional capital in the subsidiaries, which resulted in the dilution of equity interest of parent company in these subsidiaries. In the consolidated financial statements, difference between share of the corresponding subsidiaries' net assets calculated based on the parent's equity interest before and after the capital injection shall be adjusted in capital reserve (capital premium and share premium). If the balance of capital reserve is not enough, retained earnings should be adjusted.

3.7 Classification of Joint Arrangements and Accounting for Joint Operation

A joint arrangement is an arrangement of which two or more parties have joint control. A joint arrangement of the **Company** is classified as either a joint operation or a joint venture.

(a) Joint operation

A joint operation is a joint arrangement whereby the parties have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The **Company** shall recognize the following items in relation to its interest in a joint operation, and account for them in accordance with relevant accounting standards:

- Its assets, including its share of any jointly held assets;

- Its liabilities, including its share of any jointly incurred liabilities;
- Its revenue from the sale of its share of the output arising from the joint operation;
- Its share of the revenue from the sale of the output by the joint operation; and
- Its expenses, including its share of any expenses incurred jointly.

(b) Joint venture

A joint venture is a joint arrangement whereby the parties have joint control of the arrangement have rights to the net assets of the arrangement.

The **Company** accounts for its investment in the joint venture by using the equity method.

3.8 Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits with banks and other financial institutions. Cash equivalents include short-term (generally within three months of maturity at acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.9 Foreign Currency Transactions and Foreign Currency Financial Statements Translation

(a) Selection of foreign exchange rate when foreign currency transactions occur

Foreign currency transactions are converted into reporting currency at spot exchange rates prevailing on the day when the transactions occur or the exchange rate similar to the spot exchange rate on the date of transaction determined in a systematic and reasonable way (hereinafter referred to as the approximate spot exchange rate).

(b) Translation of foreign currency monetary items on the balance sheet date

On the balance sheet date, foreign currency monetary items shall be converted at the spot rates prevailing on the balance sheet date. Foreign exchange difference resulted from the difference of the spot rates prevailing on the balance sheet date and the spot rates prevailing on the day when the transactions occur or the sport rate prevailing on the last balance sheet date is recognized as profit or loss of the reporting period. For foreign currency non-monetary items measured at fair value, the spot exchange rate on the fair value determination date shall be used for translation, and the difference between the converted amount of the functional currency and the original functional currency is included in the current profit and loss.

(c) Foreign currency financial statements translation

Before translating the financial statements of foreign entities, the accounting period and accounting policy shall be adjusted so as to conform to that of the **Company**. The adjusted foreign entities' financial statements shall be converted in accordance with the following method:

- The asset and liability items in the statement of financial position shall be converted at the spot exchange rates prevailing on the balance sheet date. The owners' equity

items except retained earnings shall be converted at the spot exchange rates on the occurrence date.

- The income and expense items in the statement of profit and other comprehensive income shall be converted at the spot exchange rates on the occurrence date or other approximate exchange rate.
- The differences arising from the conversion of financial statements denominated in foreign currency in compliance with the aforesaid principle shall be presented separately as "other comprehensive income" under the owners' equity of the consolidated statement of financial position.
- Foreign currency cash flows and foreign entity's statement of cash flows shall be converted at the spot exchange rate on the occurrence date or other approximate exchange rate. Effect on cash due to exchange rate fluctuation shall be presented separately in the statement of cash flows as an adjustment item.

When disposing of overseas operation and losing control, the foreign currency statements translation difference related to the overseas operation listed under the owner's equity item in the statement of financial position shall be transferred to the current profit or loss of the disposal of the overseas operation in full or in proportion to the disposal of the overseas operation.

3.10 Financial Instruments

Financial instrument is any contract which gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Recognition and derecognition of financial instrument

A financial asset or a financial liability should be recognized in the statement of financial position when, and only when, the **Company** becomes party to the contractual provisions of the instrument.

A financial asset can only be derecognized when meets one of the following conditions:

- The rights to the contractual cash flows from a financial asset expire
- The financial asset has been transferred and meets one of the following derecognition conditions:

Financial liabilities (or part thereof) are derecognized only when the liability is extinguished-i.e., when the obligation specified in the contract is discharged or cancelled or expires. An exchange of the **Company** (borrower) and lender of debt instruments that carry significantly different terms or a substantial modification of the terms of an existing liability are both accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Purchase or sale of financial assets in a conventional way shall be recognized and derecognized according to trading date. A conventional way purchase or sale of financial assets is a transaction under a contract whose terms require delivery of the asset within the time frame established generally by regulations or convention in the

marketplace concerned. Trade date is the date at which the entity commits itself to purchase or sell an asset.

(b) Classification and measurement of financial assets

At initial recognition, the **Company** classified its financial asset based on both the business model for managing the financial asset and the contractual cash flow characteristics of the financial asset: financial asset at amortized cost, financial asset at fair value through profit or loss (FVTPL) and financial asset at fair value through other comprehensive income (FVTOCI). Reclassification of financial assets is permitted if, and only if, the objective of the entity's business model for managing those financial assets changes. In this circumstance, all affected financial assets shall be reclassified on the first day of the first reporting period after the changes in business model; otherwise the financial assets cannot be reclassified after initial recognition.

Financial assets shall be measured at initial recognition at fair value. For financial assets measured at FVTPL, transaction costs are recognized in current profit or loss. For financial assets not measured at FVTPL, transaction costs should be included in the initial measurement. Notes receivable or accounts receivable that arise from sales of goods or rendering of services are initially measured at the transaction price defined in the accounting standard of revenue where the transaction does not include a significant financing component.

Subsequent measurement of financial assets will be based on their categories:

● Financial asset at amortized cost

The financial asset at amortized cost category of classification applies when both the following conditions are met: the financial asset is held within the business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual term of the financial asset gives rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding. These financial assets are subsequently measured at amortized cost by adopting the effective interest rate method. Any gain or loss arising from derecognition according to the amortization under effective interest rate method or impairment are recognized in current profit or loss.

● Financial asset at fair value through other comprehensive income (FVTOCI)

The financial asset at FVTOCI category of classification applies when both the following conditions are met: the financial asset is held within the business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual term of the financial asset gives rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding. All changes in fair value are recognized in other comprehensive income except for gain or loss arising from impairment or exchange differences, which should be recognized in current profit or loss. At derecognition, cumulative gain or loss previously recognized under OCI is reclassified to current profit or loss. However,

interest income calculated based on the effective interest rate is included in current profit or loss.

The **Company** make an irrevocable decision to designate part of non-trading equity instrument investments as measured through FVTOCI. All changes in fair value are recognized in other comprehensive income except for dividend income recognized in current profit or loss. At derecognition, cumulative gain or loss are reclassified to retained earnings.

- Financial asset at fair value through profit or loss (FVTPL)

Financial asset except for above mentioned financial asset at amortized cost or financial asset at fair value through other comprehensive income (FVTOCI), should be classified as financial asset at fair value through profit or loss (FVTPL). These financial assets should be subsequently measured at fair value. All the changes in fair value are included in current profit or loss.

(c) Classification and measurement of financial liabilities

The **Company** classified the financial liabilities as financial liabilities at fair value through profit or loss (FVTPL), loan commitments at a below-market interest rate and financial guarantee contracts liabilities and financial liabilities at amortized cost.

Subsequent measurement of financial liabilities will be based on the classification:

- Financial liabilities at fair value through profit or loss (FVTPL)

Held-for-trading financial liabilities (including derivatives of financial liabilities) and financial liabilities designated at FVTPL are classified as financial liabilities at FVTPL. After initial recognition, any gain or loss (including interest expense) are recognized in current profit or loss except for those hedge accounting is applied. For financial liability that is designated as at FVTPL, changes in the fair value of the financial liability that is attributable to changes in the own credit risk of the issuer shall be presented in other comprehensive income. At derecognition, cumulative gain or loss previously recognized under OCI is reclassified to retained earnings.

- Loan commitments and financial guarantee contracts liabilities

Loan commitment is a commitment by the **Company** to provide a loan to customer under specified contract terms. The provision of impairment losses of loan commitments shall be recognized based on expected credit losses model.

Financial guarantee contract is a contract that requires the **Company** to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee contracts liability shall be subsequently measured at the higher of: The amount of the loss allowance recognized according to the impairment principles of financial instruments; and the amount initially recognized less the cumulative amount of income recognized in accordance with the revenue principles.

- Financial liabilities at amortized cost

After initial recognition, the **Company** measured other financial liabilities at amortized cost using the effective interest method.

Except for special situation, financial liabilities and equity instrument should be classified in accordance with the following principles:

- If the **Company** has no unconditional right to avoid delivering cash or another financial instrument to fulfill a contractual obligation, this contractual obligation meets the definition of financial liabilities. Some financial instruments do not comprise terms and conditions related to obligations of delivering cash or another financial instrument explicitly, they may include contractual obligation indirectly through other terms and conditions.
- If a financial instrument must or may be settled in the **Company's** own equity instruments, it should be considered that the **Company's** own equity instruments are alternatives of cash or another financial instrument, or to entitle the holder of the equity instruments to sharing the remaining rights over the net assets of the issuer. If the former is the case, the instrument is a liability of the issuer; otherwise, it is an equity instrument of the issuer. Under some circumstances, it is regulated in the contract that the financial instrument must or may be settled in the **Company's** own equity instruments, where, amount of contractual rights and obligations are calculated by multiplying the number of the equity instruments to be available or delivered by its fair value upon settlement. Such contracts shall be classified as financial liabilities, regardless that the amount of contractual rights and liabilities is fixed, or fluctuate totally or partially with variables other than market price of the entity's own equity instruments (such as interest rate, price of some kind of goods or some kind of financial instrument).

(d) Derivatives and embedded derivatives

At initial recognition, derivatives shall be measured at fair value at the date of derivative contracts are signed and subsequently measured at fair value. The derivative with a positive fair value shall be recognized as an asset, and with a negative fair value shall be recognized as a liability.

Gains or losses arising from the changes in fair value of derivatives shall be recognized directly into current profit or loss except for the effective portion of cash flow hedges which shall be recognized in other comprehensive income and reclassified into current profit or loss when the hedged items affect profit or loss.

An embedded derivative is a component of a hybrid contract with a financial asset as a host, the **Company** shall apply the requirements of financial asset classification to the entire hybrid contract. If a host that is not a financial asset and the hybrid contract is not measured at fair value with changes in fair value recognized in profit or loss, and the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host, and a separate instrument with the same terms as the embedded derivative would meet the definition of a

derivative, the embedded derivative shall be separated from the hybrid instrument and accounted for as a separate derivative instrument. If the **Company** is unable to measure the fair value of the embedded derivative at the acquisition date or subsequently at the balance sheet date, the entire hybrid contract is designated as financial assets or financial liabilities at fair value through profit or loss.

(e) Impairment of financial instrument

The **Company** shall recognize a loss allowance based on expected credit losses on a financial asset that is measured at amortized cost, a debt investment at fair value through other comprehensive income, a contract asset, a lease receivable, a loan commitment, and a financial guarantee contract.

(e.1) Measurement of expected credit losses

Expected credit losses are the weighted average of credit losses of the financial instruments with the respective risks of a default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the **Company** in accordance with the contract and all the cash flows that the **Company** expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate or credit-adjusted effective interest rate for purchased or originated credit-impaired.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date (or the expected lifetime if the expected life of a financial instrument is less than 12 months).

At each reporting date, the **Company** classifies financial instruments into three stages and makes provisions for expected credit losses accordingly. A financial instrument of which the credit risk has not significantly increased since initial recognition is at stage 1. The **Company** shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. A financial instrument with a significant increase in credit risk since initial recognition but is not considered to be credit-impaired is at stage 2. The **Company** shall measure the loss allowance for that financial instrument at an amount equal to the lifetime expected credit losses. A financial instrument is considered to be credit impaired as at the end of the reporting period is at stage 3. The **Company** shall measure the loss allowance for that financial instrument at an amount equal to the lifetime expected credit losses.

The **Company** may assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date and measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

For financial instrument at stage 1, stage 2 and those have low credit risk, the interest revenue shall be calculated by applying the effective interest rate to the gross carrying

amount of a financial asset (i.e., impairment loss not been deducted). For financial instrument at stage 3, interest revenue shall be calculated by applying the effective interest rate to the amortized cost after deducting of impairment loss.

For notes receivable, accounts receivable accounts receivable financing and contract assets, no matter it contains a significant financing component or not, the **Company** shall measure the loss allowance at an amount equal to the lifetime expected credit losses.

(e.1.1) Receivables/Contract assets

For the notes receivable, accounts receivable, other receivables, accounts receivable financing contract assets and long-term receivables which are demonstrated to be impaired by any objective evidence, or applicable for individual assessment, the **Company** shall individually assess for impairment and recognize the loss allowance for expected credit losses. If the **Company** determines that no objective evidence of impairment exists for notes receivable, accounts receivable, other receivables, accounts receivable financing contract assets and long-term receivables, or the expected credit loss of a single financial asset cannot be assessed at reasonable cost, such notes receivable, accounts receivable, other receivables, accounts receivable financing and long-term receivables shall be divided into several groups with similar credit risk characteristics and collectively calculated the expected credit loss. The determination basis of groups is as following:

Determination basis of notes receivable is as following:

Portfolio 1: Commercial acceptance bills

Portfolio 2: Bank acceptance bills

For each portfolio, the **Company** calculates expected credit losses through default exposure and the lifetime expected credit losses rate, taking reference to historical experience for credit losses and considering current condition and expectation for the future economic situation.

Determination basis of accounts receivable is as following:

Accounts receivable portfolio 1: Portfolio of related parties controlled by the same ultimate parent company

Accounts receivable portfolio 2: Receivables with relevant government departments, other State-owned enterprises.

Accounts receivable portfolio 3: Receivables other.

For each portfolio, the **Company** calculates expected credit losses through preparing an aging analysis schedule with the lifetime expected credit losses rate, taking reference to historical experience for credit losses and considering current condition and expectation for the future economic situation.

Determination basis of other receivables is as following:

Other receivables portfolio 1: Interest receivable

Other receivables portfolio 2: Dividend receivable

Other receivables portfolio 3: Portfolio of related parties controlled by the same ultimate parent company

Other receivables portfolio 4: Receivables with relevant government departments, other State-owned enterprises

Other receivables portfolio 5: Receivables other

For each group, the **Company** calculates expected credit losses through default exposure and the 12-months or lifetime expected credit losses rate, taking reference to historical experience for credit losses and considering current condition and expectation for the future economic situation.

Determination basis of long-term receivables financing is as following:

Long-term receivables portfolio 1: Financing deposits receivable

Long-term receivables portfolio 2: Other accounts receivables

For long-term receivables classified as portfolios, the Company calculates expected credit losses by reference to historical credit loss experience, taking into account current conditions and projections of future economic conditions through default exposures and expected credit loss rates within the next 12 months or over the entire duration.

(e.1.2) Debt investment and other debt investment

For debt investment and other debt investment, the **Company** shall calculate the expected credit loss through the default exposure and the 12-month or lifetime expected credit loss rate based on the nature of the investment, counterparty and the type of risk exposure.

(e.2) Low credit risk

If the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

(e.3) Significant increase in credit risk

The **Company** shall assess whether the credit risk on a financial instrument has increased significantly since initial recognition, using the change in the risk of a default occurring over the expected life of the financial instrument, through the comparison of the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition.

To make that assessment, the **Company** shall consider reasonable and supportable information, that is available without undue cost or effort, and that is indicative of significant increases in credit risk since initial recognition, including forward-looking information. The information considered by the **Company** are as following:

- Significant changes in internal price indicators of credit risk as a result of a change

in credit risk since inception

- Existing or forecast adverse change in the business, financial or economic conditions of the borrower that results in a significant change in the borrower's ability to meet its debt obligations;
- An actual or expected significant change in the operating results of the borrower; An actual or expected significant adverse change in the regulatory, economic, or technological environment of the borrower;
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements, which are expected to reduce the borrower's economic incentive to make scheduled contractual payments or to otherwise influence the probability of a default occurring;
- Significant change that are expected to reduce the borrower's economic incentive to make scheduled contractual payments;
- Expected changes in the loan documentation including an expected breach of contract that may lead to covenant waivers or amendments, interest payment holidays, interest rate step-ups, requiring additional collateral or guarantees, or other changes to the contractual framework of the instrument;
- Significant changes in the expected performance and behavior of the borrower;
- Contractual payments are more than 30 days past due.

Depending on the nature of the financial instruments, the **Company** shall assess whether the credit risk has increased significantly since initial recognition on an individual financial instrument or a group of financial instruments. When assessed based on a group of financial instruments, the **Company** can group financial instruments on the basis of shared credit risk characteristics, for example, past due information and credit risk rating.

Generally, the **Company** shall determine the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. The **Company** can only rebut this presumption if the **Company** has reasonable and supportable information that is available without undue cost or effort, that demonstrates that the credit risk has not increased significantly since initial recognition even though the contractual payments are more than 30 days past due.

(e.4) Credit-impaired financial asset

The **Company** shall assess at each reporting date whether the credit impairment has occurred for financial asset at amortized cost and debt investment at fair value through other comprehensive income. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

Significant financial difficulty of the issuer or the borrower; a breach of contract, such

as a default or past due event; the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; the disappearance of an active market for that financial asset because of financial difficulties; the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

(e.5) Presentation of impairment of expected credit loss

In order to reflect the changes of credit risk of financial instrument since initial recognition, the **Company** shall at each reporting date remeasure the expected credit loss and recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses addition (or reversal). For financial asset at amortized cost, the loss allowance shall reduce the carrying amount of the financial asset in the statement of financial position; for debt investment at fair value through other comprehensive income, the loss allowance shall be recognized in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statement of financial position.

(e.6) Write-off

The **Company** shall directly reduce the gross carrying amount of a financial asset when the **Company** has no reasonable expectations of recovering the contractual cash flow of a financial asset in its entirety or a portion thereof. Such write-off constitutes a derecognition of the financial asset. This circumstance usually occurs when the **Company** determines that the debtor has no assets or sources of income that could generate sufficient cash flow to repay the write-off amount.

Recovery of financial asset written off shall be recognized in profit or loss as reversal of impairment loss.

(f) Transfer of financial assets

Transfer of financial assets refers to following two situations:

- Transfers the contractual rights to receive the cash flows of the financial asset;
- Transfers the entire or a part of a financial asset and retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients.

(f.1) Derecognition of transferred assets

If the **Company** transfers substantially all the risks and rewards of ownership of the financial asset, or neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but has not retained control of the financial asset, the financial asset shall be derecognized.

Whether the **Company** has retained control of the transferred asset depends on the transferee's ability to sell the asset. If the transferee has the practical ability to sell the

asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer, the **Company** has not retained control.

The **Company** judges whether the transfer of financial asset qualifies for derecognition based on the substance of the transfer.

If the transfer of financial asset qualifies for derecognition in its entirety, the difference between the following shall be recognized in profit or loss:

- The carrying amount of transferred financial asset;
- The sum of consideration received, and the part derecognized of the cumulative changes in fair value previously recognized in other comprehensive income (The financial assets involved in the transfer are classified as financial assets at fair value through other comprehensive income in accordance with Article 18 of *the Accounting Standards for Business Enterprises No.22-Recognition and Measurement of Financial Instruments*).

If the transferred asset is a part of a larger financial asset and the part transferred qualifies for derecognition, the previous carrying amount of the larger financial asset shall be allocated between the part that continues to be recognized (For this purpose, a retained servicing asset shall be treated as a part that continues to be recognized) and the part that is derecognized, based on the relative fair values of those parts on the date of the transfer. The difference between following two amounts shall be recognized in profit or loss:

- The carrying amount (measured at the date of derecognition) allocated to the part;
- The sum of the consideration received for the part derecognized and part derecognized of the cumulative changes in fair value previously recognized in other comprehensive income (The financial assets involved in the transfer are classified as financial assets at fair value through other comprehensive income in accordance with Article 18 of *the Accounting Standards for Business Enterprises No.22-Recognition and Measurement of Financial Instruments*).

(f.2) Continuing involvement in transferred assets

If the **Company** neither transfers nor retains substantially all the risks and rewards of ownership of a transferred asset, and retains control of the transferred asset, the **Company** shall continue to recognize the transferred asset to the extent of its continuing involvement and also recognize an associated liability.

The extent of the **Company's** continuing involvement in the transferred asset is the extent to which it is exposed to changes in the value of the transferred asset

(f.3) Continue to recognize the transferred assets

If the **Company** retains substantially all the risks and rewards of ownership of the transferred financial asset, the **Company** shall continue to recognize the transferred asset in its entirety and the consideration received shall be recognized as a financial

liability.

The financial asset and the associated financial liability shall not be offset. In subsequent accounting period, the **Company** shall continuously recognize any income (gain) arising from the transferred asset and any expense (loss) incurred on the associated liability.

(g) Offsetting financial assets and financial liabilities

Financial assets and financial liabilities shall be presented separately in the statement of financial position and shall not be offset. When meets the following conditions, financial assets and financial liabilities shall be offset and the net amount presented in the statement of financial position:

- The **Company** currently has a legally enforceable right to set off the recognized amounts;
- The **Company** intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the **Company** shall not offset the transferred asset and the associated liability.

(h) Determination of fair value of financial instruments

Determination of financial assets and financial liabilities please refer to *Note 3.11 Measured at Fair Value*.

3.11 Measured at Fair Value

Fair value refers to the price that market participants can receive from the sale of an asset or pay for the transfer of a liability in an orderly transaction that occurs on the measurement date.

The **Company** determines fair value of the related assets and liabilities based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The **Company** using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The principal market refers to the market with the largest trading volume and the highest trading activity of related assets or liabilities; The most advantageous market refers to the market that can sell related assets for the maximum amount or transfer related liabilities for the minimum amount after considering transaction costs and transportation costs.

Where there are financial assets or financial liabilities in an active market, the **Company** shall determine their fair value by quoting from the active market. If there is no active market for financial instruments, the **Company** shall use valuation technology to determine their fair value.

At fair value measurement of financial assets, the ability of a market participant to

generate economic benefits by using the asset for the best use, or by selling the asset to another market participant who can use it for the best use, is taken into account.

(a) Valuation techniques

The **Company** uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available and other information to support. The valuation techniques used mainly include market approach, income approach and cost approach. The **Company** measures fair value using methods consistent with one or more of its valuation techniques. When using various techniques to measure fair value, the **Company** shall consider the reasonableness of each valuation result and select the most representative the amount of fair value as the fair value.

In the application of valuation techniques, the **Company** will give priority to the relevant observable inputs and only when the relevant observable inputs cannot be obtained or impracticable to obtain the unobservable inputs can be used. Observable inputs can be acquired from the market data, which reflect the assumptions used by market participants in pricing the underlying assets or liabilities. Unobservable inputs cannot be acquired from the market data, but it is based on the best available information from market participants on the assumptions used in pricing the underlying asset or liability.

(b) Fair value hierarchy

The **Company** divides the input value used for fair value measurement into three levels, first using the first level input value, secondly using the second level input value, and finally using the third level input value:

Level 1 - based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly;

Level 3 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable;

3.12 Inventories

(a) Classification of inventories

Inventories are finished goods or merchandise held for sale in the ordinary course of the Company's activities, work in progress in the production process, materials and supplies consumed in the production process or in the provision of services, etc. They include materials on hand, development products under construction (development costs), completed development products, and development products leased out temporarily for the purpose of sale. The cost of development products includes land premiums, infrastructure expenditures, construction and installation expenditures, borrowing costs incurred prior to the completion of the development project, and other related costs incurred during the development process.

(b) Measurement method of cost of inventories sold or used

Land for development is recorded at the actual cost at the time of acquisition. At the time of project development, the development cost of the project is calculated and apportioned on the basis of the floor area of the development products.

Development costs are recorded at actual cost and transferred to development products at actual cost upon completion and acceptance of the project.

Development products are recorded at actual cost, and issuance of development products is accounted for by the floor area averaging method.

Development products and swing space that are temporarily leased out with the intent to sell are recorded at actual cost and are amortized equally over the estimated useful lives of the Company's similar fixed assets.

Public amenities are recorded at actual cost. If the public supporting facilities earlier than the completion of the relevant development products, after the completion of the final accounts of the public supporting facilities, according to the actual development costs of the relevant development projects are allocated to the development costs of the relevant development projects; if the public supporting facilities later than the completion of the relevant development products, the first development products by the public facilities fee withholding, to be completed and finalized after the completion of the public supporting facilities, and then according to the actual number of the difference between the number and the number of the withholding Adjust the cost of the relevant development products.

(c) Inventory system

The perpetual inventory system is adopted. The inventories should be counted at least once a year, and surplus and losses of inventory counting shall be included in current year profit and loss.

(d) Provision for impairment of inventory

Inventories are stated at the lower of cost and net realizable value. The excess of cost over net realizable value of the inventories is recognized as provision for impairment of inventory and recorded in profit or loss.

Net realizable value of the inventory should be determined on the basis of reliable evidence obtained, and factors such as purpose of holding the inventory and events occur after balance sheet date shall be considered.

(d.1) In normal operation process, for merchandise inventories for direct sale, including stock commodities and materials for sale, their net realizable values are determined at estimated selling prices less estimated selling expenses and relevant taxes and surcharges; for inventories held to execute sales contract or service contract, their net realizable values are calculated on the basis of contract price. If the quantities of inventories specified in sales contracts are less than the quantities held by the **Company**, the net realizable value of the excess portion of inventories shall be based on general selling prices.

- (d.2) In the course of normal production and operation, the estimated price of the finished product shall be deducted from the estimated cost of the finished product, the estimated sales cost and the amount of the relevant taxes and fees to determine the net realizable value. If the net realizable value of the finished product is higher than the cost, the material is measured at cost. If the decrease of the material price indicates that the net realizable value of the finished product is lower than the cost, the material is measured on the net realizable value and is prepared according to its difference.
- (d.3) At the end of the period, provisions for inventory impairment are determined on an individual basis. For inventories with large quantity and low unit price, the provisions for inventory impairment are determined on a category basis.
- (d.4) If any factor rendering write-downs of the inventories has been eliminated, the amounts written down are recovered and reversed from the inventory impairment, which has been provided for. The reversed amounts are included into the current profit or loss.

(e) Amortization method of low-value consumables

- (e.1) One-off writing off method is adopted in amortization of low-value consumables.
- (e.2) One-off writing off method is adopted in amortization of package items.

3.13 Contract Assets and Contract Liabilities

The **Company** shall present contract assets or contract liabilities in the statement of financial position, depending on the relationship between the **Company's** satisfying a performance obligation and the customer's payment. A contract asset shall be presented if the **Company** has the right to consideration in exchange for goods or services that the **Company** has transferred to a customer when that right is conditioned on something other than the passage of time. A contract liability shall be presented if the **Company** has the obligation to transfer goods or services to a customer for which the **Company** has received consideration (or the amount is due) from the customer.

Method of determination and accounting for expected credit loss for contract assets please refer to *Note 3.10 Financial Instruments*.

Contract assets and contract liabilities shall be presented separately in the statement of financial position. The contract asset and contract liability for the same contract shall be presented on a net basis. A net balance shall be listed in the item of "Contract assets" or "Other non-current assets" according to its liquidity; a credit balance shall be listed in the item of "Contract liabilities" or "Other non-current liabilities" according to its liquidity. Contract assets and contract liabilities for different contracts cannot be offset.

3.14 Contract Costs

Contract costs include costs to fulfill a contract and the costs to obtain a contract.

The **Company** shall recognize an asset from the costs incurred to fulfill a contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract, including: direct labor, direct materials, manufacturing costs (or similar costs), costs that are explicitly chargeable to the customer under the contract and other costs that are incurred only because an entity entered into the contract;
- the costs enhance resources of the **Company** that will be used in satisfying performance obligations in the future; and
- the costs are expected to be recovered.

The incremental costs of obtaining a contract shall be recognized as an asset if the **Company** expects to recover them.

An asset related to contract costs shall be amortized on a systematic basis that is consistent with the revenue recognition of the goods or services to which the asset relates. The **Company** recognizes the contract acquisition costs as an expense when incurred if the amortization period of the asset that the **Company** otherwise would have recognized is one year or less.

The **Company** shall accrue the provision for impairment, recognize an impairment loss in profit or loss to the extent that the carrying amount of an asset related to the contract cost exceeds the difference of below two items, and further consider whether the estimated liability related to the onerous contract needs to be accrued:

- the remaining amount of consideration that the **Company** expects to receive in exchange for the goods or services to which the asset relates; less
- the costs that relate directly to providing those goods or services and that have not been recognized as expenses.

The **Company** shall recognize in profit or loss a reversal of some or all of an impairment loss previously recognized when the impairment conditions no longer exist or have improved. The increased carrying amount of the asset shall not exceed the amount that would have been determined (net of amortization) if no impairment loss had been recognized previously.

Providing that the costs to fulfil a contract satisfy the requirement to be recognised as an asset, the **Company** shall present them in the account "Inventory" if the contract has an original expected duration of one year or a normal operating cycle or less, or in the account "Other non-current assets" if the contract has an original expected duration of more than one year or a normal operating cycle.

Providing that the costs to obtain a contract satisfy the requirement to be recognized as an asset, the **Company** shall present them in the account "Other current asset" if the contract has an original expected duration of one year or a normal operating cycle or less, or in the account "Other non-current assets" if the contract has an original expected duration of more than one year or a normal operating cycle.

3.15 Non-current Assets (or Disposal Groups) as Held for Sale

(a) Classification of non-current assets (or disposal groups) as held for sale

The Company classifies a non-current asset (or disposal group) as held for sale if the following requirements are met simultaneously:

- The asset or disposal group must be available for immediate sale in its present condition subject only to the terms that are usual and customary for sales of such assets (or disposal group).
- Its sale must be highly probable, i.e., the Company must be committed to a plan to sell the asset (or disposal group) and obtain definite purchase commitment, and the sale is expected to complete within one year and those regulations that require the approval of the company's relevant authorities or regulatory authorities before they can be sold have already been approved.

When the Company acquires a non-current asset (or disposal group) exclusively with a view to its subsequent disposal, it shall classify the non-current asset (or disposal group) as held for sale at the acquisition date only if the one-year requirement is met and it is highly probable that any other criteria that are not met at that date will be met within a short period following the acquisition (usually within three months).

The Company that is committed to dispose its equity investment in a subsidiary which will lead to its loss of control of the subsidiary shall classify the investment as held for sale in the separate financial statements of the Company, and classify all the assets and liabilities of that subsidiary as held for sale in the consolidated financial statements of the group, when the above criteria are met, regardless of whether the Company will remain part of equity investment in the subsidiary.

(b) Measurement of non-current assets (or disposal groups) held for sale

The principal of measurement of non-current assets (or disposal groups) held for sale does not apply to the following assets: investment properties that are measured in accordance with the fair value model, biological assets that are measured at fair value less costs to sell, assets arising from employee benefits, deferred tax assets, financial assets within the scope of relevant accounting standards related to financial instruments and contractual rights under insurance contracts as defined in accounting standards related to insurance contracts.

When the non-current assets (or disposal groups) are initially measured or subsequently measured at balance sheet date, if the carrying value of the asset (or disposal group) is higher than the fair value less cost to sell, it shall be written-down to its fair value less costs to sell, and the difference shall be recognized as impairment loss of the reporting period, and provision for asset impairment shall be recognized simultaneously. At subsequent balance sheet dates, if fair value less costs to sell of the non-current assets (or disposal groups) increase, the previously written-down amount shall be recovered in the current profit or loss within the amount of asset impairment recognized after classification as the non-current assets (or disposal groups). Goodwill impairment cannot be reversed.

When the assets (or disposal groups) ceases to be classified as held for sale or the non-

current assets are removed from disposal groups since the criteria for held for sale are no longer met, the assets shall be measured at the lower of:

- its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortization or revaluations that would have been recognized had the asset (or disposal group) not been classified as held for sale, and
- its recoverable amount at the date of the subsequent decision not to sell.

(c) Presentation

An entity shall present a non-current asset classified as held for sale and the assets of a disposal group classified as held for sale separately from other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale shall be presented separately from other liabilities in the statement of financial position. Those assets and liabilities shall not be offset and presented as a single amount.

3.16 Long-term Equity Investments

Long-term equity investments refer to equity investments where an investor has control of, or significant influence over, an investee, as well as equity investments in joint ventures. If the **Company** have significant influence on the investee, the investee is an associate of the **Company**.

(a) Determination basis of joint control or significant influence over the investee

Joint control is the relevant agreed sharing of control over an arrangement, and the arranged relevant activity must be decided under unanimous consent of the parties sharing control. In determining whether there is a joint control, it is first determined whether all parties or combinations of parties have collective control of the arrangement. If all parties or a group of parties must act in unison to determine the relevant activities of an arrangement, it is considered that all parties or a group of participants collectively control the arrangement. Secondly, it is necessary to decide whether the decision-making related to the arrangement must be unanimously approved by the participants who collectively control the arrangement. If there is a combination of two or more parties that can collectively control an arrangement, it does not constitute a common control. To determine whether there is common control, not to consider the protection of the rights.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but not be able to exercise control or joint control over those policies. When an investing enterprise can exercise significant influences over the investee, the investee shall be its associate.

When the **Company** directly or indirectly owns more than 20.00% (including 20.00%) but less than 50.00% of the voting shares of the investee, it can be presumed that the investor has significant influence over the investee, unless it can be clearly shown that this is not the case.

(b) Determination of initial investment cost

(b.1) Long-term equity investments generated in business combinations:

- For business combination under common control: if the **Company** makes payment in cash, transfer non-cash assets or bear debts and issues equity securities as the consideration for the business combination, book value of the owners' equity of the acquiree obtained is recognized as the initial cost of the long-term equity investment on the combination date. The difference between the initial investment cost and the carrying amount of cash paid, non-cash assets transferred, liabilities assumed, and par value of share issued shall be adjusted to the stock premium in the capital reserve; if there is no sufficient premium in the capital reserve for write-downs, the retained earnings shall be adjusted.
- For business combination under common control, which issues equity securities as the consideration for the merger. According to the book value of the owner's equity of the merged party in the consolidated financial statement of the final controller, the initial investment cost of long-term equity investment is taken as the merger date. The difference between the initial investment cost of long-term equity investment and the total par value of the issued shares shall be adjusted to the capital reserve; If the capital reserve is insufficient to write down, the retained earnings shall be adjusted;
- For business combination not under common control, the **Company** recognizes the combination cost determined on the combination date as the initial cost of long-term equity investment. When exercising control over an investee not under common control due to additional investment or other reasons, in separate financial statements, the investor shall change to the cost method and use the carrying amount of the previously held equity investment, together with the additional investment cost, as the initial investment cost under the cost method. The audit, legal, valuation and consulting fees, other intermediary fees, and related administrative fees paid by the acquiring entity or acquirer for the business combination, shall be recognized in profit or loss as incurred.

(b.2) Long-term equity investments acquired by other means

- (b.2.1) For long-term equity investments acquired by payments in cash, the initial cost is the actually paid purchase cost. The initial investment cost includes expenses directly related to obtaining long-term equity investment, taxes and other necessary expenses.
- (b.2.2) For long-term equity investments acquired through issuance of equity securities, the initial cost is the fair value of the issued equity securities.
- (b.2.3) For the long-term equity investments obtained through exchange of non-monetary assets, if the exchange has commercial substance, and the fair values of assets traded out and traded in can be measured reliably, the initial cost of long-term equity investment traded in with non-monetary assets are determined based on the fair values of the assets traded out together with relevant taxes.

Difference between fair value and book value of the assets traded out is recorded in profit or loss. If the exchange of non-monetary assets does not meet the above criteria, the book value of the assets traded out and relevant taxes are recognized as the initial cost of long-term equity investment traded in.

(b.2.4) For long-term equity investment acquired through debt restructuring, the initial cost is determined based on the fair value of the abandoned creditor's rights and other costs such as taxes that can be directly attributed to the asset, and the difference between the fair value of the abandoned creditor's rights and the book value of the investment is included in the current profit or loss.

(c) Subsequent measurement and recognition of profit or loss

Long-term equity investment to an entity over which the **Company** has ability of control shall be accounted for at cost method. Long-term equity investment to a joint venture or an associate shall be accounted for at equity method.

(c.1) Cost method

For Long-term equity investment at cost method, the cost of the long-term equity investment shall be adjusted when additional amount is invested or a part of it is withdrawn. The **Company** recognizes its share of cash dividends or profits which have been declared to distribute by the investee as current investment income.

(c.2) Equity method

Generally, for long-term equity investment measured at equity method, accounting practice are as following:

If the initial cost of the investment is in excess of the share of the fair value of the net identifiable assets in the investee at the date of investment, the difference shall not be adjusted to the initial cost of long-term equity investment; if the initial cost of the investment is in short of the share of the fair value of the net identifiable assets in the investee at the date investment, the difference shall be included in the current profit or loss and the initial cost of the long-term equity investment shall be adjusted accordingly.

The **Company** recognizes the share of the investee's net profits or losses, as well as its share of the investee's other comprehensive income, as investment profit or losses and other comprehensive income respectively and adjusts the carrying amount of the investment accordingly. The carrying amount of the investment shall be reduced by the share of any profit or cash dividends declared to distribute by the investee. The investor's share of the investee's owners' equity changes, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution, would be recognized in the investor's equity, and the carrying amount of the long-term equity investment shall be adjusted accordingly. The **Company** recognizes its share of the investee's net profits or losses after making appropriate adjustments based on the fair values of the investee's identifiable net assets at the investment date. If the accounting policy and accounting period adopted by the investee is not in consistency with the **Company**, the financial statements of the investee shall be adjusted according

to the **Company's** accounting policies and accounting period, based on which, investment profit or loss and other comprehensive income, etc., shall be adjusted. The unrealized profits or losses resulting from intra-group transactions between the **Company** and its associate or joint venture are eliminated in proportion to the **Company's** equity interest in the investee, based on which investment profit or losses shall be recognized. Any losses resulting from intra-group transactions between the investor and the investee, which are attributable to asset impairment, shall be recognized in full.

If, for reasons such as additional investment, it can exert significant influence on the investee or implement joint control but does not constitute control, the initial investment cost calculated according to the equity investment originally held plus the sum of the additional investment cost shall be taken as the original investment cost calculated according to the equity method. If the equity investment previously held is classified as the financial asset available for sale (applicable for the year 2020 and before), the difference between its fair value and book value, as well as the changes in the accumulated fair value originally included in other comprehensive income, shall be transferred to the current profit and loss calculated according to the equity method. If the equity investment previously held is classified as the other equity instrument investment (applicable from 1 January 2021), the difference between its fair value and book value, as well as the changes in the accumulated gains or losses originally included in other comprehensive income, shall be transferred from other comprehensive income to retained earnings calculated according to the equity method.

If the joint control or significant influence on the invested entity is lost due to the disposal of part of the equity investment, the remaining equity after the disposal shall be measured at the fair value, and the difference between the fair value and book value on the day of the loss of joint control or significant influence shall be recorded into the current profit or loss. Other comprehensive income of the original equity investment recognized by the equity method shall be accounted for on the same basis as the direct disposal of related assets or liabilities by the investee when the equity method is terminated.

(d) Equity Investment Held for Sale

Accounting of equity method ceases when the equity investment in an associates or joint venture which is classified in whole or in part as holding assets for sale, the relevant accounting treatment refer to *Note 3.15 Non-current Assets (or Disposal Groups) as Held for Sale*.

For residual equity investments that is not classified as holding for sale, the equity method shall continue to be used for accounting treatment prior to the sale of the portion of equity investments that is classified as holding for sale.

If the equity investment in an associated enterprise or joint venture that has been classified as holding for sale no longer qualifies the conditions for the classification of

assets for sale, the equity method shall be applied for retroactive adjustment from the date when the investment is classified as holding assets for sale. The equity investments are classified as financial statements held for sale and adjusted accordingly.

(e) Impairment testing and impairment provision

For the investment of subsidiaries, associates or joint ventures, please refer to *Note 3.22 Impairment of Long-term Assets*.

3.17 Investment Properties

(a) Classification of investment properties

Investment properties are properties to earn rentals or for capital appreciation or both. Examples include:

- land leased out under operating leases.
- Land held for long-term capital appreciation.
- Buildings leased out under operating leases.

(b) The measurement model of investment property

The Company uses the fair value model for subsequent measurement of investment properties.

(c) 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:

- The location of the investment property of the Company has an active property trading market.

The Company's investment properties are distributed in Cixi City, where the real estate transaction market is relatively active.

- The Company is able to obtain market prices of similar or comparable properties and other relevant information from the real estate trading market in order to make a reasonable estimate of the fair value of investment properties.

Through the real estate market transaction inquiry and other investigations, the market price of the same or similar real estate and other related information can be obtained from the real estate transaction market. At the end of the accounting period, by hiring professionally qualified professional appraisers to issue appraisal reports to carry out valuation, etc., the fair value of investment properties can be reasonably valued and the fair value of investment properties can be obtained.

(d) The key assumptions and principal uncertainties used by the Company in estimating the fair value of investment properties are:

Due to the changes in the operating environment of the enterprise and the changing factors affecting the value of assets, it is necessary to establish a number of assumptions in order to judge the value of assets. These include general assumptions and special assumptions, of which general assumptions include: going concern assumptions;

trading assumptions; and open market assumptions. Special assumptions include:

- Stable economic environment assumption: It is assumed that there are no significant changes in the relevant laws, regulations and policies in force in the State and the macroeconomic situation in the State after the valuation reference date, and that there are no significant changes in the political, economic and social environment in the region where the parties to the transaction are located, and that there are no other significant adverse impacts caused by unpredictable and force majeure factors.
- No significant change assumption: It is assumed that there will be no significant changes in national interest rates, exchange rates, tax bases and rates, and policy levies.
- No adverse effect assumption: It is assumed that there are no other force majeure and unforeseen factors that would have a material adverse effect on the assets to be valued.

3.18 Property, Plant and Equipment

Property, plant and equipment refer to the tangible assets held for use in the production or supply of goods or services, for rental to others, or for administrative purpose with expected useful lives exceeding one year.

(a) Recognition criteria of property, plant and equipment

Property, plant and equipment will only be recognized at the actual cost paid when obtaining when all the following criteria are satisfied:

- it is probable that the future economic benefits relating to the property, plant and equipment will flow into the **Company**;
- the costs of the property, plant and equipment can be measured reliably.

Subsequent expenditure for property, plant and equipment shall be recorded in cost of property, plant and equipment, if above criteria are satisfied, whereas, recorded in current profit or loss if the above criteria cannot be satisfied.

(b) Depreciation methods of property, plant and equipment

From the next month when the property, plant and equipment reaches the expected useable state, the **Company** shall calculate the depreciation according to the method of straight-line depreciation, and determine the depreciation life and annual depreciation rate according to the categories of property, plant and equipment, estimated economic service life and estimated net salvage value rate as follows:

Categories of property, plant and equipment	Depreciation method	Estimated useful life (years)	Residual rates (%)	Annual depreciation rates (%)
Buildings and constructions	Straight-line	20 to 30	3.00 to 5.00	3.17 to 4.85
Machinery equipment	Straight-line	8 to 20	3.00 to 5.00	4.75 to 12.13
Electronic equipment	Straight-line	3 to 10	3.00 to 5.00	9.50 to 32.33

Categories of property, plant and equipment	Depreciation method	Estimated useful life (years)	Residual rates (%)	Annual depreciation rates (%)
Vehicle	Straight-line	5 to 20	3.00 to 5.00	4.75 to 19.40
Electrical equipment	Straight-line	3 to 10	3.00 to 5.00	9.50 to 32.33
Dedicated equipment	Straight-line	10 to 20	3.00 to 5.00	4.75 to 9.70
Office equipment	Straight-line	3 to 10	3.00 to 5.00	9.50 to 32.33
Other equipment	Straight-line	3 to 10	3.00 to 5.00	9.50 to 32.33
Road asset	Straight-line	3 to 10	3.00 to 5.00	9.50 to 32.33

For the property, plant and equipment with impairment provided, the impairment provision should be excluded from the cost before calculating depreciation.

At the end of reporting period, the **Company** shall review the useful life, estimated net residual value and depreciation method of the fixed assets. Estimated useful life of the property, plant and equipment shall be adjusted if it is changed.

Depreciation of buildings does not include depreciation of land use rights for reservoir assets.

3.19 Construction in Progress

(a) Classification of construction in progress

Construction in progress is measured on an individual project basis.

(b) Criteria and timing of transfer from construction in progress to property, plant and equipment

The initial book values of the property, plant and equipment are stated at total expenditures incurred before they are ready for their intended use, including construction expenses, original value of equipment, other necessary expenditures incurred to bring construction in progress to an intended usable condition, and specific borrowings and general borrowings incurred for the purpose of borrowing money for the project before the asset reaches its intended usable condition. The **Company** will transfer construction in progress to property, plant and equipment when the project's installation or construction is completed and ready for use. For construction in progress that has been ready for intended use but relevant budgets for the completion of projects have not been completed, the estimated values of project budgets, prices, or actual costs should be included in the costs of relevant property, plant and equipment, and depreciation should be provided according to relevant policies of the **Company** when the property, plant and equipment are ready for intended use. After the completion of budgets needed for the completion of projects, the estimated values should be substituted by actual costs, but depreciation already provided is not adjusted.

3.20 Borrowing Costs

(a) Recognition criteria for capitalization of borrowing costs and capitalization period

The borrowing costs incurred by the **Company** that can be directly attributed to the acquisition, construction or production of assets eligible for capitalization shall be capitalized into the cost of related assets when the following conditions are met simultaneously:

- expenditures are being incurred;
- borrowing costs are being incurred, and;
- acquisition, construction or production activities that are necessary to prepare the assets for their intended use or sale have commenced.

Other borrowing interest, discount or premium and exchange difference shall be included in the profits and losses incurred in the current period.

Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted abnormally and when the interruption is for a continuous period of more than 3 months, until the acquisition, construction or production is resumed.

Capitalization of such borrowing costs ceases when the qualifying assets being acquired, constructed, or produced become ready for their intended use or sale. The expenditure incurred subsequently shall be recognized as expenses.

(b) Measurement of capitalization rate and capitalized amounts of borrowing costs

Where funds are borrowed specifically for purchase, construction, or manufacturing of assets eligible for capitalization, costs eligible for capitalization are the actual costs incurred less any income earned on the temporary investment of such borrowings.

Where funds allocated for purchase, construction, or manufacturing of assets eligible for capitalization are part of a general borrowings, the eligible amounts are determined by applying a capitalization rate to the weighted average excess of accumulated capital expenditures over those on specific borrowings. The capitalization rate will be the weighted average of the borrowing costs applicable to the general borrowings.

3.21 Intangible Assets

(a) Measurement method of intangible assets

Intangible assets are stated at actual cost at acquisition.

(b) The useful life and amortization of intangible assets

(b.1) The estimated useful lives of the intangible assets with limited useful lives are as follows:

Category	Useful life (years)	Basis
Land use right	40 to 70	Useful life
Trademark registration right	5	Expected period of benefit
Software use right	5 to 10	The service life is determined by reference to the period for the Company to bring economic benefits

For intangible assets with finite useful life, the estimated useful life and amortization method are reviewed annually at the end of each reporting period and adjusted when necessary. No change incurs in current year in the estimated useful life and amortization method upon review.

(b.2) Assets of which economic benefits are unforeseeable are regarded as intangible assets with indefinite useful lives. The **Company** reassesses the useful lives of those assets at every year end. If the useful lives of those assets are still indefinite, impairment test should be performed on those assets at the balance sheet date.

(b.3) Amortization of the intangible assets

For intangible assets with finite useful lives, their useful lives should be determined upon their acquisition. They are amortized on a straight-line basis over the period during which they can bring economic benefits to the **Company**. The amortization amount is credited to profit or loss for the current period according to the beneficial items. The amount to be amortized is cost deducting residual value. For intangible assets which has impaired, the accumulated impairment provision shall be deducted as well, with a residual value of nil. There is an exception that a third party promises to purchase the intangible asset at the end of its useful life or obtain estimated residual value information based on an active market, and this market is likely to exist at the end of its useful life.

Intangible assets with indefinite useful lives shall not be amortized. The **Company** reassesses the useful lives of those assets at every year end. If there is evidence to indicate that the useful lives of those assets become finite, the useful lives shall be estimated, and the intangible assets shall be amortized systematically and reasonably within the estimated useful lives.

(c) Criteria of classifying expenditures on internal research and development projects into research phase and development phase

(c.1) The **Company** shall take the information and related preparatory activities for further development activities as the research stage, and the expenditure of the intangible assets research stage shall be recorded into the current profit and loss when incurred.

(c.2) The development activities that are carried out after the **Company** has completed the research phase shall be considered as the development phase.

(d) Criteria for capitalization of qualifying expenditures during the development phase

Expenditures arising from development phase on internal research and development projects must be capitalized if the **Company** can satisfy all of the following criteria:

- there is technical feasibility of completing the intangible assets (so that they will be available for use or sale;
- there is intention to complete and use or sell the assets;

- the method that the intangible assets generate economic benefits, including existence of a market for products produced by the intangible assets or for the intangible assets themselves, shall be proved. Or, if to be used internally, the usefulness of the assets shall be proved;
- adequate technical, financial, and other resources are available to complete the assets, and the **Company** has the ability to use or sell the assets; and
- the costs of the assets can be measured reliably.

3.22 Impairment of Long-Term Assets

Impairment loss of long-term equity investment in subsidiaries, associates and joint ventures, investment properties, property, plant and equipment, constructions in progress, intangible assets, goodwill, etc. (excluding inventories, investment properties measured under the fair value model, deferred tax assets, financial assets), shall be determined according to following method:

The **Company** shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the **Company** shall estimate the recoverable amount of the asset and test for impairment. Irrespective of whether there is any indication of impairment, the **Company** shall test for impairment of goodwill acquired in a business combination, intangible assets with an indefinite useful life or intangible assets not yet available for use annually.

The recoverable amounts of the long-term assets are the higher of their fair values less costs to dispose and the present values of the estimated future cash flows of the long-term assets. The **Company** estimate the recoverable amounts on an individual basis. If it is difficult to estimate the recoverable amount of the individual asset, the **Company** estimates the recoverable amount of the groups of assets that the individual asset belongs to. Identification of a group of assets is based on whether the cash inflows from it are largely independent of the cash inflows from other assets or groups of assets.

If, and only if, the recoverable amount of an asset or a group of assets is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount and the provision for impairment loss shall be recognized accordingly.

For the purpose of impairment testing, goodwill acquired in a business combination shall, from the acquisition date, be allocated to relevant group of assets based on reasonable method; if it is difficult to allocate to relevant group of assets, good will shall be allocated to relevant combination of asset groups. The relevant group of assets or combination of asset groups is a group of assets or combination of asset groups that is benefit from the synergies of the business combination and is not larger than the reporting segment determined by the **Company**.

When test for impairment, if there is an indication that relevant group of assets or combination of asset groups may be impaired, impairment testing for group of assets or combination of asset groups excluding goodwill shall be conducted first, and the recoverable amount shall be then calculated, and the impairment loss shall be

recognized accordingly. Then the group of assets or combination of asset groups including goodwill shall be tested for impairment, by comparing the carrying amount with its recoverable amount. If the recoverable amount is less than the carrying amount, the **Company** shall recognize the impairment loss.

The mentioned impairment loss will not be reversed in subsequent accounting period once it had been recognized.

3.23 Long-term Deferred Expenses

Long-term deferred expenses are various expenses already incurred, which shall be amortized over current and subsequent periods with the amortization period exceeding one year.

The **Company's** long-term deferred expenses are evenly amortized over the beneficial period.

3.24 Employee Benefits

Employee benefits refer to all forms of consideration or compensation given by an enterprise in exchange for service rendered by employees or for the termination of employment relationship. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. Benefits provided to an employee's spouse, children, dependents, family members of deceased employees, or other beneficiaries are also employee benefits.

According to liquidity, employee compensation shall be presented in the "Employee benefits payable" item and the "Long-term Employee benefits payable" item respectively on the statement of financial position.

(a) Short-term employee benefits

(a.1) Monetary benefits (Wages, bonuses, allowances, subsidies)

The **Company** recognizes, in the accounting period in which an employee provides service, actually incurred short-term employee benefits as a liability, with a corresponding charge to current profit or loss or relevant cost of assets.

(a.2) Welfare

Welfare incurred are charged to the profits and losses of the current period or the related asset costs, according to the actual amount actually incurred. Employee benefits which are non-monetary benefits are measured at fair value.

(a.3) Social insurance contributions such as medical insurance premium, work injury insurance premium, maternity premium, etc., housing funds, and labor union expenditure and employee education funds.

Payments made by the **Company** of social insurance contributions for employees, such as premiums or contributions on medical insurance, pensions, work injury insurance and maternity insurance, payments of housing funds, and labor union expenditure and employee education funds provided in accordance with relevant requirements, in the accounting period in which employees provide services, is calculated according to

prescribed bases and percentages of provision in determining the amount of employee benefits, and recognized related liabilities, then charged to current profit and loss or the cost of related assets.

(a.4) Short-term paid absences

The **Company** shall recognize the related employee benefits arising from accumulating paid absences when the employees render service that increases their entitlement to future paid absences. The **Company** recognizes employee benefits related to non-cumulative paid absences during the accounting period in which the employee is actually absent.

(a.5) Short-term profit-sharing schemes

The **Company** shall recognize the related employee benefits payable under a profit-sharing plan when all of the following conditions are satisfied:

- the **Company** has a present legal or constructive obligation to make such payments as a result of past events; and
- a reliable estimate of the amounts of employee benefits obligation arising from the profit-sharing plan can be made.

(b) Post-employment benefits

(b.1) Defined contribution plans

The **Company** shall classify post-employment benefits plans as defined contribution plans. The **Company** shall recognize, in the accounting period in which an employee provides service, the contribution payable to a defined contribution plan as a liability, with a corresponding charge to the profit or loss for the reporting period or the cost of a relevant asset.

Post-employment benefits falling due for more than 12 months after the end of the reporting period are discounted to their present values, the amount recognized should be discounted, to reflect the time value of money (Determined based on the market rate of return on the government bonds or high-quality corporate bonds in an active market that match the maturity schedule and currency of the defined benefit plan on the balance sheet date).

(b.2) Defined benefit plans

(b.2.1) Determining the present value of defined benefit plan obligations and current service costs

Based on the expected unit benefit method, the unbiased and mutually consistent actuarial assumptions are used to estimate the relevant demographic variables and financial variables, etc., to measure the obligations arising from the defined benefit plans and to determine the vesting period of the relevant obligations. The **Company** will set a benefit plan based on the corresponding discount rate (based on the market rate of return of government bonds or high-quality corporate bonds in active markets that match the maturity and currency of the defined benefit plan at the balance sheet

date) of the obligation to be discounted to determine the present value of the defined benefit plan obligations and current service costs.

(b.2.2) Determine the amount of the net defined benefit liability (asset)

If there is any asset in the defined benefit plan, the **Company** will recognize the deficit or surplus as a net debt or net asset of the defined benefit plan, which caused from the current value of the defined benefit plan obligations less of the fair value of the defined benefit plan assets.

If there is a surplus in the defined benefit plan, the **Company** measures the net profit of the defined benefit plan based on the lower of the surplus of the defined benefit plan and the upper limit of the asset.

(b.2.3) Determine amounts to be recognized in profit or loss

Service costs include current service costs, past service costs and gains or losses on settlement of a defined benefit plan. Except for the current service costs that are required or permitted to be included in the cost of an asset by other accounting standards, other service costs are included in the profit or loss for the current period.

Net interest on the net defined benefit liability (asset), including the interest income of the scheme assets, the interest expenses of the defined benefit plan obligations and the interest rates affected by the asset cap, shall be included in the profits and losses of the current period.

(b.2.4) Determine amounts to be recognized in other comprehensive income

Changes arising from the remeasurement of net liabilities or net assets of defined benefit plans, including:

- Actuarial gains or losses: the increase or decrease in the present value of the previously defined benefit plan obligations as a result of changes to actuarial assumptions and experience adjustments.
- Return on plan assets: excluding amounts included in net interest on the net defined benefit liability (asset).
- Any change in the effect of the asset ceiling excluding amounts included in net interest on the net defined benefit liability (asset).

The above changes in the net liabilities or net assets of the re-measured defined benefit plan are directly charged to other comprehensive income and are not permitted to be reversed to profit or loss in subsequent accounting periods, but the **Company** can transfer these changes in other comprehensive income within the scope of equity.

(c) Termination benefits

The **Company** providing termination benefits to employees shall recognize an employee benefits liability for termination benefits, with a corresponding charge to the profit or loss of the reporting period, at the earlier of the following dates:

- when the **Company** cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal.

- when the **Company** recognizes costs or expenses related to a restructuring that involves the payment of termination benefits.

Termination benefits falling due for more than 12 months after the end of the reporting period are discounted to their present values (based on the market rate of return of government bonds or high-quality corporate bonds in active markets that match the maturity and currency of the defined benefit plan at the balance sheet date).

(d) Other long-term employee benefits

(d.1) Other long-term employee benefits fit the Defined Contribution Plan

If other long-term employee benefits provided by the **Company** meet the conditions of the established withdrawal plan, the total amount due for deposit shall be calculated as the discounted amount to pay the employee remuneration.

(d.2) Other long-term employee benefits fit the Defined Benefit Plans

At the end of the reporting period, the **Company** recognizes the employee compensation costs generated by other long-term employee benefits as the following components:

- Service costs
- Net interest on the other long-term employee benefits liability (asset)
- Remeasurement of changes in net liabilities or net assets of other long-term employee benefits.

In order to simplify the relevant accounting treatment, the total net amount of the above items is included in the current profit and loss or the cost of related assets.

3.25 Estimated Liabilities

(a) Recognition criteria of estimated liabilities

The **Company** recognizes the estimated liabilities when obligations related to contingencies satisfy all the following conditions:

- that obligation is a present obligation of the **Company**;
- it is likely to cause any economic benefit to flow out of the **Company** as a result of performance of the obligation; and
- the amount of the obligation can be measured reliably.

(b) Measurement method of estimated liabilities

The estimated liabilities of the **Company** are initially measured at the best estimate of expenses required for the performance of relevant present obligations. The **Company**, when determining the best estimate, has had a comprehensive consideration of risks with respect to contingencies, uncertainties, and the time value of money. The carrying amount of the estimated liabilities shall be reviewed at the end of every reporting period. If conclusive evidence indicates that the carrying amount fails to be the best estimate of the estimated liabilities, the carrying amount should be adjusted based on the updated best estimate.

3.26 Revenue

(a) General Principle

Revenue is defined as the gross inflow of economic benefits arising in the course of the ordinary activities of the **Company** when those inflows result in the increases in shareholders' equity, other than increases relating to contributions from shareholders.

The **Company** shall recognize revenue when it satisfies a performance obligation in the contract as the customer obtains control of a good or service. Control of a good or service refers to the ability to direct the use of and obtain substantially all of the remaining economic benefits from, the good or service.

When the contract has two or more obligation performances, the **Company** shall allocate the transaction price to each performance obligation in proportion to a relative stand-alone selling price at contract inception of the promised good or service underlying each performance obligation in the contract and recognize revenue based on the transaction price allocated to each performance obligation.

The transaction price is the amount of consideration to which the **Company** expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. When determining the transaction price of the contract, if the contract includes a variable consideration, the **Company** shall determine the best estimate of the variable consideration based on the expected value or the most likely amount and include in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. If the contract contains a significant financing component, the **Company** shall determine the transaction price at an amount that reflects the price that a customer would have paid for the promised goods or services if the customer had paid cash for those goods or services when (or as) they transfer to the customer. The difference between the transaction price and the promised consideration shall be amortized using the effective interest method within the contract period. The **Company** need not consider the effects of a significant financing component if the period between when the **Company** transfers control of a good or service to a customer and when the customer pays for that good or service will be one year or less.

The **Company** satisfies a performance obligation over time, if one of the following criteria is met; otherwise a performance obligation is satisfied at a point in time:

- the customer simultaneously receives and consumes the benefits provided by the **Company's** performance as the **Company** performs;
- the **Company's** performance creates or enhances an asset that the customer controls as the asset is created or enhanced;
- the **Company's** performance does not create an asset with an alternative use to the **Company** and the **Company** has an enforceable right to payment for performance

completed to date.

For each performance obligation satisfied over time, the **Company** shall recognize revenue over time by measuring the progress towards complete satisfaction of that performance obligation, unless those progress cannot be reasonably measured. The **Company** measures the progress of a performance obligation for the service rendered using input methods (or output methods). In some circumstances, the **Company** cannot be able to reasonably measure the progress of a performance obligation, but the **Company** expects to recover the costs incurred in satisfying the performance obligation. In those circumstances, the **Company** shall recognize revenue only to the extent of the costs incurred until such time that it can reasonably measure the progress of the performance obligation.

The **Company** shall recognize revenue at the point in which a customer obtains control of a promised good or service if a performance obligation is satisfied at a point in time. To determine the point in time at which a customer obtains control of a promised good or service, the **Company** shall consider indicators of the transfer of control, which include, but are not limited to, the followings:

- The **Company** has a present right to payment for the good or service – a customer is presently obliged to pay for the good or service;
- The **Company** has transferred legal title of an asset to a customer-the customer has legal title to the asset;
- The **Company** has transferred physical possession of an asset to a customer-the customer has physical possession of the asset;
- The **Company** has transferred the significant risks and rewards of ownership of the asset to a customer-the customer has the significant risks and rewards of ownership of the asset;
- The customer has accepted the asset.

Sales return clause

For sales return clause, when the customer obtains the control of a product, the **Company** shall recognize revenue for the transferred products in the amount of consideration to which the **Company** expects to be entitled and a refund liability at the amounts receivable for which the **Company** does not expect to be entitled; meanwhile, an asset shall be recognized as receivables on the cost of return measured at the former carrying amount of the product expected to be returned less any expected costs to recover those products (including potential decreases in the value to the entity of returned products), and the net amount of the former carrying amount of the product when transferred to the customer less above mentioned cost shall be recorded into the cost of sales. At the end of each reporting period, the **Company** shall re-assess the expectations about the sales return and remeasure above mentioned assets and liabilities.

Warranties

In accordance with the contract, the law or other requirements, the **Company** provides

a warranty in connection with the sale of a product or construction of a project. For warranties which provide a customer with assurance that the related product will function as the parties intended because it complies with agreed-upon specifications, the **Company** shall treat it in accordance with " *Accounting Standards for Business Enterprise No.13-Contingencies*". If a warranty, or a part of a warranty, provides a customer with a service in addition to the assurance that the product complies with agreed-upon specifications, the **Company** shall treat it as a performance obligation, and allocate the transaction price to the warranty based on the relative proportion to the stand-alone selling price of the product and the service, and recognize revenue when the customer obtains the control of the service. In assessing whether a warranty provides a customer with a service in addition to the assurance that the product complies with agreed-upon specifications, the **Company** shall consider factors such as: whether the warranty is required by law; the length of the warranty coverage period and the nature of the tasks that the **Company** promises to perform.

Principal versus agent

If the **Company** obtains the control of the specified good or service from another party and then transfers the good or service to the customer, the **Company** has the right to determine the transaction price, which means that the **Company** controls the specified good or service before it is transferred to a customer, and is therefore a principal, and recognizes revenue in the gross amount of consideration to which it expects to be entitled in exchange for the specified good or service transferred. Otherwise, the **Company** is an agent, and shall recognize revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by another party. The fee or commission might be the net amount of received or receivable consideration that the **Company** retains after paying the other party the consideration received in exchange for the goods or services to be provided by that party or determined based on the specified commission amount or proportion.

Consideration payable to a customer

The **Company** shall account for consideration payable to a customer as a reduction of the transaction price unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the **Company**. The reduction of revenue shall be recognized when (or as) the later of either of the following events occurs: the **Company** recognizes revenue for the transfer of the related goods or services to the customer; and the **Company** pays or promises to pay the consideration.

Customers' unexercised rights

Upon receipt of a prepayment for a good or service from a customer, the **Company** shall recognize a contract liability in the amount of the prepayment and recognize revenue when it satisfies its performance obligation. If the prepayment to the **Company** is non-refundable and the customer may not exercise part or all of its contractual rights,

and the **Company** expects to be entitled to a breakage amount related to those unexercised rights of the customer, the **Company** shall recognize the expected breakage amount as revenue in proportion to the pattern of rights exercised by the customer; otherwise, the **Company** shall recognize the remaining balance of above mentioned liability as revenue when the likelihood of the customer exercising its remaining rights becomes remote.

Contract modifications

When the construction contract modifications exist between the **Company** and the customer:

- The **Company** shall account for a contract modification as a separate contract if the modification results in the addition of promised construction services that are distinct and increase of the price of the contract, and the price of the contract increases by an amount of consideration that reflects the **Company's** stand-alone selling prices of the additional promised construction services;
- If the contract modification is not accounted for as a separate contract in accordance with above mentioned circumstance (i), and the remaining construction services are distinct from the construction services transferred on or before the date of the contract modification, the **Company** shall account for the contract modification as if it were a termination of the existing contract and the creation of a new contract with the combination of the remaining performance obligations of the existing contract and the contract modification.
- If the contract modification is not accounted for as a separate contract in accordance with above mentioned circumstance (i), and the remaining construction services cannot be distinct from the construction services transferred on or before the date of the contract modification, the **Company** shall account for the contract modification as if it were a part of the existing contract and the effect that the contract modification has on the transaction price, and on the entity's measure of progress towards complete satisfaction of the performance obligation, is recognized as an adjustment to revenue at the date of the contract modification.

(b) Specific Method

Revenue recognition methods of the Company are as follows:

(b.1) House sales revenue

House sales revenue belongs to the performance obligation performance obligation satisfied at a point in time. Revenue is recognized when the Company has delivered the product to the customer in accordance with the contract and the customer has accepted the merchandise, payment has been received or proof of receipt has been obtained and recovery of the related consideration is probable upon delivery of the keys and transfer of control of the related property.

(b.2) Revenue from land auctions

The land asset transfer contracts between the Company and its customers contain

performance obligations for the transfer of land assets, which are to be performed at a certain point in time. The Company recognizes revenue from land auctions when the land asset transfer agreement is signed and the procedures for transferring the assets are completed, the related control is obtained, and the auction proceeds are received.

(b.3) Transportation revenue

Transportation revenue is recognized when the provision of transportation services is completed and the revenue-sharing settlement between passenger terminals is completed.

(b.4) Grain income

The contract for the sale of grain between the Company and its customer contains a performance obligation to transfer the merchandise, which is the fulfillment of the performance obligation at a certain point in time. Revenue from the sale of grain is recognized when the goods have been shipped and accepted by the other party.

(b.5) Construction revenue

Revenue is recognized when the project has been completed and accepted and is in use; when the project has been handed over; and when the final settlement price has been confirmed by both parties.

(b.6) Test revenue

The point at which revenue is recognized is when the test work is completed and the test results are given.

(b.7) Tap water sales revenue

Revenue is recognized when tap water has been sold and water charges collected or when the right to collect water charges has been acquired.

(b.8) Tourism revenue

Revenue is recognized when travel services are provided and payment is received or the right to receive payment is acquired.

(b.9) Land consolidation revenue

According to the agreement between the Company and the entrusted party, after the land requisition and relocation preparation has been completed, the land has reached the reserve conditions and the handover procedures have been carried out, the Company has the right to collect the settlement payment from the entrusted party in accordance with the contract, and recognize the revenue in accordance with the quantity of the land to be handed over and the amount agreed upon in the handover of the land progress payment settlement letter.

(b.10) Commodity sales revenue

Contracts for the sale of goods between the Company and its customers contain a performance obligation to transfer the goods, which is the fulfillment of a performance obligation at a point in time. Revenue is recognized when the Company has delivered the product to the customer in accordance with the contract and the customer has

accepted the merchandise, payment for the merchandise has been received or proof of receipt has been obtained and collection of the related consideration is probable, the principal risks and rewards of ownership of the merchandise have been transferred, and legal title to the merchandise has passed.

3.27 Government Grants

(a) Recognition of government grants

A government grant shall not be recognized until there is reasonable assurance that:

- the **Company** will comply with the conditions attaching to them; and
- the grants will be received.

(b) Measurement of government grants

Monetary grants from the government shall be measured at amount received or receivable, and non-monetary grants from the government shall be measured at their fair value or at their nominal value amount of CNY1.00 when reliable fair value is not available.

(c) Accounting for government grants

(c.1) Government grants related to assets

Government grants pertinent to assets mean the government grants that are obtained by the **Company** used for purchase or construction or forming the long-term assets by other ways. Government grants pertinent to assets shall be recognized as deferred income and should be recognized in profit or loss on a systematic basis over the useful lives of the relevant assets. Grants measured at their nominal value shall be directly recognized in profit or loss of the period when the grants are received. When the relevant assets are sold, transferred, written off or damaged before the assets are terminated, the remaining deferred income shall be transferred into profit or loss of the period of disposing relevant assets.

(c.2) Government grants related to income

Government grants other than related to assets are classified as government grants related to income. Government grants related to income are accounted for in accordance with the following principles:

- if the government grants related to income are used to compensate the enterprise's relevant expenses or losses in future periods, such government grants should be recognized as deferred income on acquisition and be recognized in profit or loss in the period of recognizing relevant expenses;
- if the government grants related to income are used to compensate the enterprise's relevant expenses or losses incurred, such government grants are directly recognized in profit or loss of the current period.
- For government grants comprised of part related to assets as well as part related to income, each part is accounted for separately; if it is difficult to identify different part, the government grants are accounted for as government grants related to

income as a whole.

- Government grants related to daily operation are recognized in other income in accordance with their nature, and government grants irrelevant to daily operation activities are recognized in non-operating income.

(c.3) Discount interest on preferential policy loans

When the finance will disburse the discounted interest funds to the loan bank, and the loan bank will provide the **Company** with a loan at a preferential policy rate, the actual amount of borrowings received recognized as the book value of the loan, and calculates the relevant borrowing costs based on the principal of the borrowings and the preferential policy interest rate.

Fiscal interest discount funds disbursed directly to the **Company**, to offsets the relevant borrowing costs with the corresponding discount interest.

(c.4) Repayment of the government grants

If the confirmed government subsidy needs to be returned, the book value of the relevant assets shall be adjusted if the book value of the assets is deducted during the initial recognition; If there is a balance of relevant deferred income, the book balance of relevant deferred income shall be deducted and the excess part shall be recorded into the current profit and loss; In other cases, it shall be directly recorded into the current profit and loss.

3.28 Deferred Tax Assets and Deferred Tax Liabilities

Temporary differences are differences between the carrying amount of an asset or liability in the statement of financial position and its tax base. The Company recognize the effect of taxable temporary differences and deductible temporary differences on income tax as deferred tax liabilities or deferred tax assets using liability method. Deferred tax assets and deferred tax liabilities shall not be discounted.

(a) Recognition of deferred tax assets

For deductible temporary differences, the impact on income tax shall be calculated at the income tax rate during the projected reversal period and recognized as a deferred income tax asset, subject to the extent that the Company is likely to obtain future taxable income to offset the deductible temporary differences, deductible losses and tax deductions.

The effect on income tax of deductible temporary differences arising from the initial recognition of assets or liabilities in transactions or events with the following characteristics is unconfirmed as deferred income tax assets:

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss)

The Company recognize a deferred tax asset for all deductible temporary differences arising from investments in subsidiaries, branches and associates, and interests in joint

arrangements, to the extent that, and only to the extent that, it is probable that:

- the temporary difference will reverse in the foreseeable future; and
- taxable profit will be available against which the deductible temporary difference can be utilized.

At the end of each reporting period, if there is sufficient evidence that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized, the Company recognizes a previously unrecognized deferred tax asset.

The carrying amount of a deferred tax asset shall be reviewed at the end of each reporting period. An entity shall reduce the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

(b) Recognition of deferred tax liabilities

A deferred tax liability shall be recognized for all taxable temporary differences at the tax rate that are expected to apply to the period when the liability is settled, except to the extent that the deferred tax liability arises from:

(b.1) Deferred tax liabilities are not recognized for the income tax effects of taxable temporary differences arising from the following transactions or events:

- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction which:
 - is not a business combination; and
 - at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss)

(b.2) An entity shall recognize a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint arrangements, except to the extent that both of the following conditions are satisfied:

- The Company is able to control the timing of the reversal of the temporary difference; and
- it is probable that the temporary difference will not reverse in the foreseeable future.

(c) Recognition of deferred tax liabilities or assets involved in special transactions or events

(c.1) Deferred tax liabilities or assets related to business combination

For the taxable temporary difference or deductible temporary difference arising from a business combination not under common control, a deferred tax liability or a deferred tax asset shall be recognized, and simultaneously, goodwill recognized in the business combination shall be adjusted.

(c.2) Items directly recognized in equity

Current tax and deferred tax related to items that are recognized directly in equity shall be recognized in equity. Such items include:

- other comprehensive income generated from fair value fluctuation of available for sale investments;
- an adjustment to the opening balance of retained earnings resulting from either a change in accounting policy that is applied retrospectively or the correction of an error;
- amounts arising on initial recognition of the equity component of a compound financial instrument

(c.3) Unused tax losses and unused tax credits

(c.3.1) Unused tax losses and unused tax credits generated from daily operation of the Company itself

The criteria for recognizing deferred tax assets arising from the carryforward of unused tax losses and tax credits are the same as the criteria for recognizing deferred tax assets arising from deductible temporary differences. The Company recognizes a deferred tax asset arising from unused tax losses or tax credits only to the extent that there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilized by the Company. Income taxes in current profit or loss shall be deducted as well.

(c.3.2) Unused tax losses and unused tax credits arising from a business combination

The potential benefit of the acquiree's income tax loss carryforwards or other deferred tax assets might not satisfy the criteria for separate recognition when a business combination is initially accounted for but might be realized subsequently. An entity shall recognize acquired deferred tax benefits that it realizes after the business combination as follows:

- Acquired deferred tax benefits recognized within 12 months after acquisition date that result from new information about facts and circumstances that existed at the acquisition date shall be applied to reduce the carrying amount of any goodwill related to that acquisition. If the carrying amount of that goodwill is zero, any remaining deferred tax benefits shall be recognized in profit or loss.
- All other acquired deferred tax benefits realized shall be recognized in profit or loss.

(c.4) Temporary difference generated in consolidation elimination

When preparing consolidated financial statements, if temporary difference between carrying value of the assets and liabilities in the consolidated financial statements and their taxable bases is generated from elimination of intra-group unrealized profit or loss, deferred tax assets or deferred tax liabilities shall be recognized in the consolidated financial statements, and income taxes expense in current profit or loss shall be adjusted

as well (except for deferred tax related to transactions or events recognized directly in equity and business combination.

(c.5) Equity-settled share-based payment

If tax authority permits tax deduction that relates to remuneration paid in shares, share options or other equity instruments of the Company, during the period in which a remuneration expense is recognized according to the accounting standards, the Company estimate the tax base in accordance with available information at the end of the accounting period and the temporary difference arising from it. Deferred tax shall be recognized when criteria of recognition are satisfied. If the amount of estimated future tax deduction exceeds the amount of the related cumulative remuneration expense, the excess of the associated current or deferred tax should be recognized directly in equity.

3.29 Leases

(a) Identifying a lease

At inception of a contract, the **Company** shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of one or more identified assets for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the **Company** shall assess whether, throughout the period of use, the customer has the right to obtain substantially all of the economic benefits from use of the identified asset and to direct the use of the identified asset.

(b) Identifying a separate lease component

When a contract includes more than one separate lease components, the **Company** shall separate components of the contract and account for each lease component separately. The right to use an underlying asset is a separate lease component if both conditions have been satisfied: (i) the lessee can benefit from use of the underlying asset either on its own or together with other resources that are readily available to the lessee; (ii) the underlying asset is neither highly dependent on, nor highly interrelated with, the other underlying assets in the contract.

(c) The Company as a lessee

At the commencement date, the **Company** identifies the lease that has a lease term of 12 months or less and does not contain a purchase option as a short-term lease. A lease qualifies as a lease of a low-value asset if the nature of the asset is such that, when new, the asset is typically of low value. If the **Company** subleases an asset, or expects to sublease an asset, the head lease does not qualify as a lease of a low-value asset.

The **Company** shall recognize the lease payments associated with those leases as cost of relevant asset or expenses in current profit or loss on a straight-line basic.

Except for the election of simple treatment as short-term lease or lease of a low-value asset as mentioned above, at the commencement date, the **Company** shall recognize a right-of-use asset and a lease liability.

(c.1) Right-of-use asset

A right-of-use asset is an asset that represents a lessee's right to use an underlying asset for the lease term.

At the commencement date, the **Company** shall initially measure the right-of-use asset at cost. The cost of the right-of-use asset shall comprise:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the lessee; and
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. The **Company** recognizes and measures the cost in accordance with the recognition criteria and measurement method for estimated liabilities, details please refer to *Notes 3.25 Estimated Liabilities*. Those costs incurred to produce inventories shall be included in the cost of inventories.

The right-of-use asset shall be depreciated according to the categories using straight-line method. If it is reasonably certain that the ownership of the underlying asset shall be transferred to the lessee by the end of the lease term, the depreciation rate shall be determined based on the classification of the right-of-use asset and estimated residual value rate from the commencement date to the end of the useful life of the underlying asset. Otherwise, the depreciation rate shall be determined based on the classification of the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

(c.2) Lease liability

At the commencement date, the lease liability shall be measured at the present value of the lease payments that are not paid at that date. The lease payments included in the measurement of the lease liability comprise the following 5 items:

- fixed payments and in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease;
- amounts expected to be payable by the lessee under residual value guarantees.

In order to calculate the present value of the lease payments, interest rate implicit in the lease shall be used as the discount rate. If that rate cannot be readily determined, the **Company** shall use the incremental borrowing rate. The difference between the lease

payments and its present value shall be recognized as unrecognized financing charges, calculated bases on the discount rate of the present value of the lease payments in each period within the lease term and recorded as interest expense in current profit or loss. Variable lease payments not included in the measurement of lease liabilities shall be recognized in current profit or loss when incurred.

After the commencement date, the **Company** shall remeasure the lease liability based on the revised present value of the lease payments and adjust the carrying amount of the right-of-use asset if there is a change in the in-substance fixed payments, or change in the amounts expected to be payable under a residual value guarantee, or change in an index or a rate used to determine lease payments, or change in the assessment or exercising of an option to purchase the underlying asset, or an option to extend or terminate the lease.

(d) The Company as a lessor

At the commencement date, the **Company** shall classify a lease as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset, otherwise it shall be classified as an operating lease.

(d.1) Operating leases

The **Company** shall recognize lease payments from operating leases as income on a straight-line basis over the term of the relevant lease and the initial direct costs incurred in obtaining an operating lease shall be capitalized and recognized as an expense over the lease term on the same basis as the lease income. The **Company** shall recognize the variable lease payments relating to the operating lease but not included in the measurement of the lease receivables into current profit or loss when incurred.

(d.2) Finance leases

At the commencement date, the **Company** shall recognize the lease receivables at an account equal to the net investment in the lease (the sum of the present value of the unguaranteed residual values and the lease payment that are not received at the commencement date discounted at the interest rate implicit in the lease) and derecognize the asset relating to the finance lease. The **Company** shall recognize interest income using the interest rate implicit in the lease over the lease term.

The **Company** shall recognize the variable lease payments relating to the finance lease but not included in the measurement of the net investment in the lease into current profit or loss when incurred.

(e) Lease modifications

(e.1) A lease modification accounted for as a separate lease

The **Company** shall account for a modification to a lease as a separate lease, if both:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the lease increases by an amount commensurate with the

stand-alone price for the increase in scope.

(e.2) A lease modification not accounted for as a separate lease

(e.2.1) The **Company** as a lessee

At the effective date of the lease modification, the **Company** shall redetermine the lease term of the modified lease and remeasure the lease liability by discounting the revised lease payments using a revised discount rate. The revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the incremental borrowing rate at the effective date of the modification, if the interest rate implicit in the lease cannot be readily determined.

The **Company** shall account for the remeasurement of the lease liability by:

- decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease or shorten the lease term. The **Company** shall recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.
- Making a corresponding adjustment to the carrying amount of the right-of-use asset for all other lease modifications.

(e.2.2) The **Company** as a lessor

The **Company** shall account for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

For a modification to a finance lease that is not accounted for as a separate lease, the **Company** shall account for the modification as follows:

- if the lease would have been classified as an operating lease had the modification been in effect at the inception date, the **Company** shall account for the lease modification as a new lease from the effective date of the modification and measure the carrying amount of the underlying asset as the net investment in the lease immediately before the effective date of the lease modification;
- if the lease would have been classified as a finance lease had the modification been in effect at the inception date, the **Company** shall account for the lease modification according to the requirements in the modification or renegotiation of the contract.

(f) Sale and leaseback

The **Company** shall determine whether the transfer of an asset under the sale and leaseback transaction is a sale of that asset according to *Note 3.26 Revenue*.

(f.1) The **Company** as a seller (lessee)

If the transfer of the asset is not a sale, the **Company** shall continue to recognize the transferred asset and shall recognize a financial liability equal to the transfer proceeds. It shall account for the financial liability according to *Note 3.10 Financial Instruments*. If the transfer of the asset is a sale, the **Company** shall measure the right-of-use asset

arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the **Company**. Accordingly, the **Company** shall recognize only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.

(f.2) The **Company** as a buyer (lessor)

If the transfer of the asset is not a sale, the **Company** shall not recognize the transferred asset and shall recognize a financial asset equal to the transfer proceeds. It shall account for the financial asset according to *Note 3.10 Financial Instruments*. If the transfer of the asset is a sale, the **Company** shall account for the purchase of the asset applying applicable Accounting Standards of Business Enterprises, and for the lease applying the lessor accounting requirements.

3.30 Safety fund and Renovation fund

The Company extracts production safety expenses in accordance with the relevant regulations in accordance with *Caiqi (2022) No.136*.

Safety fund and renovation fund shall be included in the cost or current profit and loss of related products when extracted and shall also be included in the item of "special reserve".

Where the extracted production safety fund and renovation fund are used within the prescribed scope, if they are expense, the special reserve shall be directly deducted; In case of the formation of fixed assets, the expenses incurred shall be first collected under the item of "Construction in Progress" and shall be recognized as fixed assets when the safety project is completed and reaches the expected usable state; At the same time, according to the cost of the formation of fixed assets special reserves, and recognize the same amount of accumulated depreciation. The fixed assets will not be depreciated in future periods.

3.31 Changes in Significant Accounting Policies and Accounting Estimates

(a) Changes in accounting polices

- Implementing the provisions of "*Accounting Treatment of Products or By-products Produced Before Fixed Assets Reach the Predetermined Usable State or in the Process of Research and Development*" and "*Judgment on Onerous Contract*" in Accounting Standards for Business Enterprises Interpretation No.15

On 30 December 2021, the Ministry of Finance issued the *Accounting Standards for Business Enterprises Interpretation No.15* (Cai Kuai [2021] No.35) (hereinafter referred as to the "**Interpretation No.15**"), among them "*Accounting Treatment of Products or By-products Produced Before Fixed Assets Reach the Predetermined Usable State or in the Process of Research and Development*" (hereinafter referred as to the "**Provisions on Accounting Treatment of Trial Operation Sales**") and "*Judgment on Onerous Contract*" are implemented since from 1 January 2022. Implementing the relevant provisions of **Interpretation No.15** has no material impact on the **Company's** financial statements for the reporting period.

● *Implementing the Accounting Standards for Business Enterprises Interpretation No.16*

On 30 November 2022, the Ministry of Finance issued the *Accounting Standards for Business Enterprises Interpretation No.16* (Cai Kuai [2022] No.31) (hereinafter referred as to the "**Interpretation No.16**"). "*Accounting Treatment on the Income Tax Impact of Dividends Related to Financial Instruments Classified by the Issuer as Equity Instruments*" and "*Accounting Treatment on the Modification of Cash Settlement Stock Payment to Equity Settlement Stock Payment*" are implemented since from the publication date. Implementing the relevant provisions of **Interpretation No.16** has no material impact on the **Company's** financial statements for the reporting period.

● Subsequent measurement of investment properties using the fair value model

In accordance with the requirements of *Accounting Standards for Business Enterprises Interpretation No.3 - Investment Property* and *Accounting Standards for Business Enterprises Interpretation No.28 - Accounting Policies, Changes in Accounting Estimates and Error Corrections*, effective 1 January 2022, the Company changed from the cost measurement model to the fair value model for its investment properties. This change in accounting policy requires retrospective adjustments to the consolidated balance sheet and the parent company balance sheet as of 31 December 2021, and the consolidated income statement and the parent company income statement for the year 2021, respectively.

Consolidated Balance Sheet as of 31 December 2021 and Consolidated Statements of Income for fiscal year 2021 affected:

Items	31 Dec. 2021 / 2021		
	Before retrospective adjustments	After retroactive adjustments	Adjustment amounts
Investment properties	6,306,777,460.55	8,701,003,038.00	2,394,225,577.45
Deferred tax assets	25,456,044.81	27,585,258.41	2,129,213.60
Other non-current assets	2,397,017,805.93	3,165,305,597.26	768,287,791.33
Deferred tax liabilities	11,844,706.00	783,713,360.72	771,868,654.72
Other comprehensive income		77,343,525.00	77,343,525.00
Capital reserves	45,142,600,167.81	45,098,420,866.77	-44,179,301.04
Surplus reserves	34,923,158.83	53,217,059.60	18,293,900.77
Retained earnings	2,410,580,360.02	4,751,896,162.95	2,341,315,802.93
Costs of sales	2,906,640,905.72	2,777,504,830.65	-129,136,075.07
General and administrative expenses	511,555,440.58	477,088,077.48	-34,467,363.10
Gains/(losses) from changes at fair values	-5,923,625.69	113,777,116.10	119,700,741.79
Income tax expenses	46,478,168.81	105,705,527.84	59,227,359.03
Net profit	373,899,878.82	597,976,699.75	224,076,820.93

Affected 31 December 2021 parent company balance sheet and FY 2021 parent company income statement:

Items	31 Dec. 2021 / 2021		
	Before retrospective adjustments	After retroactive adjustments	Adjustment amounts
Long-term equity investments	12,998,840,901.90	13,093,155,997.95	94,315,096.05
Investment properties	164,094,484.41	282,259,700.00	118,165,215.59
Deferred tax liabilities		29,541,303.90	29,541,303.90
Surplus reserves	34,923,158.83	53,217,059.60	18,293,900.77
Retained earnings	146,104,312.25	310,749,419.22	164,645,106.97
Costs of sales	7,729,504.57	49,918.00	-7,679,586.57
Gains/(losses) from changes at fair values		1,824,200.00	1,824,200.00
Investment income/(losses)	102,419,212.39	106,931,837.94	4,512,625.55
Income tax expenses		2,375,946.64	2,375,946.64
Net profit	118,431,930.35	130,072,395.83	11,640,465.48

(b) Changes in accounting estimates

The Company has no change in accounting estimates for reporting period.

4. TAXATION

4.1 Major Categories of Tax and Tax Rates Applicable to the Company

Categories of tax	Basis of tax assessment	Tax rate
Value added tax (VAT)	Revenue	3.00%, 5.00%, 6.00%, 9.00%, 13.00%
Urban maintenance and construction tax	Turnover taxes payable	5.00%, 7.00%
Educational surcharge	Turnover taxes payable	3.00%
Local Education surcharge	Turnover taxes payable	2.00%
Property tax	Taxable residual value of housing, rental income	1.20%, 12.00%
Land use tax	Land area	CNY6.00/m ² , CNY12.00/m ²
Land value-added tax	According to the relevant provisions of the Provisional Regulations of the People's Republic of China on Land Value-Added Tax ("PRC LVAT Provisional Regulations"), real estate development enterprises are exempted from land value-added tax ("LVAT") if the value-added of the ordinary standard residential units sold by the enterprise does not exceed the sum of the amounts of the deductions by more than 20.00%; if the value-added exceeds 20.00%, LVAT will be calculated and paid according to the rates stipulated in the Tax Law. According to the State Administration of Taxation Guo Shui Fa	Determination of the tax rate according to the specific value added

Categories of tax	Basis of tax assessment	Tax rate
	[2004] No.100 and the relevant regulations of the local tax bureau where the real estate project is developed, the company engaged in real estate development shall accrue and prepay land value-added tax according to a certain percentage of the revenue from the sale of real estate and the amount of the house receipts in advance, and apply for liquidation to the tax authorities after the project meets the liquidation conditions, and the revenue obtained from the sale of the real estate development products shall be subject to tax payment in accordance with the tax provisions stipulated by the local tax authorities. Income derived from the sale of real estate development products is subject to land value-added tax as prescribed by the local tax authorities.	
Enterprise income tax	Taxable income	25.00%

4.2 Tax Preference

According to "The Announcement of the Ministry of Finance and the State Administration of Taxation on the Continuation of Preferential Tax Policies for Rural Drinking Water Safety Projects" (Cai Shui [2019] No.67) and "The Announcement on the Extension of the Implementation Period of Certain Preferential Tax Policies" (No.6 of 2021) announced by the Ministry of Finance and the State Administration of Taxation, the revenue from the sale of tap water obtained by the operation and management units of drinking water projects that provide water for domestic use to the rural population is exempted from the value-added tax (VAT), and the implementation period is until 31 December 2023.

According to "The Notice of the Ministry of Finance and the State Administration of Taxation on the Continuation of Preferential Policies on Property Tax and Urban Land Use Tax for Agricultural Products Wholesale Markets and Farmers' Markets" (Cai Shui [2019] No.12) and "The Announcement on the Extension of the Implementation Period of Certain Preferential Tax Policies" (No.4 of 2022) announced by the Ministry of Finance and the State Administration of Taxation, property and land of agricultural products wholesale market and farmers' markets (both owned and leased) exclusively used for the operation of property and land used exclusively for the operation of agricultural products, are temporarily exempted from property tax and urban land use tax, and the implementation period is until 31 December 2023.

According to the "Announcement of the Ministry of Finance and the State Administration of Taxation on the VAT Policies Relating to the Promotion of Relief and Development of Difficult Industries in the Service Sector" issued by the Ministry of Finance on 22 March 2022, from 1 January 2022 to 31 December 2022, the revenues derived by taxpayers from the provision of public transportation services are exempted from value-added tax ("VAT"). The VAT tax that has been collected and deposited prior to the issuance of this Announcement, which shall be exempted in accordance with the

above provisions, may be offset against the VAT tax payable by the taxpayers in the subsequent months or processed for tax refund.

According to the "Circular of the National Development and Reform Commission and Other 14 Departments on Several Policies on Promoting the Resumption of Development of Difficult Industries in the Service Sector", document NDRC Caijin [2022] No.271, small and micro enterprises and individual business households in the service sector within the county-level administrative areas where the areas classified as high-risk areas of the epidemic are located in 2022 will be given a reduction or waiver of six months' rent for state-owned housing in 2022, and other areas will be given a reduction or waiver of three months' rent in 2022, and three months' rent in other areas. For the owners of houses with reduced or waived rents, if they have difficulties in paying property tax and urban land use tax in 2022, localities are encouraged to grant reductions or exemptions in accordance with the authorization of the regulations and the actual situation in the localities.

4.3 Others

There is no such item.

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5.1 Cash and Cash Equivalents

Items	31 Dec. 2022	31 Dec. 2021
Cash on hand	294,199.12	337,861.17
Cash in bank	7,968,184,889.45	13,291,203,622.40
Other monetary funds	742,444.32	79,720,122.57
Digital monetary - Renminbi	1,030,000.00	
Total	7,970,251,532.89	13,371,261,606.14

Notes:

- The bank deposits at the end of the period consisted of CNY788,187,568.58 (of which the interest portion amounted to CNY16,187,568.58) of time certificates of deposit used to pledge bank borrowings, and CNY12,824,314.39 of special funds for credit sub-risk pools and risk compensation funds.
- CNY436,837.78 of other monetary funds at the end of the period were bond deposits.

In addition to this, there were no amounts in monetary funds at the end of the period that were subject to restrictions on use and potential recovery risks due to mortgages, pledges or freezes.

5.2 Held-for-trading Financial Assets

Items	31 Dec. 2022	31 Dec. 2021
Financial assets designated as at fair value through profit or loss:	5,305,560.00	5,229,000.00
Including: Debt instruments investments		

Items	31 Dec. 2022	31 Dec. 2021
Equity instruments investments	5,305,560.00	5,229,000.00
Total	5,305,560.00	5,229,000.00

5.3 Notes Receivable

(a) Notes receivable by category

Items	31 Dec. 2022			31 Dec. 2021		
	Amount	Provision for bad debt	Carrying account	Amount	Provision for bad debt	Carrying account
Commercial acceptance bill				240,000,000.00		240,000,000.00
Bank acceptance bills	1,185,862.97		1,185,862.97	621,429.55		621,429.55
Total	1,185,862.97		1,185,862.97	240,621,429.55		240,621,429.55

(b) The Company's pledged notes receivable at the end of the period: There is no such item.

(c) Notes receivable discounted or endorsed to third parties but not yet matured at 31 December 2022: There is no such item.

(d) Notes receivables that are transferred to accounts receivables due to non-performance of drawers: This is no such item.

5.4 Accounts Receivable

(a) Accounts receivable by aging

Aging	31 Dec. 2022	31 Dec. 2021
Within 1 year (including 1 year)	226,419,691.86	124,661,750.18
1 to 2 years	31,135,115.56	59,487,611.37
2 to 3 years	54,241,171.18	72,198,781.79
Over 3 years	132,584,018.76	52,987,053.43
Sub-total	444,379,997.36	309,335,196.77
Less: Provision for bad debt	27,646,547.13	17,587,171.41
Total	416,733,450.23	291,748,025.36

(b) Disclosure by classification method of bad debt accrual

(b.1) As at 31 December 2022 (According to simplified model)

Items	31 Dec. 2022				
	Accounts receivable		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Provision for bad debt recognized individually:	8,338,712.20	1.88	8,338,712.20	100.00	

Items	31 Dec. 2022				
	Accounts receivable		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Provision for bad debt recognized by portfolios	436,041,285.16	98.12	19,307,834.93	4.43	416,733,450.23
Among them: Portfolio 1					
Portfolio 2	371,794,923.12	83.66	1,858,974.67	0.50	369,935,948.45
Portfolio 3	64,246,362.04	14.46	17,448,860.26	27.16	46,797,501.78
Total	444,379,997.36	100.00	27,646,547.13	6.22	416,733,450.23

(b.2) As at 31 December 2021 (According to simplified model)

Items	31 Dec. 2021				
	Accounts receivable		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Provision for bad debt recognized individually:	500,000.00	0.16	500,000.00	100.00	
Provision for bad debt recognized by portfolios	308,835,196.77	99.84	17,087,171.41	5.53	291,748,025.36
Among them: Portfolio 1					
Portfolio 2	249,257,609.22	80.58	1,246,288.06	0.50	248,011,321.16
Portfolio 3	59,577,587.55	19.26	15,840,883.35	26.59	43,736,704.20
Total	309,335,196.77	100.00	17,587,171.41	5.69	291,748,025.36

(c) Changes of provision for bad debt during the reporting period:

Items	31 Dec. 2021	Changes during the reporting period				31 Dec. 2022
		Provision	Recovery or reversal	Elimination or write-off	Other change	
Provision for bad debts on individual basis	500,000.00	7,838,712.20				8,338,712.20
Bad debt provision by portfolio	17,087,171.41	2,335,445.84		114,782.32		19,307,834.93
Among them: Portfolio 1						
Portfolio 2	1,246,288.06	612,686.61				1,858,974.67
Portfolio 3	15,840,883.35	1,722,759.23		114,782.32		17,448,860.26
Total	17,587,171.41	10,174,158.04		114,782.32		27,646,547.13

(d) Accounts receivable written off during the reporting period: There is no such item.

(e) Large amounts of accounts receivable at closing balance by entity

Entity name	Balance at 31 Dec. 2022	Proportion of the balance to the total accounts receivable (%)	Provision for bad debt
Cixi Nansheng Construction Co., Ltd.	168,374,069.04	37.89	841,870.35
Cixi Hushan Housing Demolition Co., Ltd.	153,599,514.00	34.57	767,997.57
Cixi City People's Government Zonghan Street Office	30,546,284.26	6.87	152,731.42
Zhejiang Cixi Binhai Economic Development Zone Management Committee	10,000,000.00	2.25	50,000.00
Total	362,519,867.30	81.58	1,812,599.34

(f) Accounts receivable derecognised due to the transfer of financial assets: There is no such item.

(g) Assets or liabilities arising from continuing involvement in transferred accounts receivable: There is no such item.

5.5 Prepayments

(a) Prepayments by aging

Aging	31 Dec. 2022		31 Dec. 2021	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year (including 1 year)	2,208,350,521.20	67.76	362,777,008.85	20.87
1 to 2 years	201,288,827.55	6.18	133,628,437.91	7.69
2 to 3 years	126,512,333.86	3.88	374,174,508.91	21.53
Over 3 years	722,857,260.41	22.18	867,626,897.90	49.91
Total	3,259,008,943.02	100.00	1,738,206,853.57	100.00

(b) Top five closing balances by entity

Entity name	Balance at 31 Dec. 2022	Proportion of the balance to the total prepayments (%)
Housing Acquisition Management Office of Cixi Municipal People's Government	1,767,648,160.00	54.24
China Railway 16th Bureau Group Co., Ltd.	154,673,940.00	4.75
Anlong Wanyang Zhongchuangcheng Development Co., Ltd.	103,123,900.00	3.16
Cixi Zhouxiang Town Construction Investment Development Co., Ltd.	94,804,445.60	2.91
Cixi Guanhaiwei Urban and Rural Construction Development Co., Ltd.	92,014,414.62	2.82
Total	2,212,264,860.22	67.88

5.6 Other Receivables**(a) Other receivables by category**

Items	31 Dec. 2022	31 Dec. 2021
Interest receivable		
Dividend receivable		154,545.45
Other receivables	18,376,690,787.56	16,513,282,945.59
Total	18,376,690,787.56	16,513,437,491.04

(b) Interest receivable

There is no such item.

(b.1) Significant overdue interest:

There is no such item.

(c) Dividends receivable**(c.1) Dividends receivable by category**

Item	31 Dec. 2022	31 Dec. 2021
Cixi Zhouxiang Vegetable Market Management Service Co., Ltd.		154,545.45
Sub-total		154,545.45
Less: Provision for bad debt		
Total		154,545.45

(d) Other receivables**(d.1) Other receivables by aging**

Aging	31 Dec. 2022	31 Dec. 2021
Within 1 year (including 1 year)	7,188,153,438.72	2,865,909,743.91
1 to 2 years	935,270,671.57	2,394,955,079.50
2 to 3 years	1,514,923,013.72	1,970,272,407.27
Over 3 years	8,926,828,067.81	9,480,941,657.91
Sub-total	18,565,175,191.82	16,712,078,888.59
Less: Provision for bad debt	188,484,404.26	198,795,943.00
Total	18,376,690,787.56	16,513,282,945.59

(d.2) Other receivables by bad debt provision method**(d.2.1) As at 31 December 2022, provision for bad debt recognized based on three stages model**

Stages	Other receivables	Provision for bad debt	Carrying account
Stage 1	18,551,299,366.20	174,608,578.64	18,376,690,787.56
Stage 3	13,875,825.62	13,875,825.62	
Total	18,565,175,191.82	188,484,404.26	18,376,690,787.56

(d.2.1.1) As at 31 December 2022, provision for bad debt at stage 1:

Item	Other receivables	Provision ratio (%)	Provision for bad debt	Carrying amount	Reason
Provision for bad debt recognized individually	-	-	-	-	Provision based on expected credit losses
Provision for bad debt recognized by portfolios	18,551,299,366.20	0.94	174,608,578.64	18,376,690,787.56	Provision based on expected credit losses
Among them: Portfolio 3					
Portfolio 4	18,372,911,903.36	0.50	91,864,559.52	18,281,047,343.84	Portfolio of state-owned enterprises and government-related departments with less likelihood of bad debt losses
Portfolio 5	178,387,462.84	46.38	82,744,019.12	95,643,443.72	Provision based on expected credit losses
Total	18,551,299,366.20	0.94	174,608,578.64	18,376,690,787.56	

(d.2.1.1.1) As at 31 December 2022, provision for bad debt at stage 2:

There is no such item.

(d.2.1.1.2) As at 31 December 2022, provision for bad debt at stage 3 are as follows:

Item	Book balance	Provision ratio (%)	Provision for bad debt	Book balance	Reason
Provision for bad debt recognized individually	13,875,825.62	100.00	13,875,825.62		Provision based on expected credit losses
Total	13,875,825.62	100.00	13,875,825.62		

(d.2.2) As at 31 December 2021, provision for bad debt recognized based on three stages model

Stages	Other receivables	Provision for bad debt	Carrying account
Stage 1	16,698,201,562.97	184,918,617.38	16,513,282,945.59
Stage 3	13,877,325.62	13,877,325.62	
Total	16,712,078,888.59	198,795,943.00	16,513,282,945.59

(d.3) Changes in the provision, recovery or reversal of bad debt

Items	31 Dec. 2021	Changes during the reporting period				31 Dec. 2022
		Provision	Recovery or reversal	Elimination or write-off	Others	
Provision for bad debts on individual basis	13,877,325.62		1,500.00			13,875,825.62
Bad debt provision by portfolio	184,918,617.38	10,127,660.76	20,375,112.97		-62,586.53	174,608,578.64
Among them: Portfolio 3						
Portfolio 4	81,736,898.76	10,127,660.76				91,864,559.52
Portfolio 5	103,181,718.62		20,375,112.97		-62,586.53	82,744,019.12
Total	198,795,943.00	10,127,660.76	20,376,612.97		-62,586.53	188,484,404.26

(d.4) Other receivables written off during the reporting period

There is no such item.

(d.5) Top five closing balances by entity

Entity name	Balance at 31 Dec. 2022	Aging	Proportion of the balance to the total other receivables (%)	Provision for bad debt
Cixi Cihui Investment Co., Ltd.	3,590,088,465.00	1 to 2 years, 2 to 3 years, over 3 years	19.34	17,950,442.32
Cixi Transportation Bureau	2,340,008,494.21	Within 1 year, 2 to 3 years, over 3 years	12.6	11,700,042.47
Cixi Hangnan Construction Development Co., Ltd.	1,899,689,596.70	Within 1 year, 1 to 2 years, 2 to 3 years, over 3 years	10.23	9,498,447.98
Cixi Jinci Real Estate Co., Ltd.	1,137,160,000.00	Within 1 year	6.13	5,685,800.00
Cixi Jinghui Investment Development Co., Ltd.	1,016,057,246.11	Over 3 years	5.47	5,080,286.23
Total	9,983,003,802.02		53.77	49,915,019.00

(d.6) Other receivables relating to government grants: There is no such item.

(d.7) Derecognition of other receivables for transfer of financial assets: There is no such item.

(d.8) Assets or liabilities arising from continuing involvement in transferred other receivables: There is no such item.

5.7 Inventories

(a) Inventories by category

Items	31 Dec. 2022			31 Dec. 2021		
	Book balance	Provision for depreciation of inventory or impairment of contract performance costs	Carrying amount	Book balance	Provision for depreciation of inventory or impairment of contract performance costs	Carrying amount
Raw materials	23,689,252.60		23,689,252.60	17,413,942.05		17,413,942.05
Stock product	366,527,987.89		366,527,987.89	319,421,985.73		319,421,985.73
Packaging and low value consumable goods	3,166,521.52		3,166,521.52	1,893,153.94		1,893,153.94
Development costs	8,488,430,809.32		8,488,430,809.32	1,843,989,908.71		1,843,989,908.71
Development product	3,688,255,285.50		3,688,255,285.50	5,709,866,510.72		5,709,866,510.72
Costs to fulfill a contract	54,709,303,824.79		54,709,303,824.79	47,216,004,216.55		47,216,004,216.55
Total	67,279,373,681.62		67,279,373,681.62	55,108,589,717.70		55,108,589,717.70

(b) Provision for decline in value of inventories or impairment of contractual performance costs

There are no losses on inventories, and no provision for decline in value of inventories or impairment of contractual performance costs has been made.

5.8 Other Current Assets

Items	31 Dec. 2022	31 Dec. 2021
Reclassification from debit side balance of VAT payable	92,450,551.08	67,806,194.74
Prepaid tax	128,442.83	1,542,488.50
Vehicle insurance premiums	10,418,505.72	9,014,094.59
Input tax to be certified	113,811.70	113,207.54
Make payment	834,961,748.00	
Others	562,154.04	175,376.56
Total	938,635,213.37	78,651,361.93

5.9 Long-term Receivables

(a) General information of long-term receivables

Item	31 Dec. 2022			31 Dec. 2021		
	Amount	Provision for bad debt	Carrying account	Amount	Provision for bad debt	Carrying account
Finance leases deposit	258,010,000.00		258,010,000.00	262,010,000.00		262,010,000.00
Other accounts receivable	350,030,000.00	1,750,150.00	348,279,850.00	350,030,000.00	1,750,150.00	348,279,850.00
Total	608,040,000.00	1,750,150.00	606,289,850.00	612,040,000.00	1,750,150.00	610,289,850.00

(b) Disclosure of long-term receivables by provision accrual method

(b.1) As at 31 December 2022, provision for bad debt recognized based on three stages model

Stages	Amount	Provision for bad debt	Carrying account
Stage 1	608,040,000.00	1,750,150.00	606,289,850.00
Stage 2			
Stage 3			
Total	608,040,000.00	1,750,150.00	606,289,850.00

(b.1.1) As at 31 December 2022, provision for bad debt long-term receivables at stage 1:

Items	Amount	Provision ratio (%)	Provision for bad debt	Carrying account	Reason
Provision for bad debts on individual basis					
Bad debt provision by portfolio	608,040,000.00	0.29	1,750,150.00	606,289,850.00	Provision based on expected credit losses
Among them: Portfolio 1	258,010,000.00			258,010,000.00	Financing margin may be set off against the principal amount to be repaid at the maturity date of the borrowing
Portfolio 2	350,030,000.00	0.50	1,750,150.00	348,279,850.00	Provision based on expected credit losses
Total	608,040,000.00	0.29	1,750,150.00	606,289,850.00	

(c) Changes in the provision, recovery or reversal of bad debt

Items	31 Dec. 2021	Changes during the reporting period				31 Dec. 2022
		Provision	Recovery or reversal	Elimination or write-off	Others	
Provision for bad debts on individual basis						
Bad debt provision by portfolio	1,750,150.00					1,750,150.00
Among them: Portfolio 1						
Portfolio 2	1,750,150.00					1,750,150.00
Total	1,750,150.00					1,750,150.00

(d) Long-term receivables derecognised due to transfer of financial assets: There is no such item.

(e) Assets or liabilities arising from continuing involvement in transferred long-term

receivables: There is no such item.

5.10 Long-term Equity Investments

Investees	31 Dec. 2021	Provision for impairment at 31 Dec. 2021	Changes during the reporting period				
			Increase during the reporting period	Decrease during the reporting period	Gains /(losses) on investments under the equity method	Adjustments of other comprehensive income	Changes in other equity
I. Joint ventures							
Changshan County Youqiao Shanhai Cooperation Industrial Park Development Co., Ltd.	140,419,356.11				1,311,495.39		
Ningbo Tongci Equity Investment Partnership (Limited Partnership)			25,084,760.00		-66,735.94		
Sub-total	140,419,356.11		25,084,760.00		1,244,759.45		
II. Associates							
Cixi Agricultural Products Exhibition Co., Ltd.	5,007,621.36				-470,935.13	-	-
Cixi Citong Highway Development Co., Ltd.	26,358,881.06				164,817.97	-	-
Cixi Ciping Highway Development Co., Ltd.	14,954,861.67				32.90	-	-
Cixi Cida Highway Development Co., Ltd.	27,817,499.65				258,685.26	-	-
Cixi Zhouxiang Vegetable Market Management Service Co., Ltd.	3,339,941.06				-608,355.03	-	-
Ningbo Hangnan Green City Property Service Co., Ltd.	7,343,854.92				60,913.96		
Ningbo Hangwan Lujie New Energy Co., Ltd.	5,882,078.53				27,406.72		
Zhejiang Xiaolingdi Resource Recycling Technology Co., Ltd.	350,777.29		17,550,000.00		-2,378,938.82		
Ningbo Ciyang Foreign Trade Transportation Co., Ltd.	2,000,000.00	1,919,278.67					

Investees	31 Dec. 2021	Provision for impairment at 31 Dec. 2021	Changes during the reporting period				
			Increase during the reporting period	Decrease during the reporting period	Gains /(losses) on investments under the equity method	Adjustments of other comprehensive income	Changes in other equity
CIE GREAT (Ningbo) Trading Co., Ltd.	800,000.00				-143,754.63		
Cixi Rural Housing Reconstruction and Construction Investment Co., Ltd.	6,868,415.21				601,065.40		
Ningbo Saichuang Yongyuan Investment Co., Ltd.	7,520,567.40				-7,937.86		
China-Israel (Cixi) Innovation Technology Research Institute Co., Ltd.	9,993,697.38				-949,751.41		
Ningbo Xirang Property Management Co., Ltd.			800,000.00		10,477.24		
Cixi China Resources Gas Co., Ltd.	66,103,722.53				16,487,574.61		696,758.59
Ningbo Hongtai Testing Co., Ltd.	720,000.00						
Zhejiang Yuyang Environment Co., Ltd.			33,500,000.00		-465,471.34		
Ningbo Xikou Pumped Storage Power Station Co., Ltd.	28,500,017.96				2,944,995.02		
Cixi Cidong Town Construction Investment Development Co., Ltd.	68,065,311.21		100,000,000.00		-3,684,174.53		
Ningbo Zeye Education Technology Co., Ltd.	27,726.28				-27,726.28		
Sub-total	281,654,973.51	1,919,278.67	151,850,000.00		11,818,924.05		696,758.59
Total	422,074,329.62	1,919,278.67	176,934,760.00		13,063,683.50		696,758.59

(Continued)

Investees	Changes during the reporting period			31 Dec. 2022	Provision for impairment at 31 Dec. 2022
	Declaration of cash dividends or distribution of profit	Provision for impairment	Others		
I. Joint ventures					
Changshan County Youqiao Shanhai Cooperation Industrial Park Development Co., Ltd.				141,730,851.50	
Ningbo Tongci Equity Investment Partnership (Limited Partnership)				25,018,024.06	
Sub-total				166,748,875.56	
II. Associates					
Cixi Agricultural Products Exhibition Co., Ltd.				4,536,686.23	
Cixi Citong Highway Development Co., Ltd.				26,523,699.03	
Cixi Ciping Highway Development Co., Ltd.				14,954,894.57	
Cixi Cida Highway Development Co., Ltd.				28,076,184.91	
Cixi Zhouxiang Vegetable Market Management Service Co., Ltd.				2,731,586.03	
Ningbo Hangnan Green City Property Service Co., Ltd.				7,404,768.88	
Ningbo Hangwan Lujie New Energy Co., Ltd.				5,909,485.25	
Zhejiang Xiaolingdi Resource Recycling Technology Co., Ltd.				15,521,838.47	
Ningbo Ciyang Foreign Trade Transportation Co., Ltd.		80,721.33		2,000,000.00	2,000,000.00
CIE GREAT (Ningbo) Trading Co., Ltd.				656,245.37	
Cixi Rural Housing Reconstruction and Construction Investment Co., Ltd.				7,469,480.61	
Ningbo Saichuang Yongyuan Investment Co., Ltd.				7,512,629.54	
China-Israel (Cixi) Innovation Technology Research Institute Co., Ltd.				9,043,945.97	

Investees	Changes during the reporting period			31 Dec. 2022	Provision for impairment at 31 Dec. 2022
	Declaration of cash dividends or distribution of profit	Provision for impairment	Others		
Ningbo Xirang Property Management Co., Ltd.				810,477.24	
Cixi China Resources Gas Co., Ltd.				83,288,055.73	
Ningbo Hongtai Testing Co., Ltd.				720,000.00	
Zhejiang Yuyang Environment Co., Ltd.				33,034,528.66	
Ningbo Xikou Pumped Storage Power Station Co., Ltd.	961,620.00			30,483,392.98	
Cixi Cidong Town Construction Investment Development Co., Ltd.				164,381,136.68	
Ningbo Zeye Education Technology Co., Ltd.					
Sub-total	961,620.00	80,721.33		445,059,036.15	2,000,000.00
Total	961,620.00	80,721.33		611,807,911.71	2,000,000.00

Note:

Pursuant to the equity custodian agreement, the Company's subsidiary, Cixi CiDong Industrial Development Co., Ltd., entrusted its 35.00% equity interest in Cixi Cidong Town Construction Investment Development Co., Ltd. to the operation and management of Cixi Longshan Town Asset Management Company, which is solely responsible for representing the shareholders' stockholders' rights of the shareholders, and is therefore no longer included in the scope of consolidation. However, it is still able to exert significant influence on the company's operation, which is accounted for by the equity method.

5.11 Other Equity Instrument Investments

(a) General information of other equity instrument investments

Items	31 Dec. 2022	31 Dec. 2021
Non-listed equity instrument investment:		-
Cixi Sunshine Elderly City Development Co., Ltd.	9,000,000.00	9,000,000.00
Cixi Zhongci Ecological Fertilizer Co., Ltd.	55,253.98	55,253.98
Cixi Shenglu Construction Development Co., Ltd.	20,000,000.00	20,000,000.00
Cixi Yuying Investment Co., Ltd.	1,646,000.00	1,646,000.00
Ningbo Inarray Biomedical SYSTEMS Co., Ltd.	5,000,000.00	5,000,000.00

Items	31 Dec. 2022	31 Dec. 2021
Zhejiang Xinghang Aviation Equipment Manufacturing Co., Ltd.	7,741,020.03	25,000,000.00
Ningbo Financing Guarantee Co., Ltd.	209,000,000.00	209,000,000.00
Anlong Wanyang Zhongchuangcheng Development Co., Ltd.		19,600,000.00
Ningbo Jichen Intelligent Control Equipment Co., Ltd.	35,000,000.00	35,000,000.00
Cixi Bangqi Yiba Information Service Co., Ltd.	100,000.00	100,000.00
Cixi Zhongde SME Development Co., Ltd.	1,000,000.00	1,000,000.00
Ningbo Jinshi Investment Co., Ltd.	44,650,000.00	44,650,000.00
Cixi Minsheng Rural Banking Corp., Ltd.	7,000,000.00	7,000,000.00
China Railway Construction Oriental Investment and Construction (Cixi) Co., Ltd.	25,000,000.00	25,000,000.00
Ningbo Fuyong IC Investment Co., Ltd.	60,075,000.00	60,075,000.00
Ningbo Fuyong Hetou Manufacturing Equity Investment Co., Ltd.	86,500,000.00	26,500,000.00
China Railway Construction East China (Cixi) Construction Co., Ltd.	25,000,000.00	
Cixi Jinci Real Estate Co., Ltd.	150,000.00	
Cixi Lanci Real Estate Co., Ltd.	150,000.00	
Cixi Chuangxi Real Estate Development Co., Ltd.	481,500,000.00	
Cixi Chuangwan Real Estate Development Co., Ltd.	280,000,000.00	
Total	1,298,567,274.01	488,626,253.98

5.12 Other Non-current Financial Assets

Items	31 Dec. 2022	31 Dec. 2021
Equity instrument investments:		-
Cixi Guoxing Financial Service Fund (Limited Partnership)	1,000,000.00	1,000,000.00
Cixi Qingkong Kechuang Equity Investment Fund Partnership (Limited Partnership)	103,000,000.00	103,000,000.00
Cixi Qingniao Binhai Equity Investment Partnership (Limited Partnership)	18,000,000.00	18,000,000.00
Ningbo Yongchao Jiayuan Equity Investment Partnership (Limited Partnership)	20,000,000.00	10,000,000.00
Total	142,000,000.00	132,000,000.00

5.13 Investment Properties

(a) Investment properties accounted for using fair value measurement model

Items	Buildings and constructions	Construction in progress	Total
I. Balance at 31 Dec. 2021	6,292,827,710.96	13,949,749.59	6,306,777,460.55
Changes in accounting policies	2,267,870,927.04	126,354,650.41	2,394,225,577.45
II. Balance at 1 Jan. 2022	8,560,698,638.00	140,304,400.00	8,701,003,038.00

Items	Buildings and constructions	Construction in progress	Total
III. Increased during the reporting period:	2,276,256,121.24	136,777,358.41	2,413,033,479.65
(i) Acquisition		136,777,358.41	136,777,358.41
(ii) Transferred from inventories\property, plant and equipment\construction in progress	1,007,578,402.14		1,007,578,402.14
(iii) Business combination to increase			
(iv) Changes in fair value	1,268,677,719.10		1,268,677,719.10
IV. Decrease during the reporting period:	4,194,474.24		4,194,474.24
(i) Disposal			
(ii) Other transfers out	4,194,474.24		4,194,474.24
(iii) Changes in fair value			
Balance at 31 Dec. 2022	10,832,760,285.00	277,081,758.41	11,109,842,043.41

Note: The Company's subsidiary Ningbo Cixi Industry and Trade Group Co., Ltd. investment property in the Hu Shan market is currently in the state of reconstruction, the future is still used for leasing, so this period was transferred to the "investment property - construction in progress" accounting.

(b) Investment properties without certificate of title

As at 31 December 2022, the fair value of investment properties for which certificates of title have not been completed totaled CNY1,375,459,185.00.

5.14 Property, Plant and Equipment

(a) Property, plant and equipment by category

Items	31 Dec. 2022	31 Dec. 2021
Property, plant and equipment	7,447,012,835.55	7,513,044,365.91
Disposal of property, plant and equipment	315,784.84	95,605.52
Total	7,447,328,620.39	7,513,139,971.43

(b) Property, plant and equipment

(b.1) General information of property, plant and equipment

Items	Buildings and constructions	Machinery equipment	Electronic equipment	Vehicle	Electrical equipment
I. Initial cost:					
Balance at 31 Dec. 2021	7,305,619,031.27	207,998,587.94	21,163,664.28	684,684,118.21	2,629,142.48
Increased during the reporting period:	288,291,626.45	37,792,075.22	9,156,240.14	177,178,894.05	6,583,085.38
(i) Acquisition	126,128,652.21	22,994,911.90	7,241,506.22	161,150,832.04	44,981.30
(ii) Transferred from construction in progress	52,568,967.24	1,331,543.54			6,538,104.08
(iii) Gratuitous transferred	47,607.00	12,229,525.00	1,623.93	15,893,690.36	

Items	Buildings and constructions	Machinery equipment	Electronic equipment	Vehicle	Electrical equipment
(iv) Transferred from other non-current assets	109,546,400.00				
(v) Category adjustments		810,050.38	1,854,056.88		
(vi) Others		426,044.40	59,053.11	134,371.65	
Decreased during the reporting period:	483,888,195.54	9,336,356.64	4,118,862.91	28,934,931.18	2,064,492.21
(i) Disposal or scrap	22,538,653.99	5,749,088.57	873,223.00	21,119,520.62	19,287.74
(ii) Transferred to investment properties	444,176,556.48				
(iii) Gratuitous transferred	5,319,600.00				
(iv) Disposal of subsidiaries			1,669,588.00	371,584.00	
(v) Category adjustments	1,445,397.77	3,395,776.42	1,576,051.91	7,443,826.56	2,045,204.47
(vi) Others	10,407,987.30	191,491.65			
Balance at 31 Dec. 2022	7,110,022,462.18	236,454,306.52	26,201,041.51	832,928,081.08	7,147,735.65
II. Accumulated depreciation:					
Balance at 31 Dec. 2021	849,236,094.09	122,980,113.39	17,475,797.13	418,162,370.03	2,080,275.85
Increased during the reporting period:	116,709,852.50	22,550,869.83	3,159,639.98	67,464,575.51	349,693.97
(i) Provision	113,118,645.18	10,621,790.80	1,859,824.01	56,308,467.49	349,693.97
(ii) Gratuitous transferred		10,001,961.36	1,388.44	10,931,868.84	
(iii) Category adjustments		947,563.19	1,298,427.53		
(iv) Other	3,591,207.32	979,554.48		224,239.18	
Decrease during the reporting period:	172,900,723.57	8,323,274.18	4,132,247.37	23,280,095.14	1,755,722.36
(i) Disposal or scrap	14,014,149.73	7,862,037.13	678,561.20	12,853,668.16	16,255.69
(ii) Transferred to investment properties	147,002,338.35				
(iii) Gratuitous transferred	526,418.75				
(iv) Disposal of subsidiaries			1,611,220.26	353,004.80	
(v) Category adjustments	790,653.78	193,548.02	862,911.18	6,482,214.86	1,739,466.67
(vi) Others	10,567,162.96	267,689.03	979,554.73	3,591,207.32	0.00
Balance at 31 Dec. 2022	793,045,223.02	137,207,709.04	16,503,189.74	462,346,850.40	674,247.46
III. Provision for impairment:					
Balance at 31 Dec. 2021			-	-	
Increased during the reporting period:	-	-	-	-	
(i) Provision	-	-	-	-	
Decreased during the reporting period:					
(i) Disposal or scrap					
Balance at 31 Dec. 2022					
IV. Carrying amount:					
Balance at 31 Dec. 2022	6,316,977,239.16	99,246,597.48	9,697,851.77	370,581,230.68	6,473,488.19
Balance at 31 Dec. 2021	6,456,382,937.18	85,018,474.55	3,687,867.15	266,521,748.18	548,866.63

(Continue)

Items	Dedicated equipment	Office equipment	Other equipment	Road asset	Total
I. Initial cost:					
Balance at 31 Dec. 2021	1,331,812,461.50	33,108,543.90	85,482,091.25	116,190,343.83	9,788,687,984.66
Increased during the reporting period:	39,761,915.08	12,359,320.17	13,915,899.79		585,039,056.28
(i) Acquisition	21,704,689.50	1,375,308.24	1,202,567.89		341,843,449.30
(ii) Transferred from construction in progress	17,085,629.58		804,108.16		78,328,352.60
(iii) Gratuitous transferred		258,508.61			28,430,954.90
(iv) Transferred from investment properties					109,546,400.00
(v) Category adjustments	286,719.00	10,668,383.32	11,909,223.74		25,528,433.32
(vi) Others	684,877.00	57,120.00			1,361,466.16
Decreased during the reporting period:	13,151,069.34	5,281,809.29	5,494,094.08		552,269,811.19
(i) Disposal or scrap	7,187,500.08	1,022,714.90	655,240.25		59,165,229.15
(ii) Transferred from investment properties					444,176,556.48
(iii) Gratuitous transferred					5,319,600.00
(iv) Disposal of subsidiaries		648,544.41	4,790,796.88		7,480,513.29
(v) Category adjustments	5,963,569.26	3,610,549.98	48,056.95		25,528,433.32
(vi) Others					10,599,478.95
Balance at 31 Dec. 2022	1,358,423,307.24	40,186,054.78	93,903,896.96	116,190,343.83	9,821,457,229.75
II. Accumulated depreciation:					
Balance at 31 Dec. 2021	795,200,598.52	25,369,852.71	33,114,798.83	12,023,718.20	2,275,643,618.75
Increased during the reporting period:	74,130,984.47	10,732,405.68	25,722,270.44	3,789,397.86	324,609,690.24
(i) Provision	73,872,906.74	1,716,463.16	18,763,345.27	3,789,397.86	280,400,534.48
(ii) Gratuitous transferred		184,242.72			21,119,461.36
(iii) Category adjustments	258,077.73	8,788,249.70	6,958,925.17		18,251,243.32
(iv) Others		43,450.10			4,838,451.08
Decreased during the reporting period:	6,239,457.48	4,217,110.51	4,960,284.18		225,808,914.79
(i) Disposal or scrap	611,115.36	1,084,150.35	401,466.73		37,521,404.35
(ii) Transferred from investment properties					147,002,338.35
(iii) Gratuitous transferred					526,418.75
(iv) Disposal of subsidiaries		619,453.29	4,518,217.63		7,101,895.98
(v) Category adjustments	5,628,342.12	2,513,506.87	40,599.82		18,251,243.32
(vi) Others					15,405,614.04
Balance at 31 Dec. 2022	863,092,125.51	31,885,147.88	53,876,785.09	15,813,116.06	2,374,444,394.20
III. Provision for impairment:					
Balance at 31 Dec. 2021					
Increased during the reporting period:	-	-	-	-	-
(i) Provision	-	-	-	-	-
Decreased during the reporting period:					

Items	Dedicated equipment	Office equipment	Other equipment	Road asset	Total
(i) Disposal or scrap					
Balance at 31 Dec. 2022					
IV. Carrying amount:					
Balance at 31 Dec. 2022	495,331,181.73	8,300,906.90	40,027,111.87	100,377,227.77	7,447,012,835.55
Balance at 31 Dec. 2021	536,611,862.98	7,738,691.19	52,367,292.42	104,166,625.63	7,513,044,365.91

(b.2) Idle property, plant and equipment

There is no such item.

(b.3) Property, plant and equipment leasing out under operating leases

There is no such item.

(c) Disposal of property, plant and equipment

Items	31 Dec. 2022	31 Dec. 2021
Discard and disposal	315,784.84	95,605.52
Total	315,784.84	95,605.52

5.15 Construction in Progress

(a) Construction in progress by category

Items	31 Dec. 2022	31 Dec. 2021
Construction in progress	6,495,513,166.87	3,742,643,417.85
Construction materials		
Total	6,495,513,166.87	3,742,643,417.85

(b) Construction in progress

(b.1) General information of construction in progress

Items	31 Dec. 2022			31 Dec. 2021		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Wuleishan Scenic Area Project	599,949,988.90		599,949,988.90	587,876,974.35		587,876,974.35
Modern Agricultural Development Zone Construction Project	669,036,849.17		669,036,849.17	582,139,099.72		582,139,099.72
Shanglin Lake Heritage Special Project	400,350,381.57		400,350,381.57	400,277,671.70		400,277,671.70
Stadium Smart Fitness Facilities 3.0 Project				300,200.00		300,200.00
Celadon Culture Heritage Park Project	205,112,139.41		205,112,139.41	196,665,113.96		196,665,113.96
Gas Company Supply Station Project	2,265,174.84		2,265,174.84	1,508,139.66		1,508,139.66
Emerging construction area development	19,793,982.15		19,793,982.15	19,752,098.09		19,752,098.09

Items	31 Dec. 2022			31 Dec. 2021		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Public Transportation Station Construction Project	3,880,912.00		3,880,912.00	3,880,912.00		3,880,912.00
Guanhaiwei passenger transportation station charging station project	4,173,510.91		4,173,510.91	1,131,795.14		1,131,795.14
Transportation Automobile Repair Umedong Branch				3,489,204.74		3,489,204.74
New Bus Shelter Renovation Project				741,303.68		741,303.68
Yuci comprehensive energy supply service station (gas station) project				74,724.77		74,724.77
Cixi Motor Vehicle Inspection Service Center Project	10,475,787.87		10,475,787.87	299,087.21		299,087.21
San Chiu Tong Project	278,845,939.08		278,845,939.08	187,339,730.99		187,339,730.99
Zhejiang Industrial and Commercial Vocational and Technical College Xingzhi Vocational School Cooperative School-Running Construction Project	81,553,284.61		81,553,284.61	29,505,311.00		29,505,311.00
Trade and commerce renovation works				43,421,409.94		43,421,409.94
Canghai Cihu Modern Agricultural Demonstration Park Comprehensive Upgrading Project	8,095,870.86		8,095,870.86	8,089,527.51		8,089,527.51
Cihong parking lot project	58,810,869.35		58,810,869.35	49,752,218.35		49,752,218.35
West Second Ring Road North Extension Project (Mingzhou Road - North Second Ring Road) Project	79,807,466.12		79,807,466.12	72,957,111.16		72,957,111.16
Cihong Road Improvement Project	119,167,180.06		119,167,180.06	73,435,437.01		73,435,437.01
Development Avenue (West Second Ring Road - Huchong Highway) Project	98,963,446.40		98,963,446.40	82,120,718.90		82,120,718.90
South Second Ring Road Comprehensive Improvement Project	40,164,650.73		40,164,650.73	40,164,650.73		40,164,650.73
Kandun Avenue Widening Project	495,221,895.50		495,221,895.50	155,047,325.00		155,047,325.00

Items	31 Dec. 2022			31 Dec. 2021		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
(Kandun Street - Wing on Road)						
Bridge works at Repulse Bay				674,738.00		674,738.00
Traffic incidental projects	3,552,337.54		3,552,337.54	863,714.05		863,714.05
Piecemeal work at the Agricultural Investment Corporation				289,106.73		289,106.73
Environmental Monitoring Center Construction Project	25,200,398.80		25,200,398.80	2,451,374.00		2,451,374.00
Comprehensive Upgrading Project for Modern Agricultural Demonstration Parks	510,509,721.57		510,509,721.57	500,463,018.07		500,463,018.07
Minor infrastructural projects	37,322,414.96		37,322,414.96	14,692,564.29		14,692,564.29
Secondary Water Supply Facilities Improvement Project	70,979,898.38		70,979,898.38	41,730,640.19		41,730,640.19
Pak Sha Water Treatment Plant Warehouse Renovation Project	7,427,663.00		7,427,663.00	4,874,075.00		4,874,075.00
Yao River Emergency Water Intake Project	3,136,114.00		3,136,114.00	2,610,814.00		2,610,814.00
Piecemeal works for water mains	35,431,060.48		35,431,060.48	3,414,349.71		3,414,349.71
Rice processing plant project	9,769,688.13		9,769,688.13	987,290.64		987,290.64
Cibei Depot Phase I Exterior Wall and Upper Ladder Improvement Project				2,045,063.30		2,045,063.30
Cibeiku Pharmacy Depot Project				139,580.00		139,580.00
Building foundation work				896,050.00		896,050.00
Housing rehabilitation works				1,134,028.00		1,134,028.00
Hangzhou Bay Diversion Project supporting greening project	101,899,988.00		101,899,988.00	98,739,721.00		98,739,721.00
Cixi East Area Diversion Project	37,915,066.18		37,915,066.18	4,444,683.16		4,444,683.16
Central City Flood Control and Drainage Project Phase II	109,556,780.88		109,556,780.88	76,169,344.40		76,169,344.40

Items	31 Dec. 2022			31 Dec. 2021		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Middle Crossing Expressway Project	1,035,852,990.20		1,035,852,990.20	354,157,616.84		354,157,616.84
Central City Public Parking Project	10,471,528.03		10,471,528.03	6,336,335.03		6,336,335.03
Wenzhou Medical University Graduate School Transitional Campus Construction Project	57,296,888.69		57,296,888.69	48,360,330.00		48,360,330.00
Hangzhou-Ningbo Gas Pipeline Rehabilitation Project	36,153,579.00		36,153,579.00	32,447,074.00		32,447,074.00
Intelligent Parking System Engineering				4,652,641.83		4,652,641.83
Pavement Rehabilitation for Integrated Pipe Network Connection at Kuangyan	4,000,000.00		4,000,000.00			
Cixi City Solid Waste Resource Utilization Project Phase I Eastern Solid Waste Resource Utilization Project	41,946,932.37		41,946,932.37			
Shaoao Reservoir Flood Diversion and Modulation Project	12,224,183.26		12,224,183.26			
Meihu Reservoir Expansion Project	4,425,947.70		4,425,947.70			
Sanbei Street, west side of Sun Tong Comprehensive No.2 Building Stereo Garage	11,572,857.30		11,572,857.30			
Kanzhong Livable Block Supporting Kandun Avenue Widening Project	1,997,676.00		1,997,676.00			
Future Community Renovation Project	8,018,789.68		8,018,789.68			
Gutang Street Community Health Service Center Renovation Project	16,166,079.00		16,166,079.00			
Jiangnan Company Lot Intelligent Parking Garage and Commercial Allocation Project	35,427,917.58		35,427,917.58			
Heng Yuan Sports & Fitness Gym	58,007,647.72		58,007,647.72			
Cixi Transportation New Material Conservation Research Base Project	21,119,314.58		21,119,314.58			

Items	31 Dec. 2022			31 Dec. 2021		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Shared Wealth Project	230,619,908.96		230,619,908.96			
Cao'e River Diversion Project Cixi Central Passage Infrastructure Supporting Project	374,823,179.23		374,823,179.23			
Cixi High-tech Zone Guaranteed Rental Housing Project	49,276,048.02		49,276,048.02			
Dunhe Recycling Economy Industrial Park Project	332,233,109.81		332,233,109.81			
Industrial and commercial sporadic works	2,534,214.91		2,534,214.91			
Construction investment in piecemeal projects	9,931,222.18		9,931,222.18			
Agri-tourism sporadic projects	1,054,089.60		1,054,089.60			
Cixi City Songpu area sporadic project	9,147,438.60		9,147,438.60			
Other incidental projects	2,841,163.00		2,841,163.00	99,500.00		99,500.00
Total	6,495,513,166.87		6,495,513,166.87	3,742,643,417.85		3,742,643,417.85

(b.2) Provision for impairment during the reporting period

There is no such item.

(c) Construction Materials

There is no such item.

5.16 Right-of-use Assets

Items	Buildings and constructions	Total
I. Initial cost:		
(i) Balance at 31 Dec. 2021	41,579,770.45	41,579,770.45
(ii) Increased during the reporting period	2,110,452.22	2,110,452.22
(iii) Decreased during the reporting period	5,550,000.00	5,550,000.00
(iv) Balance at 31 Dec. 2022	38,140,222.67	38,140,222.67
II. Accumulated depreciation:		
(i) Balance at 31 Dec. 2021	6,032,714.50	6,032,714.50
(ii) Increased during the reporting period	6,916,540.34	6,916,540.34
(iii) Decreased during the reporting period	5,550,000.00	5,550,000.00
(iv) Balance at 31 Dec. 2022	7,399,254.84	7,399,254.84
III. Provision for impairment:		
(i) Balance at 31 Dec. 2021	-	-

Items	Buildings and constructions	Total
(ii) Increased during the reporting period	-	-
(iii) Decreased during the reporting period	-	-
(iv) Balance at 31 Dec. 2022	-	-
IV. Carrying amount:		
(i) Balance at 31 Dec. 2022	30,740,967.83	30,740,967.83
(ii) Balance at 31 Dec. 2021	35,547,055.95	35,547,055.95

5.17 Intangible Assets

(a) General information of intangible assets

Items	Land use right	Trademark registration right	Software	Total
I. Initial cost:				
Balance at 31 Dec. 2021	22,440,999,118.08	21,090.00	192,283,707.60	22,633,303,915.68
Increased during the reporting period:	418,598,663.25		3,594,830.11	422,193,493.36
(i) Acquisition	182,321,500.00		146,847.79	182,468,347.79
(ii) Gratuitous transferred	233,446,900.00			233,446,900.00
(iii) Transferred from construction in progress			2,917,982.32	2,917,982.32
(iv) Transferred from property, plant and equipment	1,689,745.10			1,689,745.10
(v) Business combination			530,000.00	530,000.00
(vi) Category adjustments	1,140,518.15			1,140,518.15
Decreased during the reporting period	185,522,199.66		14,545.80	185,536,745.46
(i) Disposal	60,483,625.81		14,545.80	60,498,171.61
(ii) Transferred to investment properties	53,037,573.85			53,037,573.85
(iii) Gratuitous transferred	72,001,000.00			72,001,000.00
Balance at 31 Dec. 2022	22,674,075,581.67	21,090.00	195,863,991.91	22,869,960,663.58
II. Accumulated amortization:				
Balance at 31 Dec. 2021	117,846,082.55	19,509.10	148,854,305.79	266,719,897.44
Increased during the reporting period:	33,692,845.10	240.00	10,323,575.99	44,016,661.09
(i) Provision	32,262,729.86	240.00	10,323,575.99	42,586,545.85
(ii) Transferred from property, plant and equipment	140,812.09			140,812.09
(iii) Category adjustments	1,289,303.15			1,289,303.15
Decreased during the reporting period	17,474,477.82			17,474,477.82
(i) Disposal	4,756,136.49			4,756,136.49
(ii) Transferred to investment properties	12,718,341.33			12,718,341.33
Balance at 31 Dec. 2022	134,064,449.83	19,749.10	159,177,881.78	293,262,080.71
III. Provision for impairment:				

Items	Land use right	Trademark registration right	Software	Total
Balance at 31 Dec. 2021	-	-	-	-
Increased during the reporting period	-	-	-	-
(i) Provision	-	-	-	-
Decreased during the reporting period	-	-	-	-
(i) Disposal	-	-	-	-
Balance at 31 Dec. 2022	-	-	-	-
IV. Carrying amount:				
Balance at 31 Dec. 2022	22,540,011,131.84	1,340.90	36,686,110.13	22,576,698,582.87
Balance at 31 Dec. 2021	22,323,153,035.53	1,580.90	43,429,401.81	22,366,584,018.24

(b) Proportion of intangible assets arising from internal research and development project: There is no such item.

5.18 Goodwill

(a) Initial recognition

Investees or matters that goodwill arising from	31 Dec. 2021	Increase during the reporting period		Decrease during the reporting period		31 Dec. 2022
		Business combination	Other	Disposal	Other	
Cixi Wuleishan Scenic Area Investment and Development Co., Ltd.	1,857,802.83	-		-		1,857,802.83
Cixi Coal Gas Co., Ltd.	45,714,013.52	-		-		45,714,013.52
Total	47,571,816.35	-		-		47,571,816.35

(b) Provision for impairment

As at 31 December 2022, the Company did not identify any indication of impairment of goodwill and therefore no provision for impairment of goodwill was made.

5.19 Long-term Deferred Expenses

Items	31 Dec. 2021	Increase during the reporting period	Decrease during the reporting period		31 Dec. 2022
			Amortization during the reporting period	Other decrease during the reporting period	
Compensation for secondary rural water connections	15,239,333.52		5,727,832.44		9,511,501.08
Finance lease service charges	38,360,000.00	12,669,999.90	13,830,833.37		37,199,166.53
White Sands Replacement Bottle Overhaul Fee	1,503,559.74	5,297,903.58	1,495,462.70		5,306,000.62

Items	31 Dec. 2021	Increase during the reporting period	Decrease during the reporting period		31 Dec. 2022
			Amortization during the reporting period	Other decrease during the reporting period	
Chun Lung Po Rehabilitation Project	5,157,409.89	2,821,045.18	5,905,846.72		2,072,608.35
Hushan gas station remodeling	9,924,940.48		2,204,882.79		7,720,057.69
Modern agricultural office building renovation costs	1,559,680.46		916,987.73		642,692.73
Transportation Group Renovation Project	2,529,294.50	1,139,763.06	935,254.36		2,733,803.20
Industrial and Trade Group Renovation Project	270,243.99	709,560.09	154,836.36		824,967.72
Construction Group Renovation Fee	36,580.93		36,125.97		454.96
Agri-Tourism Group Renovation Project	341,892.85		341,892.85		
Renovation costs for security companies	325,017.41		143,807.76		181,209.65
Software, consulting services	202,341.58		63,202.20	27,768.00	111,371.38
Emerging Construction Renovation Fee	5,810,537.26		2,008,853.91		3,801,683.35
Alteration of office premises	17,998.04		17,998.04		
Amortization of home appliance conventions	16,601,331.52	1,900,000.00	18,501,331.52		
Cao'e River Emergency Water Intake Project	9,861,503.97	5,084,160.59	5,648,720.30		9,296,944.26
Temporary centralized segregation of square pods		12,000,000.00	3,000,000.00		9,000,000.00
Temporary project for Xinxing Company		17,524,535.13	1,460,377.90		16,064,157.23
Other sporadic projects	230,699.20	303,280.55	109,190.98		424,788.77
Total	107,972,365.34	59,450,248.08	62,503,437.90	27,768.00	104,891,407.52

5.20 Deferred Tax Assets and Deferred Tax Liabilities

(a) Deferred tax assets before offsetting

Items	31 Dec. 2022		31 Dec. 2021	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for credit impairment	104,488,354.58	26,123,498.60	96,096,634.88	24,024,158.72
Accrued expenses	8,728,324.16	2,182,081.04	5,727,544.36	1,431,886.09
Changes in fair value of financial assets included in other comprehensive income	36,858,979.97	9,214,744.99	8,516,854.40	2,129,213.60
Total	150,075,658.71	37,520,324.63	110,341,033.64	27,585,258.41

(b) Deferred tax liabilities before offsetting

Items	31 Dec. 2022		31 Dec. 2021	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Changes in fair value of financial assets held-for-trading	1,204,080.00	301,020.00	1,127,520.00	281,880.00
Temporary differences arising from appreciation in the valuation of intangible assets	10,826,302.48	2,706,575.62	11,013,369.52	2,753,342.38
Temporary differences in the depreciation life of property, plant and equipment	45,920,286.28	11,480,071.57	35,237,934.48	8,809,483.62
Change in fair value of investment properties on initial conversion	629,167,019.84	157,291,754.96		
Changes in fair value of investment properties	2,862,908,535.66	715,727,133.92	2,012,476,829.74	503,119,207.45
Amount of depreciation impact of pre-tax deductible depreciation on investment properties	505,657,232.11	126,414,308.03	337,908,297.27	84,477,074.32
Appraisal of appreciation of property, plant and equipment	72,529,062.52	18,132,265.63	706,116,999.76	176,529,249.94
Amount of depreciation impact on property, plant and equipment deductible before tax	8,220,687.38	2,055,171.85	30,972,492.04	7,743,123.01
Total	4,136,433,206.27	1,034,108,301.58	3,134,853,442.81	783,713,360.72

(c) Net balance of deferred tax liabilities and deferred tax assets after offsetting: There is no such item.

(d) Unrecognized deferred tax assets

Items	31 Dec. 2022	31 Dec. 2021
Deductible temporary differences	113,392,746.81	122,036,629.53
Total	113,392,746.81	122,036,629.53

5.21 Other Non-current Assets

Items	31 Dec. 2022	31 Dec. 2021
Hangzhou-Ningbo Expressway Connection Project Extension	268,436,209.84	268,436,209.84
Prepayment for investment in Dianka Auto Parts Manufacturing (Cixi) Co., Ltd.	52,500,000.00	52,500,000.00
Prepayment for investment in Zhejiang Palcan New Energy Co., Ltd.	250,000,000.00	205,000,000.00
Prepayment for investment in Ningbo Lvdong Fuel Cell Co., Ltd.	270,000,000.00	205,000,000.00
Prepayment for investment in Ningbo Hydrogen Energy Materials Co., Ltd.	30,000,000.00	25,000,000.00
Cixi City Grand Theater Project	545,056,888.77	544,083,258.77
Cixi City Kebo Cultural Center Project	377,721,262.40	377,721,262.40
Cixi City Urban Culture Exhibition Hall Project	84,775,241.02	84,775,241.02
Underground Parking Garage Project at the South Side of the Public Works Complex	27,352,052.87	27,352,052.87
Leisure Square Project	164,463,393.56	164,265,416.56
City Culture Exhibition Hall Exhibition Decoration Project	63,773,062.55	63,750,458.78
Kobo Cultural Center Secondary Decoration and Exhibition Project	91,532,117.11	87,253,012.16
Science and Technology Museum Exhibition	41,527,024.53	41,074,410.13
Cihui Mansion	198,449,474.73	198,449,474.73
Agricultural Market Land and Building		711,098,400.00
White Sands Market House & Land		109,546,400.00
Market Park Phase V	4,749,415.92	
Cixi City Water Resources Development and Utilization Phase I Project (Shaoao Reservoir Flood Diversion and Intermodulation Project) Advance Purchase Payment	11,512,720.30	
Total	2,481,848,863.60	3,165,305,597.26

5.22 Short-term Borrowings

(a) Disclosure of short-term borrowings by category

Items	31 Dec. 2022	31 Dec. 2021
Pledge loans	112,000,000.00	1,382,000,000.00
Mortgage loans	188,000,000.00	221,000,000.00
Guarantee loans	6,813,700,000.00	5,638,700,000.00
Credit loans	129,850,000.00	186,797,000.00
Mortgage and guarantee loans	320,000,000.00	440,000,000.00
Provision of interest payable	9,713,089.15	8,983,531.25
Total	7,573,263,089.15	7,877,480,531.25

(b) Overdue short-term borrowings

There is no such item.

(c) The classification of short-term borrowing detail

(c.1) Pledge loans

Borrowing unit	Pledged units	Borrowing banks	Pledge object	Amount
Cixi Wuleishan Scenic Area Investment and Development Co., Ltd.	Cixi Wuleishan Scenic Area Investment and Development Co., Ltd.	CITIC Bank	Certificate deposit	21,000,000.00
Cixi Wuleishan Scenic Area Investment and Development Co., Ltd.	Cixi Wuleishan Scenic Area Investment and Development Co., Ltd.	CITIC Bank	Certificate deposit	35,000,000.00
Cixi Wuleishan Scenic Area Investment and Development Co., Ltd.	Cixi Wuleishan Scenic Area Investment and Development Co., Ltd.	CITIC Bank	Certificate deposit	28,000,000.00
Cixi Wuleishan Scenic Area Investment and Development Co., Ltd.	Cixi Wuleishan Scenic Area Investment and Development Co., Ltd.	CITIC Bank	Certificate deposit	28,000,000.00
Total				112,000,000.00

(c.2) Mortgage loans

Borrowing unit	Mortgage units	Borrowing banks	Mortgage object	Amount
Cixi Water Supply Co., Ltd.	Cixi CiDong Industrial Development Co., Ltd.	Agricultural and Commercial Bank of China	House ownership certificate, land use certificate	80,000,000.00
Cixi Foodstuff Co., Ltd.	Cixi Foodstuff Co., Ltd.	Agricultural and Commercial Bank of China	House ownership certificate, land use certificate	2,000,000.00
Cixi Foodstuff Co., Ltd.	Cixi Foodstuff Co., Ltd.	Agricultural and Commercial Bank of China	House ownership certificate, land use certificate	5,000,000.00
Cixi Foodstuff Co., Ltd.	Cixi Foodstuff Co., Ltd.	Agricultural and Commercial Bank of China	House ownership certificate, land use certificate	1,000,000.00
Ningbo Cixi Construction Group Co., Ltd.	Cixi Housing Development Investment Co., Ltd.	Zheshang Bank	House ownership certificate, land use certificate	100,000,000.00
Total				188,000,000.00

(c.3) Guarantee loans

Borrowing unit	Borrowing banks	Guarantee units	Amount
Ningbo Cixi Construction Group Co., Ltd.	Bohai Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	140,000,000.00
Ningbo Cixi Construction Group Co., Ltd.	Ping An Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	145,000,000.00
Ningbo Cixi Construction Group Co., Ltd.	China Postal Savings Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	100,000,000.00

Borrowing unit	Borrowing banks	Guarantee units	Amount
Ningbo Cixi Construction Group Co., Ltd.	Shanghai Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	349,000,000.00
Ningbo Cixi Construction Group Co., Ltd.	Bohai Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	110,000,000.00
Cixi Xinchenghe Construction Investment Co., Ltd.	Shanghai Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	150,000,000.00
Cixi Xinchenghe Construction Investment Co., Ltd.	Bohai Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	100,000,000.00
Cixi Xinchenghe Construction Investment Co., Ltd.	Evergrowing Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	119,000,000.00
Cixi Xinhua Construction Investment Co., Ltd.	Everbright Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	90,000,000.00
Cixi Chengnan Construction Investment Co., Ltd.	Commerce Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	100,000,000.00
Cixi Tap Water Co., Ltd.	Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	49,900,000.00
Cixi Tap Water Co., Ltd.	Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	29,800,000.00
Cixi Tap Water Co., Ltd.	Postal Savings Bank of China	Cixi Water Affairs Co., Ltd.	30,000,000.00
Cixi Tap Water Co., Ltd.	Postal Savings Bank of China	Cixi Water Affairs Co., Ltd.	20,000,000.00
Cixi Water Affairs Co., Ltd.	Everbright Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	100,000,000.00
Cixi Water Affairs Co., Ltd.	Industrial Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	110,000,000.00
Cixi Water Affairs Co., Ltd.	Zheshang Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	200,000,000.00
Cixi Raw Water Co., Ltd.	Everbright Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	30,000,000.00
Cixi Traffic Station Management Co., Ltd.	Ningbo Donghai Bank	Cixi Railway Management Office Co., Ltd.	50,000,000.00
Cixi Traffic Station Management Co., Ltd.	Huishang Bank	Ningbo Cixi Transportation Group Co., Ltd.	10,000,000.00
Cixi Highway Transportation Co., Ltd.	Everbright Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	40,000,000.00
Cixi Railway Management Office Co., Ltd.	Everbright Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	50,000,000.00
Cixi Railway Management Office Co., Ltd.	China Merchants Bank	Ningbo Cixi Transportation Group Co., Ltd.	50,000,000.00

Borrowing unit	Borrowing banks	Guarantee units	Amount
Cixi Railway Management Office Co., Ltd.	Huishang Bank	Ningbo Cixi Transportation Group Co., Ltd.	40,000,000.00
Cixi Railway Management Office Co., Ltd.	Zheshang Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	150,000,000.00
Ningbo Cixi Transportation Group Co., Ltd.	Shanghai Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	70,000,000.00
Ningbo Cixi Transportation Group Co., Ltd.	Shanghai Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	230,000,000.00
Cixi Jiaoyun Automobile Maintenance Co., Ltd.	Everbright Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	30,000,000.00
Cixi Jiangnan Road Development Co., Ltd.	Ningbo Donghai Bank	Ningbo Cixi Transportation Group Co., Ltd.	50,000,000.00
Cixi Jiangnan Road Development Co., Ltd.	Everbright Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	80,000,000.00
Cixi Water Supply Co., Ltd.	Agricultural Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	27,000,000.00
Cixi Water Supply Co., Ltd.	Commerce Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	30,000,000.00
Cixi Water Supply Co., Ltd.	Industrial Bank	Cixi CiDong Industrial Development Co., Ltd.	50,000,000.00
Cixi Water Supply Co., Ltd.	Bank of Beijing	Cixi CiDong Industrial Development Co., Ltd.	72,000,000.00
Cixi Water Supply Co., Ltd.	Ningbo Donghai Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	50,000,000.00
Cixi CiDong Industrial Development Co., Ltd.	Zheshang Bank	Cixi Cidong Town Construction Investment Development Co., Ltd.	140,000,000.00
Cixi CiDong Industrial Development Co., Ltd.	Commerce Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	130,000,000.00
Cixi CiDong Industrial Development Co., Ltd.	Commerce Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	70,000,000.00
Cixi CiDong Industrial Development Co., Ltd.	Commerce Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	60,000,000.00
Cixi CiDong Industrial Development Co., Ltd.	Commerce Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	40,000,000.00
Cixi CiDong Industrial Development Co., Ltd.	Shanghai Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	90,000,000.00
Cixi CiDong Industrial Development Co., Ltd.	Shanghai Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	60,000,000.00
Cixi CiDong Industrial Development Co., Ltd.	Shanghai Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	50,000,000.00
Cixi Longxing Construction Co., Ltd.	Ningbo Donghai Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	30,000,000.00

Borrowing unit	Borrowing banks	Guarantee units	Amount
Cixi Longxing Construction Co., Ltd.	Commerce Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	30,000,000.00
Cixi Longxing Construction Co., Ltd.	Everbright Bank	Cixi CiDong Industrial Development Co., Ltd.	10,000,000.00
Cixi Cultural Business District Development Co., Ltd.	Bank of Ningbo	Cixi State-owned Assets Investment Holding Co., Ltd.	20,000,000.00
Ningbo Cixi Industry and Trade Group Co., Ltd.	Shanghai Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	150,000,000.00
Ningbo Cixi Industry and Trade Group Co., Ltd.	China Minsheng Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	64,000,000.00
Ningbo Cixi Industry and Trade Group Co., Ltd.	Zheshang Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	79,500,000.00
Ningbo Cixi Industry and Trade Group Co., Ltd.	Agricultural and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	20,000,000.00
Ningbo Cixi Industry and Trade Group Co., Ltd.	Evergrowing Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	49,500,000.00
Cixi Yangtze River Delta Market Group Investment Co., Ltd.	China Merchants Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	90,000,000.00
Cixi Yangtze River Delta Market Group Investment Co., Ltd.	Commerce Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	30,000,000.00
Cixi Yangtze River Delta Market Group Investment Co., Ltd.	Zheshang Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	70,000,000.00
Cixi Yangtze River Delta Market Group Investment Co., Ltd.	Commerce Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	30,000,000.00
Cixi Yangtze River Delta Market Group Investment Co., Ltd.	Bank of Hangzhou	Cixi State-owned Assets Investment Holding Co., Ltd.	50,000,000.00
Cixi Yangtze River Delta Market Group Investment Co., Ltd.	Huishang Bank	Ningbo Cixi Industry and Trade Group Co., Ltd.	20,000,000.00
Cixi Yangtze River Delta Market Group Investment Co., Ltd.	Evergrowing Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	50,000,000.00
Cixi Foodstuff Co., Ltd.	Bank of Ningbo	Ningbo Cixi Industry and Trade Group Co., Ltd.	5,000,000.00
Cixi Technology Venture Capital Co., Ltd.	Everbright Bank	Ningbo Cixi Industry and Trade Group Co., Ltd.	10,000,000.00
Cixi Home Appliance Technology City	Everbright Bank	Ningbo Cixi Industry and Trade Group Co., Ltd.	10,000,000.00

Borrowing unit	Borrowing banks	Guarantee units	Amount
Exhibition Management Co., Ltd.			
Ningbo Cixi Culture and Tourism Group Co., Ltd.	Bank of Ningbo	Cixi State-owned Assets Investment Holding Co., Ltd.	100,000,000.00
Ningbo Cixi Culture and Tourism Group Co., Ltd.	Linshang Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	20,000,000.00
Ningbo Cixi Culture and Tourism Group Co., Ltd.	Linshang Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	20,000,000.00
Cixi Water Conservancy Investment and Construction Co., Ltd.	Zheshang Bank	Ningbo Cixi Culture and Tourism Group Co., Ltd.	50,000,000.00
Cixi Hangzhou Bay Modern Agricultural Development Co., Ltd.	Agricultural and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	30,000,000.00
Cixi Hangzhou Bay Modern Agricultural Development Co., Ltd.	Agricultural and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	40,000,000.00
Cixi Canghai Cihu Agricultural Development Co., Ltd.	Everbright Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	50,000,000.00
Cixi Tourism Development Co., Ltd.	China CITIC Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	70,000,000.00
Cixi Tourism Development Co., Ltd.	China Construction Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	100,000,000.00
Cixi Wuleishan Scenic Area Investment and Development Co., Ltd.	China CITIC Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	60,000,000.00
Cixi Xirang Construction Development Co., Ltd.	China CITIC Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	100,000,000.00
Cixi Xirang Construction Development Co., Ltd.	China CITIC Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	100,000,000.00
Cixi Art Performance Co., Ltd.	Bank of Ningbo	Cixi State-owned Assets Investment Holding Co., Ltd.	4,000,000.00
Cixi Gaochuang Investment Management Co., Ltd.	China CITIC Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	40,000,000.00
Cixi Gaochuang Investment Management Co., Ltd.	China CITIC Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	40,000,000.00
Cixi Gaochuang Investment Management Co., Ltd.	Ningbo Donghai Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	50,000,000.00
Cixi Gaochuang Investment Management Co., Ltd.	Industrial Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	180,000,000.00

Borrowing unit	Borrowing banks	Guarantee units	Amount
Cixi Xinxing Construction Investment Co., Ltd.	Agricultural Bank of China	Ningbo Cixi Construction Group Co., Ltd.	150,000,000.00
Cixi Xinxing Construction Investment Co., Ltd.	China CITIC Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	160,000,000.00
Cixi Xinhui Construction and Development Co., Ltd.	Everbright Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	90,000,000.00
Cixi Xinhui Construction and Development Co., Ltd.	China Merchants Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	50,000,000.00
Cixi Xinhui Construction and Development Co., Ltd.	China CITIC Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	150,000,000.00
Cixi State Owned Capital Investment and Operation Group Co., Ltd.	Shanghai Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	260,000,000.00
Cixi State Owned Capital Investment and Operation Group Co., Ltd.	Shanghai Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	190,000,000.00
Cixi State Owned Capital Investment and Operation Group Co., Ltd.	Bank of Hangzhou	Cixi State-owned Assets Investment Holding Co., Ltd.	200,000,000.00
Total			6,813,700,000.00

(c.4) Credit loans

Borrowing unit	Borrowing banks	Amount
Cixi Zheyong Comprehensive Energy Sales Co., Ltd.	Shanghai Pudong Development Bank	9,900,000.00
Cixi Cereal Depository Co., Ltd.	China Agricultural Development Bank	119,950,000.00
Total		129,850,000.00

(c.5) Mortgage and guarantee loans

Borrowing unit	Guarantee unit	Mortgage unit	Borrowing banks	Mortgage projects	Amount
Cixi Tourism Development Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Tourism Development Co., Ltd.	CITIC Bank	Real estate title certificate	10,000,000.00
Cixi Tourism Development Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Tourism Development Co., Ltd.	CITIC Bank, Ningbo Cixi Sub-branch	Real estate title certificate	150,000,000.00
Cixi Wuleishan Scenic Area Investment and Development Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Tourism Development Co., Ltd.	CITIC Bank	Real estate title certificate	100,000,000.00
Cixi Wuleishan Scenic Area Investment and Development Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Tourism Development Co., Ltd.	CITIC Bank	Real estate title certificate	60,000,000.00
Total					320,000,000.00

5.23 Notes Payable

Items	31 Dec. 2022	31 Dec. 2021
Commercial acceptance bills		120,000,000.00
Total		120,000,000.00

There were no notes payable overdue and unpaid during the period.

5.24 Accounts Payable

(a) Accounts payable categorized by aging:

Items	31 Dec. 2022	31 Dec. 2021
Within 1 years (including 1 year)	719,226,017.93	624,005,162.29
1 to 2 years	153,237,000.66	27,583,712.57
2 to 3 years	2,290,437.93	77,456,758.36
Over 3 years	46,694,175.20	24,717,866.48
Total	921,447,631.72	753,763,499.70

5.25 Advances from Customers

(a) Advances from customers categorized by aging

Items	31 Dec. 2022	31 Dec. 2021
Within 1 years (including 1 year)	144,516,645.15	103,293,477.31
1 to 2 years	20,933,694.50	5,750,490.18
2 to 3 years	598,003.01	10,200.00
Over 3 years	2,307,175.11	2,462,905.34
Total	168,355,517.77	111,517,072.83

5.26 Contract Liabilities

(a) General information of contract liabilities

Items	31 Dec. 2022	31 Dec. 2021
Sales proceeds received in advance	160,421,639.10	181,100,444.31
Advance collection of goods	927,456.02	1,646,246.66
Advance collection of projects	18,110,338.01	12,723,800.11
Other receipts in advance	12,233,073.87	9,233,403.71
Total	191,692,507.00	204,703,894.79

5.27 Employee Benefits Payable

(a) Details of employee benefits payable

Items	31 Dec. 2021	Increase during the reporting period	Decrease during the reporting period	31 Dec. 2022
I. Short-term employee benefits	38,989,055.66	701,119,388.76	667,308,604.65	72,799,839.77
II. Post-employment benefits-defined	992,859.02	51,276,773.28	51,091,306.25	1,178,326.05

Items	31 Dec. 2021	Increase during the reporting period	Decrease during the reporting period	31 Dec. 2022
contribution plans				
III. Termination benefits				
IV. Other benefits due within one year				
Total	39,981,914.68	752,396,162.04	718,399,910.90	73,978,165.82

(b) Short-term employee benefits

Items	31 Dec. 2021	Increase during the reporting period	Decrease during the reporting period	31 Dec. 2022
I. Salaries, bonuses, allowances and subsidies	38,152,168.83	585,697,333.95	552,695,468.18	71,154,034.60
II. Employee benefits	6,695.90	37,309,660.00	37,316,355.90	
III. Social insurance	627,979.00	35,594,473.43	35,424,937.79	797,514.64
Including: Health insurance	562,361.91	31,636,439.59	31,435,434.51	763,366.99
Injury insurance	65,617.09	3,958,033.84	3,989,503.28	34,147.65
Birth insurance				
IV. Housing accumulation fund	72,298.00	33,542,713.72	33,504,874.72	110,137.00
V. Labor union funds and employee education funds	129,913.93	8,975,207.66	8,366,968.06	738,153.53
VI. Short-term absence pays	-	-	-	-
VII. Short-term profit-sharing plan	-	-	-	-
Total	38,989,055.66	701,119,388.76	667,308,604.65	72,799,839.77

(c) Defined contribution plans

Items	31 Dec. 2021	Increase during the reporting period	Decrease during the reporting period	31 Dec. 2022
Post-employment benefits:				
Basic endowment insurance	960,269.73	49,460,620.61	49,264,082.40	1,156,807.94
Unemployment insurance	32,589.29	1,734,264.91	1,745,336.09	21,518.11
Enterprise annuity		81,887.76	81,887.76	
Total	992,859.02	51,276,773.28	51,091,306.25	1,178,326.05

5.28 Taxes Payable

Items	31 Dec. 2022	31 Dec. 2021
Value added tax (VAT)	14,439,851.88	24,713,973.65
Enterprise income tax	353,336,434.70	345,348,117.20

Items	31 Dec. 2022	31 Dec. 2021
Urban maintenance and construction tax	5,672,765.08	6,473,505.28
Educational surcharge	5,525,426.74	5,619,878.02
Local education surcharge	600,448.46	622,512.30
Stamp duty	542,676.80	335,719.62
Property tax	24,924,530.86	18,767,597.17
Urban land use tax	8,367,397.29	8,274,371.03
Land value added tax	16,410,656.15	16,410,656.15
Individual income tax	1,228,518.53	1,357,415.90
Water conservancy construction fund	1,824,325.39	1,824,325.39
Employment guarantee for the disabled	96,036.00	26,560.00
Business tax	100,911,479.73	100,912,600.34
Vehicle and vessel use tax		720.00
Others	49,474.41	1,916.17
Total	533,930,022.02	530,689,868.22

5.29 Other Payables

(a) Other payables by category

Items	31 Dec. 2022	31 Dec. 2021
Interest payable		
Dividend payable		
Other payables	12,478,058,266.49	10,104,604,825.58
Total	12,478,058,266.49	10,104,604,825.58

(b) Interest payable

There is no such item.

(c) Dividends payable

There is no such item.

(d) Other payables

(d.1) Disclosure of other payables by aging

Items	31 Dec. 2022	31 Dec. 2021
Within 1 year (including 1 year)	4,930,985,404.29	4,922,201,455.76
1 to 2 years	2,997,607,183.03	772,744,896.10
2 to 3 years	543,316,970.04	1,775,814,422.46
Over 3 years	4,006,148,709.13	2,633,844,051.26
Total	12,478,058,266.49	10,104,604,825.58

5.30 Non-current Liabilities Maturing within One Year

Items	31 Dec. 2022	31 Dec. 2021
Long-term borrowings maturing within one year	8,459,709,000.00	8,233,060,000.00
Bonds payable maturing within one year	1,133,066,666.67	421,500,000.00
Long-term payables maturing within one year	1,480,547,189.25	1,598,537,945.65
Other non-current liabilities maturing within one year	987,480,000.00	
Interest on long-term borrowings maturing within one year	58,809,883.83	50,689,580.40
Interest on bonds payable maturing within one year	357,155,384.23	392,108,667.88
Interest on long-term payables maturing within one year	42,018,255.10	18,225,606.27
Interest on other non-current liabilities maturing within one year	13,397,175.45	11,153,888.17
Lease liabilities maturing within one year	720,453.06	2,180,883.24
Total	12,532,904,007.59	10,727,456,571.61

5.31 Other Current Liabilities

Items	31 Dec. 2022	31 Dec. 2021
Reserve for guarantee indemnities	40,205,532.45	28,906,004.16
Grain storage operations	7,550,000.00	21,800,000.00
Output tax to be transferred	10,213,411.74	10,410,118.95
Wealth Management Direct Financing Tools	1,000,000,000.00	1,000,000,000.00
Interest payable on financial direct financing instruments	22,150,684.93	22,300,972.22
Short-term finance lease payable	202,757,333.33	
Total	1,282,876,962.45	1,083,417,095.33

5.32 Long-term Borrowings

(a) Long-term borrowings by category

Items	31 Dec. 2022	31 Dec. 2021
Guarantee loans	31,955,900,000.00	22,839,725,000.00
Credit loans	594,059,000.00	500,000,000.00
Pledge loans	1,173,000,000.00	1,206,000,000.00
Mortgage loans	2,332,016,874.00	2,088,200,000.00
Mortgage and guaranteed loans	723,500,000.00	2,158,820,000.00
Pledge and guaranteed loans	4,047,500,000.00	5,046,250,000.00
Sub-total	40,825,975,874.00	33,838,995,000.00
Less: Long-term borrowings maturing within one year	8,459,709,000.00	8,233,060,000.00
Total	32,366,266,874.00	25,605,935,000.00

(b) The classification of long-term borrowings detail

(b.1) Guarantee loans

Borrowing unit	Borrowing banks	Guarantee unit	Amount	Among them: Non-current liabilities maturing within one year
Cixi State-owned Assets Investment Holding Co., Ltd.	Hangzhou Bank	Cixi Park Investment Holding Co., Ltd.	300,000,000.00	
Cixi State-owned Assets Investment Holding Co., Ltd.	Hangzhou Bank	Cixi Park Investment Holding Co., Ltd.	200,000,000.00	
Cixi State-owned Assets Investment Holding Co., Ltd.	Hangzhou Bank	Cixi Park Investment Holding Co., Ltd.	100,000,000.00	
Cixi State-owned Assets Investment Holding Co., Ltd.	Hangzhou Bank	Cixi Park Investment Holding Co., Ltd.	200,000,000.00	
Cixi State-owned Assets Investment Holding Co., Ltd.	China Development Bank	Ningbo Cixi Industry and Trade Group Co., Ltd.	94,500,000.00	
Cixi State-owned Assets Investment Holding Co., Ltd.	Agricultural Development Bank of China	Cixi Citong Construction Development Co., Ltd.	210,000,000.00	
Cixi Haihong Construction Investment Co., Ltd.	Commerce Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	68,000,000.00	68,000,000.00
Cixi Haihong Construction Investment Co., Ltd.	Ningbo Donghai Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	34,000,000.00	
Cixi Tianhong Construction Investment Co., Ltd.	Bank of Ningbo	Cixi State-owned Assets Investment Holding Co., Ltd.	88,000,000.00	88,000,000.00
Cixi Tianhong Construction Investment Co., Ltd.	Minmetals Securities Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	106,000,000.00	106,000,000.00
Cixi Tianhong Construction Investment Co., Ltd.	Minmetals Securities Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	106,000,000.00	106,000,000.00
Cixi Tianhong Construction Investment Co., Ltd.	Bank of Hangzhou	Ningbo Cixi Construction Group Co., Ltd., Ningbo Cixi Transportation Group Co., Ltd.	500,000,000.00	

Borrowing unit	Borrowing banks	Guarantee unit	Amount	Among them: Non-current liabilities maturing within one year
Cixi Tianhong Construction Investment Co., Ltd.	Bank of Hangzhou	Ningbo Cixi Construction Group Co., Ltd., Ningbo Cixi Transportation Group Co., Ltd.	260,000,000.00	
Cixi Tianhong Construction Investment Co., Ltd.	Bank of Hangzhou	Cixi State-owned Assets Investment Holding Co., Ltd.	500,000,000.00	
Cixi Tianhong Construction Investment Co., Ltd.	Bank of Hangzhou	Cixi State-owned Assets Investment Holding Co., Ltd.	450,000,000.00	450,000,000.00
Cixi Tianhong Construction Investment Co., Ltd.	China Merchants Bank	Ningbo Cixi Construction Group Co., Ltd.	37,500,000.00	18,750,000.00
Cixi Tianhong Construction Investment Co., Ltd.	China Merchants Bank	Ningbo Cixi Construction Group Co., Ltd.	25,000,000.00	12,500,000.00
Cixi Tianhong Construction Investment Co., Ltd.	China Merchants Bank	Ningbo Cixi Construction Group Co., Ltd.	30,000,000.00	15,000,000.00
Cixi Tianhong Construction Investment Co., Ltd.	China Merchants Bank	Ningbo Cixi Construction Group Co., Ltd.	50,000,000.00	25,000,000.00
Cixi Tianhong Construction Investment Co., Ltd.	Commerce Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	7,500,000.00	7,500,000.00
Cixi Tianhong Construction Investment Co., Ltd.	Commerce Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	7,500,000.00	7,500,000.00
Cixi Tianhong Construction Investment Co., Ltd.	Commerce Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	112,500,000.00	
Ningbo Cixi Construction Group Co., Ltd.	Xiamen International Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	82,500,000.00	82,500,000.00

Borrowing unit	Borrowing banks	Guarantee unit	Amount	Among them: Non-current liabilities maturing within one year
Ningbo Cixi Construction Group Co., Ltd.	Xiamen International Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	219,375,000.00	
Ningbo Cixi Construction Group Co., Ltd.	Bohai Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	135,000,000.00	135,000,000.00
Ningbo Cixi Construction Group Co., Ltd.	Industrial and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	1,000,000,000.00	200,000,000.00
Ningbo Cixi Construction Group Co., Ltd.	Industrial and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	1,000,000,000.00	200,000,000.00
Ningbo Cixi Construction Group Co., Ltd.	Industrial and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	50,000,000.00	50,000,000.00
Ningbo Cixi Construction Group Co., Ltd.	Industrial and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	150,000,000.00	150,000,000.00
Ningbo Cixi Construction Group Co., Ltd.	Industrial and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	5,000,000.00	5,000,000.00
Ningbo Cixi Construction Group Co., Ltd.	Industrial and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	50,000,000.00	50,000,000.00
Ningbo Cixi Construction Group Co., Ltd.	Industrial and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	5,000,000.00	
Ningbo Cixi Construction Group Co., Ltd.	Industrial and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	50,000,000.00	
Ningbo Cixi Construction Group Co., Ltd.	Industrial and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	10,000,000.00	
Ningbo Cixi Construction Group Co., Ltd.	Industrial and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	50,000,000.00	
Ningbo Cixi Construction Group Co., Ltd.	Industrial and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	10,000,000.00	
Ningbo Cixi Construction Group Co., Ltd.	Industrial and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	50,000,000.00	

Borrowing unit	Borrowing banks	Guarantee unit	Amount	Among them: Non-current liabilities maturing within one year
Ningbo Cixi Construction Group Co., Ltd.	Industrial and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	10,000,000.00	
Ningbo Cixi Construction Group Co., Ltd.	Industrial and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	50,000,000.00	
Ningbo Cixi Construction Group Co., Ltd.	Industrial and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	100,000,000.00	
Ningbo Cixi Construction Group Co., Ltd.	Industrial and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	100,000,000.00	
Ningbo Cixi Construction Group Co., Ltd.	Industrial and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	250,000,000.00	
Ningbo Cixi Construction Group Co., Ltd.	Industrial and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	250,000,000.00	
Ningbo Cixi Construction Group Co., Ltd.	Industrial and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	60,000,000.00	60,000,000.00
Ningbo Cixi Construction Group Co., Ltd.	Industrial and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	120,000,000.00	
Ningbo Cixi Construction Group Co., Ltd.	Evergrowing Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	80,000,000.00	80,000,000.00
Ningbo Cixi Construction Group Co., Ltd.	Evergrowing Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	140,000,000.00	50,000,000.00
Ningbo Cixi Construction Group Co., Ltd.	Evergrowing Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	64,000,000.00	16,000,000.00
Ningbo Cixi Construction Group Co., Ltd.	Evergrowing Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	2,850,000.00	2,850,000.00
Ningbo Cixi Construction Group Co., Ltd.	Evergrowing Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	2,850,000.00	2,850,000.00
Ningbo Cixi Construction Group Co., Ltd.	Evergrowing Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	2,850,000.00	

Borrowing unit	Borrowing banks	Guarantee unit	Amount	Among them: Non-current liabilities maturing within one year
Ningbo Cixi Construction Group Co., Ltd.	Evergrowing Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	2,850,000.00	
Ningbo Cixi Construction Group Co., Ltd.	Evergrowing Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	42,750,000.00	
Ningbo Cixi Construction Group Co., Ltd.	Evergrowing Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	2,650,000.00	2,650,000.00
Ningbo Cixi Construction Group Co., Ltd.	Evergrowing Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	2,650,000.00	2,650,000.00
Ningbo Cixi Construction Group Co., Ltd.	Evergrowing Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	2,650,000.00	
Ningbo Cixi Construction Group Co., Ltd.	Evergrowing Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	2,650,000.00	
Ningbo Cixi Construction Group Co., Ltd.	Evergrowing Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	2,650,000.00	
Ningbo Cixi Construction Group Co., Ltd.	Evergrowing Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	39,750,000.00	
Ningbo Cixi Construction Group Co., Ltd.	Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	500,000.00	500,000.00
Ningbo Cixi Construction Group Co., Ltd.	Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	8,000,000.00	8,000,000.00
Ningbo Cixi Construction Group Co., Ltd.	Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	190,000,000.00	
Ningbo Cixi Construction Group Co., Ltd.	Agricultural Bank of China	Cixi Xinchenghe Construction Investment Co., Ltd., Cixi Urban Construction Investment Development Co., Ltd.	350,000,000.00	50,000,000.00
Ningbo Cixi Construction Group Co., Ltd.	Agricultural Bank of China	Cixi Xinchenghe Construction Investment Co., Ltd., Cixi Urban	100,000,000.00	

Borrowing unit	Borrowing banks	Guarantee unit	Amount	Among them: Non-current liabilities maturing within one year
		Construction Investment Development Co., Ltd.		
Ningbo Cixi Construction Group Co., Ltd.	Agricultural Bank of China	Cixi Xinchenghe Construction Investment Co., Ltd., Cixi Urban Construction Investment Development Co., Ltd.	185,000,000.00	
Ningbo Cixi Construction Group Co., Ltd.	Ningbo Donghai Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	34,000,000.00	
Ningbo Cixi Construction Group Co., Ltd.	Huishang Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	1,000,000.00	1,000,000.00
Ningbo Cixi Construction Group Co., Ltd.	Huishang Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	1,000,000.00	1,000,000.00
Ningbo Cixi Construction Group Co., Ltd.	Huishang Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	495,000,000.00	
Ningbo Cixi Construction Group Co., Ltd.	Bank of Wenzhou	Cixi State-owned Assets Investment Holding Co., Ltd.	5,000,000.00	5,000,000.00
Ningbo Cixi Construction Group Co., Ltd.	Bank of Wenzhou	Cixi State-owned Assets Investment Holding Co., Ltd.	5,000,000.00	5,000,000.00
Ningbo Cixi Construction Group Co., Ltd.	Bank of Wenzhou	Cixi State-owned Assets Investment Holding Co., Ltd.	5,000,000.00	
Ningbo Cixi Construction Group Co., Ltd.	Bank of Wenzhou	Cixi State-owned Assets Investment Holding Co., Ltd.	5,000,000.00	
Ningbo Cixi Construction Group Co., Ltd.	Bank of Wenzhou	Cixi State-owned Assets Investment Holding Co., Ltd.	5,000,000.00	
Ningbo Cixi Construction Group Co., Ltd.	Bank of Wenzhou	Cixi State-owned Assets Investment Holding Co., Ltd.	475,000,000.00	
Ningbo Cixi Construction Group Co., Ltd.	Macau International Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	225,000,000.00	225,000,000.00

Borrowing unit	Borrowing banks	Guarantee unit	Amount	Among them: Non-current liabilities maturing within one year
Ningbo Cixi Construction Group Co., Ltd.	Hua Xia Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	325,000,000.00	325,000,000.00
Ningbo Cixi Construction Group Co., Ltd.	China Construction Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	600,000,000.00	600,000,000.00
Ningbo Cixi Construction Group Co., Ltd.	Bank of Hangzhou	Cixi State-owned Assets Investment Holding Co., Ltd.	250,000,000.00	
Ningbo Cixi Construction Group Co., Ltd.	Bank of Hangzhou	Cixi State-owned Assets Investment Holding Co., Ltd.	250,000,000.00	
Ningbo Cixi Construction Group Co., Ltd.	Bank of Hangzhou	Cixi State-owned Assets Investment Holding Co., Ltd.	250,000,000.00	
Ningbo Cixi Construction Group Co., Ltd.	Bank of Hangzhou	Cixi State-owned Assets Investment Holding Co., Ltd.	250,000,000.00	
Ningbo Cixi Construction Group Co., Ltd.	Bank of Hangzhou	Cixi State-owned Assets Investment Holding Co., Ltd.	200,000,000.00	
Ningbo Cixi Construction Group Co., Ltd.	China CITIC Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	200,000,000.00	
Ningbo Cixi Construction Group Co., Ltd.	China CITIC Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	100,000,000.00	
Ningbo Cixi Construction Group Co., Ltd.	China CITIC Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	150,000,000.00	
Ningbo Cixi Construction Group Co., Ltd.	China CITIC Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	50,000,000.00	
Ningbo Cixi Construction Group Co., Ltd.	China CITIC Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	100,000,000.00	
Ningbo Cixi Construction Group Co., Ltd.	Guolian Securities	Cixi State-owned Assets Investment Holding Co., Ltd.	500,000,000.00	
Cixi Minghong Construction Investment Co., Ltd.	Ningbo Donghai Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	20,000,000.00	

Borrowing unit	Borrowing banks	Guarantee unit	Amount	Among them: Non-current liabilities maturing within one year
Cixi Minghong Construction Investment Co., Ltd.	China Guangfa Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	96,000,000.00	96,000,000.00
Cixi Shenghong Construction Investment Co., Ltd.	China Construction Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	300,000,000.00	16,000,000.00
Cixi Xinchenghe Construction Investment Co., Ltd.	Industrial and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	400,000,000.00	10,000,000.00
Cixi Xinchenghe Construction Investment Co., Ltd.	Industrial and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	200,000,000.00	10,000,000.00
Cixi Xinchenghe Construction Investment Co., Ltd.	Industrial and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	200,000,000.00	10,000,000.00
Cixi Xinchenghe Construction Investment Co., Ltd.	Industrial and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	600,000,000.00	10,000,000.00
Cixi Xinchenghe Construction Investment Co., Ltd.	Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	40,000,000.00	40,000,000.00
Cixi Xinchenghe Construction Investment Co., Ltd.	Bank of Hangzhou	Cixi State-owned Assets Investment Holding Co., Ltd.	200,000,000.00	200,000,000.00
Cixi Xinchenghe Construction Investment Co., Ltd.	China CITIC Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	600,000,000.00	
Cixi Xinchenghe Construction Investment Co., Ltd.	China CITIC Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	900,000,000.00	
Cixi Xinchenghe Construction Investment Co., Ltd.	China CITIC Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	499,790,000.00	

Borrowing unit	Borrowing banks	Guarantee unit	Amount	Among them: Non-current liabilities maturing within one year
Cixi Xinhua Construction Investment Co., Ltd.	Agricultural and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	80,000,000.00	
Cixi Chengnan Construction Investment Co., Ltd.	Commerce Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	42,500,000.00	5,000,000.00
Cixi Chengnan Construction Investment Co., Ltd.	Industrial and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	205,000,000.00	15,000,000.00
Cixi Chengnan Construction Investment Co., Ltd.	Shanghai Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	97,000,000.00	2,000,000.00
Cixi Chengnan Construction Investment Co., Ltd.	China Guangfa Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	99,000,000.00	2,000,000.00
Cixi Tap Water Co., Ltd.	Agricultural and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	60,000,000.00	60,000,000.00
Cixi Tap Water Co., Ltd.	Everbright Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	17,750,000.00	1,500,000.00
Cixi Tap Water Co., Ltd.	Everbright Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	17,750,000.00	1,500,000.00
Cixi Tap Water Co., Ltd.	Everbright Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	37,625,000.00	3,750,000.00
Cixi Tap Water Co., Ltd.	China Development Bank	Ningbo Cixi Construction Group Co., Ltd.	61,000,000.00	26,000,000.00
Cixi Tap Water Co., Ltd.	Agricultural and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	20,000,000.00	20,000,000.00
Cixi Tap Water Co., Ltd.	Agricultural and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	20,000,000.00	20,000,000.00
Cixi Tap Water Co., Ltd.	Ping An Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	10,000,000.00	10,000,000.00

Borrowing unit	Borrowing banks	Guarantee unit	Amount	Among them: Non-current liabilities maturing within one year
Cixi Tap Water Co., Ltd.	Ping An Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	20,000,000.00	
Cixi Tap Water Co., Ltd.	Bank of Communications	Cixi Water Affairs Co., Ltd.	120,000,000.00	
Cixi Water Affairs Co., Ltd.	The Export-Import Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	4,000,000.00	
Cixi Water Affairs Co., Ltd.	The Export-Import Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	2,000,000.00	2,000,000.00
Cixi Water Affairs Co., Ltd.	The Export-Import Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	30,000,000.00	11,500,000.00
Cixi Water Affairs Co., Ltd.	The Export-Import Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	15,000,000.00	14,000,000.00
Cixi Water Affairs Co., Ltd.	The Export-Import Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	30,000,000.00	
Cixi Water Affairs Co., Ltd.	The Export-Import Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	40,000,000.00	
Cixi Water Affairs Co., Ltd.	The Export-Import Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	20,000,000.00	
Cixi Water Affairs Co., Ltd.	The Export-Import Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	38,000,000.00	
Cixi Water Affairs Co., Ltd.	The Export-Import Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	24,000,000.00	
Cixi Water Affairs Co., Ltd.	Bank of Ningbo	Cixi State-owned Assets Investment Holding Co., Ltd.	57,000,000.00	57,000,000.00
Cixi Water Affairs Co., Ltd.	Bank of Ningbo	Cixi State-owned Assets Investment Holding Co., Ltd.	28,000,000.00	28,000,000.00
Cixi Water Affairs Co., Ltd.	Bank of Communications	Cixi State-owned Assets Investment Holding Co., Ltd.	50,000,000.00	

Borrowing unit	Borrowing banks	Guarantee unit	Amount	Among them: Non-current liabilities maturing within one year
Cixi Water Affairs Co., Ltd.	Industrial Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	67,000,000.00	67,000,000.00
Cixi Water Affairs Co., Ltd.	Industrial and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	70,000,000.00	
Cixi Water Affairs Co., Ltd.	Industrial and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	80,000,000.00	
Cixi Water Affairs Co., Ltd.	Industrial and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	50,000,000.00	
Cixi Water Affairs Co., Ltd.	China Minsheng Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	133,000,000.00	2,000,000.00
Cixi Water Affairs Co., Ltd.	China Minsheng Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	65,000,000.00	
Cixi Water Affairs Co., Ltd.	Bank of Ningbo	Cixi State-owned Assets Investment Holding Co., Ltd.	19,000,000.00	19,000,000.00
Cixi Water Affairs Co., Ltd.	Bank of Ningbo	Cixi State-owned Assets Investment Holding Co., Ltd.	90,000,000.00	
Cixi Water Affairs Co., Ltd.	Agricultural and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	100,000,000.00	
Cixi Water Affairs Co., Ltd.	China CITIC Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	159,500,000.00	1,000,000.00
Cixi Water Affairs Co., Ltd.	Shanghai Bank	Ningbo Cixi Construction Group Co., Ltd.	9,800,000.00	400,000.00
Cixi Water Affairs Co., Ltd.	Shanghai Bank	Ningbo Cixi Construction Group Co., Ltd.	100,000,000.00	5,000,000.00
Cixi Water Affairs Co., Ltd.	Bank of Wenzhou	Cixi State-owned Assets Investment Holding Co., Ltd.	198,000,000.00	
Cixi Water Affairs Co., Ltd.	Evergrowing Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	50,000,000.00	5,000,000.00

Borrowing unit	Borrowing banks	Guarantee unit	Amount	Among them: Non-current liabilities maturing within one year
Cixi Water Affairs Co., Ltd.	Bank of Beijing	Ningbo Cixi Construction Group Co., Ltd.	300,000,000.00	2,000,000.00
Cixi Water Investment Co., Ltd.	Agricultural and Commercial Bank of China	Ningbo Cixi Construction Group Co., Ltd.	27,000,000.00	100,000.00
Cixi Water Investment Co., Ltd.	Agricultural and Commercial Bank of China	Ningbo Cixi Construction Group Co., Ltd.	133,000,000.00	100,000.00
Cixi Traffic Station Management Co., Ltd.	China CITIC Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	75,000,000.00	
Cixi Traffic Station Management Co., Ltd.	Bank of Ningbo	Ningbo Cixi Transportation Group Co., Ltd.	9,500,000.00	9,500,000.00
Cixi Traffic Station Management Co., Ltd.	Bank of Ningbo	Ningbo Cixi Transportation Group Co., Ltd.	9,500,000.00	9,500,000.00
Cixi Traffic Station Management Co., Ltd.	Bank of Ningbo	Ningbo Cixi Transportation Group Co., Ltd.	39,000,000.00	39,000,000.00
Cixi Traffic Station Management Co., Ltd.	Hua Xia Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	90,000,000.00	2,000,000.00
Cixi Traffic Station Management Co., Ltd.	Everbright Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	80,000,000.00	2,000,000.00
Cixi Traffic Station Management Co., Ltd.	Ping An Bank	Ningbo Cixi Transportation Group Co., Ltd.	9,000,000.00	
Cixi Traffic Station Management Co., Ltd.	Bank of Communications	Ningbo Cixi Transportation Group Co., Ltd.	50,000,000.00	20,000.00
Cixi Traffic Station Management Co., Ltd.	China Guangfa Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	100,000,000.00	2,000,000.00
Cixi Traffic Station Management Co., Ltd.	Agricultural and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	100,000,000.00	
Cixi Public Transport Co., Ltd.	Hua Xia Bank	Ningbo Cixi Transportation Group Co., Ltd., Cixi Jiangnan Road	37,500,000.00	37,500,000.00

Borrowing unit	Borrowing banks	Guarantee unit	Amount	Among them: Non-current liabilities maturing within one year
		Development Co., Ltd.		
Cixi Public Transport Co., Ltd.	Hua Xia Bank	Ningbo Cixi Transportation Group Co., Ltd., Cixi Jiangnan Road Development Co., Ltd.	37,500,000.00	37,500,000.00
Cixi Public Transport Co., Ltd.	Agricultural and Commercial Bank of China	Ningbo Cixi Transportation Group Co., Ltd.	50,000,000.00	50,000,000.00
Cixi Public Transport Co., Ltd.	Industrial and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	14,250,000.00	2,500,000.00
Cixi Public Transport Co., Ltd.	Industrial and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	28,000,000.00	4,000,000.00
Cixi Public Transport Co., Ltd.	Industrial and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	14,300,000.00	2,200,000.00
Cixi Railway Management Office Co., Ltd.	Bank of Hangzhou	Cixi State-owned Assets Investment Holding Co., Ltd.	50,000,000.00	
Cixi Railway Management Office Co., Ltd.	Evergrowing Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	71,250,000.00	7,500,000.00
Cixi Railway Management Office Co., Ltd.	Hua Xia Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	90,000,000.00	2,000,000.00
Cixi Railway Management Office Co., Ltd.	Bank of Ningbo	Ningbo Cixi Transportation Group Co., Ltd.	80,000,000.00	2,000,000.00
Ningbo Cixi Transportation Group Co., Ltd.	China Construction Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	250,000,000.00	250,000,000.00
Ningbo Cixi Transportation Group Co., Ltd.	China Construction Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	250,000,000.00	
Ningbo Cixi Transportation Group Co., Ltd.	China Construction Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	100,000,000.00	
Ningbo Cixi Transportation Group Co., Ltd.	Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	10,000,000.00	10,000,000.00

Borrowing unit	Borrowing banks	Guarantee unit	Amount	Among them: Non-current liabilities maturing within one year
Ningbo Cixi Transportation Group Co., Ltd.	Bank of Hangzhou	Ningbo Cixi Construction Group Co., Ltd.	300,000,000.00	
Ningbo Cixi Transportation Group Co., Ltd.	Bank of Hangzhou	Ningbo Cixi Construction Group Co., Ltd.	140,000,000.00	
Ningbo Cixi Transportation Group Co., Ltd.	Bank of Hangzhou	Cixi State-owned Assets Investment Holding Co., Ltd.	100,000,000.00	100,000,000.00
Ningbo Cixi Transportation Group Co., Ltd.	Bank of Hangzhou	Cixi State-owned Assets Investment Holding Co., Ltd.	100,000,000.00	
Ningbo Cixi Transportation Group Co., Ltd.	Bank of Hangzhou	Cixi State-owned Assets Investment Holding Co., Ltd.	700,000,000.00	
Ningbo Cixi Transportation Group Co., Ltd.	Industrial and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	320,000,000.00	25,000,000.00
Ningbo Cixi Transportation Group Co., Ltd.	Industrial and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	195,000,000.00	195,000,000.00
Ningbo Cixi Transportation Group Co., Ltd.	Bank of Wenzhou	Cixi State-owned Assets Investment Holding Co., Ltd.	97,000,000.00	97,000,000.00
Ningbo Cixi Transportation Group Co., Ltd.	Bank of Wenzhou	Cixi State-owned Assets Investment Holding Co., Ltd.	98,000,000.00	98,000,000.00
Ningbo Cixi Transportation Group Co., Ltd.	Agricultural and Commercial Bank of China	Ningbo Cixi Construction Group Co., Ltd.	19,400,000.00	400,000.00
Ningbo Cixi Transportation Group Co., Ltd.	Agricultural and Commercial Bank of China	Ningbo Cixi Construction Group Co., Ltd.	50,000,000.00	
Ningbo Cixi Transportation Group Co., Ltd.	Huishang Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	170,000,000.00	30,000,000.00
Ningbo Cixi Transportation Group Co., Ltd.	Industrial Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	149,000,000.00	2,000,000.00
Cixi Transportation Logistics Development Co., Ltd.	Bank of Ningbo	Ningbo Cixi Transportation Group Co., Ltd.	77,000,000.00	77,000,000.00

Borrowing unit	Borrowing banks	Guarantee unit	Amount	Among them: Non-current liabilities maturing within one year
Cixi Water Supply Co., Ltd.	Hua Xia Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	77,000,000.00	77,000,000.00
Cixi CiDong Industrial Development Co., Ltd.	Bank of Hangzhou	Cixi State-owned Assets Investment Holding Co., Ltd.	100,000,000.00	100,000,000.00
Cixi CiDong Industrial Development Co., Ltd.	Industrial and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	100,000,000.00	-
Cixi CiDong Industrial Development Co., Ltd.	Hua Xia Bank	Cixi Longshan Town Agricultural Service Corporation, Cixi State-owned Assets Investment Holding Co., Ltd.	47,500,000.00	47,500,000.00
Cixi Cultural Business District Development Co., Ltd.	Agricultural and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	150,000,000.00	
Ningbo Cixi Industry and Trade Group Co., Ltd.	Bank of Wenzhou	Cixi State-owned Assets Investment Holding Co., Ltd.	19,800,000.00	400,000.00
Ningbo Cixi Industry and Trade Group Co., Ltd.	China Construction Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	250,000,000.00	250,000,000.00
Ningbo Cixi Industry and Trade Group Co., Ltd.	Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	184,000,000.00	184,000,000.00
Ningbo Cixi Industry and Trade Group Co., Ltd.	Agricultural and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	32,000,000.00	1,000,000.00
Ningbo Cixi Industry and Trade Group Co., Ltd.	Agricultural and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	162,500,000.00	1,000,000.00
Ningbo Cixi Industry and Trade Group Co., Ltd.	Macau International Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	126,000,000.00	2,800,000.00
Cixi Technology Venture Capital Co., Ltd.	China CITIC Bank	Cixi Industrial Investment Co., Ltd.	16,000,000.00	16,000,000.00
Cixi Technology Venture Capital Co., Ltd.	China CITIC Bank	Cixi Industrial Investment Co., Ltd.	96,000,000.00	96,000,000.00

Borrowing unit	Borrowing banks	Guarantee unit	Amount	Among them: Non-current liabilities maturing within one year
Cixi Technology Venture Capital Co., Ltd.	China CITIC Bank	Cixi Industrial Investment Co., Ltd.	117,000,000.00	2,000,000.00
Cixi Industrial Investment Co., Ltd.	Everbright Bank	Ningbo Cixi Industry and Trade Group Co., Ltd.	50,000,000.00	1,000,000.00
Cixi Home Appliance Technology City Exhibition Management Co., Ltd.	China Guangfa Bank	Cixi Industrial Investment Co., Ltd.	28,500,000.00	28,500,000.00
Cixi Home Appliance Technology City Exhibition Management Co., Ltd.	China Guangfa Bank	Cixi Industrial Investment Co., Ltd.	67,900,000.00	1,400,000.00
Cixi Yangtze River Delta Market Group Investment Co., Ltd.	Hua Xia Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	100,000,000.00	4,000,000.00
Cixi Yangtze River Delta Market Group Investment Co., Ltd.	Zheshang Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	100,000,000.00	2,000,000.00
Cixi Yangtze River Delta Market Group Investment Co., Ltd.	Shanghai Pudong Development Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	295,000,000.00	5,000,000.00
Cixi Yangtze River Delta Market Group Investment Co., Ltd.	China Construction Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	90,000,000.00	90,000,000.00
Cixi Yangtze River Delta Market Group Investment Co., Ltd.	China Construction Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	45,000,000.00	
Cixi Yangtze River Delta Market Group Investment Co., Ltd.	China CITIC Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	78,000,000.00	2,000,000.00
Ningbo Cixi Culture and Tourism Group Co., Ltd.	Industrial and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	80,000,000.00	

Borrowing unit	Borrowing banks	Guarantee unit	Amount	Among them: Non-current liabilities maturing within one year
Ningbo Cixi Culture and Tourism Group Co., Ltd.	Agricultural Development Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	200,000,000.00	
Ningbo Cixi Culture and Tourism Group Co., Ltd.	Agricultural Development Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	132,410,000.00	
Ningbo Cixi Culture and Tourism Group Co., Ltd.	Agricultural and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	175,000,000.00	25,000,000.00
Ningbo Cixi Culture and Tourism Group Co., Ltd.	Agricultural and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	43,750,000.00	6,250,000.00
Ningbo Cixi Culture and Tourism Group Co., Ltd.	Agricultural and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	43,750,000.00	6,250,000.00
Ningbo Cixi Culture and Tourism Group Co., Ltd.	Agricultural and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	60,000,000.00	
Ningbo Cixi Culture and Tourism Group Co., Ltd.	China Construction Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	200,000,000.00	
Cixi Water Conservancy Investment and Construction Co., Ltd.	Everbright Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	50,000,000.00	1,000,000.00
Cixi Water Conservancy Investment and Construction Co., Ltd.	Everbright Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	50,000,000.00	1,000,000.00
Cixi Water Conservancy Investment and Construction Co., Ltd.	Everbright Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	450,000,000.00	
Cixi Water Conservancy Investment and	Bank of Ningbo	Cixi State-owned Assets Investment Holding Co., Ltd.	50,000,000.00	10,000,000.00

Borrowing unit	Borrowing banks	Guarantee unit	Amount	Among them: Non-current liabilities maturing within one year
Construction Co., Ltd.				
Cixi Xinnong Water Conservancy Development Co., Ltd.	China Development Bank	Ningbo Cixi Culture and Tourism Group Co., Ltd.	80,900,000.00	
Cixi Hangzhou Bay Modern Agricultural Development Co., Ltd.	Industrial Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	59,000,000.00	2,000,000.00
Cixi Hangzhou Bay Modern Agricultural Development Co., Ltd.	Industrial Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	59,000,000.00	2,000,000.00
Cixi Hangzhou Bay Modern Agricultural Development Co., Ltd.	Everbright Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	10,000,000.00	200,000.00
Cixi Hangzhou Bay Modern Agricultural Development Co., Ltd.	Everbright Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	90,000,000.00	2,000,000.00
Cixi Hangzhou Bay Modern Agricultural Development Co., Ltd.	Shanghai Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	46,500,000.00	2,000,000.00
Cixi Canghai Cihu Agricultural Development Co., Ltd.	China CITIC Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	39,000,000.00	39,000,000.00
Cixi Canghai Cihu Agricultural Development Co., Ltd.	China CITIC Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	78,000,000.00	78,000,000.00
Cixi Tourism Development Co., Ltd.	China Construction Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	108,000,000.00	108,000,000.00
Cixi Tourism Development Co., Ltd.	China Construction Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	50,000,000.00	

Borrowing unit	Borrowing banks	Guarantee unit	Amount	Among them: Non-current liabilities maturing within one year
Cixi Tourism Development Co., Ltd.	Bank of Ningbo	Cixi State-owned Assets Investment Holding Co., Ltd.	50,000,000.00	
Cixi Xirang Construction Development Co., Ltd.	Industrial and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	400,000,000.00	
Cixi Xirang Construction Development Co., Ltd.	Industrial and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	80,000,000.00	
Cixi Xirang Construction Development Co., Ltd.	Industrial and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	100,000,000.00	
Cixi Xirang Construction Development Co., Ltd.	Industrial and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	300,000,000.00	
Cixi Xirang Construction Development Co., Ltd.	Agricultural and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	20,000,000.00	
Cixi Xirang Construction Development Co., Ltd.	Agricultural and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	80,000,000.00	
Cixi Xirang Construction Development Co., Ltd.	Agricultural and Commercial Bank of China	Cixi State-owned Assets Investment Holding Co., Ltd.	220,000,000.00	
Cixi Xirang Construction Development Co., Ltd.	Hua Xia Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	70,000,000.00	2,800,000.00
Cixi Xirang Construction Development Co., Ltd.	China Minsheng Bank	Cixi Cultural Business District Development Co., Ltd.	52,400,000.00	
Cixi Xirang Construction Development Co., Ltd.	China Minsheng Bank	Cixi Cultural Business District Development Co., Ltd.	50,600,000.00	
Cixi Xirang Construction	Bank of Ningbo	Cixi Cultural Business District	52,400,000.00	

Borrowing unit	Borrowing banks	Guarantee unit	Amount	Among them: Non-current liabilities maturing within one year
Development Co., Ltd.		Development Co., Ltd.		
Cixi Xirang Construction Development Co., Ltd.	Bank of Ningbo	Cixi Cultural Business District Development Co., Ltd.	50,600,000.00	
Cixi Xirang Construction Development Co., Ltd.	China CITIC Bank	Cixi Cultural Business District Development Co., Ltd.	52,400,000.00	
Cixi Xirang Construction Development Co., Ltd.	China CITIC Bank	Cixi Cultural Business District Development Co., Ltd.	50,600,000.00	
Cixi Xirang Construction Development Co., Ltd.	Everbright Bank	Cixi Cultural Business District Development Co., Ltd.	52,400,000.00	
Cixi Xirang Construction Development Co., Ltd.	Everbright Bank	Cixi Cultural Business District Development Co., Ltd.	50,600,000.00	
Cixi Xirang Construction Development Co., Ltd.	Agricultural Bank of China	Cixi Cultural Business District Development Co., Ltd.	630,400,000.00	
Cixi Xirang Construction Development Co., Ltd.	Agricultural Bank of China	Cixi Cultural Business District Development Co., Ltd.	200,000,000.00	
Cixi Xirang Construction Development Co., Ltd.	Agricultural Bank of China	Cixi Cultural Business District Development Co., Ltd.	608,600,000.00	
Cixi Xinxing Construction Investment Co., Ltd.	Hua Xia Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	55,000,000.00	55,000,000.00
Cixi Xinxing Construction Investment Co., Ltd.	Evergrowing Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	46,550,000.00	4,900,000.00
Cixi Xinxing Construction Investment Co., Ltd.	Evergrowing Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	40,000,000.00	10,000,000.00

Borrowing unit	Borrowing banks	Guarantee unit	Amount	Among them: Non-current liabilities maturing within one year
Cixi Gaochuang Investment Management Co., Ltd.	China Construction Bank	Cixi State-owned Assets Investment Holding Co., Ltd.	43,900,000.00	
Total			31,955,900,000.00	6,347,720,000.00

(b.2) Credit loans

Borrowing units	Borrowing banks	Amount	Among them: Non-current liabilities maturing within one year
Ningbo Cixi Construction Group Co., Ltd.	Yunnan International Trust Co., Ltd.	350,000,000.00	350,000,000.00
Ningbo Cixi Construction Group Co., Ltd.	Yunnan International Trust Co., Ltd.	150,000,000.00	150,000,000.00
Cixi Cereal Depositary Co., Ltd.	Agricultural Development Bank of China	12,677,000.00	12,677,000.00
Cixi Cereal Depositary Co., Ltd.	Agricultural Development Bank of China	2,353,000.00	2,353,000.00
Cixi Cereal Depositary Co., Ltd.	Agricultural Development Bank of China	16,302,000.00	16,302,000.00
Cixi Cereal Depositary Co., Ltd.	Agricultural Development Bank of China	17,160,000.00	17,160,000.00
Cixi Cereal Depositary Co., Ltd.	Agricultural Development Bank of China	2,917,000.00	2,917,000.00
Cixi Cereal Depositary Co., Ltd.	Agricultural Development Bank of China	42,650,000.00	42,650,000.00
Total		594,059,000.00	594,059,000.00

(b.3) Pledge loans

Borrowing units	Pledged units	Borrowing banks	Pledge object	Amount	Among them: Non-current liabilities maturing within one year
Cixi Affordable Housing Construction Investment Co., Ltd.	China Development Bank	Cixi Affordable Housing Construction Investment Co., Ltd.	Right to project income	103,500,000.00	9,000,000.00
Cixi Minghong Construction Investment Co., Ltd.	China Development Bank	Cixi Minghong Construction Investment Co., Ltd.	Right to project income	20,000,000.00	10,000,000.00
Cixi Minghong Construction Investment Co., Ltd.	China Development Bank	Cixi Minghong Construction Investment Co., Ltd.	Right to project income	500,000,000.00	

Borrowing units	Pledged units	Borrowing banks	Pledge object	Amount	Among them: Non-current liabilities maturing within one year
Cixi Minghong Construction Investment Co., Ltd.	China Development Bank	Cixi Minghong Construction Investment Co., Ltd.	Right to project income	502,000,000.00	24,000,000.00
Cixi CiDong Industrial Development Co., Ltd.	Industrial and Commercial Bank of China	Cixi CiDong Industrial Development Co., Ltd.	Certificate deposit	33,000,000.00	33,000,000.00
Cixi CiDong Industrial Development Co., Ltd.	Industrial and Commercial Bank of China	Cixi CiDong Industrial Development Co., Ltd.	Certificate deposit	14,500,000.00	14,500,000.00
Total				1,173,000,000.00	90,500,000.00

(b.4) Mortgage loans

Borrowing units	Borrowing banks	Mortgage units	Mortgage projects	Amount	Non-current liabilities maturing within one year
Ningbo Cixi Transportation Group Co., Ltd.	Bank of Ningbo	Ningbo Cixi Transportation Group Co., Ltd.	Real estate title certificate	55,600,000.00	4,000,000.00
Ningbo Cixi Transportation Group Co., Ltd.	Bank of Ningbo	Ningbo Cixi Transportation Group Co., Ltd.	Real estate title certificate	14,000,000.00	1,000,000.00
Cixi Zheyong Comprehensive Energy Sales Co., Ltd.	Bank of China	Cixi Zheyong Comprehensive Energy Sales Co., Ltd.	Real estate title certificate	120,000,000.00	6,000,000.00
Cixi Zheyong Comprehensive Energy Sales Co., Ltd.	Bank of China	Cixi Zheyong Comprehensive Energy Sales Co., Ltd.	Real estate title certificate	118,000,000.00	
Cixi Cultural Business District Development Co., Ltd.	Agricultural Bank of China	Cixi Cultural Business District Development Co., Ltd.	Real estate title certificate	100,000,000.00	100,000,000.00
Ningbo Cixi Industry and Trade Group Co., Ltd.	Bank of Communications	Ningbo Cixi Industry and Trade Group Co., Ltd.	Real estate title certificate	15,640,000.00	2,320,000.00
Ningbo Cixi Industry and Trade Group Co., Ltd.	Bank of Communications	Ningbo Cixi Industry and Trade Group Co., Ltd.	Real estate title certificate	7,820,000.00	1,160,000.00
Cixi Industrial Investment Co., Ltd.	Industrial and Commercial Bank of China	Cixi Technology Venture Capital Co., Ltd.	Real estate title certificate	33,200,000.00	6,700,000.00
Cixi Yangtze River Delta Market Group Investment Co., Ltd.	China Development Bank	Cixi Yangtze River Delta Market Group Investment Co., Ltd., Ningbo Cixi Industry and Trade Group Co., Ltd.	Real estate title certificate	256,000,000.00	

Borrowing units	Borrowing banks	Mortgage units	Mortgage projects	Amount	Non-current liabilities maturing within one year
Cixi Yangtze River Delta Market Group Investment Co., Ltd.	China Development Bank	Cixi Yangtze River Delta Market Group Investment Co., Ltd.	Real estate title certificate	409,000,000.00	50,000,000.00
Cixi Yangtze River Delta Market Group Investment Co., Ltd.	China Construction Bank	Cixi Yangtze River Delta Market Group Investment Co., Ltd.	Real estate title certificate	953,256,874.00	3,500,000.00
Cixi Hangzhou Bay Modern Agricultural Development Co., Ltd.	China CITIC Bank	Cixi Hangzhou Bay Modern Agricultural Development Co., Ltd.	Real estate title certificate	38,000,000.00	2,000,000.00
Cixi Hangzhou Bay Modern Agricultural Development Co., Ltd.	China CITIC Bank	Cixi Hangzhou Bay Modern Agricultural Development Co., Ltd.	Real estate title certificate	38,000,000.00	2,000,000.00
Cixi Hangzhou Bay Modern Agricultural Development Co., Ltd.	China CITIC Bank	Cixi Hangzhou Bay Modern Agricultural Development Co., Ltd.	Real estate title certificate	98,000,000.00	2,000,000.00
Cixi Hangzhou Bay Modern Agricultural Development Co., Ltd.	China CITIC Bank	Cixi Hangzhou Bay Modern Agricultural Development Co., Ltd.	Real estate title certificate	38,000,000.00	2,000,000.00
Cixi Hangzhou Bay Modern Agricultural Development Co., Ltd.	Bank of Communications	Cixi Hangzhou Bay Modern Agricultural Development Co., Ltd.	Real estate title certificate	28,000,000.00	28,000,000.00
Cixi Hangzhou Bay Modern Agricultural Development Co., Ltd.	Bank of Communications	Cixi Hangzhou Bay Modern Agricultural Development Co., Ltd.	Real estate title certificate	9,500,000.00	9,500,000.00
Total				2,332,016,874.00	220,180,000.00

(b.5) Mortgage and guarantee loans

Borrowing units	Borrowing banks	Mortgage units	Mortgage projects	Guarantee units	Amount	Among them: Non-current liabilities maturing within one year
Cixi Haihong Construction Investment Co., Ltd.	Agricultural Development Bank of China	Cixi Urban Construction Investment Development Co., Ltd., Ningbo Cixi Construction Group Co., Ltd.	Real property right	Ningbo Cixi Construction Group Co., Ltd.	100,000,000.00	100,000,000.00
Cixi Hangzhou Bay Modern Agricultural Development Co., Ltd.	Agricultural Bank of China	Cixi Hangzhou Bay Modern Agricultural Development Co., Ltd.	Real property right	Ningbo Cixi Construction Group Co., Ltd.	250,000,000.00	250,000,000.00

Borrowing units	Borrowing banks	Mortgage units	Mortgage projects	Guarantee units	Amount	Among them: Non-current liabilities maturing within one year
Cixi Hangzhou Bay Modern Agricultural Development Co., Ltd.	Agricultural Bank of China	Cixi Hangzhou Bay Modern Agricultural Development Co., Ltd.	Real property right	Ningbo Cixi Construction Group Co., Ltd.	50,000,000.00	50,000,000.00
Cixi Hangzhou Bay Modern Agricultural Development Co., Ltd.	Bank of Communications	Cixi Hangzhou Bay Modern Agricultural Development Co., Ltd.	Real property right	Cixi State-owned Assets Investment Holding Co., Ltd.	37,500,000.00	37,500,000.00
Cixi Xinxing Construction Investment Co., Ltd.	Bank of Hangzhou	Cixi Xinxing Construction Investment Co., Ltd.	Real property right	Cixi State-owned Assets Investment Holding Co., Ltd.	86,000,000.00	86,000,000.00
Cixi Xinqu Construction Investment Co., Ltd.	Agricultural Bank of China	Cixi Xinqu Construction Investment Co., Ltd.	Real property right	Cixi Xinchenghe Construction Investment Co., Ltd.	200,000,000.00	
Total					723,500,000.00	523,500,000.00

(b.6) Pledge and guarantee loans

Borrowing units	Borrowing banks	Pledged units	Pledge object	Guarantee units	Amount	Among them: Non-current liabilities maturing within one year
Cixi Haihong Construction Investment Co., Ltd.	Agricultural Development Bank of China	Cixi Haihong Construction Investment Co., Ltd.	Right to project income	Ningbo Cixi Construction Group Co., Ltd.	160,000,000.00	80,000,000.00
Cixi Haihong Construction Investment Co., Ltd.	Agricultural Development Bank of China	Cixi Haihong Construction Investment Co., Ltd.	Right to project income	Cixi Cultural Business District Development Co., Ltd.	624,000,000.00	42,000,000.00
Cixi Haihong Construction Investment Co., Ltd.	Bank of China	Cixi Haihong Construction Investment Co., Ltd.	Right to project income	Cixi Cultural Business District Development Co., Ltd.	266,000,000.00	18,000,000.00
Cixi Tianhong Construction Investment Co., Ltd.	Industrial and Commercial Bank of China	Cixi Tianhong Construction Investment Co., Ltd.	Right to project income	Cixi State-owned Assets Investment Holding Co., Ltd.	300,000,000.00	100,000,000.00
Cixi Minghong Construction Investment Co., Ltd.	Bank of China	Cixi Minghong Construction Investment Co., Ltd.	Right to project income	Ningbo Cixi Construction Group Co., Ltd.	79,000,000.00	6,000,000.00
Cixi Minghong Construction	China Development Bank	Cixi Minghong Construction	Right to project income	Ningbo Cixi Construction Group Co., Ltd.	223,500,000.00	9,000,000.00

Borrowing units	Borrowing banks	Pledged units	Pledge object	Guarantee units	Amount	Among them: Non-current liabilities maturing within one year
Investment Co., Ltd.		Investment Co., Ltd.				
Cixi Minghong Construction Investment Co., Ltd.	China Development Bank	Cixi Minghong Construction Investment Co., Ltd.	Right to project income	Ningbo Cixi Construction Group Co., Ltd.	189,000,000.00	6,000,000.00
Cixi Minghong Construction Investment Co., Ltd.	China Development Bank	Cixi Minghong Construction Investment Co., Ltd.	Right to project income	Ningbo Cixi Construction Group Co., Ltd.	223,500,000.00	9,000,000.00
Cixi Minghong Construction Investment Co., Ltd.	China Merchants Bank	Cixi Minghong Construction Investment Co., Ltd.	Right to project income	Ningbo Cixi Construction Group Co., Ltd.	216,000,000.00	42,000,000.00
Cixi Minghong Construction Investment Co., Ltd.	China Merchants Bank	Cixi Minghong Construction Investment Co., Ltd.	Right to project income	Ningbo Cixi Construction Group Co., Ltd.	201,000,000.00	39,000,000.00
Cixi Minghong Construction Investment Co., Ltd.	Agricultural Bank of China	Cixi Minghong Construction Investment Co., Ltd.	Right to project income	Ningbo Cixi Construction Group Co., Ltd.	79,000,000.00	6,000,000.00
Cixi Minghong Construction Investment Co., Ltd.	Agricultural Bank of China	Cixi Minghong Construction Investment Co., Ltd.	Right to project income	Ningbo Cixi Construction Group Co., Ltd.	562,500,000.00	18,750,000.00
Cixi Xinchenghe Construction Investment Co., Ltd.	Agricultural Development Bank of China	Cixi Xinchenghe Construction Investment Co., Ltd.	Right to project income	Cixi Cultural Business District Development Co., Ltd.	90,000,000.00	90,000,000.00
Cixi Chengnan Construction Investment Co., Ltd.	Agricultural Development Bank of China	Cixi Chengnan Construction Investment Co., Ltd.	Right to project income	Cixi Cultural Business District Development Co., Ltd.	659,000,000.00	43,000,000.00
Ningbo Cixi Transportation Group Co., Ltd.	China Development Bank	Ningbo Cixi Transportation Group Co., Ltd.	Right to project income	Cixi State-owned Assets Investment Holding Co., Ltd.	175,000,000.00	175,000,000.00
Total					4,047,500,000.00	683,750,000.00

5.33 Bonds Payable

(a) General information of bonds payable

Items	31 Dec. 2022	31 Dec. 2021
17 Cixi Bonds		566,868,750.00
17 Cixi 01 Bonds		999,032,142.86
18 Cixi State Investment MTN001	969,750,000.00	968,019,230.77
19 Cijian 02		996,400,000.00
19 Cijian 03		1,195,680,000.00
19 Cixi Jiantou ZR001		199,500,000.00
19 Cidong 01		1,492,000,000.00
19 Cishang 01	195,543,421.67	996,179,245.19
19 Cishang 02	103,896,133.42	699,037,264.22
Cixi Bus Toll Revenue Right Asset-Backed Specialized Plan (Cixi Bus ABS)-Preferred Asset-Backed Securities	333,000,000.00	365,000,000.00
20 Cijiao 01	499,760,000.00	499,240,000.00
20 Cijiao 02	499,625,000.00	499,175,000.00
20 Cixi Jiantou MTN001	499,666,666.67	499,166,666.67
20 Cijian 01	798,080,000.00	797,120,000.00
20 Zhe Cixi Jiantou ZR001	599,400,000.00	598,500,000.00
21 Cixi Transportation PPN001	499,373,333.33	498,973,333.33
21 Cixi Commerce and Trade PPN001	998,828,833.38	997,891,900.02
21 Cixi Jiantou MTN001	499,416,666.67	498,916,666.67
21 Cixi 01	898,650,000.00	897,750,000.00
21 Cixi 02	598,900,000.00	598,300,000.00
21 Cicheng 01	499,885,416.67	499,635,416.67
21 Cicheng 02	499,822,916.67	499,572,916.67
22 Cixi 01	997,750,000.00	
22 Cijian 01	199,521,500.00	
22 Cijian 02	597,880,000.00	
22 Cijian 03	399,010,000.00	
22 Cijian 04	597,840,000.00	
22 Cijian 05	398,944,000.00	
22 Cijian 06	797,013,333.33	
22 Cidong 01	799,190,339.62	
22 Cidong 02	270,714,887.55	
22 Cigong 01	798,483,333.30	
22 Cigong 02	594,111,555.56	
Sub-total	15,444,057,337.84	15,861,958,533.07
Less: Bonds payable maturing within one year	1,133,066,666.67	421,500,000.00
Total	14,310,990,671.17	15,440,458,533.07

(b) Changes in bonds payable (except for other financial instruments classified as financial liabilities such as preference shares and perpetual bonds)

Bonds	Par value	Issue date	Bonds-duration	Amount issued	31 Dec. 2021	Including: Non-current liabilities maturing within one year
17 Cixi Bonds	100.00	7 Apr. 2017	5 years	950,000,000.00	566,868,750.00	190,000,000.00
17 Cixi 01 Bonds	100.00	27 Jul. 2017	7 years	1,000,000,000.00	999,032,142.86	
18 Cixi State Investment MTN001	100.00	2 Mar. 2018	5 years	1,000,000,000.00	968,019,230.77	
19 Cijian 02	100.00	1 Aug. 2019	5 years	1,000,000,000.00	996,400,000.00	
19 Cijian 03	100.00	20 Sept. 2019	5 years	1,200,000,000.00	1,195,680,000.00	
19 Cixi Jiantou ZR001	100.00	29 Nov. 2019	5 years	200,000,000.00	199,500,000.00	199,500,000.00
19 Cidong 01	100.00	3 Sept. 2019	3 years	1,500,000,000.00	1,492,000,000.00	
19 Cishang 01	100.00	14 Mar. 2019	3+2 years	1,000,000,000.00	996,179,245.19	
19 Cishang 02	100.00	7 Nov. 2019	3+2 years	700,000,000.00	699,037,264.22	
Cixi Bus Toll Revenue Right Asset-Backed Specialized Plan (Cixi Bus ABS)-Preferred Asset-Backed Securities	100.00	21 Dec. 2018	5 years	448,000,000.00	365,000,000.00	32,000,000.00
20 Cijiao 01	100.00	26 Mar. 2020	5 years	500,000,000.00	499,240,000.00	
20 Cijiao 02	100.00	13 Nov. 2020	5 years	500,000,000.00	499,175,000.00	
20 Cixi Jiantou MTN001	100.00	2 Sept. 2020	3 years	500,000,000.00	499,166,666.67	
20 Cijian 01	100.00	2 Jan. 2020	5 years	800,000,000.00	797,120,000.00	
20 Zhe Cixi Jiantou ZR001	100.00	25 Sept. 2020	3 years	600,000,000.00	598,500,000.00	
21 Cixi Transportation PPN001	100.00	19 Jul. 2021	5 years	500,000,000.00	498,973,333.33	
21 Cixi Commerce and Trade PPN001	100.00	5 Mar. 2021	3 years	1,000,000,000.00	997,891,900.02	
21 Cixi Jiantou MTN001	100.00	12 Mar. 2021	3 years	500,000,000.00	498,916,666.67	
21 Cixi 01	100.00	26 Jul. 2021	3 years	900,000,000.00	897,750,000.00	
21 Cixi 02	100.00	12 Nov. 2021	5 years	600,000,000.00	598,300,000.00	
21 Cicheng 01	100.00	18 Jun. 2021	3 years	500,000,000.00	499,635,416.67	
21 Cicheng 02	100.00	16 Sept. 2021	3 years	500,000,000.00	499,572,916.67	
22 Cixi 01	100.00	11 Jul. 2022	5 years	1,000,000,000.00		
22 Cijian 01	100.00	15 Jun. 2022	5 years	200,000,000.00		
22 Cijian 02	100.00	15 Jun. 2022	5 years	600,000,000.00		
22 Cijian 03	100.00	19 Jul. 2022	5 years	400,000,000.00		
22 Cijian 04	100.00	19 Jul. 2022	5 years	600,000,000.00		
22 Cijian 05	100.00	5 Sept. 2022	5 years	400,000,000.00		
22 Cijian 06	100.00	5 Sept. 2022	5 years	800,000,000.00		

Bonds	Par value	Issue date	Bonds-duration	Amount issued	31 Dec. 2021	Including: Non-current liabilities maturing within one year
22 Cidong 01	100.00	30 Jun. 2022	5 years	800,000,000.00		
22 Cidong 02	100.00	8 Aug. 2022	5 years	271,000,000.00		
22 Cigong 01	100.00	7 Mar. 2022	3+2 years	800,000,000.00		
22 Cigong 02	100.00	30 Sept. 2022	3+2 years	595,000,000.00		
Total				22,864,000,000.00	15,861,958,533.07	421,500,000.00

(Continued)

Bonds	Issued amount during the reporting period	Issued cost	Amortization of premium /discount	Repayment during the reporting period	31 Dec. 2022	Including: Non-current liabilities maturing within one year
17 Cixi Bonds			3,131,250.00	570,000,000.00		
17 Cixi 01 Bonds			967,857.14	1,000,000,000.00		
18 Cixi State Investment MTN001			1,730,769.23		969,750,000.00	
19 Cijian 02			3,600,000.00	1,000,000,000.00		
19 Cijian 03			4,320,000.00	1,200,000,000.00		
19 Cixi Jiantou ZR001			500,000.00	200,000,000.00		
19 Cidong 01			8,000,000.00	1,500,000,000.00		
19 Cishang 01	200,000,000.00	-4,001,034.31	3,365,210.79	1,000,000,000.00	195,543,421.67	
19 Cishang 02	105,000,000.00	-434,921.46	293,790.66	700,000,000.00	103,896,133.42	
Cixi Bus Toll Revenue Right Asset-Backed Specialized Plan (Cixi Bus ABS)-Preferred Asset-Backed Securities				32,000,000.00	333,000,000.00	34,000,000.00
20 Cijiao 01			520,000.00		499,760,000.00	
20 Cijiao 02			450,000.00		499,625,000.00	
20 Cixi Jiantou MTN001			500,000.00		499,666,666.67	499,666,666.67
20 Cijian 01			960,000.00		798,080,000.00	
20 Zhe Cixi Jiantou ZR001			900,000.00		599,400,000.00	599,400,000.00
21 Cixi Transportation PPN001			400,000.00		499,373,333.33	
21 Cixi Commerce and Trade PPN001			936,933.36		998,828,833.38	
21 Cixi Jiantou MTN001			500,000.00		499,416,666.67	

Bonds	Issued amount during the reporting period	Issued cost	Amortization of premium /discount	Repayment during the reporting period	31 Dec. 2022	Including: Non-current liabilities maturing within one year
21 Cixi 01			900,000.00		898,650,000.00	
21 Cixi 02			600,000.00		598,900,000.00	
21 Cicheng 01			250,000.00		499,885,416.67	
21 Cicheng 02			250,000.00		499,822,916.67	
22 Cixi 01	1,000,000,000.00	-2,500,000.00	250,000.00		997,750,000.00	
22 Cijian 01	200,000,000.00	-594,000.00	115,500.00		199,521,500.00	
22 Cijian 02	600,000,000.00	-2,400,000.00	280,000.00		597,880,000.00	
22 Cijian 03	400,000,000.00	-1,188,000.00	198,000.00		399,010,000.00	
22 Cijian 04	600,000,000.00	-2,400,000.00	240,000.00		597,840,000.00	
22 Cijian 05	400,000,000.00	-1,188,000.00	132,000.00		398,944,000.00	
22 Cijian 06	800,000,000.00	-3,200,000.00	213,333.33		797,013,333.33	
22 Cidong 01	800,000,000.00	-960,000.00	150,339.62		799,190,339.62	
22 Cidong 02	271,000,000.00	-306,792.45	21,680.00		270,714,887.55	
22 Cigong 01	800,000,000.00	-2,100,000.00	583,333.30		798,483,333.30	
22 Cigong 02	595,000,000.00	-999,500.00	111,055.56		594,111,555.56	
Total	6,771,000,000.00	-22,272,248.22	35,371,052.99	7,202,000,000.00	15,444,057,337.84	1,133,066,666.67

5.34 Lease Liabilities

Items	31 Dec. 2022	31 Dec. 2021
Lease payment	24,898,962.86	23,944,900.00
Less: Unrecognized finance charges	10,015,839.41	10,345,904.80
Sub-total	14,883,123.45	13,598,995.20
Less: Lease liabilities maturing within one year	720,453.06	2,180,883.24
Total	14,162,670.39	11,418,111.96

5.35 Long-term Payables

(a) Long-term payables by category

Items	31 Dec. 2022	31 Dec. 2021
Long-term payables	10,309,737,674.52	8,185,190,560.79
Specific items payable	2,366,965,307.92	1,446,122,845.19
Sub-total	12,676,702,982.44	9,631,313,405.98
Less: Long-term payables maturing within one year	1,480,547,189.25	1,598,537,945.65
Total	11,196,155,793.19	8,032,775,460.33

(b) Long-term payables by nature:

Items	31 Dec. 2022	31 Dec. 2021
Finance lease	3,795,020,055.54	3,861,556,571.91
Local government bonds	5,560,000,000.00	3,110,000,000.00
China Development Bank		449,686,829.77

Items	31 Dec. 2022	31 Dec. 2021
Others	954,717,618.98	763,947,159.11
Sub-total	10,309,737,674.52	8,185,190,560.79
Less: Long-term payables maturing within one year	1,480,547,189.25	1,598,537,945.65
Total	8,829,190,485.27	6,586,652,615.14

(c) Specific items payable

Items	31 Dec. 2021	Increase during the reporting period	Decrease during the reporting period	31 Dec. 2022
Cixi Middle School	321,357,749.98			321,357,749.98
Xinchenghe Project	155,360,000.00	44,000,000.00		199,360,000.00
Youth palace	42,000,000.00			42,000,000.00
Specialized funds for the Institute of Medicine and Industry allocated by the Science and Technology Agency (STA)	30,000,000.00			30,000,000.00
Allocated by CETIC	302,000,000.00			302,000,000.00
Canghai Cihu Agricultural Creator Base Project	8,000,000.00			8,000,000.00
Cidong Industrial Infrastructure Project	4,000,000.00			4,000,000.00
National Physical Fitness Monitoring	107,924.00			107,924.00
News Center	19,512.88		5,543.93	13,968.95
Funding for Smart Stadium Renovation	285,377.33		27,025.33	258,352.00
Funding for Stadium Smart Fitness Facility 3.0 Project	250,000.00		33,748.50	216,251.50
Specialized funds for the Office of Human Security	60,000,000.00			60,000,000.00
Ningbo-Hangzhou Bay Diversion Project	128,739,721.00	57,827,103.00		186,566,824.00
Experimental No. 3 Elementary School East Campus	19,577,860.00			19,577,860.00
New construction of nine-year integrated system at San Chiu Tong	257,140,000.00	36,350,000.00		293,490,000.00
Zhejiang Industrial and Commercial Vocational and Technical College Xingzhi Vocational School Cooperative School-Running Construction Project	53,500,000.00	50,000,000.00		103,500,000.00
Mingyue Lake Plate Infrastructure Project and South Side Coastal Landscape Enhancement Project	50,000,000.00			50,000,000.00

Items	31 Dec. 2021	Increase during the reporting period	Decrease during the reporting period	31 Dec. 2022
Integrated service station construction project	2,500,000.00		2,500,000.00	
Emergency works for the central barrier on the old national highway	11,284,700.00	5,194,000.00		16,478,700.00
New Tidewater Pond Lot 3 Special Bond Funds		280,000,000.00		280,000,000.00
Eastern Solid Waste Resource Utilization Project Special Funding		100,000,000.00		100,000,000.00
Special Funds for Shaoao Reservoir Flood Diversion and Reconciliation Project		70,000,000.00		70,000,000.00
Logistics Park Supporting Infrastructure Project Phase I (Huyun Highway) - Cixi Section		204,518.80		204,518.80
Supporting Infrastructure Project for Comprehensive Development of Beautiful Countryside in Southern Cixi City (Phase I)		6,507.80		6,507.80
Cixi Cibe Agricultural Industrial Park Comprehensive Development Supporting Infrastructure Project (Phase I)		17,626,952.10		17,626,952.10
Cixi Citong (Zhouxiang) Innovation Industry Zone Supporting Infrastructure Phase I Project		72,104,478.84		72,104,478.84
Cixi Citong (Zhangqi) Innovation Industry Zone Supporting Infrastructure Phase I Project (Zhangqi Second Line)		31,195,249.76		31,195,249.76
Cixi Rural Revitalization (Qiaotou) Construction Phase I Project Infrastructure Project		5,552,671.00		5,552,671.00
Cargo distribution center demolition and relocation project		203,869,909.00	52,746,422.01	151,123,486.99
Special Funds for Water Environment Improvement and Protection of Reservoirs		2,223,812.20		2,223,812.20
Total	1,446,122,845.19	976,155,202.50	55,312,739.77	2,366,965,307.92

5.36 Deferred Income

(a) Details of deferred income

Items	31 Dec. 2021	Increase during the reporting period	Decrease during the reporting period	31 Dec. 2022
Government grants	260,573,567.39	175,272,740.42	172,671,639.09	263,174,668.72

Items	31 Dec. 2021	Increase during the reporting period	Decrease during the reporting period	31 Dec. 2022
Total	260,573,567.39	175,272,740.42	172,671,639.09	263,174,668.72

(b) Items related to government grants

Item	31 Dec. 2021	Increase during the reporting period	Recognised in other income during the reporting period	Other changes	31 Dec. 2022	Related to assets/Related to profit or loss
Vehicle purchase grants	183,290,939.48	15,222,350.00	56,545,905.19		141,967,384.29	Related to assets
Road network renovation and upgrading project	43,000,000.00				43,000,000.00	Related to assets
Ancillary Facilities Supporting Project	7,243,800.49				7,243,800.49	Related to assets
International Center for Agricultural Wisdom (Research Institute, Sanno Exhibition Hall, experimental planting)	1,332,568.63				1,332,568.63	Related to assets
Subsidies for field stations	165,211.00		151,442.00		13,769.00	Related to assets
Cixi East Diversion Project	16,270,000.00				16,270,000.00	Related to assets
18 Cixi State Investment MTN001 Subsidy for Underwriting Fee of Chinese Note	1,552,197.80		1,302,197.80		250,000.00	Related to profit or loss
Provision for daily operation of gymnasium	1,849,732.52		492,151.28		1,357,581.24	Related to profit or loss
Operating subsidies	3,045,035.00	50,390.42	3,032,925.42		62,500.00	Related to profit or loss
Funds allocated to ECCI	2,824,082.47	10,000,000.00	11,147,017.40		1,677,065.07	Related to profit or loss
CiHui interest rate subsidy		150,000,000.00		100,000,000.00	50,000,000.00	Related to profit or loss
Total	260,573,567.39	175,272,740.42	72,671,639.09	100,000,000.00	263,174,668.72	

5.37 Other Non-current Liabilities

Items	31 Dec. 2022	31 Dec. 2021
Water Supply - Pipeline Construction	179,289,976.54	157,345,821.44
Wealth Management Direct Financing Tools	987,480,000.00	987,480,000.00
Sub-total	1,166,769,976.54	1,144,825,821.44
Less: Other non-current liabilities maturing within one year	987,480,000.00	
Total	179,289,976.54	1,144,825,821.44

5.38 Paid-in Capital

Investment entity	31 Dec. 2021		Increase during the reporting period	Decrease during the reporting period	31 Dec. 2022	
	Amount	Proportion of ownership interest (%)			Amount	Proportion of ownership interest (%)
Cixi State-owned Assets Management Center	1,352,203,665.92	90.15			1,352,203,665.92	90.15
Zhejiang Finance Development Company	147,796,334.08	9.85			147,796,334.08	9.85
Total	1,500,000,000.00	100.00			1,500,000,000.00	100.00

5.39 Capital Reserves

Items	31 Dec. 2021	Increase during the reporting period	Decrease during the reporting period	31 Dec. 2022
Capital premium	398,153,294.53	380,075,881.60		778,229,176.13
Other capital reserves	44,700,267,572.24	2,815,428,327.23	180,936,385.86	47,334,759,513.61
Total	45,098,420,866.77	3,195,504,208.83	180,936,385.86	48,112,988,689.74

Notes: Changes and relevant reasons for capital reserves

- According to the document of Cixi City State-owned Assets Management Center, the actual appropriation was taken as governmental input and appropriated into the Company, increased the capital premium by CNY380.00 million.
- According to the document of Cixi Municipal Finance Bureau, according to the actual appropriation as governmental input, the appropriation was credited to the Company, increased other capital reserves by CNY780.00 million.
- According to the documents of Cixi City State-owned Assets Management Center, Cixi City State-owned Assets Management Center transferred 9,240.1348 mu of agricultural land to Cixi CiDong Industrial Development Co., Ltd., a subsidiary of the Company, without compensation, increased other capital reserves by CNY1,102,584,121.00.
- According to the letter from Cixi Municipal Finance Bureau regarding the transfer of subsidies from the municipal financial co-ordination funds, the transfer of subsidies for major infrastructure projects in Qianwan New Area to the subsidiary Ningbo Cixi Transportation Group Co., Ltd. increased the capital reserves by CNY600.00 million.
- According to the document of Cixi City State-owned Assets Management Center, property, plant and equipment of Cixi Haitu Agricultural Development Co., Ltd., a subsidiary of the Company, were gratuitously transferred to the Company,

increased other capital reserves by CNY29,052,000.00.

- According to the documents of Cixi Municipal Finance Bureau, Ningbo Cixi Culture and Tourism Group Co., Ltd., a subsidiary of the Company, returned the settlement appropriation for the land reclamation project from Xujiapu to Songpu, which decreased other capital reserves by CNY180,936,385.86.
- According to the document of Cixi State-owned Assets Management Center, Ningbo Cixi Culture and Tourism Group Co., Ltd., a subsidiary of the Company, transferred land without compensation, increased other capital reserves by CNY233,446,900.00.

5.40 Other Comprehensive Income

Items	31 Dec. 2021	Changes during the reporting period					31 Dec. 2022
		Amount before tax	Less: Items previously recognized in other comprehensive income being reclassified to current profit or loss	Less: Income tax expenses	Attributable to owners of the Company	Attributable to non-controlling interest	
I. Items will not be reclassified to profit or loss		-36,858,979.97		-9,214,744.99	-27,644,234.98		-27,644,234.98
Changes in fair value of other equity instrument investment		-36,858,979.97		-9,214,744.99	-27,644,234.98		-27,644,234.98
II. Items will be reclassified to profit or loss	77,343,525.00	834,743,538.91		208,685,884.74	626,057,654.17		703,401,179.17
Including: Excess of fair value over original book value on initial conversion of investment properties	77,343,525.00	834,743,538.91		208,685,884.74	626,057,654.17		703,401,179.17
Total	77,343,525.00	797,884,558.94		199,471,139.75	598,413,419.19		675,756,944.19

5.41 Specific Reserves

Items	31 Dec. 2021	Increase during the reporting period	Decrease during the reporting period	31 Dec. 2022
Safety fund	10,553,740.51	2,397,065.65	904,516.84	12,046,289.32
Total	10,553,740.51	2,397,065.65	904,516.84	12,046,289.32

5.42 Surplus Reserves

Items	31 Dec. 2021	Changes in accounting policies	1 Jan. 2022	Increase during the reporting period	Decrease during the reporting period	31 Dec. 2022
Statutory surplus reserves	34,923,158.83	18,293,900.77	53,217,059.60	8,070,698.71		61,287,758.31
Total	34,923,158.83	18,293,900.77	53,217,059.60	8,070,698.71		61,287,758.31

Notes:

- As a result of the change in accounting policy, the opening surplus reserves of CNY18,293,900.77 was affected.
- Pursuant to the Company Law of the People's Republic of China and Articles of Association, the Company appropriates 10.00% of net profit to the statutory surplus reserves.

5.43 Retained Earnings

Items	2022	2021
Balance at the end of last period before adjustments	2,410,580,360.02	2,209,405,807.60
Adjustments for the opening balance (increase /(decrease))	2,341,315,802.93	1,960,055,547.12
Balance at the beginning of the reporting period after adjustments	4,751,896,162.95	4,169,461,354.72
Add: net profit attributable to owners of the parent company for the reporting period	580,384,361.11	595,457,447.81
Less: appropriation to statutory surplus reserves	8,070,698.71	13,007,239.58
Appropriation to discretionary surplus reserves		
Provision for general risk reserves	-	-
Payment of ordinary share dividends	20,982,962.38	15,400.00
Ordinary shares dividends converted into share capital	-	-
Internal restructuring of owners' equity	-	-
Balance at the end of the reporting period	5,303,226,862.97	4,751,896,162.95

Adjustments for the opening balance:

- As a result of the change in accounting policy, the impact on the undistributed profit at the beginning of the period was CNY2,341,315,802.93.

5.44 Revenue and Cost of Sales

(a) Revenue and cost of sales

Items	2022		2021	
	Revenue	Costs of sales	Revenue	Costs of sales
Principal activities	2,895,388,380.48	2,690,353,065.09	2,962,231,738.32	2,753,860,904.27
Other activities	74,908,765.43	21,471,169.04	114,028,581.01	23,643,926.38
Total	2,970,297,145.91	2,711,824,234.13	3,076,260,319.33	2,777,504,830.65

(b) Revenue and cost of sales by category

Items	2022		2021	
	Revenue	Costs of sales	Revenue	Costs of sales
I. Principal activities:				
House sales revenue	92,931,911.81	96,122,776.65	279,697,347.19	236,554,781.65
Transportation revenue	103,112,998.04	452,014,594.31	141,255,328.61	456,051,379.88

Items	2022		2021	
	Revenue	Costs of sales	Revenue	Costs of sales
Grain revenue	164,392,758.71	143,213,951.18	100,758,635.41	105,048,599.89
Lease revenue	303,317,136.22	98,266,844.62	238,902,881.80	76,276,333.11
Land preparation revenue	303,374,069.04	294,537,931.11	274,437,495.29	266,444,170.18
Construction revenue	432,185,583.58	414,268,942.98	632,117,756.93	608,120,570.96
Test revenue	40,910,808.97	6,053,677.47	46,643,388.23	5,915,239.88
Project Settlement	9,569,831.71	8,333,460.24	16,935,462.79	13,972,231.95
Tap water sales	479,544,460.35	311,633,047.54	423,238,410.02	285,250,879.04
Commodity sales revenue	291,362,450.64	267,989,812.26	311,256,693.06	275,186,608.27
Revenue from repairs	3,104,433.88	2,689,696.18	3,164,877.81	2,712,396.03
Gas sales	352,449,139.83	328,873,381.84	304,230,211.33	274,413,647.87
Advertisement revenue	25,359,914.55	14,669,488.52	21,941,927.72	6,447,799.58
Security revenue	160,885,871.56	154,989,764.85	72,648,460.94	67,343,921.69
Raw water revenue	11,211,523.95	18,855,688.97	11,758,662.59	18,303,879.72
Publication and distribution revenue	12,518,716.10	9,661,738.19	12,499,480.66	6,899,443.18
Printing revenue	9,577,439.29	6,627,057.59	10,658,556.15	7,795,855.16
Intermediary fee revenue	6,743,842.30	368,785.03	11,630,556.16	766,283.90
Others	92,835,489.95	61,182,425.56	48,455,605.63	40,356,882.33
Sub-total	2,895,388,380.48	2,690,353,065.09	2,962,231,738.32	2,753,860,904.27
II. Other activities:				
Installation revenue	12,427,782.25	8,363,529.63	8,261,026.82	4,226,044.78
Fiduciary operating revenue	15,366,972.48	1,794,433.56	15,366,972.48	3,485,681.29
Slagging revenue	4,263,800.58	807,426.69	38,305,990.70	843,559.61
Revenue from land transfers			26,192,660.56	10,441,334.85
Others	42,850,210.12	10,505,779.16	25,901,930.45	4,647,305.85
Sub-total	74,908,765.43	21,471,169.04	114,028,581.01	23,643,926.38
Total	2,970,297,145.91	2,711,824,234.13	3,076,260,319.33	2,777,504,830.65

5.45 Taxes and Surcharges

Items	2022	2021
Urban maintenance and construction tax	3,047,767.10	4,194,216.92

Items	2022	2021
Educational surcharge	1,071,825.67	1,948,678.00
Local education surcharge	917,950.19	1,131,954.27
Land value added tax	1,205,738.40	15,876,736.59
Stamp duty	3,155,903.10	3,869,732.65
Property tax	27,735,274.90	17,821,988.06
Urban land use tax	13,209,483.10	10,264,475.90
Vehicle and vessel usage tax	28,320.92	22,626.55
Environmental protection tax	67.36	67.95
Others	334,154.94	
Total	50,706,485.68	55,130,476.89

5.46 Finance Costs

Items	2022	2021
Interest expenses	673,495,556.21	290,944,434.51
Less: Interest income	173,020,045.85	105,672,680.22
Net interest expenses	500,475,510.36	185,271,754.29
Bank charges	2,660,885.05	2,189,729.88
Others	14,189,846.55	11,046,666.67
Total	517,326,241.96	198,508,150.84

5.47 Other Income

Items	2022	2021	Related to assets or income
I. Amount in other income of government subsidies			
Among them: Government grant related to deferred income	56,697,347.19	72,794,918.07	Related to assets
Government grant related to deferred income	15,974,291.90	18,513,003.94	Related to income
Government grant directly recognised in current profit or loss (related to income)	1,028,217,214.37	995,109,799.81	Related to income
II. Others related to daily operation activities and recognised in other income			
Among them: Tax rebates	2,699,274.69	4,337,231.40	
VAT relief	118,467.24	230,809.64	
Individual tax withholding fee	21,408.88	32,369.09	
Additional deduction for input tax	392,509.54	14,562.38	
Others	66,317.76		
Total	1,104,186,831.57	1,091,032,694.33	

5.48 Investment Income

Items	2022	2021
Investment income from long-term equity investments under equity method	13,063,683.50	6,505,397.01
Investment income from disposal of long-term equity investments	23,421,922.77	
Investment income from held-for-trading financial assets during holding period	34,800.00	34,800.00
Dividend income from other equity instrument income during holding period	15,500.00	766,750.00
Others		50,000.00
Total	36,535,906.27	7,356,947.01

5.49 Gains/(losses) from Changes in Fair Values

Items	2022	2021
Financial assets held-for-trading	76,560.00	-5,923,625.69
Investment properties measured at fair value	634,521,875.59	119,700,741.79
Total	634,598,435.59	113,777,116.10

5.50 Credit Impairment Losses

Items	2022	2021
Bad debt of accounts receivable	-10,174,158.04	7,333,634.16
Bad debt of other receivables	10,248,952.21	-2,780,942.21
Total	74,794.17	4,552,691.95

5.51 Impairment Loss of Assets

Items	2022	2021
Impairment loss on long-term equity investments	-80,721.33	
Total	-80,721.33	

5.52 Gains from Disposal of Assets

Items	2022	2021
Gains/(losses) from disposal of property, plant and equipment, construction in progress, and intangible assets not classified as held for sale	5,965,616.48	3,886,777.86
Total	5,965,616.48	3,886,777.86

5.53 Non-operating Income

Items	2022	2021
Gain from damage or scrappage of non-current assets	2,915,661.58	62,587.90
Confiscated income	231,270.00	2,609,110.43
Government grants not related to the ordinary activities of the enterprise	682,000.00	

Items	2022	2021
Insurance payout		3,700.00
Proceeds of donation	15,300.00	
Others	12,833,422.88	28,594,397.63
Total	16,677,654.46	31,269,795.96

5.54 Non-operating Expenses

Items	2022	2021
Donations	1,809,607.31	554,128.88
Loss from damage or scrappage of non-current assets	3,742,742.10	2,994,159.26
Fine expenditure	5,140,176.93	206,679.53
Others	1,736,726.99	684,200.68
Total	12,429,253.33	4,439,168.35

5.55 Income Tax Expenses

Items	2022	2021
Current tax expenses	38,816,361.06	47,760,588.07
Deferred tax expenses	205,058,023.72	57,944,939.77
Total	243,874,384.78	105,705,527.84

5.56 Supplementary Information to the Statement of Cash Flows**(a) Supplementary information to the statement of cash flows**

Supplementary information	2022	2021
I. Adjustments of net profit to cash flows from operating activities:	-	-
Net profit	583,398,694.27	597,976,699.75
Add: Provisions for impairment of assets	80,721.33	
Credit impairment losses	-74,794.17	-4,552,691.95
Depreciation of property, plant and equipment, investment properties	280,400,534.48	319,621,269.91
Depreciation of right-of-use assets	6,916,540.34	6,032,714.50
Amortization of intangible assets	42,586,545.85	36,206,334.89
Amortization of long-term deferred expenses	62,503,437.90	31,497,342.55
Losses /(gains) on disposal of property, plant and equipment, intangible assets and other long-term assets	-5,965,616.48	-3,886,777.86
Losses /(gains) on scrapping of property, plant and equipment	827,080.52	2,931,571.36
Losses /(gains) on changes in fair value	-634,598,435.59	-113,777,116.10
Finance costs /(income) recognized in profit or loss	673,495,556.21	293,944,434.51
Investment losses /(income) recognized in profit or loss	-36,535,906.27	-7,356,947.01
Decreases /(increases) in deferred tax assets	-735,967.88	-5,546,195.29

Supplementary information	2022	2021
Increases /(decreases) in deferred tax liabilities	214,634,202.35	61,356,572.63
Decreases /(increases) in inventories	-7,355,389,495.54	-4,108,817,671.80
Decreases /(increases) in operating receivables	-9,116,991,926.24	-1,787,961,516.25
Increases /(decreases) in operating payables	5,834,746,941.72	5,671,698,836.58
Others	-40,684,031.38	5,413,858.33
Net cash flows from operating activities	-9,491,385,918.58	994,780,718.75
II. Significant investing and financing activities not involving cash receipts and payments:	-	-
Conversion of debt into capital	-	-
Convertible corporate bonds maturing within one year	-	-
Property, plant and equipment acquired under finance leases	-	-
III. Net increases in cash and cash equivalents:	-	-
Cash at the end of the reporting period	7,168,802,812.14	11,422,792,254.33
Less: Cash at the beginning of the reporting period	11,422,792,254.33	7,197,149,787.12
Add: Cash equivalents at the end of the reporting period	-	-
Less: Cash equivalents at the beginning of the reporting period	-	-
Net increase in cash and cash equivalents	-4,253,989,442.19	4,225,642,467.21

(b) The components of cash and cash equivalents

Items	31 Dec. 2022	31 Dec. 2021
I. Cash	7,168,802,812.14	11,422,792,254.33
Including: Cash on hand	294,199.12	337,861.17
Cash in bank available for immediate use	7,167,173,006.48	11,422,339,099.17
Other monetary funds available for immediate use	305,606.54	115,293.99
Digital currency that can be used for payment at any time - Renminbi	1,030,000.00	
II. Cash equivalents		-
Including: Bond investments maturing within three months		-
III. Cash and cash equivalents at the end of the reporting period	7,168,802,812.14	11,422,792,254.33

5.57 Restricted Assets

Items	31 Dec. 2022	Reason
Cash and cash equivalents	785,261,152.17	Guarantee deposits, pledges of bank loans, special funds for credit sub-risk pools and risk compensation funds
Inventories	27,737,701.95	Mortgage for bank loan
Property, plant and equipment	141,295,964.57	Mortgage for bank loan

Items	31 Dec. 2022	Reason
Intangible assets	5,146,891,025.30	Mortgage for bank loan
Investment properties	6,092,602,700.00	Mortgage for bank loan
Other non-current assets	198,449,474.73	Mortgage for bank loan
Project income rights ⁽ⁱ⁾		Pledge for bank loans
Total	12,392,238,018.72	

Note:

(i) The details of the project's restricted rights to income are as follows:

Asset ownership unit	Asset items
Cixi Xinchenghe Construction Investment Co., Ltd.	Cixi Sizaopu South Extension (Xincheng River) Widening Phase I Project
Cixi Chengnan Construction Investment Co., Ltd.	Cixi Tianxiangqiao Block Shantytown Renovation Project
Cixi Minghong Construction Investment Co., Ltd.	Cixi City Dilapidated Housing Rehabilitation Phase II (D, E and Second Water Plant Lot) Project
Cixi Minghong Construction Investment Co., Ltd.	Cixi City Dilapidated Housing Rehabilitation Phase II (Chengdong, Jinshan and Other Blocks) Project
Cixi Minghong Construction Investment Co., Ltd.	Cixi City Dilapidated Housing Rehabilitation Phase I Project
Cixi Hailong Construction Investment Co., Ltd.	Boundary Crossing Comprehensive Improvement Phase II Project
Cixi Hailong Construction Investment Co., Ltd.	Cixi City West Second Ring North Extension Shantytown Renovation Project
Cixi Tianhong Construction Investment Co., Ltd.	Cixi City North Second Ring East Old City Renovation and Demolition Project
Cixi Affordable Housing Construction Investment Co., Ltd.	Cixi Zhouxiang Town Dilapidated Housing Rehabilitation Project
Ningbo Cixi Transportation Group Co., Ltd.	Ningbo Shengshan-Lubu Highway (Shengshan-Henghe Section) Project

5.58 Government Grants

(a) Government grants related to assets

Categories	Amount	Accounts recorded	Amount in profit or loss or written down the related cost and expense loss	Accounts recorded in profit or loss or written down the related cost and expense loss
Vehicle purchase grants	15,222,350.00	Deferred Income	56,545,905.19	Other Income
Cixi East Diversion Project			151,442.00	Other Income
Total	15,222,350.00		56,697,347.19	

(b) Government grants related to income

Categories	Amount	Accounts recorded	Amount in profit or loss or written down the related cost and expense loss	Accounts recorded in profit or loss or written down the related cost and expense loss
Operating subsidies	50,390.42	Deferred income	3,032,925.42	Other income
Provision for daily operation of the gymnasium			492,151.28	Other income
Daily operating expenses	10,000,000.00	Deferred income	11,147,017.40	Other income
CiHui interest subsidy	150,000,000.00	Deferred income	100,000,000.00	Finance costs
Construction Group Infrastructure Operation and Maintenance Grant	210,000,000.00		210,000,000.00	Other income
Chengnan Company Stilt Reform Project Grant	47,000,000.00		47,000,000.00	Other income
Chengnan Company Infrastructure Operation and Maintenance Grant	22,431,866.66		22,431,866.66	Other income
Xinchenghe Infrastructure Operation and Maintenance Grant	35,000,000.00		35,000,000.00	Other income
Public transportation operating subsidies	257,174,784.01		257,174,784.01	Other income
Bailout subsidies for road and waterway transport enterprises	1,525,000.00		1,525,000.00	Other income
Operating subsidies for infrastructure development	75,934,813.27		75,934,813.27	Other income
Transportation Group Government Subsidies	132,400,000.00		132,400,000.00	Other income
Hangzhou Bay New Area, Long-distance Passenger Transportation Subsidies	10,836,224.91		10,836,224.91	Other income
Business park development grants	40,000,000.00		40,000,000.00	Other income
Water construction infrastructure development grants	20,000,000.00		20,000,000.00	Other income
Agri-Tourism Group Infrastructure Operation and Maintenance Grant	120,000,000.00		120,000,000.00	Other income
Grain storage subsidies	21,378,841.52		21,378,841.52	Other income
Other government grants	35,837,881.80		35,837,881.80	Other income

Categories	Amount	Accounts recorded	Amount in profit or loss or written down the related cost and expense loss	Accounts recorded in profit or loss or written down the related cost and expense loss
Total	1,189,569,802.59		1,144,191,506.27	

6. CHANGES IN THE SCOPE OF CONSOLIDATION

6.1 Business Combination not Under Common control

(a) Business combination not under common control during the reporting period

Name of the acquirees	Date of acquiring the equity interests	Acquisition costs	Share of interest (%)	Ways to acquire the equity interests
Jiahui Commercial Factoring Co., Ltd.	22 Apr. 2022	530,000.00	100.00	Purchase

(Continue)

Name of the acquirees	Acquisition date	Basis for the acquisition date	Revenue of the acquirees from the acquisition date to the end of the reporting period	Net profits of the acquirees from the acquisition date to the end of the reporting period
Jiahui Commercial Factoring Co., Ltd.	22 Apr. 2022	Equity transfer date		

(b) Combination costs

Combination costs	Jiahui Commercial Factoring Co., Ltd.
—Cash	530,000.00
—Fair value of the non-monetary assets	
- Fair value of debt issued or assumed	
- Fair value of equity securities issued	
- Fair value of contingent consideration	
- Fair value of equity interests held prior to the purchase date at the purchase date	
Total	530,000.00
Less: Share of fair value of net identifiable assets acquired	530,000.00
Amount by which goodwill/cost of consolidation is less than share of fair value of identifiable net assets acquired	

(c) Identifiable assets and liabilities of the acquirees as at acquisition date

Items	Jiahui Commercial Factoring Co., Ltd.	
	Fair value	Carrying amount
Assets:		

Items	Jiahui Commercial Factoring Co., Ltd.	
	Fair value	Carrying amount
Cash and cash equivalents	608.52	608.52
Intangible assets	530,000.00	530,000.00
Liabilities:		
Other payables	608.52	608.52
Net assets	530,000.00	530,000.00
Less: Non-controlling interests		
Acquired net assets	530,000.00	530,000.00

(d) Gains or losses of the equity held before acquisition date, arising from remeasurement at fair value: There is no such item.

(e) On acquisition date or by the end of combination period, the explanation of failing to reasonably determine the combination consideration or fair value of acquiree's identifiable assets and liabilities: There is no such item.

6.2 Business Combination under Common Control

As at 31 December 2022, the **Company** has no business combination under common control.

6.3 Reverse Purchase

There is no such item.

6.4 Disposal of Subsidiaries

(a) Disposal of subsidiaries with a loss of control through one transaction

Name of subsidiary	Disposal price	Proportion of ownership interest disposed (%)	Ways of disposal	Date of loss of control	Determination basis of the date of loss of control	Difference between consideration and the share of the subsidiary's net asset according to the original proportion of equity interest in the consolidated financial statements
Cixi Agricultural Non-staple Products Wholesale Market Co., Ltd.	572,423,739.77	100.00	Transferable with payment	Jun. 2022	Completion of business change	23,386,064.82

(Continued)

Name of subsidiary	Proportion of ownership interest remaining at the date of loss of control	Carrying amount of ownership interest remaining at the date of loss of control	Fair value of ownership interest remaining at the date of loss of control	Gain/loss from the remeasurement of the fair value of the remaining ownership interest	Determination method and principal assumptions of the fair value of the remaining ownership interest at the date of loss of control	Amount of other comprehensive income related to the equity investment in the former subsidiary transferred to investment income
Cixi Agricultural Non-staple Products Wholesale Market Co., Ltd.						

- (b) Disposal of subsidiaries in stages (a single transaction) and loss of control during the reporting period: There is no such item.
- (c) Disposal of subsidiaries in stages (not a single transaction) and loss of control during the reporting period: There is no such item.

6.5 Other Situations Leading to Changes in the Scope of Consolidation

- (a) Ningbo Cixi Transportation Group Co., Ltd., a first-tier subsidiary of the Company, contributed registered capital of CNY14.97 million and established Cixi Handover Maintenance New Material Co., Ltd. in February 2022, holding 49.90% of the equity interest, which is included in the scope of consolidation under the unanimous action agreement entered into between the Company and other shareholders, over which the Company has actual control. As of 31 December 2022, the registered capital of CNY14.97 million has been paid.
- (b) The Company's subsidiary, Cixi Cultural Business District Development Co., Ltd., a second-tier subsidiary of the Company, contributed registered capital of CNY1.00 million and established Cixi Huanchuang Sports Industry Co., Ltd. in February 2022, holding 100.00% equity interest in the Company. As of 31 December 2022, the registered capital of CNY1.00 million had been paid.
- (c) The Company's second-tier subsidiary, Cixi Cultural Business District Development Co., Ltd., contributed registered capital of CNY1.00 million and established Cixi Huanchuang Real Estate Development Co., Ltd. in February 2022, holding 100.00% equity interest. As of 31 December 2022, the registered capital of CNY1.00 million had been paid.
- (d) Cixi Coal Gas Co., Ltd., a subsidiary of the Company's second-tier subsidiary, contributed registered capital of CNY5.00 million and established Cixi Cheng'an Gas Service Co., Ltd. in May 2022, which owns 100.00% of the equity interest and is included in the scope of consolidation. As of 31 December 2022, the registered capital of CNY2.00 million had been paid.
- (e) Cixi Security Service Co., Ltd., a first-tier subsidiary of the Company, and Cixi

Traffic Station Management Co., Ltd., a second-tier subsidiary of the Company, contributed registered capital totaling CNY10.00 million to establish Cixi Jiaoan Motor Vehicle Testing Co., Ltd., which is included in the scope of consolidation as it holds an aggregate 100.00% equity interest. As of 31 December 2022, the registered capital of CNY10.00 million has been paid.

- (f) The Company's first-tier subsidiary, Zhejiang Cixi Advertising Co., Ltd. and its third-tier subsidiary, Ningbo Huanchuang Asset Management Co., Ltd. contributed registered capital totaling CNY1.00 million to establish Ningbo Huanchuang Advertising Media Co., Ltd. and together hold 100.00% equity interest in it, which is included in the scope of consolidation. As of 31 December 2022, no paid-in capital has been made.
- (g) The Company's second-tier subsidiary, Cixi Transportation Logistics Development Co., Ltd., invested in the establishment of Cixi Chuangping Logistics Co., Ltd., with a registration date of 7 July 2022, registered capital of CNY10.00 million and an equity interest of 100.00%, which was included in the scope of consolidation.
- (h) The Company's second-tier subsidiary, Cixi Transportation Logistics Development Co., Ltd., invested in and established Cixi Chuangshi Logistics Co., Ltd., with a registration date of 7 July 2022, a registered capital of CNY10.0 million and an equity interest of 100.00%, which was included in the scope of consolidation.
- (i) The Company's second-tier subsidiary, Cixi CiDong Industrial Development Co., Ltd. invested in Cixi Jincheng Building Materials Co., Ltd. with a capital contribution of CNY1.00 million and an equity interest of 100.00%, which was included in the scope of consolidation on 26 July 2022, and was included in the scope of consolidation on 26 July 2022.
- (j) Cixi Industrial Investment Co., Ltd., a subsidiary of the Company, established Ningbo Cida Yongshun Intelligent Technology Co., Ltd. (hereinafter referred to as "Cida Yongshun") with the joint capital of Zhejiang HuaXiao Technology Co., Ltd. and Zhejiang Shunjie Anyi Technology Co., Ltd. Cida Yongshun completed the industrial and commercial establishment registration on 17 June 2022, with a registered capital of CNY30.00 million, and the Company contributed CNY10.50 million, accounting for 35.00% of the registered capital. According to the joint venture cooperation agreement, Zhejiang Shunjie Anyi Technology Co., Ltd. unconditionally and irrevocably delegated the voting right of the 16.00% equities to its subsidiary, Cixi Industrial Investment Co., Ltd. to exercise the voting right of the 16.00% equity interest held by Zhejiang Shunjie Anyi Technology Co., Ltd. unconditionally and irrevocably delegated to its subsidiary Cixi Industrial Investment Co., Ltd., the company has substantive control over it, and therefore has included Cida Yongshun in its consolidated financial statements since the date of its establishment.
- (k) Cixi Industrial Investment Co., Ltd., a subsidiary of the Company, established Cixi

Cirong Safety Technology Service Co., Ltd. (hereinafter referred to as "Cirong Company") with the joint capital of Zhongrong Safety Technology Co., Ltd. and Hangzhou Weitu Fire Technology Co., Ltd. Cirong Company completed the registration of industrial and commercial establishment on 5 July 2022, with a registered capital of CNY3.00 million, and the Company contributed CNY1.47 million, accounting for 49.00% of the registered capital. According to the investment agreement, Zhongrong Safety Technology Co., Ltd. unconditionally and irrevocably delegated the voting right of 2.00% of the equity interest to its subsidiary, Cixi Industrial Investment Co., Ltd. Therefore, Cirong Company was included in the scope of consolidated financial statements from the date of its establishment.

7. INTERESTS IN OTHER ENTITIES

7.1 Interests in Subsidiaries

(a) Constitution of enterprise group

Sequence number	Name of subsidiary	Principal place of business	Registered address	Percentage of equity interests by the Company (%)		Ways to acquire subsidiary
				Direct	Indirect	
1	Cixi Agricultural Investment Development Co., Ltd.	Cixi	Cixi	100.00		Investment establishment
2	Cixi Agricultural Science and Technology Innovation Development Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
3	Cixi Art Performance Co., Ltd.	Cixi	Cixi	100.00		Investment establishment
4	Cixi Celadon Oule Art Troupe Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
5	Cixi Xinxing Construction Investment Co., Ltd.	Cixi	Cixi	50.00	50.00	Investment establishment
6	Cixi Gaochuang Investment Management Co., Ltd.	Cixi	Cixi	50.00	50.00	Investment establishment
7	Cixi Property Rights Trading Center Co., Ltd.	Cixi	Cixi	100.00		Business combination not under common control
8	Cixi Construction Project Management Co., Ltd.	Cixi	Cixi	100.00		Investment establishment
9	Cixi Thermal Power Co., Ltd.	Cixi	Cixi	100.00		Investment establishment
10	Cixi Huixi Industrial Development Co., Ltd.	Cixi	Cixi	100.00		Investment establishment
11	Cixi Shanglin Talent Service Co., Ltd.	Cixi	Cixi	100.00		Investment establishment

Sequence number	Name of subsidiary	Principal place of business	Registered address	Percentage of equity interests by the Company (%)		Ways to acquire subsidiary
				Direct	Indirect	
12	Cixi Daily Newspaper Co., Ltd.	Cixi	Cixi	100.00		Business combination not under common control
13	Cixi Cixiao Yanxue Tourism Co., Ltd.	Cixi	Cixi		100.00	Business combination not under common control
14	Cixi Security Service Co., Ltd.	Cixi	Cixi	100.00		Business combination not under common control
15	Cixi Motor Vehicle Technology Testing Co., Ltd.	Cixi	Cixi		100.00	Business combination not under common control
16	Cixi Wanda Technology Prevention Engineering Co., Ltd.	Cixi	Cixi		100.00	Business combination not under common control
17	Cixi Zhibo Parking Management Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
18	Zhejiang Cixi Advertising Company	Cixi	Cixi	100.00		Business combination not under common control
19	Cixi Radio and Television Information Network Co., Ltd.	Cixi	Cixi		100.00	Business combination not under common control
20	Ningbo Huanchuang Advertising Media Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
21	Cixi Hangzhouwan Engineering Cost Consulting Company	Cixi	Cixi	100.00		Business combination not under common control
22	Cixi Xinhui Construction and Development Co., Ltd.	Cixi	Cixi	100.00		Business combination not under common control
23	Cixi Xirang Construction Development Co., Ltd.	Cixi	Cixi	100.00		Investment establishment
24	Cixi Fuci Intelligent Technology Co., Ltd.	Cixi	Cixi	100.00		Business combination not under common

Sequence number	Name of subsidiary	Principal place of business	Registered address	Percentage of equity interests by the Company (%)		Ways to acquire subsidiary
				Direct	Indirect	
						control
25	Jiahui Commercial Factoring Co., Ltd.	Cixi	Cixi		100.00	Business combination not under common control
26	Cixi SME Financing Guarantee Co., Ltd.	Cixi	Cixi	100.00		Business combination not under common control
27	Cixi Industrial and Information Industry Fund Co., Ltd.	Cixi	Cixi	100.00		Business combination not under common control
28	Cixi Yici Equity Investment Partnership (Limited Partnership)	Cixi	Cixi	44.98	55.00	Investment establishment
29	Ningbo Cixi Construction Group Co., Ltd.	Cixi	Cixi	100.00		Business combination not under common control
30	Cixi Education Development Co., Ltd.	Cixi	Cixi		100.00	Business combination not under common control
31	Cixi Housing Development Investment Co., Ltd.	Cixi	Cixi		100.00	Business combination not under common control
32	Cixi Chengzheng Construction Engineering Testing Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
33	Cixi Tianhong Construction Investment Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
34	Cixi Minghong Construction Investment Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
35	Cixi Haihong Construction Investment Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
36	Cixi Shenghong Construction Investment Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
37	Cixi Jinhong Housing Service Co., Ltd.	Cixi	Cixi		100.00	Investment establishment

Sequence number	Name of subsidiary	Principal place of business	Registered address	Percentage of equity interests by the Company (%)		Ways to acquire subsidiary
				Direct	Indirect	
38	Cixi Parking Lot Construction Management Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
39	Cixi Cihong Construction Investment Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
40	Cixi Coal Gas Co., Ltd.	Cixi	Cixi		60.00	Business combination not under common control
41	Cixi Cheng'an Gas Service Co., Ltd.	Cixi	Cixi		60.00	Investment establishment
42	Cixi Park Investment Holding Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
43	Cixi Chengnan Construction Investment Co., Ltd.	Cixi	Cixi	50.00	50.00	Investment establishment
44	Cixi Xinchenghe Construction Investment Co., Ltd.	Cixi	Cixi	50.00	50.00	Investment establishment
45	Cixi Xinhua Construction Investment Co., Ltd.	Cixi	Cixi	50.00	50.00	Investment establishment
46	Cixi Urban Construction Investment Development Co., Ltd.	Cixi	Cixi		100.00	Business combination not under common control
47	Cixi Raw Water Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
48	Cixi Water Affairs Co., Ltd.	Cixi	Cixi		100.00	Business combination not under common control
49	Cixi Tap Water Co., Ltd.	Cixi	Cixi		100.00	Business combination not under common control
50	Cixi Water Affairs Construction Co., Ltd.	Cixi	Cixi		100.00	Business combination not under common control
51	Cixi Water Investment Co., Ltd.	Cixi	Cixi		100.00	Business combination not under common control

Sequence number	Name of subsidiary	Principal place of business	Registered address	Percentage of equity interests by the Company (%)		Ways to acquire subsidiary
				Direct	Indirect	
52	Cixi City Resources Management Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
53	Cixi Affordable Housing Construction Investment Co., Ltd.	Cixi	Cixi		80.00	Investment establishment
54	Cixi Cijian Real Estate Management Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
55	Cixi Cijian Engineering Construction Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
56	Cixi Cijian Engineering Consulting Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
57	Ningbo Cixi Transportation Group Co., Ltd.	Cixi	Cixi	100.00		Business combination not under common control
58	Cixi Cultural Business District Development Co., Ltd.	Cixi	Cixi	50.00	50.00	Investment establishment
59	Ningbo Huanchuang Asset Management Co., Ltd.	Cixi	Cixi	50.00	50.00	Investment establishment
60	Cixi Huanchuang Sports Industry Co., Ltd.	Cixi	Cixi	50.00	50.00	Investment establishment
61	Cixi Huanchuang Real Estate Development Co., Ltd.	Cixi	Cixi	50.00	50.00	Investment establishment
62	Cixi CiDong Industrial Development Co., Ltd.	Cixi	Cixi	50.00	50.00	Business combination not under common control
63	Cixi City CiDong Industrial Zone Seashore Farmers Market Management Service Co., Ltd.	Cixi	Cixi	50.00	50.00	Business combination not under common control
64	Cixi Water Supply Co., Ltd.	Cixi	Cixi	50.00	50.00	Business combination not under common control
65	Ningbo Binhai Aviation Engineering Technology Center Co., Ltd.	Cixi	Cixi	50.00	50.00	Investment establishment
66	Cixi Longxing Construction Co., Ltd.	Cixi	Cixi	50.00	50.00	Investment establishment

Sequence number	Name of subsidiary	Principal place of business	Registered address	Percentage of equity interests by the Company (%)		Ways to acquire subsidiary
				Direct	Indirect	
67	Cixi Public Transport Co., Ltd.	Cixi	Cixi		100.00	Business combination not under common control
68	Cixi Transportation Logistics Development Co., Ltd.	Cixi	Cixi		100.00	Business combination not under common control
69	Cixi Traffic Station Management Co., Ltd.	Cixi	Cixi		100.00	Business combination not under common control
70	Cixi Highway Transportation Co., Ltd.	Cixi	Cixi		100.00	Business combination not under common control
71	Zhejiang Cixi Shinkansen Express Passenger Transport Co., Ltd.	Cixi	Cixi		65.00	Investment establishment
72	Cixi Jiaoyun Automobile Maintenance Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
73	Cixi Sanbei Taxi Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
74	Cixi Transportation Construction Investment Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
75	Cixi Railway Management Office Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
76	Cixi Jiaotou Comprehensive Energy Development Co., Ltd.	Cixi	Cixi		50.00	Investment establishment
77	Cixi Longshan Port and Shipping Service Co., Ltd.	Cixi	Cixi		90.00	Investment establishment
78	Cixi Zheyong Comprehensive Energy Sales Co., Ltd.	Cixi	Cixi		49.00	Investment establishment
79	Cixi Handover Maintenance New Material Co., Ltd.	Cixi	Cixi		49.90	Investment establishment
80	Cixi Jiaoan Motor Vehicle Testing Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
81	Cixi Jiangnan Road Development Co., Ltd.	Cixi	Cixi		100.00	Business combination not under common control

Sequence number	Name of subsidiary	Principal place of business	Registered address	Percentage of equity interests by the Company (%)		Ways to acquire subsidiary
				Direct	Indirect	
82	Cixi Chuangping Logistics Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
83	Cixi Chuangshi Logistics Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
84	Cixi Jincheng Building Materials Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
85	Ningbo Cixi Industry and Trade Group Co., Ltd.	Cixi	Cixi	100.00		Investment establishment
86	Cixi Metal Recycling Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
87	Cixi Civil Blasting Equipment Franchise Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
88	Cixi Foodstuff Co., Ltd.	Cixi	Cixi		51.45	Investment establishment
89	Cixi Home Appliance Service Center Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
90	Cixi Yangtze River Delta Market Group Investment Co., Ltd.	Cixi	Cixi		63.43	Investment establishment
91	Cixi Industrial Investment Co., Ltd.	Cixi	Cixi		100.00	Business combination not under common control
92	Cixi Home Appliance Technology City Exhibition Management Co., Ltd.	Cixi	Cixi		100.00	Business combination not under common control
93	Cixi Foreign Trade Group Co., Ltd.	Cixi	Cixi		100.00	Business combination not under common control
94	Anlong CiGong Industrial Park Management Co., Ltd.	Cixi	Cixi		100.00	Business combination not under common control
95	Cixi Technology Venture Capital Co., Ltd.	Cixi	Cixi		100.00	Business combination not under common control
96	Cixi West Livestock and Poultry Slaughtering and Processing Center Co., Ltd.	Cixi	Cixi		100.00	Investment establishment

Sequence number	Name of subsidiary	Principal place of business	Registered address	Percentage of equity interests by the Company (%)		Ways to acquire subsidiary
				Direct	Indirect	
97	Cixi Cirong Safety Technology Service Co., Ltd.	Cixi	Cixi		49.00	Investment establishment
98	Ningbo Cida Yongshun Intelligent Technology Co., Ltd.	Cixi	Cixi		35.00	Investment establishment
99	Ningbo Cixi Agricultural Tourism Group Co., Ltd.	Cixi	Cixi	100.00		Investment establishment
100	Cixi Hangzhou Bay Modern Agricultural Development Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
101	Cixi Haitu Agricultural Development Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
102	Cixi Water Conservancy Investment and Construction Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
103	Cixi Farmers Microfinance Guarantee Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
104	Cixi Guoli Land Resources Investment and Development Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
105	Cixi Zichuang Land Consolidation and Development Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
106	Cixi Cereal Depositary Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
107	Cixi Reclamation Development Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
108	Cixi Tourism Development Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
109	Cixi Tourism Investment Development Co., Ltd.	Cixi	Cixi		100.00	Business combination not under common control
110	Ningbo Houmaoshan Tourism Development Co., Ltd.	Cixi	Cixi		90.00	Investment establishment
111	Cixi Wuleishan Scenic Area Investment and Development Co., Ltd.	Cixi	Cixi		88.37	Investment establishment
112	Ningbo Fulongshan Tourism Development Co., Ltd.	Cixi	Cixi		51.00	Investment establishment

Sequence number	Name of subsidiary	Principal place of business	Registered address	Percentage of equity interests by the Company (%)		Ways to acquire subsidiary
				Direct	Indirect	
113	Cixi Culture and Sports Development Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
114	Cixi Film Distribution and Projection Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
115	Cixi Canghai Cihu Agricultural Development Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
116	Cixi Xinnong Water Conservancy Development Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
117	Cixi Xinnong Cultural Tourism Development Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
118	Cixi Seed Co., Ltd.	Cixi	Cixi		100.00	Business combination not under common control

(a.1) Illustration for the difference between percentage of equity interests and percentage of voting rights:

(a.1.1) The difference between the percentage of equity and the percentage of voting rights of Cixi Cirong Safety Technology Service Co., Ltd. was due to the fact that Cixi Cirong Safety Technology Service Co., Ltd. unconditionally and irrevocably delegated the exercise of the voting rights of 2.00% of the equities to Cixi Industrial Investment Co., Ltd. with an effective voting right of 51.00%.

(a.1.2) The difference between the percentage of equity and the percentage of voting rights of Ningbo Cida Yongshun Intelligent Technology Co., Ltd. is that the voting rights of 16.00% of the equities held by Zhejiang Shunjie Anyi Technology Co., Ltd. were unconditionally and irrevocably entrusted to Cixi Industrial Investment Co., Ltd. for the exercise of the voting rights, and the actual voting rights amounted to 51.00%.

(a.2) Basis for control exists when voting rights in the investees is 50.00% or lower, and no control exists when voting rights in the investees is above 50.00%:

(a.2.1) The Company's first-tier subsidiary, Ningbo Cixi Transportation Group Co., Ltd. has a 50.00% equity interest in Cixi Jiaotou Comprehensive Energy Development Co., Ltd. but is included in the scope of consolidation as the Company has the right to control it pursuant to the concerted action agreement entered into between the Company and the other shareholders;

- (a.2.2) The Company's first-tier subsidiary, Ningbo Cixi Transportation Group Co., Ltd. has a 49.00% equity interest in Cixi Zheyong Comprehensive Energy Sales Co., Ltd. but is included in the scope of consolidation as the Company has control over it pursuant to the Concerted Action Agreement entered into between the Company and the other shareholders;
- (a.2.3) Ningbo Cixi Transportation Group Co., Ltd., a first-tier subsidiary of the Company, holds 49.90% of the equities of Cixi Handover Maintenance New Material Co., Ltd. but is included in the scope of consolidation because, according to the unanimous action agreement entered into between the Company and the other shareholders, the Company has the right of control over it.
- (a.3) Basis for control of those significant structured entities within the scope of consolidation: There is no such item.
- (a.4) Basis for defining the Company as an agent or a principal: There is no such item.
- (b) Material restrictions to using the assets and settling the liabilities of the group: There is no such item.
- (c) The financial support or other support to consolidated structured entities: There is no such item.

7.2 Transactions which Resulted in Change of Equity Interests in the Subsidiary but still Control the Subsidiary

There is no such item.

7.3 Interests in Joint Arrangements or Associates

(a) Material joint ventures or associates

Company name	Principal place of business	Registered address	Nature of business	Percentage of equity interests by the Company (%)		Measurement methods
				Direct	Indirect	
Joint venture:						
Ningbo Tongci Equity Investment Partnership (Limited Partnership)	Cixi, Zhejiang	Cixi, Zhejiang	Investment and asset management	29.94	20.06	Equity method
Changshan County Youqiao Shanhai Cooperation Industrial Park Development Co., Ltd.	Changshan, Zhejiang	Changshan, Zhejiang	Business services		50.00	Equity method
Associates:						

Company name	Principal place of business	Registered address	Nature of business	Percentage of equity interests by the Company (%)		Measurement methods
				Direct	Indirect	
Cixi Rural Housing Reconstruction and Construction Investment Co., Ltd.	Cixi, Zhejiang	Cixi, Zhejiang	Leasing and business services	42.86		Equity method
Ningbo Xikou Pumped Storage Power Station Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	Electricity, heat, gas and water production and supply industry		14.57	Equity method
Ningbo Zeye Education Technology Co., Ltd.	Cixi, Zhejiang	Cixi, Zhejiang	Education industry		32.00	Equity method
Cixi Small Home Appliances Zhizao Town Construction Investment Co., Ltd.	Cixi, Zhejiang	Cixi, Zhejiang	Retail trade	20.00		Equity method
Cixi Cidong Town Construction Investment Development Co., Ltd.	Cixi, Zhejiang	Cixi, Zhejiang	Business services		55.00	Equity method
Cixi Cida Highway Development Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	Transportation, storage and postal services		30.00	Equity method
Cixi Citong Highway Development Co., Ltd.	Cixi, Zhejiang	Cixi, Zhejiang	Transportation, storage and postal services		30.00	Equity method
Cixi Ciping Highway Development Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	Transportation, storage and postal services		30.00	Equity method

Notes:

- Pursuant to the resolution of the shareholders' meeting, Ningbo Development & Investment Group Co., Ltd. gratuitously transferred its 14.57% equity interest in Ningbo Xikou Pumped Storage Power Station Co., Ltd. to the Company. In accordance with the documents of equity transfer, the Company has appointed a director who can influence the production and operation of Ningbo Xikou Pumped Storage Power Station Co., Ltd., therefore, it is accounted for under the equity method.
- The Company's second-tier subsidiaries, Cixi Cixiao Yanxue Tourism Co., Ltd. and Ningbo Fulongshan Tourism Development Co., Ltd. injected investment amounting to CNY160.00 thousand each into Ningbo Zeye Education Technology Co., Ltd. with 16.00% of the equity respectively. Therefore, the Company's total

equity of 32.00% is capable of exerting significant influence on the operation of this company and is accounted for under the equity method.

(b) Note to the differences between the share of equity interests and that of voting rights:

(b.1) Pursuant to the Equity Escrow Agreement, Cixi CiDong Industrial Development Co., Ltd., a subsidiary of the Company, entrusted the 35.00% equity interest held by Cixi Cidong Town Construction Investment Development Co., Ltd. to the operation and management of Cixi Longshan Town Asset Management Company to represent the shareholders of its shareholders' rights in full, with an effective voting right of 20.00%.

(c) Basis for having significant influence over the investees with voting rights of less than 20.00%, and having no significant influence over the investee with voting rights above 20.00% or above:

There is no such item.

7.4 Important Joint Operations

There is no such item.

7.5 Equity in Structured Entities not Included in the Consolidated Financial Statements

There is no such item.

7.6 Others

There is no such item.

8. FAIR VALUE DISCLOSURES

The inputs used in the fair value measurement in its entirety are to be classified in the level of the hierarchy in which the lowest level input that is significant to the measurement is classified.

Level 1: Inputs consist of unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs for the assets or liabilities (other than those included in Level 1) that are either directly or indirectly observable.

Level 3: Inputs are unobservable inputs for the assets or liabilities

8.1 Assets and Liabilities Measured at Fair Value as at 31 December 2022

Items	Fair value at the end of the reporting period using			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements	-	-	-	
I. Held-for-trading financial assets	-	-	5,305,560.00	5,305,560.00
(i) Financial assets at fair value through profit or loss			5,305,560.00	5,305,560.00
- Equity instruments			5,305,560.00	5,305,560.00

Items	Fair value at the end of the reporting period using			
	Level 1	Level 2	Level 3	Total
II. Other equity instrument investments			1,298,567,274.01	1,298,567,274.01
III. Other non-current financial assets			142,000,000.00	142,000,000.00
IV. Investment properties		-	11,109,842,043.41	11,109,842,043.41
(i) Buildings held to earn rentals			11,109,842,043.41	11,109,842,043.41
Total assets measured at fair value on a recurring basis			12,555,714,877.42	12,555,714,877.42

8.2 Valuation Technique(s), Qualitative Information and Quantitative Information about the Significant Inputs Used in Level 3 of the Fair Value Hierarchy

The fair value of the Company's investment properties was confirmed by the appraisal reports issued by Xiamen Jiaxue Real Estate Appraisal Co., Ltd. such as Jiaxue Appraisal & Evaluation (2023) No.8330004, etc. The properties can be obtained from the real estate market with comparable transaction cases with the valuation object, and therefore, valuation was carried out by using the market approach.

For other investments in equity instruments and other non-current financial assets held by the Company, the Company measures the investments at cost as a reasonable estimate of fair value because there have been no significant changes in the business environment in which the investees operate and in their operating and financial conditions.

9. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

9.1 Basic Information of Parent Company

Name of the parent	Registered address	Registered capital ('000)	Percentage of equity interests in the Company (%)	Voting rights in the Company (%)
Cixi State-owned Assets Management Center	Cixi, Zhejiang	-	90.15	90.15

Ultimate controlling party of the **Company**: Cixi City People's Government

9.2 Basic Information of Subsidiaries

Details of the subsidiaries please refer to *Note 7 INTERESTS IN OTHER ENTITIES*.

9.3 Joint Ventures and Associates of the Company

(a) Basic information of significant joint ventures and associates

Details of significant joint ventures and associates please refer to *Note 7 INTERESTS IN OTHER ENTITIES*

(b) Details of other joint ventures or associates trading with the **Company** during the reporting period, or with outstanding balances arising in prior periods

There is no such item.

9.4 Other Related Parties of the Company

There is no such item.

9.5 Related Party Transactions

(a) Guarantees

The Company as guarantor:

Guarantor	Guarantee	Borrower	Amount ('000)	Effective date	Expiry date	Whether the guarantee has been fulfilled
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Small Home Appliances Zhizao Town Construction Investment Co., Ltd.	Bank of Ningbo	20,000.00	17 Jul. 2020	17 Jul. 2023	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Small Home Appliances Zhizao Town Construction Investment Co., Ltd.	Donghai Bank	15,000.00	26 Aug. 2021	26 Aug. 2024	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Small Home Appliances Zhizao Town Construction Investment Co., Ltd.	Industrial Bank	98,000.00	17 Dec. 2021	17 Dec. 2023	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Small Home Appliances Zhizao Town Construction Investment Co., Ltd.	Donghai Bank	35,000.00	31 May 2022	30 Apr. 2024	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Small Home Appliances Zhizao Town Construction Investment Co., Ltd.	Commerce Bank	50,000.00	16 Jun. 2022	16 Jun. 2023	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Small Home Appliances Zhizao Town Construction Investment Co., Ltd.	China CITIC BANK	70,000.00	16 Nov. 2022	15 Nov. 2023	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Small Home Appliances Zhizao Town Construction Investment Co., Ltd.	China CITIC BANK	150,000.00	6 Dec. 2022	6 Dec. 2023	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Small Home Appliances Zhizao Town Construction Investment Co., Ltd.	Commerce Bank	100,000.00	12 Dec. 2022	12 Dec. 2023	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Small Home Appliances Zhizao Town Construction Investment Co., Ltd.	Commerce Bank	50,000.00	6 Dec. 2022	16 Dec. 2023	Not yet
Total			588,000.00			

The Company as guarantee:

Guarantor	Guarantee	Borrower	Amount ('000)	Effective date	Expiry date	Whether the guarantee has been fulfilled
Cixi Cidong Town Construction Investment Development Co., Ltd.	Cixi Cidong Industrial Development Co., Ltd.	Zheshang Bank	140,000.00	5 Aug. 2022	4 Aug. 2023	Not yet
Total			140,000.00			

Note: For details of related guarantees within the scope of consolidation, please refer to "5.22 Short-term Borrowings" and "5.32 Long-term Borrowings" in "5. Notes to Consolidated Financial Statements".

9.6 Receivables and Payables with Related Parties

(a) Receivables

Items	Related parties	31 Dec. 2022		31 Dec. 2021	
		Book balance	Provision for bad debt	Book balance	Provision for bad debt
Other receivables	Cixi Ciping Highway Development Co., Ltd.	2,055,468.00	10,277.34	2,055,468.00	10,277.34
Other receivables	Cixi Citong Construction Development Co., Ltd.	207,465,634.42	1,037,328.17	49,780,000.00	248,900.00
Total		209,521,102.42	1,047,605.51	51,835,468.00	259,177.34

(b) Payables

Item	Related parties	31 Dec. 2022	31 Dec. 2021
Other payables	Cixi State-owned Assets Management Center	460,542,345.97	295,354,691.94
Other payables	Cixi Citong Construction Development Co., Ltd.	200,000,000.00	
Total		660,542,345.97	295,354,691.94

9.7 Commitments with Related Parties

There is no such item.

9.8 Others

There is no such item.

10. COMMITMENTS AND CONTINGENCIES

10.1 Significant Commitments

As at 31 December 2022, the **Company** has no significant commitments need to be disclosed.

10.2 Contingencies

Significant contingencies existing at the balance sheet date:

- (a) Contingent liabilities arising from outstanding litigations and the corresponding financial effects: There is no such item.
- (b) Contingent liabilities resulting from debt guarantees to other entities and the corresponding financial effects

Name of the guarantee	Guaranteed units	Guaranteed amount ('000)	Effective date	Expiry date	Whether the guarantee has been fulfilled
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Drainage Co., Ltd.	40,200.00	13 Oct. 2016	11 Nov. 2026	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Drainage Co., Ltd.	100,750.00	11 Aug. 2017	21 Dec. 2026	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Drainage Co., Ltd.	116,000.00	6 Jun. 2018	21 Jun. 2025	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Drainage Co., Ltd.	94,000.00	12 Oct. 2019	19 Dec. 2034	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Drainage Co., Ltd.	217,300.00	30 Aug. 2021	30 Aug. 2024	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Drainage Co., Ltd.	100,000.00	20 Oct. 2022	20 Oct. 2024	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Drainage Co., Ltd.	50,000.00	6 Dec. 2022	6 Dec. 2024	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Drainage Co., Ltd.	60,000.00	12 Dec. 2022	13 Dec. 2025	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Health Development Investment Co., Ltd.	37,000.00	7 Sept. 2020	26 Sept. 2023	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Health Development Investment Co., Ltd.	35,000.00	30 Dec. 2020	30 Dec. 2023	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Health Development Investment Co., Ltd.	45,000.00	18 Mar. 2021	18 Mar. 2024	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Health Development Investment Co., Ltd.	16,000.00	27 Jun. 2022	27 Jun. 2023	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Media Group Co., Ltd.	80,000.00	16 Nov. 2022	16 Nov. 2032	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Nansheng Construction Co., Ltd.	220,000.00	2 Dec. 2022	2 Dec. 2032	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Zhouxiang Town Construction Investment Development Co., Ltd.	27,000.00	25 Jun. 2022	27 Jun. 2023	Not yet

Name of the guarantee	Guaranteed units	Guaranteed amount ('000)	Effective date	Expiry date	Whether the guarantee has been fulfilled
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Zhouxiang Town Construction Investment Development Co., Ltd.	60,000.00	2 Dec. 2022	2 Dec. 2032	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Zhouxiang Town Construction Investment Development Co., Ltd.	80,000.00	2 Dec. 2022	2 Dec. 2032	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Zhouxiang Town Construction Investment Development Co., Ltd.	20,000.00	2 Dec. 2022	2 Dec. 2032	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Tianyuan Chinese Antique Furniture City Co., Ltd.	50,000.00	11 May 2022	11 May 2023	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Tianyuan Chinese Antique Furniture City Co., Ltd.	48,500.00	14 Jan. 2021	12 Jan. 2024	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Zhouxiang Non Staple Food Wholesale Market Operation Service Co., Ltd.	12,500.00	16 May 2018	31 Dec. 2024	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Zhouxiang Non Staple Food Wholesale Market Operation Service Co., Ltd.	48,500.00	7 Jan. 2021	7 Jan. 2024	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Tianyuan Antique Street Tourism Development Co., Ltd.	39,600.00	10 Feb. 2022	9 Feb. 2024	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Tianyuan Antique Street Tourism Development Co., Ltd.	57,000.00	7 Jan. 2020	7 Jan. 2023	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Tianyuan Antique Street Tourism Development Co., Ltd.	48,500.00	12 Jan. 2021	12 Jan. 2024	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Guanhaiwei Urban Construction Investment Development Co., Ltd.	400,000.00	17 Mar. 2017	10 Dec. 2026	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Guanhaiwei Urban Construction Investment Development Co., Ltd.	92,150.00	10 Mar. 2020	10 Mar. 2023	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Guanhaiwei Urban Construction Investment Development Co., Ltd.	800,000.00	6 Jan. 2019	6 Jan. 2024	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Guanhaiwei Urban Construction Investment Development Co., Ltd.	140,000.00	28 Jul. 2022	28 Jul. 2027	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Xinqu Town Construction and Development Company	170,000.00	29 Jun. 2021	28 Jun. 2026	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Xinqu Town Construction and Development Company	100,000.00	14 Apr. 2022	14 Mar. 2023	Not yet

Name of the guarantee	Guaranteed units	Guaranteed amount ('000)	Effective date	Expiry date	Whether the guarantee has been fulfilled
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Zhangyun Investment Co., Ltd.	70,000.00	27 Dec. 2017	26 Dec. 2024	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Shengshan Huinong Agricultural Service Co., Ltd.	15,000.00	30 Mar. 2022	29 Mar. 2023	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Chengxi Investment Development Co., Ltd.	160,000.00	29 Jun. 2022	29 Jun. 2037	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Henghe Construction Investment Co., Ltd.	180,000.00	24 Jan. 2022	24 Jan. 2027	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Fuhai Culture and Sports Development Co., Ltd.	100,000.00	9 Dec. 2022	9 Dec. 2025	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Chongshou Town Construction Investment Development Co., Ltd.	20,000.00	12 Dec. 2022	12 Dec. 2023	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Xiaolin Town Construction Investment Development Co., Ltd.	100,000.00	28 Dec. 2022	27 Dec. 2032	Not yet
Ningbo Cixi Culture and Tourism Group Co., Ltd.	Cixi Cizhong Town Construction Investment Development Co., Ltd.	100,000.00	26 Dec. 2022	25 Dec. 2032	Not yet
Ningbo Cixi Culture and Tourism Group Co., Ltd.	Cixi Qiaotou Town Asset Management Company	50,000.00	11 May 2022	10 May 2023	Not yet
Ningbo Cixi Culture and Tourism Group Co., Ltd.	Cixi Qiaotou Town Asset Management Company	12,000.00	21 Mar. 2022	20 Mar. 2023	Not yet
Ningbo Cixi Culture and Tourism Group Co., Ltd.	Cixi Qiaotou Town Asset Management Company	16,500.00	14 Nov. 2022	14 Jul. 2023	Not yet
Ningbo Cixi Culture and Tourism Group Co., Ltd.	Cixi Qiaotou Agricultural Service Co., Ltd.	6,500.00	30 Nov. 2022	29 Nov. 2025	Not yet
Ningbo Cixi Culture and Tourism Group Co., Ltd.	Agricultural Service Corporation of Zhangqi Town, Cixi City	10,000.00	22 Dec. 2022	10 Dec. 2025	Not yet
Ningbo Cixi Culture and Tourism Group Co., Ltd.	Agricultural Service Corporation of Zhangqi Town, Cixi City	15,000.00	31 Aug. 2021	30 Aug. 2024	Not yet
Ningbo Cixi Culture and Tourism Group Co., Ltd.	Cixi Zhangqi Water Investment Co., Ltd.	10,000.00	12 Jul. 2022	7 Jul. 2023	Not yet
Ningbo Cixi Culture and Tourism Group Co., Ltd.	Cixi Zhangqi Water Investment Co., Ltd.	25,000.00	14 Jul. 2022	11 Jul. 2023	Not yet
Ningbo Cixi Culture and Tourism Group Co., Ltd.	Cixi Zhangqi Water Investment Co., Ltd.	15,000.00	15 Mar. 2022	15 Mar. 2023	Not yet
Ningbo Cixi Culture and Tourism Group Co., Ltd.	Cixi Zhangqi Water Investment Co., Ltd.	13,000.00	16 Mar. 2022	15 Mar. 2023	Not yet

Name of the guarantee	Guaranteed units	Guaranteed amount ('000)	Effective date	Expiry date	Whether the guarantee has been fulfilled
Ningbo Cixi Culture and Tourism Group Co., Ltd.	Cixi Henghe Waterworks	30,000.00	16 Sept. 2022	15 Sept. 2025	Not yet
Ningbo Cixi Culture and Tourism Group Co., Ltd.	Cixi Henghe Waterworks	10,000.00	13 Dec. 2022	13 Dec. 2023	Not yet
Ningbo Cixi Culture and Tourism Group Co., Ltd.	Cixi Henghe Waterworks	9,900.00	13 Jul. 2022	6 Jul. 2023	Not yet
Ningbo Cixi Culture and Tourism Group Co., Ltd.	Cixi Henghe Waterworks	9,000.00	14 Jul. 2022	6 Jul. 2023	Not yet
Ningbo Cixi Culture and Tourism Group Co., Ltd.	Cixi Henghe Waterworks	6,000.00	15 Jul. 2022	6 Jul. 2023	Not yet
Ningbo Cixi Culture and Tourism Group Co., Ltd.	Cixi City Zhangqi Water Supply Management Station	20,000.00	9 Jun. 2022	8 May 2024	Not yet
Ningbo Cixi Culture and Tourism Group Co., Ltd.	Cixi City Zhangqi Water Supply Management Station	15,000.00	9 Jun. 2022	8 May 2024	Not yet
Ningbo Cixi Culture and Tourism Group Co., Ltd.	Cixi Zhangqi Market Operation Service Center	10,000.00	22 Dec. 2022	10 Dec. 2025	Not yet
Ningbo Cixi Culture and Tourism Group Co., Ltd.	Cixi Cinan Agricultural Development Co., Ltd.	9,000.00	13 Dec. 2022	13 Dec. 2023	Not yet
Ningbo Cixi Industry and Trade Group Co., Ltd.	Cixi Chongshou Town Agriculture Service Corporation	34,900.00	30 Jul. 2021	29 Jul. 2024	Not yet
Ningbo Cixi Industry and Trade Group Co., Ltd.	Cixi Chongshou Town Construction Investment Development Co., Ltd.	12,500.00	25 Feb. 2022	24 Feb. 2023	Not yet
Ningbo Cixi Industry and Trade Group Co., Ltd.	Cixi Shengshan Township Water Management Station	10,000.00	23 Mar. 2022	23 Mar. 2023	Not yet
Ningbo Cixi Industry and Trade Group Co., Ltd.	Cixi Shengshan Township Water Management Station	29,000.00	4 Jul. 2022	3 Jul. 2023	Not yet
Ningbo Cixi Industry and Trade Group Co., Ltd.	Cixi Shengshan Township Water Management Station	11,000.00	29 Jun. 2022	28 Jun. 2023	Not yet
Ningbo Cixi Industry and Trade Group Co., Ltd.	Cixi Shengshan Township Water Management Station	30,000.00	30 Sept. 2022	29 Sept. 2025	Not yet
Ningbo Cixi Industry and Trade Group Co., Ltd.	Cixi Shengshan Huinong Agricultural Service Co., Ltd.	35,000.00	31 May 2022	31 May 2024	Not yet
Ningbo Cixi Industry and Trade Group Co., Ltd.	Cixi Shengshan Huinong Agricultural Service Co., Ltd.	15,000.00	30 Mar. 2022	29 Mar. 2023	Not yet
Ningbo Cixi Industry and Trade Group Co., Ltd.	Cixi Shengshan Huinong Agricultural Service Co., Ltd.	9,500.00	16 Mar. 2022	16 Mar. 2023	Not yet
Ningbo Cixi Industry and Trade Group Co., Ltd.	Cixi Shengshan Industrial Development Co., Ltd.	29,000.00	4 Jan. 2022	3 Jan. 2023	Not yet

Name of the guarantee	Guaranteed units	Guaranteed amount ('000)	Effective date	Expiry date	Whether the guarantee has been fulfilled
Ningbo Cixi Industry and Trade Group Co., Ltd.	Cixi Shengshan Water Development Co., Ltd.	10,000.00	28 Sept. 2022	28 Sept. 2023	Not yet
Ningbo Cixi Industry and Trade Group Co., Ltd.	Cixi Fuhai Water Investment Co., Ltd.	30,000.00	13 Jul. 2022	12 Jul. 2023	Not yet
Ningbo Cixi Industry and Trade Group Co., Ltd.	Cixi Fuhai Water Investment Co., Ltd.	10,000.00	9 Oct. 2022	9 Oct. 2023	Not yet
Ningbo Cixi Industry and Trade Group Co., Ltd.	Cixi Fuhai Culture and Sports Development Co., Ltd.	32,000.00	7 Dec. 2022	6 Dec. 2032	Not yet
Ningbo Cixi Industry and Trade Group Co., Ltd.	Water Supply Plant in Kuangyan Town, Cixi City	35,000.00	3 Aug. 2022	2 Aug. 2023	Not yet
Ningbo Cixi Industry and Trade Group Co., Ltd.	Cixi Kuangmei Property Co., Ltd.	10,000.00	28 Oct. 2022	27 Oct. 2023	Not yet
Ningbo Cixi Industry and Trade Group Co., Ltd.	Cixi Hangnan Construction Development Co., Ltd.	30,000.00	26 May 2022	25 May 2023	Not yet
Cixi Water Affairs Co., Ltd.	Cixi Xinqu Town Water Meters Factory	9,900.00	13 Dec. 2022	21 Dec. 2023	Not yet
Cixi Water Affairs Co., Ltd.	Cixi Xinqu Town Water Meters Factory	45,000.00	19 Sept. 2022	13 Sept. 2023	Not yet
Cixi Water Affairs Co., Ltd.	Cixi Xinqu Town Construction and Development Company	50,000.00	21 Sept. 2022	21 Sept. 2023	Not yet
Cixi Water Affairs Co., Ltd.	Cixi Xiaolin Water Co., Ltd.	20,000.00	19 Aug. 2022	18 Aug. 2023	Not yet
Cixi Water Affairs Co., Ltd.	Cixi Xiaolin Water Co., Ltd.	20,000.00	1 Sept. 2022	31 Aug. 2023	Not yet
Cixi Xinchenghe Construction Investment Co., Ltd.	Cixi Huadong Light Weaving and Knitting City Development Co., Ltd.	252,500.00	2 Sept. 2020	26 Jul. 2030	Not yet
Cixi Xinqu Construction Investment Co., Ltd.	Cixi Health Development Investment Co., Ltd.	72,000.00	26 Oct. 2022	24 Oct. 2023	Not yet
Ningbo Cixi Transportation Group Co., Ltd.	Cixi Citong Construction Development Co., Ltd.	300,000.00	1 Jul. 2021	8 Jun. 2036	Not yet
Ningbo Cixi Transportation Group Co., Ltd.	Cixi Citong Construction Development Co., Ltd.	70,000.00	1 Jul. 2022	28 Jun. 2039	Not yet
Ningbo Cixi Transportation Group Co., Ltd.	Cixi Citong Construction Development Co., Ltd.	200,000.00	29 Jul. 2022	28 Jul. 2027	Not yet
Total		5,854,200.00			

(c) Other contingent liabilities and the corresponding financial effects: There is no

such item.

10.3 Others

There is no such item.

11. EVENTS AFTER THE REPORTING PERIOD

11.1 Significant Non-adjusting Events

There is no such item.

11.2 Profit Distribution

There is no such item.

11.3 Sales Returns

There is no such item.

11.4 Description of other post-balance sheet events

There is no such item.

12. OTHER SIGNIFICANT MATTERS

12.1 Corrections of Prior Period Accounting Errors

There is no such item.

12.2 Debt Restructuring

There is no such item.

12.3 Assets Exchange

There is no such item.

12.4 Annuity Plan

There is no such item.

12.5 Discontinued Operations

There is no such item.

12.6 Segment Information

There is no such item.

12.7 Other Significant Transactions and Matters which may have a Major Impact on Investor's Decision-making

There is no such item.

12.8 Others

There is no such item.

13. NOTES TO THE MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

13.1 Other Receivables

(a) Other receivables by category

Items	31 Dec. 2022	31 Dec. 2021
Interest receivable	-	-
Dividend receivable	-	-
Other receivables	4,665,973,407.30	4,419,148,459.94
Total	4,665,973,407.30	4,419,148,459.94

(b) Other receivables

(b.1) Disclosure of other receivables by aging

Aging	31 Dec. 2022	31 Dec. 2021
Within 1 year (including 1 year)	805,374,616.61	16.67
1 to 2 years	16.67	532,316,983.32
2 to 3 years	132,316,983.32	
Over 3 years	3,729,449,136.02	3,888,029,394.02
Sub-total	4,667,140,752.62	4,420,346,394.01
Less: provision for bad debt	1,167,345.32	1,197,934.07
Total	4,665,973,407.30	4,419,148,459.94

(b.2) Disclosure by classification method of bad debt accrual

(b.2.1) As at 31 December 2022, provision for bad debt recognized based on three stages model

Stages	Other receivables	Provision for bad debt	Carrying amount
Stage 1	4,667,140,752.62	1,167,345.32	4,665,973,407.30
Stage 2			
Stage 3			
Total	4,667,140,752.62	1,167,345.32	4,665,973,407.30

(b.2.1.1) As at 31 December 2022, provision for bad debt at stage 1:

Category	Other receivables	Provision ratio (%)	Provision for bad debt	Carrying amount	Reason
Provision for bad debt recognized individually	-	-	-	-	
Provision for bad debt recognized by portfolios	4,667,140,752.62	0.03	1,167,345.32	4,665,973,407.30	Provision based on expected credit losses
Portfolio 3:	4,479,121,935.40			4,479,121,935.40	Portfolio of related parties controlled by the same ultimate parent company, where the probability of bad debt loss is remote and no

Category	Other receivables	Provision ratio (%)	Provision for bad debt	Carrying amount	Reason
					provision for bad debts is made
Portfolio 4:	187,240,514.02	0.50	936,202.57	186,304,311.45	State-owned enterprises and related government departments, less likely to have bad debt losses
Portfolio 5:	778,303.20	29.70	231,142.75	547,160.45	Provision based on expected credit losses
Total	4,667,140,752.62	0.03	1,167,345.32	4,665,973,407.30	

(b.2.2) As at 31 December 2021, provision for bad debt recognized based on three stages model

Stages	Other receivables	Provision for bad debt	Carrying amount
Stage 1	4,420,346,394.01	1,197,934.07	4,419,148,459.94
Stage 2			
Stage 3			
Total	4,420,346,394.01	1,197,934.07	4,419,148,459.94

(b.2.2.1) As at 31 December 2021, provision for bad debt at stage 1:

Category	Other receivables	Provision ratio (%)	Provision for bad debt	Carrying amount	Reason
Provision for bad debt recognized individually	-	-	-	-	
Provision for bad debt recognized by portfolios	4,420,346,394.01	0.03	1,197,934.07	4,419,148,459.94	Provision based on expected credit losses
Portfolio 3:	4,224,316,983.32			4,224,316,983.32	Portfolio of related parties controlled by the same ultimate parent company, where the probability of bad debt loss is remote and no provision for bad debts is made
Portfolio 4:	195,810,514.02	0.50	979,052.57	194,831,461.45	State-owned enterprises and related government departments, less likely to have bad debt losses
Portfolio 5:	218,896.67	99.99	218,881.50	15.17	Provision based on expected credit losses
Total	4,420,346,394.01	0.03	1,197,934.07	4,419,148,459.94	

(b.3) Changes of provision for bad debt during the reporting period

Items	31 Dec. 2021	Changes during the reporting period				31 Dec. 2022
		Provision	Recovery or reversal	Elimination or write-off	Other changes	
Provision for bad debts on individual basis						
Bad debt provision by portfolio	1,197,934.07	12,261.25	42,850.00			1,167,345.32
Among them: Portfolio 3						
Portfolio 4	979,052.57		42,850.00			936,202.57
Portfolio 5	218,881.50	12,261.25				231,142.75
Total	1,197,934.07	12,261.25	42,850.00			1,167,345.32

(b.4) Other receivables written off during the reporting period: There is no such item.

(b.5) Top five closing balances by entity

Entity name	Balance as at 31 December 2022	Aging	Proportion of the balance to the total other receivables (%)	Provision for bad debt
Ningbo Cixi Transportation Group Co., Ltd.	1,845,200,000.00	Over 3 years	39.53	
Ningbo Cixi Construction Group Co., Ltd.	1,501,800,000.00	Within 1 year, over 3 years	32.18	
Cixi Haihong Construction Investment Co., Ltd.	650,000,000.00	Over 3 years	13.93	
Cixi Xirang Construction Development Co., Ltd.	210,205,333.33	Within 1 year	4.50	
Cixi Housing and Urban-Rural Development Bureau	145,000,000.00	Over 3 years	3.11	725,000.00
Total	4,352,205,333.33		93.25	725,000.00

(b.6) Other receivables relating to government grants: There is no such item.

(b.7) Derecognition of other receivables for transfer of financial assets: There is no such item.

(b.8) Assets or liabilities arising from continuing involvement in transferred other receivables: There is no such item.

13.2 Long-term Equity Investments

Items	31 Dec. 2022			31 Dec. 2021		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Subsidiaries	8,090,685,018.97	10,625,000.00	8,080,060,018.97	7,306,749,178.41		7,306,749,178.41
Joint ventures and associates	6,014,300,396.85		6,014,300,396.85	5,786,406,819.54		5,786,406,819.54

Items	31 Dec. 2022			31 Dec. 2021		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Total	14,104,985,415.82	10,625,000.00	14,094,360,415.82	13,093,155,997.95		13,093,155,997.95

(a) Investments in subsidiaries

Investees	31 Dec. 2021	Increase	Decrease	31 Dec. 2022	Provision for impairment during the reporting period	Provision for impairment at 31 Dec. 2022
Ningbo Cixi Construction Group Co., Ltd.	3,615,282,272.28	-	-	3,615,282,272.28	-	-
Ningbo Cixi Transportation Group Co., Ltd.	1,748,810,400.26	-	-	1,748,810,400.26	-	-
Cixi Agricultural Investment Development Co., Ltd.	38,342,242.83	-	-	38,342,242.83	-	-
Ningbo Cixi Agricultural Tourism Group Co., Ltd.	825,237,090.81	3,935,840.56		829,172,931.37	-	-
Cixi Art Performance Co., Ltd.	625,000.00	-	625,000.00	625,000.00	625,000.00	625,000.00
Cixi Property Rights Trading Center Co., Ltd.	6,080,599.14	-	-	6,080,599.14	-	-
Ningbo Cixi Industry and Trade Group Co., Ltd.	447,938,868.44	380,000,000.00		827,938,868.44	-	-
Cixi Construction Project Management Co., Ltd.	2,000,000.00			2,000,000.00		
Cixi Culture and Sports Development Co., Ltd.	10,000,000.00		10,000,000.00	10,000,000.00	10,000,000.00	10,000,000.00
Cixi Huixi Industrial Development Co., Ltd.	20,000,000.00			20,000,000.00		
Cixi Shanglin Talent Service Co., Ltd.	1,000,000.00			1,000,000.00		
Cixi Daily Newspaper Co., Ltd.	70,351,146.55			70,351,146.55		
Cixi Security Service Co., Ltd.	85,548,275.09			85,548,275.09		
Zhejiang Cixi Advertising Company	2,321,521.32			2,321,521.32		
Cixi Hangzhouwan Engineering Cost Consulting Company	18,482.79			18,482.79		
Cixi Xirang Construction Development Co., Ltd.	100,000,000.00	400,000,000.00		500,000,000.00		

Investees	31 Dec. 2021	Increase	Decrease	31 Dec. 2022	Provision for impairment during the reporting period	Provision for impairment at 31 Dec. 2022
Cixi Fuci Intelligent Technology Co., Ltd.	10,026,513.88			10,026,513.88		
Cixi SME Financing Guarantee Co., Ltd.	198,848,654.70			198,848,654.70		
Cixi Industrial and Information Industry Fund Co., Ltd.	124,318,110.32			124,318,110.32		
Total	7,306,749,178.41	783,935,840.56	10,625,000.00	8,090,685,018.97	10,625,000.00	10,625,000.00

(b) Investments in joint ventures and associates

Investees	31 Dec. 2021	Changes during the reporting period				
		Increase during the reporting period	Decrease during the reporting period	Gains /(losses) on investments under the equity method	Adjustments of other comprehensive income	Changes in other equity
I. Joint ventures:						
Cixi Xinxing Construction Investment Co., Ltd.						
II. Associates:						
Cixi Rural Housing Reconstruction and Construction Investment Co., Ltd.	6,868,415.21			601,065.40		
Cixi Small Home Appliances Zhizao Town Construction Investment Co., Ltd.						
Cixi CiDong Industrial Development Co., Ltd.	1,362,077,430.42			34,399,281.97		551,292,060.51
Cixi Cultural Business District Development Co., Ltd.	1,712,005,643.56			29,269,124.92		
Cixi Xinchenghe Construction Investment Co., Ltd.	1,827,048,884.10			36,236,680.95		439,271,411.83
Cixi Chengnan Construction Investment Co., Ltd.	878,406,446.25		878,406,446.25			
Cixi Yici Equity Investment Partnership (Limited Partnership)		1,000,000.00		19,499.60		
Ningbo Tongci Equity Investment Partnership (Limited Partnership)		14,250,860.00		-39,961.62		
Total	5,786,406,819.54	15,250,860.00	878,406,446.25	100,485,691.22		990,563,472.34

(Continued)

Investees	Changes during the reporting period			31 Dec. 2022	Provision for impairment at 31 Dec. 2022
	Declaration of cash dividends or distribution of profit	Provision for impairment	Others		
I. Joint ventures:					
Cixi Xinxing Construction Investment Co., Ltd.					-
II. Associates:					
Cixi Rural Housing Reconstruction and Construction Investment Co., Ltd.				7,469,480.61	
Cixi Small Home Appliances Zhizao Town Construction Investment Co., Ltd.					
Cixi CiDong Industrial Development Co., Ltd.				1,947,768,772.90	
Cixi Cultural Business District Development Co., Ltd.				1,741,274,768.48	
Cixi Xinchenghe Construction Investment Co., Ltd.				2,302,556,976.88	
Cixi Chengnan Construction Investment Co., Ltd.					
Cixi Yici Equity Investment Partnership (Limited Partnership)				1,019,499.60	
Ningbo Tongci Equity Investment Partnership (Limited Partnership)				14,210,898.38	
Total			-	6,014,300,396.85	-

Notes:

- According to the documents of Cixi City State-owned Assets Management Center, 50.00% equity interests in Cixi Chengnan Construction Investment Co., Ltd. held by the Company were gratuitously transferred to a subsidiary, Cixi Xinchenghe Construction Investment Co., Ltd.
- According to the documents of Cixi State-owned Assets Management Center, 50.00% equity interest in Xinxing Construction Company was gratuitously transferred to the Company and should be accounted for as a joint venture under the equity method. However, since the net assets of Xinxing Construction Company were negative at the point of transfer, the carrying amount of the long-term equity investment was recognized as zero.
- According to the documents of Cixi City State-owned Assets Management Center, 50.00% equity interests in Cidong Industrial Company, 50.00% equity interests in Cultural Business District Development Company, 50.00% equity interests in Xinchenghe Construction Investment Company and 50.00% equity interests in Chengnan Construction Investment Company were gratuitously transferred to the Company, and as no executive directors were appointed in the above companies or less than half of the board of directors was appointed, the above companies are not under the effective control of the Company and are therefore accounted for as

associates under the equity method.

- The net assets of Cixi Small Home Appliances Zhizao Town Construction Investment Co., Ltd. was negative, so the carrying amount of the long-term equity investment was recognized as zero.

13.3 Revenue and Cost of Sales

(a) revenue and cost of sales

Items	2022		2021	
	Revenue	Costs of sales	Revenue	Costs of sales
Principal activities				
Other activities	7,755,415.22	86,092.50	7,457,664.91	49,918.00
Total	7,755,415.22	86,092.50	7,457,664.91	49,918.00

(b) Revenues and cost of sales by category

Items	2022		2021	
	Revenue	Costs of sales	Revenue	Costs of sales
Lease revenue	7,755,415.22	86,092.50	7,457,664.91	49,918.00
Total	7,755,415.22	86,092.50	7,457,664.91	49,918.00

13.4 Investment Income

Items	2022	2021
Investment income from long-term equity investments under equity method	100,485,691.22	106,931,837.94
Total	100,485,691.22	106,931,837.94

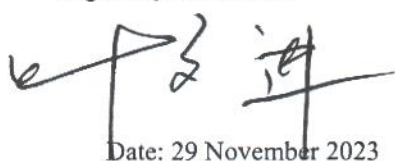
14. SUPPLEMENTARY INFORMATION

There is no such item.



Name of the **Company**: Cixi State-owned Assets Investment Holding Co., Ltd.

Legal Representative:


Date: 29 November 2023

Chief Financial Officer:


Date: 29 November 2023

Finance Manager:


Date: 29 November 2023

Auditor's Report

RSM SZ [2022] NO.310Z0117

To the Shareholders of Cixi State-owned Assets Investment Holding Co., Ltd.:

Opinion

We have audited the financial statements of Cixi State-owned Assets Investment Holding Co., Ltd. (hereafter referred to as "**Cixi State-owned Company**"), which comprises the consolidated and the parent company's statement of financial position as at 31 December 2021, the consolidated and the parent company's statement of profit or loss and other comprehensive income, the consolidated and the parent company's statement of cash flows, the consolidated and the parent company's statement of changes in equity for the year then ended, and the notes to the financial statements.

In our opinion, the accompanying **Cixi State-owned Company's** financial statements present fairly, in all material respects, the consolidated and **Cixi State-owned Company's** financial position as at 31 December 2021, and their financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises and China Accounting System for Business Enterprises.

Basis for Opinion

We conducted our audit in accordance with Chinese Standards on Auditing ("**CSAs**"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of **Cixi State-owned Company** in accordance with the Code of Ethics for Chinese Certified Public Accountants, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management of **Cixi State-owned Company** (hereafter referred to as "**Management**") is responsible for the preparation and fair presentation of the financial statements in accordance with Accounting Standards of Business Enterprises, and for the design, implementation and maintenance of such internal control as **Management** determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, **Management** is responsible for assessing **Cixi State-owned Company's** ability to continue as a going concern, disclosing matters related to going concern and using the going concern basis of accounting unless **Management** either intends to liquidate **Cixi State-owned Company** or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing **Cixi State-owned Company's** financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with **CSAs** will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- i) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by **Management**.
- iv) Conclude on the appropriateness of **Management's** use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the **Cixi State-owned Company's** ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the **Cixi State-owned Company** to cease to continue as a going concern.
- v) Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- vi) Obtain sufficient appropriate audit evidence regarding the financial information of

the entities or business activities within **Cixi State-owned Company** to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

(There is no text below, which is the signature and stamp page of RSM SZ [2022] NO.310Z0117, Cixi State-owned Assets Investment Holding Co., Ltd.'s audit report.)



China·Beijing



Name of CPA: 顾宇倩

China Certified Public Accountant



Name of CPA: 陈志敏

China Certified Public Accountant

Date: 29 November 2023



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Prepared by: Cui State-owned Assets Investment Holding Co., Ltd.

Unit: Yuan Currency: CNY

Item	Note	31 Dec. 2022	31 Dec. 2021	Item	Note	31 Dec. 2022	31 Dec. 2021
Current assets:				Current liabilities:			
Cash and cash equivalents	5.1	7,970,251,532.89	13,371,261,606.14	Short-term borrowings	5.22	7,573,263,089.15	7,877,480,531.25
Held-for-trading financial assets	5.2	5,305,560.00	5,229,000.00	Held-for-trading financial liabilities			
Derivative financial assets				Derivative financial liabilities			
Notes receivable	5.3	1,185,862.97	240,621,429.55	Notes payable	5.23		120,000,000.00
Accounts receivable	5.4	416,733,450.23	291,748,025.36	Accounts payable	5.24	921,447,631.72	753,763,499.70
Accounts receivable financing				Advances from customers	5.25	168,355,517.77	111,517,072.83
Prepayments	5.5	3,259,008,943.02	1,738,206,853.57	Contract liabilities	5.26	191,692,507.00	204,703,894.79
Other receivables	5.6	18,376,690,787.56	16,513,437,491.04	Employee benefits payable	5.27	73,978,165.82	39,981,914.68
Inventories	5.7	67,279,373,681.62	55,108,589,717.70	Taxes payable	5.28	533,930,022.02	530,689,868.22
Contract assets				Other payables	5.29	12,478,058,266.49	10,104,604,825.58
Assets classified as held for sale				Liabilities classified as held for sale			
Non-current assets maturing within one year				Non-current liabilities maturing within one year	5.30	12,532,904,007.59	10,727,456,571.61
Other current assets	5.8	938,635,213.37	78,651,361.93	Other current liabilities	5.31	1,282,876,962.45	1,083,417,095.33
Total current assets		98,247,185,031.66	87,347,745,485.29	Total current liabilities		35,756,506,170.01	31,553,615,273.99
Non-current assets:				Non-current liabilities:			
Debt investments				Long-term borrowings	5.32	32,366,266,874.00	25,605,935,000.00
Other debt investments				Bonds payable	5.33	14,310,990,671.17	15,440,458,533.07
Long-term receivables	5.9	606,289,850.00	610,289,850.00	Including: Preference shares			
Long-term equity investments	5.10	609,807,911.71	420,155,050.95	Perpetual bonds			
Other equity instrument investments	5.11	1,298,567,274.01	488,626,253.98	Lease liabilities	5.34	14,162,670.39	11,418,111.96
Other non-current financial assets	5.12	142,000,000.00	132,000,000.00	Long-term payables	5.35	11,196,155,793.19	8,032,775,460.33
Investment properties	5.13	11,109,842,043.41	8,701,003,038.00	Long-term employee benefits payable			
Property, plant and equipment	5.14	7,447,328,620.39	7,513,139,971.43	Estimated liabilities			
Construction in progress	5.15	6,495,513,166.87	3,742,643,417.85	Deferred income	5.36	263,174,668.72	260,573,567.39
Productive biological assets				Deferred tax liabilities	5.20	1,034,108,301.58	783,713,360.72
Oil and gas assets				Other non-current liabilities	5.37	179,289,976.54	1,144,825,821.44
Right-of-use assets	5.16	30,740,967.83	35,547,055.95	Total non-current liabilities		59,364,148,955.59	51,279,699,854.91
Intangible assets	5.17	22,576,698,582.87	22,366,584,018.24	Total liabilities		95,120,655,125.60	82,833,315,128.90
Research and development expenditure				Owners' equity:			
Goodwill	5.18	47,571,816.35	47,571,816.35	Paid-in capital	5.38	1,500,000,000.00	1,500,000,000.00
Long-term deferred expenses	5.19	104,891,407.52	107,972,365.34	Other equity instruments			
Deferred tax assets	5.20	37,520,324.63	27,585,258.41	Including: Preference shares			
Other non-current assets	5.21	2,481,848,863.60	3,165,305,597.26	Perpetual bonds			
Total non-current assets		52,988,620,829.19	47,358,423,693.76	Capital reserves	5.39	48,112,988,689.74	45,098,420,866.77
		-	-	- Less: Treasury stock			
		-	-	- Other comprehensive income	5.40	675,756,944.19	77,343,525.00
		-	-	- Specific reserves	5.41	12,046,289.32	10,553,740.51
		-	-	- Surplus reserves	5.42	61,287,758.31	53,217,059.60
		-	-	- Retained earnings	5.43	5,303,226,862.97	4,751,896,162.95
		-	-	- Total owners' equity attributable to parent company		55,665,306,544.53	51,491,431,354.83
		-	-	- Non-controlling interests		449,844,190.72	381,422,695.32
		-	-	Total owners' equity		56,115,150,735.25	51,872,854,050.15
Total assets		151,235,805,860.85	134,706,169,179.05	Total liabilities and owners' equity		151,235,805,860.85	134,706,169,179.05

Legal Representative:

Chief Financial Officer:

Finance Manager:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER**

Prepared by: Guo State-owned Assets Investment Holding Co., Ltd.

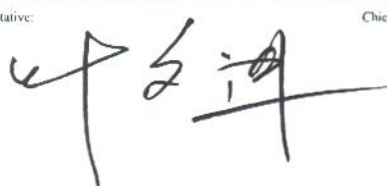
Unit: Yuan Currency: CNY

Item	Note	2022	2021
I. Revenue	5.44	2,970,297,145.91	3,076,260,319.33
Less: Costs of sales	5.44	2,711,824,234.13	2,777,504,830.65
Taxes and surcharges	5.45	50,706,485.68	55,130,476.89
Selling and distribution expenses		124,842,863.88	111,783,410.74
General and administrative expenses		523,853,505.09	477,088,077.48
Research and development expenses			
Finance costs	5.46	517,326,241.96	198,508,150.84
Including: Interest expenses		673,495,556.21	290,944,434.51
Interest income		173,020,045.85	105,672,680.22
Add: Other income	5.47	1,104,186,831.57	1,091,032,694.33
Investment income (losses)	5.48	36,535,906.27	7,356,947.01
Including: Investment income from associates and joint ventures		13,063,683.50	6,505,397.01
Derogation income of financial assets measured at amortized cost			
Income/(losses) from net exposure hedging			
Gains/(losses) from changes at fair values	5.49	634,598,435.59	113,777,116.10
Credit impairment losses	5.50	74,794.17	4,552,691.95
Impairment loss of assets	5.51	-80,721.33	
Gains/(losses) from disposal of assets	5.52	5,965,616.48	3,886,777.86
II. Profit/(loss) from operations		823,824,677.92	676,851,599.98
Add: Non-operating income	5.53	16,677,654.46	31,269,795.96
Less: Non-operating expenses	5.54	12,429,253.33	4,439,168.35
III. Profit/(loss) before tax		827,273,079.05	703,682,227.59
Less: Income tax expenses	5.55	243,874,384.78	105,705,527.84
IV. Net profit/(loss) for the year		583,398,694.27	597,976,699.75
(I) Net profit/(loss) by continuity			
Net profit/(loss) from continuing operation		583,398,694.27	597,976,699.75
Net profit/(loss) from discontinued operation			
(II) Net profit/(loss) by ownership attribution			
Attributable to owners of the parent company		580,384,361.11	595,457,447.81
Attributable to non-controlling interests		3,014,333.16	2,519,251.94
V. Other comprehensive income for the year, after tax		598,413,419.19	85,550,659.20
(a) Attributable to owners of the parent company		598,413,419.19	85,550,659.20
(i) Items that will not be reclassified subsequently to profit or loss		-27,644,234.98	
1. Remeasurement gains/losses of defined benefit plans			
2. Share of the other comprehensive income of the investee accounted for using the equity method which will not be reclassified subsequently to profit or loss			
3. Changes in fair value of other equity instrument investments		-27,644,234.98	
4. Changes in fair value of the enterprise's own credit risk			
(ii) Items that may be reclassified subsequently to profit or loss		626,057,654.17	85,550,659.20
1. Share of the other comprehensive income of the investee accounted for using the equity method which will be reclassified subsequently to profit or loss			
2. Changes in fair value of other debt investments			
3. Amount of financial assets reclassified and included in other comprehensive income			
4. Credit impairment reserves of other debt investments			
5. The effective portion of the gains/losses on cash flow hedge			
6. Exchange differences on translating foreign operations			
7. The difference between the fair value of investment properties is greater than the book value on the initial transfer date		626,057,654.17	85,550,659.20
(b) Attributable to non-controlling interests			
VI. Total comprehensive income for the year		1,181,812,113.46	683,527,358.95
Attributable to owners of the parent company		1,178,797,780.30	681,008,107.01
Attributable to non-controlling interests		3,014,333.16	2,519,251.94

Legal Representative:

Chief Financial Officer:

Finance Manager:







CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER

Prepared by: CICC State-owned Assets Investment Holding Co., Ltd.

Unit: Yuan Currency: CNY

Item	Note	2022	2021
I. Cash flows from operating activities			
Cash received from sale of goods or rendering of services		3,257,509,419.43	3,647,386,245.96
Refund of tax and levies		15,544,116.31	1,405,352.54
Other cash received relating to operating activities		5,668,486,006.36	6,551,915,210.62
Sub-total of cash inflows from operating activities		8,941,539,542.10	10,200,706,809.12
Cash paid for received commodities or labor		11,481,070,240.01	5,784,816,744.71
Cash paid to and for employees		719,658,326.36	553,814,162.06
Payments of all types of taxes		217,460,755.89	167,924,085.10
Other cash paid relating to operating activities		6,014,736,138.42	2,699,371,098.50
Sub-total of cash outflows from operating activities		18,432,925,460.68	9,205,926,090.37
Net cash flows from operating activities		-9,491,385,918.58	994,780,718.75
II. Cash flows from investing activities			
Cash received from disposal of investments		-	161,250.00
Cash received from returns on investments		1,166,465.45	19,677,916.33
Net cash received from disposals of property, plant and equipment, intangible assets and other long-term assets		82,789,425.63	29,282,432.61
Net cash received from disposals of subsidiaries or other business units		570,001,264.62	
Other cash received relating to investing activities		-	1,494,245,585.03
Sub-total of cash inflows from investing activities		653,957,155.70	1,543,367,183.97
Cash paid to acquire property, plant and equipment, intangible assets and other long-term assets		3,811,245,610.04	1,063,093,534.22
Cash paid to acquire investments		1,150,162,538.36	327,349,178.34
Net cash paid to acquire subsidiaries and other business units		529,391.48	
Other cash payments relating to investing activities		-	16,703,882.37
Sub-total of cash outflows from investing activities		4,961,937,539.88	1,407,146,594.93
Net cash flows from investing activities		-4,307,980,384.18	136,220,589.04
III. Cash flows from financing activities			
Cash received from capital contributions		449,289,118.42	809,307,140.00
Including: Cash receipts from minority shareholders' investments absorbed by subsidiaries		66,289,118.42	7,900,000.00
Cash received from borrowings		36,297,650,801.42	26,289,707,000.00
Other cash received relating to financing activities		7,077,292,309.02	2,984,156,272.45
Sub-total of cash inflows from financing activities		43,824,232,228.86	30,083,170,412.45
Cash repayments of amounts borrowed		29,248,010,378.21	23,155,580,962.78
Cash payments for dividends, distribution of profit or interest expenses		3,482,653,431.22	3,097,699,500.75
Including: Cash payments for dividends and distribution of profit to minority shareholders		200,000.00	4,950,878.09
Other cash payments relating to financing activities		1,548,191,558.86	735,248,789.50
Sub-total of cash outflows from financing activities		34,278,855,368.29	26,988,529,253.03
Net cash flows from financing activities		9,545,376,860.57	3,094,641,159.42
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
V. Net increase / (decrease) in cash and cash equivalents	5.56	-4,253,989,442.19	4,225,642,467.21
Plus: Cash and cash equivalents at the beginning of the period	5.56	11,422,792,254.33	7,197,149,787.12
VI. Cash and cash equivalents at the end of the period	5.56	7,168,802,812.14	11,422,792,254.33

Legal Representative:

Chief Financial Officer:

Finance Manager:

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER

Unit: Yuan Currency: CNY

Prepared by Cixi State-owned Asset Investment Holding Co., Ltd.

2022													
Item	Owners' equity attributable to the parent company											Non-controlling interests	Total owners' equity
	Paid-in capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserves	Surplus reserves	Retained earnings	Sub-total		
		Preference shares	Perpetual bonds	Others									
I. Balance at 31 December 2021	1,500,000,000.00	-	-	-	45,142,600,167.81	-	-	10,553,740.51	34,923,158.83	2,410,580,360.02	49,098,657,427.17	381,422,695.32	49,480,080,122.49
Add: Changes in accounting policy					-44,179,301.04		77,343,525.00		18,293,900.77	2,341,315,802.93	2,392,773,927.66		2,392,773,927.66
Correction of prior period errors											-		-
Business combination under common control											-		-
Others											-		-
II. Balance at 1 January 2022	1,500,000,000.00	-	-	-	45,098,420,866.77	-	77,343,525.00	10,553,740.51	53,217,059.60	4,751,896,162.95	51,491,431,354.83	381,422,695.32	51,872,854,650.15
III. Changes in equity during the reporting period					3,014,567,822.97	-	598,413,419.19	1,492,548.81	8,070,698.71	551,330,700.02	4,173,875,189.70	68,421,495.40	4,242,296,685.10
(i) Total comprehensive income							598,413,419.19			580,384,361.11	1,178,797,780.30	3,014,333.16	1,181,812,113.46
(ii) Capital contributions or withdrawals by owners													
1. Ordinary shares contributed by owners					3,014,567,822.97		-	-	-	-	3,014,567,822.97	65,273,585.18	3,079,841,408.15
2. Capital contributed by holders of other equity instruments					380,000,000.00						380,000,000.00	66,289,118.42	446,289,118.42
3. Share-based payments recognized in owners' equity											-		-
4. Others											-		-
(iii) Profit distribution													
1. Withdrawal of surplus reserves													
2. Profit distribution to investors (or shareholders)					2,634,567,822.97		-	-	8,070,698.71	-29,053,661.09	-20,982,962.38	-1,015,513.24	2,633,552,289.73
3. Others									8,070,698.71	-8,070,698.71	-	-200,000.00	-21,182,962.38
(iv) Transfer between equity													
1. Capital reserves transfer to paid-in capital													
2. Surplus reserves transfer to paid-in capital													
3. Surplus reserves used to cover accumulated deficits													
4. Defined benefit plan transfer to retained earnings													
5. Other comprehensive income transfer to retained earnings													
6. Others													
(v) Specific reserves													
1. Withdrawal during the reporting period								1,492,548.81	-	-	1,492,548.81	333,577.06	1,826,125.87
2. Usage during the reporting period								2,397,065.65			2,397,065.65	369,583.51	2,766,649.16
(vi) Others								904,516.84			904,516.84	36,006.45	940,523.29
IV. Balance at 31 December 2022	1,500,000,000.00	-	-	-	48,112,988,689.74	-	675,756,944.19	12,046,189.32	61,287,758.31	5,303,226,862.97	55,665,306,544.53	449,844,190.72	56,115,150,735.25

Legal Representative:

Chief Financial Officer:

Finance Manager:

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER

Prepared by: Cici State-owned Assets Investment Holding Co., Ltd.

Unit: Yuan Currency: CNY

Items	Owners' equity attributable to the parent company										Non-controlling interests	Total owners' equity
	Paid-in capital	Other equity instruments			Capital reserves	Treasury stock	Other comprehensive income	Specific reserves	Surplus reserves	Retained earnings	Sub-total	
		Preference shares	Perpetual bonds	Others								
I. Balance at 31 December 2020	800,000,000.00				43,904,731,196.11			10,542,796.80	23,196,086.10	2,209,405,807.60	46,947,875,886.61	47,362,499,878.54
Add: Changes in accounting policy					-138,792.04				17,013,733.92	1,953,440,564.63	1,970,315,506.51	1,969,784,301.09
Correction of prior period errors										6,614,982.49	6,614,982.49	6,614,982.49
Business combination under common control												
Others												
II. Balance at 1 January 2021	800,000,000.00				43,904,592,404.07			10,542,796.80	40,109,830.02	4,169,461,354.72	48,924,806,375.61	49,338,898,962.12
III. Changes in equity during the reporting period	700,000,000.00				1,193,828,462.70		77,343,525.00	10,943.71	13,007,239.58	582,434,808.23	2,566,624,979.22	2,533,955,088.03
(i) Total comprehensive income							77,343,525.00			595,457,447.81	672,800,972.81	675,320,224.75
(ii) Capital contributions or withdrawals by owners	700,000,000.00				1,193,828,462.70						1,893,828,462.70	1,901,728,462.70
1. Ordinary shares contributed by owners	700,000,000.00				101,407,140.00						801,407,140.00	809,307,140.00
2. Capital contributed by holders of other equity instruments												
3. Share-based payments recognized in owners' equity												
4. Others												
(iii) Profit distribution					1,092,421,322.70						1,092,421,322.70	1,092,421,322.70
1. Withdrawal of surplus reserves												
2. Profit distribution to investors (or shareholders)												
3. Others												
(iv) Transfer between equity												
1. Capital reserves transfer to paid-in capital												
2. Surplus reserves transfer to paid-in capital												
3. Surplus reserves used to cover accumulated deficits												
4. Defined benefit plan transfer to retained earnings												
5. Other comprehensive income transfer to retained earnings												
6. Others												
(v) Specific reserves												
1. Withdrawal during the reporting period												
2. Usage during the reporting period												
(vi) Others												
IV. Balance at 31 December 2021	1,500,000,000.00				45,098,420,866.77		77,343,525.00	10,553,740.51	53,217,059.60	4,751,896,162.95	51,491,431,354.83	51,872,854,050.15

Legal Representative:

Chief Financial Officer:

Finance Manager:



STATEMENT OF FINANCIAL POSITION

Prepared by: Cici State-owned Assets Investment Holding Co., Ltd.

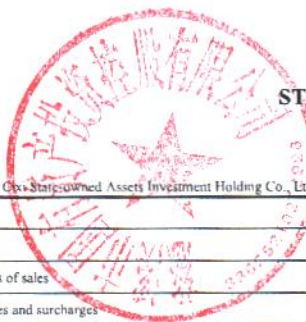
Unit: Yuan Currency: CNY

Item	Note	31 Dec. 2022	31 Dec. 2021	Item	Note	31 Dec. 2022	31 Dec. 2021
Current assets:				Current liabilities:			
Cash and cash equivalents		37,614,339.36	251,388,324.03	Short-term borrowings		-	-
Held-for-trading financial assets		-	-	Held-for-trading financial liabilities		-	-
Derivative financial assets		-	-	Derivative financial liabilities		-	-
Notes receivable		-	-	Notes payable		-	-
Accounts receivable		72,471.43	-	Accounts payable		-	-
Accounts receivable financing		-	-	Advances from customers		2,513,809.53	2,909,047.62
Prepayments		-	-	Contract liabilities		-	-
Other receivables	13.1	4,665,973,407.30	4,419,148,459.94	Employee benefits payable		-	-
Inventories		-	-	Taxes payable		7,154,348.68	6,151,024.90
Contract assets		-	-	Other payables		581,788,959.90	656,395,409.47
Assets classified as held for sale		-	-	Liabilities classified as held for sale		-	-
Non-current assets maturing within one year		-	-	Non-current liabilities maturing within one year		49,363,737.03	1,080,861,661.24
Other current assets		-	-	Other current liabilities		-	-
Total current assets		4,703,660,218.09	4,670,536,783.97	Total current liabilities		640,820,855.14	1,746,317,143.23
Non-current assets:				Non-current liabilities:			
Debt investments		-	-	Long-term borrowings		1,104,500,000.00	-
Other debt investments		-	-	Bonds payable		1,967,500,000.00	2,343,920,123.63
Long-term receivables		-	-	Including: Preference shares		-	-
Long-term equity investments	13.2	14,094,360,415.82	13,093,155,997.95	Perpetual bonds		-	-
Other equity instrument investments		9,000,000.00	9,000,000.00	Lease liabilities		-	-
Other non-current financial assets		-	1,000,000.00	Long-term payables		-	88,755,418.26
Investment properties		360,141,000.00	282,259,700.00	Long-term employee benefits payable		-	-
Property, plant and equipment		1,055,088.60	43,397,631.88	Estimated liabilities		-	-
Construction in progress		-	-	Deferred income		50,250,000.00	1,552,197.80
Productive biological assets		-	-	Deferred tax liabilities		41,079,505.42	29,541,303.90
Oil and gas assets		-	-	Other non-current liabilities		-	-
Right-of-use assets		-	-	Total non-current liabilities		3,163,329,505.42	2,463,769,043.59
Intangible assets		231,120.00	308,160.00	Total liabilities		3,804,150,360.56	4,210,086,186.82
Research and development expenditure		-	-	Owners' equity:			
Goodwill		-	-	Paid-in capital		1,500,000,000.00	1,500,000,000.00
Long-term deferred expenses		-	-	Other equity instruments		-	-
Deferred tax assets		-	-	Including: Preference shares		-	-
Other non-current assets		-	-	Perpetual bonds		-	-
Total non-current assets		14,464,787,624.42	13,429,121,489.83	Capital reserves		13,396,762,634.25	12,025,605,608.16
		-	-	Less: Treasury stock		-	-
		-	-	Other comprehensive income		26,520,632.25	-
		-	-	Specific reserves		-	-
		-	-	Surplus reserves		61,287,758.31	53,217,059.60
		-	-	Retained earnings		379,726,457.14	310,749,419.22
		-	-	Total owners' equity		15,364,297,481.95	13,889,572,086.98
Total assets		19,168,447,842.51	18,099,658,273.80	Total liabilities and owners' equity		19,168,447,842.51	18,099,658,273.80

Legal Representative:

Chief Financial Officer:

Finance Manager:



**STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER**

Prepared by: Cba State-owned Assets Investment Holding Co., Ltd.

Unit: Yuan Currency: CNY

Item	Note	2022	2021
I. Revenue	13.3	7,755,415.22	7,457,664.91
Less: Costs of sales	13.3	86,092.50	49,918.00
Taxes and surcharges		2,437,209.93	601,643.03
Selling and distribution expenses		-	-
General and administrative expenses		5,008,286.23	3,942,370.28
Research and development expenses		-	-
Finance costs		8,270,536.29	1,843,463.05
Including: Interest expense		32,639,331.63	6,616,151.59
Interest income		27,112,518.62	4,800,465.99
Add: Other income		1,314,383.20	1,697,802.20
Investment income/(losses)	13.4	100,485,691.22	106,931,837.94
Including: Investment income from associates and joint ventures		100,485,691.22	106,931,837.94
Derecognition income of financial assets measured at amortized cost		-	-
Income/(losses) from net exposure hedging		-	-
Gains/(losses) from changes at fair values		1,051,100.00	1,824,200.00
Credit impairment losses		26,774.46	-25,768.22
Impairment loss of assets		-10,625,000.00	
Gains/(losses) from disposal of assets		-	-
II. Profit/(loss) from operations		84,206,239.15	111,448,342.47
Add: Non-operating income		1,240.00	21,000,000.00
Less: Non-operating expenses		802,501.30	-
III. Profit/(loss) before tax		83,404,977.85	132,448,342.47
Less: Income tax expenses		2,697,990.77	2,375,946.64
IV. Net profit/(loss) for the year		80,706,987.08	130,072,395.83
Net profit/(loss) from continuing operation		80,706,987.08	130,072,395.83
Net profit/(loss) from discontinued operation		-	-
V. Other comprehensive income for the year, after tax		26,520,632.25	-
(i) Items that will not be reclassified subsequently to profit or loss		-	-
1. Remeasurement gains/losses of defined benefit plans		-	-
2. Share of the other comprehensive income of the investee accounted for using the equity method which will not be reclassified subsequently to profit or loss		-	-
3. Changes in fair value of other equity instrument investments		-	-
4. Changes in fair value of the enterprise's own credit risk		-	-
(ii) Items that may be reclassified subsequently to profit or loss		26,520,632.25	-
1. Share of the other comprehensive income of the investee accounted for using the equity method which will be reclassified subsequently to profit or loss		-	-
2. Changes in fair value of other debt investments		-	-
3. Amount of financial assets reclassified and included in other comprehensive income		-	-
4. Credit impairment reserves of other debt investments		-	-
5. The effective portion of the gains/losses on cash flow hedge		-	-
6. Exchange differences on translating foreign operations		-	-
7. The difference between the fair value of investment properties is greater than the book value on the initial transfer date		26,520,632.25	-
VI. Total comprehensive income for the year		107,227,619.33	130,072,395.83

Legal Representative:

Chief Financial Officer:

Finance Manager:

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER

Prepared by: Cixi State-owned Assets Investment Holding Co., Ltd.

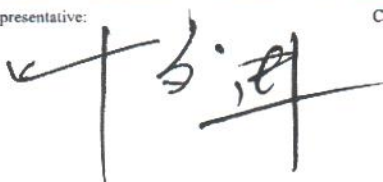
Unit: Yuan Currency: CNY

Item	Note	2022	2021
I. Cash flows from operating activities			
Cash received from sale of goods or rendering of services		7,643,760.92	8,183,187.24
Refund of tax and levies		-	-
Other cash received relating to operating activities		449,874,188.36	438,197,564.95
Sub-total of cash inflows from operating activities		457,517,949.28	446,380,752.19
Cash paid for received commodities or labor		86,092.50	49,918.00
Cash paid to and for employees		1,969,871.88	-
Payments of all types of taxes		1,793,755.66	808,290.29
Other cash paid relating to operating activities		645,290,557.84	27,071,412.30
Sub-total of cash outflows from operating activities		649,140,277.88	27,929,620.59
Net cash flows from operating activities		-191,622,328.60	418,451,131.60
II. Cash flows from investing activities			
Cash received from disposal of investments		-	-
Cash received from returns on investments		-	961,620.00
Net cash received from disposals of property, plant and equipment, intangible assets and other long-term assets		1,240.00	-
Net cash received from disposals of subsidiaries or other business units		-	-
Other cash received relating to investing activities		-	-
Sub-total of cash inflows from investing activities		1,240.00	961,620.00
Cash paid to acquire property, plant and equipment, intangible assets and other long-term assets		55,580.00	132,070.00
Cash paid to acquire investments		795,250,860.00	194,000,000.00
Net cash paid to acquire subsidiaries and other business units		-	-
Other cash payments relating to investing activities		-	-
Sub-total of cash outflows from investing activities		795,306,440.00	194,132,070.00
Net cash flows from investing activities		-795,305,200.00	-193,170,450.00
III. Cash flows from financing activities			
Cash received from capital contributions		380,000,000.00	801,407,140.00
Cash received from borrowings		2,104,500,000.00	500,000,000.00
Other cash received relating to financing activities		930,000,000.00	-
Sub-total of cash inflows from financing activities		3,414,500,000.00	1,301,407,140.00
Cash repayments of amounts borrowed		2,470,000,000.00	1,220,000,000.00
Cash payments for dividends, distribution of profit or interest expenses		166,907,888.74	191,882,550.92
Other cash payments relating to financing activities		2,667,847.89	8,840,000.00
Sub-total of cash outflows from financing activities		2,639,575,736.63	1,420,722,550.92
Net cash flows from financing activities		774,924,263.37	-119,315,410.92
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
V. Net increase/(decrease) in cash and cash equivalents		-212,003,265.23	105,965,270.68
Plus: Cash and cash equivalents at the beginning of the period		249,617,604.59	143,652,333.91
VI. Cash and cash equivalents at the end of the period		37,614,339.36	249,617,604.59

Legal Representative:

Chief Financial Officer:

Finance Manager:







Prepared by: Cixi State-owned Assets Investment Holding Co., Ltd.

Finance Manager:

Chief Financial Officer:

Legal Representative:



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER

Prepared by: Cui State-owned Assets Investment Holding Co., Ltd.

Unit: Yuan Currency: CNY

	Paid-in capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserves	Surplus reserves	Retained earnings	Total owners' equity
		Preference shares	Perpetual bonds	Others							
I. Balance at 31 December 2020	800,000,000.00	-	-	-	5,723,408,445.68	-	-	-	23,196,086.10	40,560,657.68	6,587,165,189.46
Add: Changes in accounting policy	-	-	-	-	-	-	-	-	17,013,733.92	153,123,605.29	170,137,339.21
Correction of prior period errors	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-
II. Balance at 1 January 2021	800,000,000.00	-	-	-	5,723,408,445.68	-	-	-	40,209,820.02	193,684,262.97	6,757,302,528.67
III. Changes in equity during the reporting period	700,000,000.00	-	-	-	6,302,197,162.48	-	-	-	13,007,239.58	117,065,156.25	7,132,269,558.31
(i) Total comprehensive income	-	-	-	-	-	-	-	-	-	130,072,395.83	130,072,395.83
(ii) Capital contributions or withdrawals by owners	700,000,000.00	-	-	-	6,302,197,162.48	-	-	-	-	-	7,002,197,162.48
1. Ordinary shares contributed by owners	700,000,000.00	-	-	-	100,000,000.00	-	-	-	-	-	800,000,000.00
2. Capital contributed by holders of other equity instruments	-	-	-	-	-	-	-	-	-	-	-
3. Share-based payments recognized in owners' equity	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	6,302,197,162.48	-	-	-	-	-	6,202,197,162.48
(iii) Profit distribution	-	-	-	-	-	-	-	-	13,007,239.58	-13,007,239.58	-
1. Withdrawal of surplus reserves	-	-	-	-	-	-	-	-	13,007,239.58	-13,007,239.58	-
2. Profit distribution to investors (or shareholders)	-	-	-	-	-	-	-	-	-	-	-
3. Others	-	-	-	-	-	-	-	-	-	-	-
(iv) Transfer between equity	-	-	-	-	-	-	-	-	-	-	-
1. Capital reserves transfer to paid-in capital	-	-	-	-	-	-	-	-	-	-	-
2. Surplus reserves transfer to paid-in capital	-	-	-	-	-	-	-	-	-	-	-
3. Surplus reserves used to cover accumulated deficits	-	-	-	-	-	-	-	-	-	-	-
4. Defined benefit plan transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-
5. Other comprehensive income transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-
6. Others	-	-	-	-	-	-	-	-	-	-	-
(v) Specific reserves	-	-	-	-	-	-	-	-	-	-	-
1. Withdrawal during the reporting period	-	-	-	-	-	-	-	-	-	-	-
2. Usage during the reporting period	-	-	-	-	-	-	-	-	-	-	-
(vi) Others	-	-	-	-	-	-	-	-	-	-	-
IV. Balance at 31 December 2021	1,500,000,000.00	-	-	-	12,025,605,608.16	-	-	-	53,217,059.60	310,749,419.22	13,889,572,086.98

Legal Representative:

Chief Financial Officer:

Finance Manager:

Cixi State-owned Assets Investment Holding Co., Ltd.**Notes to the Financial Statements**

For the year ended 31 December 2021

(All amounts are expressed in Chinese Yuan ("CNY") unless otherwise stated)

1. BASIC INFORMATION ABOUT THE COMPANY**1.1 Corporate Information**

Cixi State-owned Assets Investment Holding Co., Ltd. (hereinafter referred to as "the **Company**" or "**Company**") was authorized by the Cixi Municipal People's Government, according to the <CPC Cixi Municipal Committee, Cixi Municipal People's Government on Deepening the Reform of the State-owned Assets Management System>, by the Cixi Municipal State-owned Assets Supervision and Administration Bureau of the capital of the formation of limited liability company. The Company was established on 25 June 2003 and obtained the business license with registration number No.330282000201443 for a business period of 20 years. The registered capital of the Company is CNY800.00 million, which was invested by the net assets after evaluation of Cixi Education Development Co., Ltd., Ningbo Cixi Construction Group Co., Ltd., Cixi Economic Development Co., Ltd., Cixi Wuleishan Scenic Area Investment and Development Co., Ltd., Ningbo Cixi Transportation Group Co., Ltd., Cixi Technology Venture Capital Co., Ltd. and Cixi Urban Construction Investment Development Co., Ltd. In May 2003, Cixi Yongjing Accountant Firm Co., Ltd. audited and issued Cixi Yonghui Neiqi [2003] No.195 Capital Verification Report. In July 2020, 10.00% of the Company's equity was gratuitously transferred to Zhejiang Finance Development Company. After the transfer, the equity ratio of Cixi State-owned Assets Management Center is 90.00%, and the equity ratio of Zhejiang Finance Development Company is 10.00%.

In December 2021, the Company's registered capital was changed from CNY800.00 million to CNY1.50 billion. The capital contribution of Cixi City State-owned Assets Management Center was changed to CNY1.352 billion, with an equity ratio of 90.15%; the capital contribution of Zhejiang Finance Development Company was changed to CNY148.00 million, with an equity ratio of 9.85%.

Scope of business: general projects: investment activities with own funds; management of corporate headquarters.

Unified social credit code: 91330282750374589C.

Company registration address: No.1158, South Second Ring East Road, Baisha Road Street, Cixi City, Zhejiang Province, China

Legal representative: Ru, Hong.

The ultimate controlling owners is Cixi Municipal People's Government.

The financial report is permitted to be issued on 29 November 2023 by the resolution of the board of directors of the **Company**.

1.2 Scope of Consolidation

(a) Incorporated subsidiaries of the Company

Sequence number	Name of subsidiaries	Abbreviation of subsidiaries	Proportion of ownership interest (%)	
			Direct	Indirect
1	Cixi Education Development Co., Ltd.	Education Development		100.00
2	Ningbo Cixi Construction Group Co., Ltd.	Cixi Construction Group	100.00	
3	Cixi Housing Development Investment Co., Ltd.	Housing Development Investment		100.00
4	Cixi Chengzheng Construction Engineering Testing Co., Ltd.	Chengzheng Construction Engineering Testing		100.00
5	Cixi Tianhong Construction Investment Co., Ltd.	Tianhong Construction Investment		100.00
6	Cixi Minghong Construction Investment Co., Ltd.	Minghong Construction Investment		100.00
7	Cixi Haihong Construction Investment Co., Ltd.	Haihong Construction Investment		100.00
8	Cixi Shenghong Construction Investment Co., Ltd.	Shenghong Construction Investment		100.00
9	Cixi Jinhong Housing Service Co., Ltd.	Jinhong Housing Service		100.00
10	Cixi Parking Lot Construction Management Co., Ltd.	Parking Lot Construction Management		100.00
11	Cixi Cihong Construction Investment Co., Ltd.	Cihong Construction Investment		100.00
12	Cixi Coal Gas Co., Ltd.	Coal Gas Company		60.00
13	Cixi Park Investment Holding Co., Ltd.	Park Investment		100.00
14	Cixi Cultural Business District Development Co., Ltd.	Cultural Business District Development		100.00
15	Ningbo Huanchuang Asset Management Co., Ltd.	Huanchuang Asset Management		100.00
16	Cixi Hangzhou Bay Modern Agricultural Development Co., Ltd.	Hangzhou Bay Modern Agricultural Development		100.00
17	Cixi Chengnan Construction Investment Co., Ltd.	Chengnan Construction Investment	50.00	50.00
18	Cixi Xinxing Construction Investment Co., Ltd.	Xinxing Construction Investment	50.00	50.00
19	Cixi Gaochuang Investment Management Co., Ltd.	Gaochuang Investment Management	50.00	50.00
20	Cixi Xinchenghe Construction Investment Co., Ltd.	Xinchenghe Construction Investment	50.00	50.00

Sequence number	Name of subsidiaries	Abbreviation of subsidiaries	Proportion of ownership interest (%)	
			Direct	Indirect
21	Cixi Xinhua Construction Investment Co., Ltd.	Xinhua Construction	50.00	50.00
22	Cixi CiDong Industrial Development Co., Ltd.	CiDong Industrial	50.00	50.00
23	Cixi City CiDong Industrial Zone Seashore Farmers Market Management Service Co., Ltd.	CiDong Farmers Market	50.00	50.00
24	Cixi Water Supply Co., Ltd.	Cixi Water Supply	50.00	50.00
25	Ningbo Binhai Aviation Engineering Technology Center Co., Ltd.	Aviation Engineering Company	50.00	50.00
26	Cixi Longxing Construction Co., Ltd.	Longxing Construction	50.00	50.00
27	Ningbo Cixi Transportation Group Co., Ltd.	Cixi Transportation Group	100.00	
28	Cixi Public Transport Co., Ltd.	Public Transport		100.00
29	Cixi Transportation Logistics Development Co., Ltd.	Transportation Logistics Development		100.00
30	Cixi Traffic Station Management Co., Ltd.	Traffic Station Management		100.00
31	Cixi Highway Transportation Co., Ltd.	Highway Transportation		100.00
32	Zhejiang Cixi Shinkansen Express Passenger Transport Co., Ltd.	Shinkansen Express Passenger Transport		65.00
33	Cixi Jiaoyun Automobile Maintenance Co., Ltd.	Jiaoyun Automobile Maintenance		100.00
34	Cixi Sanbei Taxi Co., Ltd.	Sanbei Taxi		100.00
35	Cixi Transportation Construction Investment Co., Ltd.	Transportation Construction Investment		100.00
36	Cixi Railway Management Office Co., Ltd.	Railway Management Office		100.00
37	Cixi Jiaotou Comprehensive Energy Development Co., Ltd. ⁽ⁱ⁾	Jiaotou Comprehensive Energy Development		50.00
38	Cixi Longshan Port and Shipping Service Co., Ltd.	Longshan Port and Shipping	15.00	75.00
39	Cixi Zheyong Comprehensive Energy Sales Co., Ltd. ⁽ⁱⁱ⁾	Comprehensive Energy		49.00
40	Cixi Urban Construction Investment Development Co., Ltd.	Urban Construction Investment Development		100.00
41	Cixi Agricultural Investment Development Co., Ltd.	Agricultural Investment Development	100.00	
42	Cixi Agricultural Science and Technology Innovation Development Co., Ltd.	Agricultural Science and Technology Innovation Development		100.00

Sequence number	Name of subsidiaries	Abbreviation of subsidiaries	Proportion of ownership interest (%)	
			Direct	Indirect
43	Ningbo Cixi Agricultural Tourism Group Co., Ltd.	Cixi Agricultural Tourism Group	100.00	
44	Cixi Haitu Agricultural Development Co., Ltd.	Haitu Agricultural Development		100.00
45	Cixi Water Conservancy Investment and Construction Co., Ltd.	Water Conservancy Investment		100.00
46	Cixi Raw Water Co., Ltd.	Cixi Raw Water		100.00
47	Cixi Farmers Microfinance Guarantee Co., Ltd.	Farmers Microfinance Guarantee		100.00
48	Cixi Guoli Land Resources Investment and Development Co., Ltd.	Guoli Land Resources Investment and Development		100.00
49	Cixi Zichuang Land Consolidation and Development Co., Ltd.	Zichuang Land Consolidation and Development		100.00
50	Cixi Cereal Depositary Co., Ltd.	Cereal Depositary		100.00
51	Cixi Reclamation Development Co., Ltd.	Reclamation Development		100.00
52	Cixi Tourism Development Co., Ltd.	Tourism Development		100.00
53	Cixi Tourism Investment Development Co., Ltd.	Tourism Investment Development		100.00
54	Ningbo Houmaoshan Tourism Development Co., Ltd.	Houmaoshan Tourism		90.00
55	Cixi Wuleishan Scenic Area Investment and Development Co., Ltd.	Wuleishan		88.37
56	Ningbo Fulongshan Tourism Development Co., Ltd.	Fulongshan		51.00
57	Cixi Art Performance Co., Ltd.	Art Performance	100.00	
58	Cixi Celadon Oule Art Troupe Co., Ltd.	Celadon Oule Art Troupe		100.00
59	Cixi Property Rights Trading Center Co., Ltd.	Property Rights Trading Center	100.00	
60	Ningbo Cixi Industry and Trade Group Co., Ltd.	Cixi Industry and Trade Group	100.00	
61	Cixi Metal Recycling Co., Ltd.	Metal Recycling		100.00
62	Cixi Civil Blasting Equipment Franchise Co., Ltd.	Civil Blasting Equipment Franchise		100.00
63	Cixi Foodstuff Co., Ltd.	Foodstuff Company		51.45
64	Cixi Home Appliance Service Center Co., Ltd.	Home Appliance Service Center		100.00
65	Cixi Yangtze River Delta Market Group Investment Co., Ltd.	Yangtze River Delta Market Group Investment		63.43

Sequence number	Name of subsidiaries	Abbreviation of subsidiaries	Proportion of ownership interest (%)	
			Direct	Indirect
66	Cixi Agricultural Non-staple Products Wholesale Market Co., Ltd.	Agricultural Non-staple Products Wholesale		100.00
67	Cixi Culture and Sports Development Co., Ltd.	Culture and Sports Development		100.00
68	Cixi Film Distribution and Projection Co., Ltd.	Film Distribution and Projection		100.00
69	Cixi Construction Project Management Co., Ltd.	Construction Project Management	100.00	
70	Cixi Thermal Power Co., Ltd.	Cixi Thermal Power	100.00	
71	Cixi Water Affairs Co., Ltd.	Water Affairs Company		100.00
72	Cixi Tap Water Co., Ltd.	Tap Water		100.00
73	Cixi Water Affairs Construction Co., Ltd.	Water Affairs Construction		100.00
74	Cixi Water Investment Co., Ltd.	Water Investment		100.00
75	Cixi City Resources Management Co., Ltd.	City Resources Management		100.00
76	Cixi Affordable Housing Construction Investment Co., Ltd.	Affordable Housing Construction Investment		80.00
77	Cixi Huixi Industrial Development Co., Ltd.	Huixi Industrial Development	100.00	
78	Cixi Canghai Cihu Agricultural Development Co., Ltd.	Canghai Cihu		100.00
79	Cixi Shanglin Talent Service Co., Ltd.	Shanglin Talent	100.00	
80	Cixi Daily Newspaper Co., Ltd.	Cixi Daily Newspaper	100.00	
81	Cixi Cixiao Yanxue Tourism Co., Ltd.	Yanxue Tourism		100.00
82	Cixi Security Service Co., Ltd.	Security Service	100.00	
83	Cixi Motor Vehicle Technology Testing Co., Ltd.	Motor Vehicle Technology Testing		100.00
84	Cixi Wanda Technology Prevention Engineering Co., Ltd.	Wanda Technology Prevention		100.00
85	Cixi Zhibo Parking Management Co., Ltd.	Zhibo Parking		100.00
86	Zhejiang Cixi Advertising Co., Ltd.	Cixi Advertising	100.00	
87	Cixi Radio and Television Information Network Co., Ltd.	Radio and Television Information Network		100.00
88	Cixi Hangzhouwan Engineering Cost Consulting Co., Ltd.	Hangzhouwan Engineering Cost Consulting	100.00	
89	Cixi Xinhui Construction and Development Co., Ltd.	Xinhui Construction and Development	100.00	

Sequence number	Name of subsidiaries	Abbreviation of subsidiaries	Proportion of ownership interest (%)	
			Direct	Indirect
90	Cixi Xirang Construction Development Co., Ltd.	Xirang Construction	100.00	
91	Cixi Industrial Investment Co., Ltd.	Cixi Industrial Investment		100.00
92	Cixi Home Appliance Technology City Exhibition Management Co., Ltd.	Home Appliance Technology City		100.00
93	Cixi Foreign Trade Group Co., Ltd.	Foreign Trade Company		100.00
94	Anlong Cigong Industrial Park Management Co., Ltd.	Anlong CiGong		100.00
95	Cixi Technology Venture Capital Co., Ltd.	Technology Venture Capital		100.00
96	Cixi West Livestock and Poultry Slaughtering and Processing Center Co., Ltd.	West Livestock and Poultry Slaughtering		100.00
97	Cixi Fuci Intelligent Technology Co., Ltd.	Fuci Intelligent	100.00	
98	Cixi SME Financing Guarantee Co., Ltd.	SME Financing Guarantee	100.00	
99	Cixi Industrial and Information Industry Fund Co., Ltd.	Industrial and Information Industry Fund	100.00	
100	Cixi Yici Equity Investment Partnership (Limited Partnership)	Cixi Yici	44.98	55.00
101	Cixi Xinnong Water Conservancy Development Co., Ltd.	Xinnong Water Conservancy		100.00
102	Cixi Xinnong Cultural Tourism Development Co., Ltd.	Xinnong Cultural Tourism		100.00
103	Cixi Seed Co., Ltd.	Cixi Seed		100.00
104	Cixi Cijian Real Estate Management Co., Ltd.	Cijian Real Estate Management		100.00
105	Cixi Cijian Engineering Construction Co., Ltd.	Cijian Engineering Construction		100.00
106	Cixi Cijian Engineering Consulting Co., Ltd.	Cijian Engineering Consulting		100.00

Notes:

- (i) The Company's first-tier subsidiary, Ningbo Cixi Transportation Group Co., Ltd. holds 50.00% equity in Cixi Jiaotou Comprehensive Energy Development Co., Ltd. However, pursuant to the concerted action agreement entered into between the Company and the other shareholders, the Company has the right to control Cixi Jiaotou Comprehensive Energy Development Co., Ltd. and therefore included the company in the scope of consolidation.
- (ii) The Company's first-tier subsidiary, Ningbo Cixi Transportation Group Co., Ltd.

holds 49.00% equity in Cixi Zheyong Comprehensive Energy Sales Co., Ltd. however, pursuant to the concerted action agreement entered into between the Company and the other shareholders, the Company has the right to control Cixi Zheyong Comprehensive Energy Sales Co., Ltd. and therefore included the company in the scope of consolidation.

For details of the subsidiaries mentioned above, please refer to *Note 7 INTEREST IN OTHER ENTITIES*

(b) Change of the scope of consolidation

(b.1) The newly incorporated subsidiaries during the reporting period are as follows:

Sequence number	Name of subsidiaries	Abbreviation of subsidiaries	Reporting period	Reason of incorporation
1	Cixi Xirang Construction Development Co., Ltd.	Xirang Construction	From 1 Dec. 2021 to 31 Dec. 2021	Business combination not under common control
2	Cixi Industrial Investment Co., Ltd.	Cixi Industrial Investment	From 1 Jun. 2021 to 31 Dec. 2021	Business combination not under common control
3	Cixi Home Appliance Technology City Exhibition Management Co., Ltd.	Home Appliance Technology City	From 1 Jun. 2021 to 31 Dec. 2021	Business combination not under common control
4	Cixi Foreign Trade Group Co., Ltd.	Foreign Trade Company	From 1 Jun. 2021 to 31 Dec. 2021	Business combination not under common control
5	Anlong Cigong Industrial Park Management Co., Ltd.	Anlong CiGong	From 1 Jun. 2021 to 31 Dec. 2021	Business combination not under common control
6	Cixi Technology Venture Capital Co., Ltd.	Technology Venture Capital	From 1 Jun. 2021 to 31 Dec. 2021	Business combination not under common control
7	Cixi Fuci Intelligent Technology Co., Ltd.	Fuci Intelligent	From 1 Jun. 2021 to 31 Dec. 2021	Business combination not under common control
8	Cixi SME Financing Guarantee Co., Ltd.	SME Financing Guarantee	From 1 Jun. 2021 to 31 Dec. 2021	Business combination not under common control
9	Cixi Industrial and Information Industry Fund Co., Ltd.	Industrial and Information Industry Fund	From 1 Jun. 2021 to 31 Dec. 2021	Business combination not under common control
10	Cixi West Livestock and Poultry Slaughtering and Processing Center Co., Ltd.	West Livestock and Poultry Slaughtering	From 1 Sept. 2021 to 31 Dec. 2021	Investment establishment
11	Cixi Yici Equity Investment Partnership (Limited Partnership)	Cixi Yici	From 1 Dec. 2021 to 31 Dec. 2021	Investment establishment

Sequence number	Name of subsidiaries	Abbreviation of subsidiaries	Reporting period	Reason of incorporation
12	Cixi Xinnong Water Conservancy Development Co., Ltd.	Xinnong Water Conservancy	From 1 Jun. 2021 to 31 Dec. 2021	Investment establishment
13	Cixi Xinnong Cultural Tourism Development Co., Ltd.	Xinnong Cultural Tourism	From 1 Jun. 2021 to 31 Dec. 2021	Investment establishment
14	Cixi Seed Co., Ltd.	Cixi Seed	From 1 Sept. 2021 to 31 Dec. 2021	Business combination not under common control
15	Cixi Cijian Real Estate Management Co., Ltd.	Cijian Real Estate Management	From 1 Aug. 2021 to 31 Dec. 2021	Investment establishment
16	Cixi Cijian Engineering Construction Co., Ltd.	Cijian Engineering Construction	From 1 Aug. 2021 to 31 Dec. 2021	Investment establishment
17	Cixi Cijian Engineering Consulting Co., Ltd.	Cijian Engineering Consulting	From 1 Aug. 2021 to 31 Dec. 2021	Investment establishment
18	Cixi Jiangnan Road Development Co., Ltd.	Jiangnan Road	From 1 Jul. 2021 to 31 Dec. 2021	Business combination not under common control

(b.2) The subsidiaries reduced during the reporting period are as follows:

Sequence number	Name of subsidiaries	Abbreviation of subsidiaries	Reporting period	Reason of reduction
1	Cixi CiDong Town Construction Investment Development Co., Ltd. ⁽ⁱ⁾	CiDong Town Construction	From 1 Jan. 2021 to 31 Jan. 2021	Equity trusteeship

Note:

- (i) According to the equity trustment agreement, the subsidiary Cixi CiDong Industrial Development Co., Ltd. entrusts the 35.00% equity of Cixi CiDong Town Construction Investment Development Co., Ltd. to the operation and management of Cixi Longshan Town Asset Management Company and fully represents the rights of its shareholders, so it is not included in the scope of the merger.

For the detail of the change of consolidation scope, please refer to *Note 6 CHANGES IN THE SCOPE OF CONSOLIDATION*.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Basis of Preparation

Based on going concern, according to actually occurred transactions and events, the **Company** prepares its financial statements in accordance with the "Accounting Standards for Business Enterprises-Basic Standards and Concrete Accounting Standards, Accounting Standards for Business Enterprises-Application Guidelines, Accounting Standards for Business Enterprises-Interpretations and Other Relevant Provisions" (collectively known as "Accounting Standards for Business Enterprises,

issued by Ministry of Finance of PRC").

2.2 Going Concern

The **Company** has evaluated its capacity to continually operate in the next twelve months from the end of the reporting period, and no any matters that may result in doubt on its ability as a going concern were noted. Therefore, it is reasonable for the **Company** to prepare financial statements on the going concern basis.

3. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The following important accounting policies and accounting estimates of the **Company** are formulated in accordance with the Accounting Standards for Business Enterprises. Business not mentioned are executed according to the relevant accounting policies in the Accounting Standards for Business Enterprises.

3.1 Statement of Compliance with the Accounting Standards for Business Enterprises

The financial statements prepared by the **Company** meet the requirements of the Accounting Standards for Business Enterprises and truly and completely reflect the **Company's** financial position as at 31 December 2021, and its operating results, cash flows and other related information for the year then ended.

3.2 Accounting Period

The accounting year of the **Company** is from January 1 to December 31 in calendar year.

3.3 Operating Cycle

The normal operating cycle of the **Company** is twelve months.

3.4 Functional Currency

The **Company** takes Chinese Yuan ("CNY") as the functional currency. The **Company's** overseas subsidiaries choose the currency of the primary economic environment in which the subsidiaries operate as the functional currency.

3.5 Accounting Treatment of Business Combinations under and not under Common Control

(a) Business combinations under common control

The assets and liabilities that the **Company** obtains in a business combination under common control shall be measured at their carrying amount of the acquired entity in the ultimate controller's consolidated financial statements at the combination date. If the accounting policy adopted by the acquired entity is different from that adopted by the acquiring entity, the acquiring entity shall, according to accounting policy it adopts, adjust the relevant items in the financial statements of the acquired party based on the principal of materiality. As for the difference between the carrying amount of the net assets obtained by the acquiring entity and the carrying amount of the consideration paid by it, the capital reserve shall be adjusted. If the capital reserve is not sufficient to

be offset, the surplus reserve and retained earnings shall be adjusted in turn.

The accounting treatment of business combinations under common control through step-by-step transactions, please refer to *Note 3.6 (f) Accounting for Special Transactions*.

(b) Business combinations not under common control

The assets and liabilities that the **Company** obtains in a business combination not under common control shall be measured at their fair value at the acquisition date. If the accounting policy adopted by the acquired entity is different from that adopted by the acquiring entity, the acquiring entity shall, according to accounting policy it adopts, adjust the relevant items in the financial statements of the acquired entity based on the principal of materiality. The acquiring entity shall recognize the positive balance between the combination costs and the fair value of the identifiable net assets it obtains from the acquired entity as goodwill. The acquiring entity shall, pursuant to the following provisions, treat the negative balance between the combination costs and the fair value of the identifiable net assets it obtains from the acquired entity:

- It shall reexamine the measurement of the fair values of the identifiable assets, liabilities and contingent liabilities it obtains from the acquired entity as well as the combination costs;
- If, after the reexamination, the combination costs are still less than the fair value of the identifiable net assets it obtains from the acquired entity, the balance shall be recognized in profit or loss of the reporting period.

The accounting treatment of business combination not under common control through step-by-step transactions, please refer to *Note 3.6 (f) Accounting for Special Transactions*.

(c) Accounting treatment of transaction costs in business combination

Intermediary expenses such as auditing, legal services, evaluation and consulting, and other related administrative expenses incurred for the business consolidations shall be included in the current profits or losses. The transaction costs of equity securities or debt securities issued as a consolidation consideration shall be included in the initial recognition amount of equity securities or debt securities.

3.6 Method of Preparing the Consolidated Financial Statements

(a) Scope of consolidation

The scope of consolidated financial statements shall be determined on the basis of control. It not only includes subsidiaries determined based on voting power (or similar) or other arrangement, but also structured entities under one or several contract arrangements.

Control exists when the **Company** has all the following: power over the investee; exposure, or rights to variable returns from the **Company's** involvement with the investee; and the ability to use the **Company's** power over the investee to affect the

amount of the investor's returns. Subsidiaries are the entities that the **Company** has the power to govern (including enterprise, a divisible part of the investee, and structured entity controlled by the enterprise). A structured entity (sometimes called a Special Purpose Entity) is an entity designed not determining its controlling party based on the voting power (or similar).

(b) The special regulations about the parent company being an investment subject

If the parent company is an investment subject, only those subsidiaries that provide relevant services for the investment activities of the investment subject shall be included in the consolidation scope. Other subsidiaries are not consolidated. The equity investors of the subsidiaries that are not included in the consolidation scope will be recognized as financial assets at fair value through profit or loss.

When the parent company satisfies the following conditions at the same time, the parent company is an investment subject:

- The purpose of the **Company** is to provide investment management services to investors and obtain funds from one or more investors.
- The **Company's** sole operating purpose is to allow investors to obtain returns through capital appreciation, investment income or both.
- The **Company** measures and evaluates the performance of almost all investments based on fair value.

When the parent company transforms from a non-investment subject to an investment subject, except that the preparation of consolidated financial statements by including only subsidiaries that provide relevant services for its investment activities within the consolidated financial statements, the other subsidiaries of the **Company** will not be consolidated from the date of transform and refer to the principle of partially disposing the subsidiary's equity without losing the control right.

When the parent company transforms from an investment subject to a non-investment subject, Subsidiaries not previously included in the consolidated financial statements shall be included in the consolidated financial statements on the date of transforms, the fair value of a subsidiary not previously included in the consolidated financial statements shall be regarded as the transaction consideration of the purchase at the date of transforms, according to accounting treatment of business combinations not under common control for processing.

(c) Method of preparing the consolidated financial statements

The consolidated financial statements shall be prepared by the **Company** based on the financial statements of the **Company** and its subsidiaries and using other related information.

When preparing consolidated financial statements, the **Company** shall consider the entire group as an accounting entity, adopt uniform accounting policies, and apply the requirements of Accounting Standard for Business Enterprises related to recognition, measurement, and presentation. The consolidated financial statements shall reflect the

overall financial position, operating results, and cash flows of the group.

- (c.1) Combine items of assets, liabilities, owner's equity, income, expenses and cash flows of the **Company** with those of the **Company's** subsidiaries.
- (c.2) Offset the carrying amount of the **Company's** long-term equity investment in the subsidiaries and the **Company's** share of owner's equity of the subsidiaries.
- (c.3) Eliminate the impact of intragroup transactions between the **Company** and the subsidiaries or between subsidiaries, and when intragroup transactions indicate an impairment of related assets, the losses shall be recognized in full.
- (c.4) Make adjustments to special transactions from the perspective of the group.

(d) Method of preparation of the consolidated financial statements when subsidiaries are acquired or disposed in the reporting period

- (d.1) Addition of subsidiaries or business

(d.1.1) Addition of subsidiaries or business through business combination under common control

When preparing consolidated statements of financial position, the opening balance of the consolidated balance sheet shall be adjusted. Related items of comparative financial statements shall be adjusted as well, deeming that the combined entity has always existed ever since the ultimate controlling party began to control.

Incomes, expenses and profits of the subsidiary incurred from the beginning of the reporting period to the end of the reporting period shall be included into the consolidated statement of profit or loss and other comprehensive income. Related items of comparative financial statements shall be adjusted as well, deeming that the combined entity has always existed ever since the ultimate controlling party began to control.

Cash flows from the beginning of the reporting period to the end of the reporting period shall be included into the consolidated statement of cash flows. Related items of comparative financial statements shall be adjusted as well, deeming that the combined entity has always existed ever since the ultimate controlling party began to control.

(d.1.2) Addition of subsidiaries or business through business combination not under common control

When preparing the consolidated statements of financial position, the opening balance of the consolidated statements of financial position shall not be adjusted.

Incomes, expenses and profits of the subsidiary incurred from the acquisition date to the end of the reporting period shall be included into the consolidated statement of profit or loss and other comprehensive income.

Cash flows from the acquisition date to the end of the reporting period shall be included into the consolidated statement of cash flows.

- (d.2) Disposal of subsidiaries or business

When preparing the consolidated statements of financial position, the opening balance

of the consolidated statements of financial position shall not be adjusted.

Incomes, expenses and profits incurred from the beginning of the subsidiary to the disposal date shall be included into the consolidated statement of profit or loss and other comprehensive income.

Cash flows from the beginning of the subsidiary to the disposal date shall be included into the consolidated statement of cash flows.

(e) Special consideration in consolidation elimination

(e.1) Long-term equity investment held by the subsidiaries to the **Company** shall be recognized as treasury stock of the **Company**, which is offset with the owner's equity, represented as "Less: Treasury stock" under owner's equity in the statement of financial position.

Investment held by subsidiaries between each other is accounted for taking long-term equity investment held by the **Company** to its subsidiaries as reference. That is, the long-term equity investment is eliminated with the share of the corresponding subsidiary's equity.

(e.2) Due to not belonging to paid-in capital and capital reserve, and being different from retained earnings and undistributed profit, "Specific reserve" and "General risk provision" shall be recovered at the share of the parent after long-term equity investment to the subsidiaries is eliminated with the subsidiaries' equity.

(e.3) If temporary difference between the book value of the assets and liabilities in the consolidated statement of financial position and their tax basis is generated as a result of unrealized intra-group transaction profit or loss elimination, deferred tax assets or deferred tax liabilities shall be recognized, and adjusting income expense simultaneously, excluding deferred taxes related to transactions or events recognized in owner's equity or business combination.

(e.4) Unrealized intra-group transactions profit or loss generated from the **Company** selling assets to its subsidiaries shall be eliminated with "Net profit attributed to the owners of the parent company" in full. Unrealized intra-group transactions profit or loss generated from the subsidiaries selling assets to the **Company** shall be eliminated with "Net profit attributed to the owners of the parent company" and "Non-controlling interests" pursuant to the proportion that the related subsidiaries distribute to the **Company**. Unrealized intra-group transactions profit or loss generated from the assets sales between the subsidiaries shall be eliminated with "Net profit attributed to the owners of the parent company" and "Non-controlling interests" pursuant to the proportion that the selling subsidiaries distribute to the **Company**.

(e.5) If loss attributed to the minority shareholders of a subsidiary in current period is more than the minority shareholders' share of this subsidiary's owner's equity at the beginning of the period, non-controlling interest is still be written down.

(f) Accounting for Special Transactions

(f.1) Purchasing of non-controlling interests

Where, the **Company** purchases non-controlling interests of its subsidiary, in the individual financial statements of the **Company**, the cost of the long-term equity investment obtained in purchasing non-controlling interests is measured at the fair value of the consideration transferred. In the consolidated financial statements, difference between the cost of the long-term equity investment newly obtained in purchasing non-controlling interests and share of the subsidiary's net assets from the purchasing date or combination date continuingly calculated pursuant to the newly acquired shareholding proportion shall be adjusted in capital reserve (capital premium or share premium). If capital reserve is not enough to be offset, surplus reserve and undistributed profit shall be offset in turn.

(f.2) Gaining control over the subsidiary in steps through multiple transactions

(f.2.1) Business combination under common control in stages through multiple transactions

At the combination date, preliminary cost of the long-term investment is determined according to the share of book value of the acquiree's net assets in the ultimate controlling entity's consolidated financial statements calculated at the accumulated shareholding percentage. The difference between the preliminary cost of the long-term investment and the carrying amount of the long-term investment prior of control is gained plus book value of additional consideration paid at consolidation date is adjusted in capital reserve (capital premium or share premium). If the capital reserve (capital premium or share premium) is not enough to be offset, surplus reserve and undistributed profit shall be offset in turn.

In the consolidated financial statements, the assets and liabilities of the combined party acquired by the combining party in the merger, except for adjustments due to different accounting principles, they shall be measured pursuant to their carrying amount in the consolidated financial statements of the final control party on the date of consolidation; The sum of the book value of the investment held before merger plus the book value of the consideration paid by the merger on a daily basis, as for the difference between the book value of the net assets obtained in the merger, the capital reserve shall be adjusted. If the capital reserve is not sufficient to be offset, the retained earnings shall be adjusted. If the acquiring entity holds equity investment in the acquired entity prior of the combination date and the equity investment is accounted for on equity method, related profit or loss, other comprehensive income and other equity movement which have been recognized during the period from the later of the date of the **Company** obtaining original equity interest and both the acquirer and the acquiree being common controlled by the same ultimate controlling entity to combination date should be offset with the retained earnings at the beginning of the period of the comparative financial statements.

(f.2.2) Business combination not under common control in stages through multiple transactions

In individual financial statements, equity investment is always recognized as long-term investment in each transaction prior of the combination date, and the preliminary cost of the investment is determined according to the fair value of the consideration paid.

In the consolidated financial statements, the share of the acquired entity's equity held prior of the acquisition date shall be re-measured at its fair value at the acquisition date. Difference between the fair value of the equity share and its book value is recognized as investment income. If other comprehensive income was recognized concerning the equity interest held prior of the acquisition date, the other comprehensive income should be transferred to investment income of reporting period which the acquisition belongs to, excluding other comprehensive income recognized due to the movement of net assets or net liabilities under the circumstances of beneficiary plan being re-defined. The **Company** shall disclose in the note the fair value at the acquisition date of the equity interest held by it prior of the acquisition date, and the amount of related gains or losses due to re-measurement at fair value.

(f.3) Disposing investment in subsidiaries without losing control

For partial disposal of the long-term equity investment in the subsidiaries without control, when the **Company** prepares consolidated financial statements, difference between consideration received for the disposal and the corresponding subsidiary's net assets continually calculated from the acquisition date or combination date shall be adjusted in capital reserve (capital premium or share premium). If the balance of capital reserve is not enough, retained earnings shall be adjusted.

(f.4) Disposing investment in subsidiaries with controlling right lost

(f.4.1) Disposal through one transaction

For partial disposal of the long-term equity investment in the subsidiaries with controlling right lost, when the **Company** prepares consolidated financial statements, the remaining equity interest shall be re-measured at its fair value at the date when the controlling right is lost. Consideration received for disposal of the equity interest, plus the fair value of the remaining equity interest, minus share of the former subsidiary's net assets continually calculated from the acquisition date or combination date, shall be recognized in investment income of the period when the controlling right is lost.

Moreover, other comprehensive income and other equity movement related to the equity investment in the original subsidiary shall be transferred to investment income of the consolidation date, excluding other comprehensive income recognized due to the movement of net assets or net liabilities under the circumstances of beneficiary plan being re-defined.

(f.4.2) Disposal in steps

In business combination, first of all, disposal in stages should be assessed whether they should be classified as "a package deal".

If the disposal in stages should not be classified as "a package deal", in the individual financial statements, the transaction before the loss of control of the subsidiary shall be

carried forward to the book value of the long-term equity investment corresponding to each disposal of the equity, and the difference between the proceeds and the book value of the disposal of the long-term equity investment shall be booked into the current investment income; In the consolidated financial statements, it should be accounted for according to related policy in "Disposing investment in subsidiaries with no controlling right lost".

If the disposal in steps should be classified as "a package deal", these transactions should be considered as a single transaction and accounted for according to related policy in "Disposing investment in subsidiaries with controlling right lost". In the individual financial statements, for transactions prior of the date when controlling right is lost, difference between consideration received and share of corresponding subsidiary's net assets is recognized as other comprehensive income in the consolidated financial statements, which as a whole is recognized as profit or loss when the controlling right is lost. In the consolidated financial statements, for transactions prior of the date when controlling right is lost, difference between consideration received and share of corresponding subsidiary's net assets is recognized as other comprehensive income in the consolidated financial statements, which as a whole is recognized as profit or loss when the controlling right is lost.

If the terms, conditions and economic impact of various transactions meet one or more of the following conditions, multiple transactions are usually recognized as "a package deal":

- These transactions are signed at the same time or taking into account the mutual influence.
- Only these transactions as a whole can achieve a complete commercial result.
- One transaction occurred depends on the occurrence of at least one other transaction.
- One transaction is not economical when considered alone, but it is economical when considered together with other transactions.

(f.5) Diluting equity share of parent company in its subsidiaries due to additional capital injection by the subsidiaries' minority shareholders.

Other shareholders (minority shareholders) of the subsidiaries inject additional capital in the subsidiaries, which resulted in the dilution of equity interest of parent company in these subsidiaries. In the consolidated financial statements, difference between share of the corresponding subsidiaries' net assets calculated based on the parent's equity interest before and after the capital injection shall be adjusted in capital reserve (capital premium and share premium). If the balance of capital reserve is not enough, retained earnings should be adjusted.

3.7 Classification of Joint Arrangements and Accounting for Joint Operation

A joint arrangement is an arrangement of which two or more parties have joint control. A joint arrangement of the **Company** is classified as either a joint operation or a joint

venture.

(a) Joint operation

A joint operation is a joint arrangement whereby the parties have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The **Company** shall recognize the following items in relation to its interest in a joint operation, and account for them in accordance with relevant accounting standards:

- Its assets, including its share of any jointly held assets;
- Its liabilities, including its share of any jointly incurred liabilities;
- Its revenue from the sale of its share of the output arising from the joint operation;
- Its share of the revenue from the sale of the output by the joint operation; and
- Its expenses, including its share of any expenses incurred jointly.

(b) Joint venture

A joint venture is a joint arrangement whereby the parties have joint control of the arrangement have rights to the net assets of the arrangement.

The **Company** accounts for its investment in the joint venture by using the equity method.

3.8 Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits with banks and other financial institutions. Cash equivalents include short-term (generally within three months of maturity at acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.9 Foreign Currency Transactions and Foreign Currency Financial Statements Translation

(a) Selection of foreign exchange rate when foreign currency transactions occur

Foreign currency transactions are converted into reporting currency at spot exchange rates prevailing on the day when the transactions occur or the exchange rate similar to the spot exchange rate on the date of transaction determined in a systematic and reasonable way (hereinafter referred to as the approximate spot exchange rate).

(b) Translation of foreign currency monetary items on the balance sheet date

On the balance sheet date, foreign currency monetary items shall be converted at the spot rates prevailing on the balance sheet date. Foreign exchange difference resulted from the difference of the spot rates prevailing on the balance sheet date and the spot rates prevailing on the day when the transactions occur or the sport rate prevailing on the last balance sheet date is recognized as profit or loss of the reporting period. For foreign currency non-monetary items measured at fair value, the spot exchange rate on the fair value determination date shall be used for translation, and the difference

between the converted amount of the functional currency and the original functional currency is included in the current profit and loss.

(c) Foreign currency financial statements translation

Before translating the financial statements of foreign entities, the accounting period and accounting policy shall be adjusted so as to conform to that of the **Company**. The adjusted foreign entities' financial statements shall be converted in accordance with the following method:

- The asset and liability items in the statement of financial position shall be converted at the spot exchange rates prevailing on the balance sheet date. The owners' equity items except retained earnings shall be converted at the spot exchange rates on the occurrence date.
- The income and expense items in the statement of profit and other comprehensive income shall be converted at the spot exchange rates on the occurrence date or other approximate exchange rate.
- The differences arising from the conversion of financial statements denominated in foreign currency in compliance with the aforesaid principle shall be presented separately as "other comprehensive income" under the owners' equity of the consolidated statement of financial position.
- Foreign currency cash flows and foreign entity's statement of cash flows shall be converted at the spot exchange rate on the occurrence date or other approximate exchange rate. Effect on cash due to exchange rate fluctuation shall be presented separately in the statement of cash flows as an adjustment item.

When disposing of overseas operation and losing control, the foreign currency statements translation difference related to the overseas operation listed under the owner's equity item in the statement of financial position shall be transferred to the current profit or loss of the disposal of the overseas operation in full or in proportion to the disposal of the overseas operation.

3.10 Financial Instruments

Applicable from 1 January 2021

Financial instrument is any contract which gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Recognition and derecognition of financial instrument

A financial asset or a financial liability should be recognized in the statement of financial position when, and only when, the **Company** becomes party to the contractual provisions of the instrument.

A financial asset can only be derecognized when meets one of the following conditions:

- The rights to the contractual cash flows from a financial asset expire
- The financial asset has been transferred and meets one of the following derecognition conditions:

Financial liabilities (or part thereof) are derecognized only when the liability is extinguished-i.e., when the obligation specified in the contract is discharged or cancelled or expires. An exchange of the **Company** (borrower) and lender of debt instruments that carry significantly different terms or a substantial modification of the terms of an existing liability are both accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Purchase or sale of financial assets in a conventional way shall be recognized and derecognized according to trading date. A conventional way purchase or sale of financial assets is a transaction under a contract whose terms require delivery of the asset within the time frame established generally by regulations or convention in the marketplace concerned. Trade date is the date at which the entity commits itself to purchase or sell an asset.

(b) Classification and measurement of financial assets

At initial recognition, the **Company** classified its financial asset based on both the business model for managing the financial asset and the contractual cash flow characteristics of the financial asset: financial asset at amortized cost, financial asset at fair value through profit or loss (FVTPL) and financial asset at fair value through other comprehensive income (FVTOCI). Reclassification of financial assets is permitted if, and only if, the objective of the entity's business model for managing those financial assets changes. In this circumstance, all affected financial assets shall be reclassified on the first day of the first reporting period after the changes in business model; otherwise the financial assets cannot be reclassified after initial recognition.

Financial assets shall be measured at initial recognition at fair value. For financial assets measured at FVTPL, transaction costs are recognized in current profit or loss. For financial assets not measured at FVTPL, transaction costs should be included in the initial measurement. Notes receivable or accounts receivable that arise from sales of goods or rendering of services are initially measured at the transaction price defined in the accounting standard of revenue where the transaction does not include a significant financing component.

Subsequent measurement of financial assets will be based on their categories:

- **Financial asset at amortized cost**

The financial asset at amortized cost category of classification applies when both the following conditions are met: the financial asset is held within the business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual term of the financial asset gives rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding. These financial assets are subsequently measured at amortized cost by adopting the effective interest rate method. Any gain or loss arising from derecognition according to the amortization under effective interest rate method or impairment are recognized in current profit or loss.

- Financial asset at fair value through other comprehensive income (FVTOCI)

The financial asset at FVTOCI category of classification applies when both the following conditions are met: the financial asset is held within the business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual term of the financial asset gives rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding. All changes in fair value are recognized in other comprehensive income except for gain or loss arising from impairment or exchange differences, which should be recognized in current profit or loss. At derecognition, cumulative gain or loss previously recognized under OCI is reclassified to current profit or loss. However, interest income calculated based on the effective interest rate is included in current profit or loss.

The **Company** make an irrevocable decision to designate part of non-trading equity instrument investments as measured through FVTOCI. All changes in fair value are recognized in other comprehensive income except for dividend income recognized in current profit or loss. At derecognition, cumulative gain or loss are reclassified to retained earnings.

- Financial asset at fair value through profit or loss (FVTPL)

Financial asset except for above mentioned financial asset at amortized cost or financial asset at fair value through other comprehensive income (FVTOCI), should be classified as financial asset at fair value through profit or loss (FVTPL). These financial assets should be subsequently measured at fair value. All the changes in fair value are included in current profit or loss.

(c) Classification and measurement of financial liabilities

The **Company** classified the financial liabilities as financial liabilities at fair value through profit or loss (FVTPL), loan commitments at a below-market interest rate and financial guarantee contracts liabilities and financial liabilities at amortized cost.

Subsequent measurement of financial liabilities will be based on the classification:

- Financial liabilities at fair value through profit or loss (FVTPL)

Held-for-trading financial liabilities (including derivatives of financial liabilities) and financial liabilities designated at FVTPL are classified as financial liabilities at FVTPL. After initial recognition, any gain or loss (including interest expense) are recognized in current profit or loss except for those hedge accounting is applied. For financial liability that is designated as at FVTPL, changes in the fair value of the financial liability that is attributable to changes in the own credit risk of the issuer shall be presented in other comprehensive income. At derecognition, cumulative gain or loss previously recognized under OCI is reclassified to retained earnings.

- Loan commitments and financial guarantee contracts liabilities

Loan commitment is a commitment by the **Company** to provide a loan to customer under specified contract terms. The provision of impairment losses of loan

commitments shall be recognized based on expected credit losses model.

Financial guarantee contract is a contract that requires the **Company** to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee contracts liability shall be subsequently measured at the higher of: The amount of the loss allowance recognized according to the impairment principles of financial instruments; and the amount initially recognized less the cumulative amount of income recognized in accordance with the revenue principles.

- Financial liabilities at amortized cost

After initial recognition, the **Company** measured other financial liabilities at amortized cost using the effective interest method.

Except for special situation, financial liabilities and equity instrument should be classified in accordance with the following principles:

- If the **Company** has no unconditional right to avoid delivering cash or another financial instrument to fulfill a contractual obligation, this contractual obligation meets the definition of financial liabilities. Some financial instruments do not comprise terms and conditions related to obligations of delivering cash or another financial instrument explicitly, they may include contractual obligation indirectly through other terms and conditions.
- If a financial instrument must or may be settled in the **Company's** own equity instruments, it should be considered that the **Company's** own equity instruments are alternatives of cash or another financial instrument, or to entitle the holder of the equity instruments to sharing the remaining rights over the net assets of the issuer. If the former is the case, the instrument is a liability of the issuer; otherwise, it is an equity instrument of the issuer. Under some circumstances, it is regulated in the contract that the financial instrument must or may be settled in the **Company's** own equity instruments, where, amount of contractual rights and obligations are calculated by multiplying the number of the equity instruments to be available or delivered by its fair value upon settlement. Such contracts shall be classified as financial liabilities, regardless that the amount of contractual rights and liabilities is fixed, or fluctuate totally or partially with variables other than market price of the entity's own equity instruments (such as interest rate, price of some kind of goods or some kind of financial instrument).

(d) Derivatives and embedded derivatives

At initial recognition, derivatives shall be measured at fair value at the date of derivative contracts are signed and subsequently measured at fair value. The derivative with a positive fair value shall be recognized as an asset, and with a negative fair value shall be recognized as a liability.

Gains or losses arising from the changes in fair value of derivatives shall be recognized directly into current profit or loss except for the effective portion of cash flow hedges

which shall be recognized in other comprehensive income and reclassified into current profit or loss when the hedged items affect profit or loss.

An embedded derivative is a component of a hybrid contract with a financial asset as a host, the **Company** shall apply the requirements of financial asset classification to the entire hybrid contract. If a host that is not a financial asset and the hybrid contract is not measured at fair value with changes in fair value recognized in profit or loss, and the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host, and a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, the embedded derivative shall be separated from the hybrid instrument and accounted for as a separate derivative instrument. If the **Company** is unable to measure the fair value of the embedded derivative at the acquisition date or subsequently at the balance sheet date, the entire hybrid contract is designated as financial assets or financial liabilities at fair value through profit or loss.

(e) Impairment of financial instrument

The **Company** shall recognize a loss allowance based on expected credit losses on a financial asset that is measured at amortized cost, a debt investment at fair value through other comprehensive income, a contract asset, a lease receivable, a loan commitment, and a financial guarantee contract.

(e.1) Measurement of expected credit losses

Expected credit losses are the weighted average of credit losses of the financial instruments with the respective risks of a default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the **Company** in accordance with the contract and all the cash flows that the **Company** expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate or credit-adjusted effective interest rate for purchased or originated credit-impaired.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date (or the expected lifetime if the expected life of a financial instrument is less than 12 months).

At each reporting date, the **Company** classifies financial instruments into three stages and makes provisions for expected credit losses accordingly. A financial instrument of which the credit risk has not significantly increased since initial recognition is at stage 1. The **Company** shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. A financial instrument with a significant increase in credit risk since initial recognition but is not considered to be credit-impaired is at stage 2. The **Company** shall measure the loss allowance for that financial instrument at an amount equal to the lifetime expected credit losses. A

financial instrument is considered to be credit impaired as at the end of the reporting period is at stage 3. The **Company** shall measure the loss allowance for that financial instrument at an amount equal to the lifetime expected credit losses.

The **Company** may assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date and measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

For financial instrument at stage 1, stage 2 and those have low credit risk, the interest revenue shall be calculated by applying the effective interest rate to the gross carrying amount of a financial asset (i.e., impairment loss not been deducted). For financial instrument at stage 3, interest revenue shall be calculated by applying the effective interest rate to the amortized cost after deducting of impairment loss.

For notes receivable, accounts receivable accounts receivable financing and contract assets, no matter it contains a significant financing component or not, the **Company** shall measure the loss allowance at an amount equal to the lifetime expected credit losses.

(e.1.1) Receivables/Contract assets

For the notes receivable, accounts receivable, other receivables, accounts receivable financing, contract assets and long-term receivables which are demonstrated to be impaired by any objective evidence, or applicable for individual assessment, the **Company** shall individually assess for impairment and recognize the loss allowance for expected credit losses. If the **Company** determines that no objective evidence of impairment exists for notes receivable, accounts receivable, other receivables, accounts receivable financing, contract assets and long-term receivables, or the expected credit loss of a single financial asset cannot be assessed at reasonable cost, such notes receivable, accounts receivable, other receivables, accounts receivable financing, contract assets and long-term receivables shall be divided into several groups with similar credit risk characteristics and collectively calculated the expected credit loss. The determination basis of groups is as following:

Determination basis of notes receivable is as following:

Portfolio 1: Commercial acceptance bills

Portfolio 2: Bank acceptance bills

For each portfolio, the **Company** calculates expected credit losses through default exposure and the lifetime expected credit losses rate, taking reference to historical experience for credit losses and considering current condition and expectation for the future economic situation.

Determination basis of accounts receivable is as following:

Accounts receivable portfolio 1: Portfolio of related parties controlled by the same ultimate parent company

Accounts receivable portfolio 2: Receivables with relevant government departments, other State-owned enterprises.

Accounts receivable portfolio 3: Receivables other.

For each portfolio, the **Company** calculates expected credit losses through preparing an aging analysis schedule with the lifetime expected credit losses rate, taking reference to historical experience for credit losses and considering current condition and expectation for the future economic situation.

Determination basis of other receivables is as following:

Other receivables portfolio 1: Interest receivable

Other receivables portfolio 2: Dividend receivable

Other receivables portfolio 3: Portfolio of related parties controlled by the same ultimate parent company

Other receivables portfolio 4: Receivables with relevant government departments, other State-owned enterprises

Other receivables portfolio 5: Receivables other

For each group, the **Company** calculates expected credit losses through default exposure and the 12-months or lifetime expected credit losses rate, taking reference to historical experience for credit losses and considering current condition and expectation for the future economic situation.

Determination basis of long-term receivables financing is as following:

Long-term receivables portfolio 1: Financing deposits receivable

Long-term receivables portfolio 2: Other accounts receivables

For long-term receivables classified as portfolios, the Company calculates expected credit losses by reference to historical credit loss experience, taking into account current conditions and projections of future economic conditions through default exposures and expected credit loss rates within the next 12 months or over the entire duration.

(e.1.2) Debt investment and other debt investment

For debt investment and other debt investment, the **Company** shall calculate the expected credit loss through the default exposure and the 12-month or lifetime expected credit loss rate based on the nature of the investment, counterparty and the type of risk exposure.

(e.2) Low credit risk

If the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

(e.3) Significant increase in credit risk

The **Company** shall assess whether the credit risk on a financial instrument has

increased significantly since initial recognition, using the change in the risk of a default occurring over the expected life of the financial instrument, through the comparison of the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition.

To make that assessment, the **Company** shall consider reasonable and supportable information, that is available without undue cost or effort, and that is indicative of significant increases in credit risk since initial recognition, including forward-looking information. The information considered by the **Company** are as following:

- Significant changes in internal price indicators of credit risk as a result of a change in credit risk since inception
- Existing or forecast adverse change in the business, financial or economic conditions of the borrower that results in a significant change in the borrower's ability to meet its debt obligations;
- An actual or expected significant change in the operating results of the borrower; An actual or expected significant adverse change in the regulatory, economic, or technological environment of the borrower;
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements, which are expected to reduce the borrower's economic incentive to make scheduled contractual payments or to otherwise influence the probability of a default occurring;
- Significant change that are expected to reduce the borrower's economic incentive to make scheduled contractual payments;
- Expected changes in the loan documentation including an expected breach of contract that may lead to covenant waivers or amendments, interest payment holidays, interest rate step-ups, requiring additional collateral or guarantees, or other changes to the contractual framework of the instrument;
- Significant changes in the expected performance and behavior of the borrower;
- Contractual payments are more than 30 days past due.

Depending on the nature of the financial instruments, the **Company** shall assess whether the credit risk has increased significantly since initial recognition on an individual financial instrument or a group of financial instruments. When assessed based on a group of financial instruments, the **Company** can group financial instruments on the basis of shared credit risk characteristics, for example, past due information and credit risk rating.

Generally, the **Company** shall determine the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. The **Company** can only rebut this presumption if the **Company** has reasonable and supportable information that is available without undue cost or effort, that demonstrates that the credit risk has not increased significantly since initial

recognition even though the contractual payments are more than 30 days past due.

(e.4) Credit-impaired financial asset

The **Company** shall assess at each reporting date whether the credit impairment has occurred for financial asset at amortized cost and debt investment at fair value through other comprehensive income. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

Significant financial difficulty of the issuer or the borrower; a breach of contract, such as a default or past due event; the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; the disappearance of an active market for that financial asset because of financial difficulties; the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

(e.5) Presentation of impairment of expected credit loss

In order to reflect the changes of credit risk of financial instrument since initial recognition, the **Company** shall at each reporting date remeasure the expected credit loss and recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses addition (or reversal). For financial asset at amortized cost, the loss allowance shall reduce the carrying amount of the financial asset in the statement of financial position; for debt investment at fair value through other comprehensive income, the loss allowance shall be recognized in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statement of financial position.

(e.6) Write-off

The **Company** shall directly reduce the gross carrying amount of a financial asset when the **Company** has no reasonable expectations of recovering the contractual cash flow of a financial asset in its entirety or a portion thereof. Such write-off constitutes a derecognition of the financial asset. This circumstance usually occurs when the **Company** determines that the debtor has no assets or sources of income that could generate sufficient cash flow to repay the write-off amount.

Recovery of financial asset written off shall be recognized in profit or loss as reversal of impairment loss.

(f) Transfer of financial assets

Transfer of financial assets refers to following two situations:

- Transfers the contractual rights to receive the cash flows of the financial asset;
- Transfers the entire or a part of a financial asset and retains the contractual rights

to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients.

(f.1) Derecognition of transferred assets

If the **Company** transfers substantially all the risks and rewards of ownership of the financial asset, or neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but has not retained control of the financial asset, the financial asset shall be derecognized.

Whether the **Company** has retained control of the transferred asset depends on the transferee's ability to sell the asset. If the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer, the **Company** has not retained control.

The **Company** judges whether the transfer of financial asset qualifies for derecognition based on the substance of the transfer.

If the transfer of financial asset qualifies for derecognition in its entirety, the difference between the following shall be recognized in profit or loss:

- The carrying amount of transferred financial asset;
- The sum of consideration received, and the part derecognized of the cumulative changes in fair value previously recognized in other comprehensive income (The financial assets involved in the transfer are classified as financial assets at fair value through other comprehensive income in accordance with Article 18 of *the Accounting Standards for Business Enterprises No.22-Recognition and Measurement of Financial Instruments*).

If the transferred asset is a part of a larger financial asset and the part transferred qualifies for derecognition, the previous carrying amount of the larger financial asset shall be allocated between the part that continues to be recognized (For this purpose, a retained servicing asset shall be treated as a part that continues to be recognized) and the part that is derecognized, based on the relative fair values of those parts on the date of the transfer. The difference between following two amounts shall be recognized in profit or loss:

- The carrying amount (measured at the date of derecognition) allocated to the part;
- The sum of the consideration received for the part derecognized and part derecognized of the cumulative changes in fair value previously recognized in other comprehensive income (The financial assets involved in the transfer are classified as financial assets at fair value through other comprehensive income in accordance with Article 18 of *the Accounting Standards for Business Enterprises No.22-Recognition and Measurement of Financial Instruments*).

(f.2) Continuing involvement in transferred assets

If the **Company** neither transfers nor retains substantially all the risks and rewards of

ownership of a transferred asset, and retains control of the transferred asset, the **Company** shall continue to recognize the transferred asset to the extent of its continuing involvement and also recognize an associated liability.

The extent of the **Company's** continuing involvement in the transferred asset is the extent to which it is exposed to changes in the value of the transferred asset

(f.3) Continue to recognize the transferred assets

If the **Company** retains substantially all the risks and rewards of ownership of the transferred financial asset, the **Company** shall continue to recognize the transferred asset in its entirety and the consideration received shall be recognized as a financial liability.

The financial asset and the associated financial liability shall not be offset. In subsequent accounting period, the **Company** shall continuously recognize any income (gain) arising from the transferred asset and any expense (loss) incurred on the associated liability.

(g) Offsetting financial assets and financial liabilities

Financial assets and financial liabilities shall be presented separately in the statement of financial position and shall not be offset. When meets the following conditions, financial assets and financial liabilities shall be offset and the net amount presented in the statement of financial position:

- The **Company** currently has a legally enforceable right to set off the recognized amounts;
- The **Company** intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the **Company** shall not offset the transferred asset and the associated liability.

(h) Determination of fair value of financial instruments

Determination of financial assets and financial liabilities please refer to *Note 3.11 Measured at Fair Value*.

The following financial instrument accounting policies are applicable to 2020 and before

(a) Classification of financial assets

(a.1) Financial assets at fair value through profit or loss

This category comprises financial assets defined as held for trading, or those designated as at fair value through profit or loss. The former mainly includes shares, bonds, funds, and derivative financial instruments investment that are not designated effective hedging instruments that are acquired principally for the purpose of sale in the near future. Such financial assets are initially recognized at fair values when acquired. Relevant transaction expenses are included in the current profit or loss. Cash dividends that have been declared but not distributed and bond interests that have matured but not

been drawn included in the consideration paid are recognized as receivables separately. The interests or cash dividends to be received during the holding period are recognized as investment income. On the balance sheet date, this category of financial assets is measured at fair value and change in fair values is included in the current profit or loss. Difference between the fair value and initial measurement amount is recognized as investment income upon disposal; meanwhile, gains or losses from changes in fair values are written-off.

(a.2) Held-to-maturity investments

This category of financial assets comprises non-derivative financial assets with fixed or determinable payments and fixed maturity, other than loans and receivables, for which there is a positive intention and ability to hold to maturity. Held-to-maturity investments are initially measured at fair values plus the related transaction costs when acquired. Bond interests that have matured but not been drawn included in the consideration paid is recognized as a receivable separately. The interest income calculated at amortization cost and effective interest rate during the holding period is recognized as investment income. The difference between the amount received and the book value of the investment is included in the investment profit or loss upon disposal.

(a.3) Receivables

Receivables include accounts receivable and other receivables, etc. Accounts receivable arise from external sales of goods or rendering of service by the **Company**. They are recognized initially at the contract price or agreement price receivable from the purchasing party.

(a.4) Available-for-sale financial assets

This category of financial assets comprises those financial assets that cannot be classified as financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables. Available-for-sale financial assets are initially recognized at fair values plus the related transaction costs when acquired. Cash dividends that have been declared but not distributed and bond interests that have matured but not been drawn included in the consideration paid are recognized as receivables separately. The interests or cash dividends to be received during the holding period are recognized as investment income.

If the available-for-sale financial assets are foreign currency monetary financial assets, the exchange gains and losses arising therefrom shall be included in the profits and losses of the current period. Interest on available-for-sale debt instrument investments calculated using the actual interest rate method is included in profit or loss for the current period. The cash dividends of available-for-sale equity instrument investments are included in the current profit or loss when the investee declares the distribution of dividends. It is measured at fair value at the end of the period and change in fair value is included in other comprehensive income at the end of the period. The difference between the amount received and the book value of the financial asset is included in

the investment profit or loss upon disposal. Meanwhile, the corresponding accumulated change in fair value recognized in other comprehensive income is transferred into investment income.

(b) Classification of financial liabilities

(b.1) Financial liabilities at fair value through profit or loss

This category of financial liabilities comprises financial liabilities that are defined as held for trading, or those that are designated as at fair value through profit or loss. This category of financial liabilities is initially measured at fair value. Relevant transaction costs are included in the current profit or loss. On the balance sheet date, change in fair values is included in the current profit or loss.

(b.2) Other financial liabilities

Other financial liabilities are those financial liabilities excluding financial liabilities at fair value through profit or loss.

(c) Reclassification of financial assets

An investment will be reclassified as available-for-sale if, as a result of a change in intention or ability, it fails to meet the requirements for classification as held-to-maturity. After the reclassification, it will be subsequently measured at fair value. If the held-to maturity investment is partially disposed, or a large part of it has been reclassified, and not included in the exceptions illustrated in provision 16 of "*Enterprise and Business Accounting Standards No.22-Recognition and Measurement of Financial Instruments*", as a result of which, the remaining of the investment fails to meet the requirements for classification as held-to-maturity, any remaining held-to-maturity investments should also be reclassified as available-for-sale, and subsequently measured at fair value. However, it is prohibited that the above available-for-sale is reclassified back to held-to-maturity within current fiscal year and the following two fiscal years.

On the date of reclassification, difference between carrying value of the investment and its fair value is recorded in other comprehensive income, which shall be transferred out and recognized as profit or loss upon incurrence of impairment or de-recognition of the investment.

Due to changes in holding intention or ability, or the fair value can no longer be reliably measured, or the held-to-maturity investment is reclassified as available-for-sale financial assets and the holding period has exceeded two complete accounting years, the financial assets are not when it is again suitable to be measured at fair value, the **Company** will change available-for-sale financial assets to be measured at cost or amortized cost. Cost or amortized cost is the fair value or book value of the financial asset on the reclassification date.

If the financial asset has a fixed maturity date, the gain or loss related to the financial asset that was directly included in other comprehensive income shall be amortized by the effective interest rate method during the remaining period of the financial asset and

recorded into the current profit and loss; The difference between the amortized cost of the financial asset and the amount at maturity shall be amortized by the effective interest rate method during the remaining period of the financial asset and recorded into the current profit and loss. If there is no fixed maturity date for the financial asset, the gains or losses related to the financial asset that were directly recorded in other comprehensive income will remain in the owner's equity and will be transferred out when the financial asset is disposed of and recorded in the current profit or loss.

(d) Classification of financial liabilities and equity instruments

Except for special situation, financial liabilities and equity instrument should be classified in accordance with the following principles:

- If the **Company** has no unconditional right to avoid delivering cash or another financial instrument to fulfill a contractual obligation, this contractual obligation meets the definition of financial liabilities. Some financial instruments do not comprise terms and conditions related to obligations of delivering cash or another financial instrument explicitly, they may include contractual obligation indirectly through other terms and conditions.
- If a financial instrument must or may be settled in the entity's own equity instruments, it should be considered that the entity's own equity instruments are alternatives of cash or another financial instrument, or to entitle the holder of the equity instruments to sharing the remaining rights over the net assets of the issuer. If the former is the case, the instrument is a liability of the issuer, otherwise, it is an equity instrument of the issuer. Under some circumstances, it is regulated in the contract that the financial instrument must or may be settled in the entity's own equity instruments, where, amount of contractual rights and obligations are calculated by multiplying the number of the equity instruments to be available or delivered by its fair value upon settlement. Such contacts shall be classified as financial liabilities, regardless that the amount of contractual rights and liabilities is fixed, or fluctuate totally or partially with variables other than market price (such as interest rate, the price of a commodity, or the price of a financial instrument) of the entity's own equity instruments.

(e) Transfer of financial assets

Transfer of financial assets include below situations:

- The contractual rights to receive cash flows from the financial asset are transferred to another entity; or
- The financial assets are totally or partially transferred to another entity, while the rights to receive cash flows from the asset or obligations to pay the received cash flows to one or several payees are retained.

(e.1) Derecognition of transferred financial assets

The financial assets should be derecognized if the **Company** has transferred substantially all the risks and rewards of the asset, or the **Company** has neither

transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When judging whether control of the asset has been transferred or not, the **Company** shall lay emphasis on the transferee's substantial capability to sell the financial asset. If the transferee itself can sell the financial asset as a whole to a third party that has no any relationship with it, without any restrictions on this sale through supplemental terms, it is shown that the control of the asset has been given up.

The principle of substance over form is adopted to determine whether the transfer of a financial asset satisfies the criteria described above for derecognition of a financial asset. If the entire transfer of financial asset satisfies the criteria for derecognition, the difference between the amounts of the following two items shall be included in the current profit or loss:

- The book value of the transferred financial asset;
- The sum of the consideration received from the transfer and the accumulated amount of the changes in fair value originally and directly included in owners' equity (where the financial asset transferred is an available-for-sale financial asset).

If the partial transfer of financial asset satisfies the criteria for derecognition, the entire book value of the transferred financial asset shall be split into the derecognized and recognized part according to their respective fair value and the difference between the amounts of the following two items shall be included in the current profit or loss:

- The book value of derecognized part;
- The sum of the consideration for the derecognized part and the portion of derecognition corresponding to the accumulated amount of the changes in fair value originally and directly included in owners' equity (where the financial asset transferred is an available-for-sale financial asset).

(e.2) Continue to involve in the transferred financial assets

Where neither transfer nor retention of substantially all risks and rewards of ownership of a financial asset and control of the financial asset has not been abandoned, the relevant financial asset shall be recognized in accordance with the degree of its continuous involvement in the transferred financial asset, and the relevant liability shall be recognized accordingly.

The degree of continuous involvement in the transferred financial assets refers to the level of risk that the **Company** faces when the value of the financial assets' changes.

(e.3) Continue to confirm the transferred financial assets

If the ownership of the transferred financial asset still retains almost all the risks and rewards, the entire transferred financial asset shall continue to be recognized, and the consideration received will be recognized a financial liability.

The financial assets and the related financial liabilities recognized cannot offset each other. In the subsequent accounting period, the **Company** should continue to confirm

the income generated by the financial assets and the expenses incurred by the financial liabilities. Where the transferred financial assets are measured at amortized cost, the related liabilities recognized shall not be designated as financial liabilities at fair value through profit or loss.

(f) Derecognition of financial liability

A financial liability shall be totally or partly derecognized if its present obligations are totally or partly dissolved.

If the assets to be used to settle a financial liability is transferred to another institute or establish a trust, where the present obligations still exist, either the financial liability or the assets transferred shall not be derecognized.

Where the **Company** enters into an agreement with a creditor so as to substitute the existing financial liabilities with any new financial liability, and the new financial liability is substantially different from the contractual stipulations regarding the existing financial liability, it shall derecognize the existing financial liability, and shall at the same time recognize a new financial liability.

Where substantial revisions are made to some or all of the contractual stipulations of the existing financial liability, the **Company** shall derecognize the existing financial liability totally or partly, and at the same time recognize the financial liability with revised contractual stipulations as a new financial liability.

Upon total or partial derecognition of financial liabilities, the difference between the book value of the financial liabilities derecognized and the consideration paid (including non-cash assets surrendered or new financial liabilities assumed) shall be included in the current profit or loss.

(g) Offsetting financial assets and liabilities

Financial assets and liabilities shall be presented separately in the statement of financial position and shall not be offset. However, they shall be presented on a net basis after offset if the following criteria are both satisfied:

- The **Company** has a legal right to offset the recognized amounts, and the right is executable at present; and
- The **Company** has an intention to settle on a net basis or liquidate the asset and settle the liability simultaneously.

Asset transfer that does not satisfy the criteria for derecognition of this asset, the transferor shall not offset the asset and the liability.

(h) Impairment testing and impairment provision of financial assets

(h.1) Objective evidence for the impairment of the financial assets

- The issuer or debtor encounters serious financial difficulties;
- The debtor violates the terms of contract, for example, it cannot repay the interest or the principal of the loan on schedule;
- The creditor makes concessions to the debtor in financial difficulties from the

respect of economy or law;

- The creditor is possible to bankrupt or execute other financial restructuring;
- The financial asset is no longer traded in the active market since the issuer encounters significant financial difficulties;
- It is unrecognizable whether cash flows from an asset in one group of financial assets has decreased, however, it is identifiable that the estimated future cash flows of the group of financial assets has decreased and measurable since they are initially recognized through overall assessment on them on the basis of public data;
- The debtor's technological, market, economic or legal environment encounters significant unfavorable change, as a result of which investment cost may not be recovered;
- A serious or prolonged decline in the fair value of equity instrument; For example, the fair value of equity instrument investment on the balance sheet date is lower than its initial investment cost by more than 50.00% (including 50.00%) or lower than its initial investment cost for a duration of more than 12 months (including 12 months).

Less than its initial investment cost for more than 12 months (including 12 months) means that the monthly average of the fair value of equity instrument investment has been lower than its initial investment cost for 12 consecutive months;

- Other objective evidence that indicates impairment of financial assets.

(h.2) Impairment provision of the financial assets (excluding receivables)

(h.2.1) Financial assets measured at amortized cost

When the asset is impaired, the carrying amount of the held-to maturity investment shall be written down to the present value of its expected future cash flows (excluding future credit loss that have not occurred), the amount written down shall be recognized as impairment loss in current profit or loss.

The present value of the estimated future cash flows is determined by discounting at the original effective rate of the held-to-maturity investment, considering the value of related guaranty (deducting expense incurred for obtaining or selling this guaranty). The original effective rate is the effective rate calculated when the held-to-maturity investment is initially recognized. For held-to-maturity investments with floating interest rates, the current effective interest rate as stipulated in the contract may be used as the discount rate in calculating the present value of future cash flows.

The **Company** was carried out on the amortized cost measurement of financial assets impairment test, the amount is greater than or equal to CNY5.00 million of financial assets as a single large sum of financial assets, under this standard as a single amount is not significant financial assets.

The **Company** shall conduct impairment tests on a single financial asset with a significant amount separately. If there is objective evidence that such asset has

experienced impairment, the impairment loss shall be recognized and recorded into the current profit and loss; For single amount is not significant financial assets, impairment test alone or include in combination of financial assets with similar credit risk characteristics in the impairment test.

Separately test the financial assets that have not suffered any impairment (including the financial assets with significant or insignificant amount of a single item), including conducting a further impairment test in the financial asset portfolio with similar credit risk characteristics; Financial assets that have recognized impairment losses separately shall not be included in the impairment test of financial asset portfolios with similar credit risk characteristics.

After the **Company** recognizes the impairment loss of a financial asset measured at the amortized cost, if there is objective evidence that the value of the financial asset has been restored and is objectively related to the events occurred after the recognition of the loss, the previously recognized impairment loss will be reversed and recorded into the current profit and loss. However, the carrying value after the reversal does not exceed the amortized cost of the financial asset on the day of the reversal assuming no provision for impairment.

(h.2.2) Impairment provision of available-for-sale financial assets

When recognizing impairment loss, the cumulative loss due to decreases in fair value shall be removed from equity to profit or loss. After impairment loss related to an available-for-sale debt instrument has been recognized, interest income of the instrument is calculated at the discount rate used in determining present value of the future cash flows when calculating impairment provision of the instrument.

For available-for-sale debt instruments for which impairment losses have been recognized, if the fair value has risen during the subsequent accounting period and is objectively related to the items that have occurred after the confirmation of the original impairment losses, the previously recognized impairment losses are reversed and included in the current profit and loss.

(i) Method of determining the fair value of financial assets and financial liabilities

For the detail of method of determining the fair value of financial assets and financial liabilities, please refer to *Note 3.11 Measured at Fair Value*.

3.11 Measured at Fair Value

Fair value refers to the price that market participants can receive from the sale of an asset or pay for the transfer of a liability in an orderly transaction that occurs on the measurement date.

The **Company** determines fair value of the related assets and liabilities based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The **Company** using the assumptions that market participants would use when pricing the asset or liability,

assuming that market participants act in their economic best interest.

The principal market refers to the market with the largest trading volume and the highest trading activity of related assets or liabilities; The most advantageous market refers to the market that can sell related assets for the maximum amount or transfer related liabilities for the minimum amount after considering transaction costs and transportation costs.

Where there are financial assets or financial liabilities in an active market, the **Company** shall determine their fair value by quoting from the active market. If there is no active market for financial instruments, the **Company** shall use valuation technology to determine their fair value.

At fair value measurement of financial assets, the ability of a market participant to generate economic benefits by using the asset for the best use, or by selling the asset to another market participant who can use it for the best use, is taken into account.

(a) Valuation techniques

The **Company** uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available and other information to support. The valuation techniques used mainly include market approach, income approach and cost approach. The **Company** measures fair value using methods consistent with one or more of its valuation techniques. When using various techniques to measure fair value, the **Company** shall consider the reasonableness of each valuation result and select the most representative the amount of fair value as the fair value.

In the application of valuation techniques, the **Company** will give priority to the relevant observable inputs and only when the relevant observable inputs cannot be obtained or impracticable to obtain the unobservable inputs can be used. Observable inputs can be acquired from the market data, which reflect the assumptions used by market participants in pricing the underlying assets or liabilities. Unobservable inputs cannot be acquired from the market data, but it is based on the best available information from market participants on the assumptions used in pricing the underlying asset or liability.

(b) Fair value hierarchy

The **Company** divides the input value used for fair value measurement into three levels, first using the first level input value, secondly using the second level input value, and finally using the third level input value:

Level 1 - based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly;

Level 3 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable;

3.12 Receivables

The following receivables accounting policies are applicable to 2020 and before

(a) Receivable with individually significant balance and recognized provision for bad debts individually

Assessment basis or standard of amount individually significant: The amount of accounts receivable over CNY1.00 million and other receivables over CNY5.00 million is assessed individually significant.

Method of provision for bad debts of receivables that are individually significant: After separate impairment test, if there is objective evidence of impairment, the impairment loss of receivables that are individually significant shall be measured at the difference between the individual receivable's carrying amount and the present value of estimated future cash flows and shall be included in current profit or loss.

Where there is a small difference between the estimated future cash flows of the short-term accounts receivable and its present value, the estimated future cash flows may not be discounted when determining the related impairment losses.

(b) Receivables with provision for bad debts recognized on the basis of similar credit risk characteristics

Determine the basis of the portfolio:

Provision for bad debts based on portfolio of credit risk characteristics	
Portfolio 1: Portfolio of related parties and government-related departments	No provision for bad debts is made as the likelihood of incurring losses on bad debts is remote
Portfolio 2: Balance percentage method	5.00%

The percentage of provision for bad debts using the balance percentage method is specified as follows:

Item	Proportion of provision for accounts receivable (%)	Proportion of provision for other receivables (%)
Portfolio 2: Balance percentage method	5.00	5.00

(c) Receivables that are individually insignificant but with bad debt provided on an individual basis

For receivables that are individually insignificant with objective evidence of impairment, the aging analysis provision can not reflect the actual situation, the provision for bad debts of the **Company** individually for impairment test, according to the present value of future cash flow of the lower than its book value of the difference, confirm the impairment loss, provision according to the corresponding provision for bad debt.

3.13 Inventories

(a) Classification of inventories

Inventories are finished goods or merchandise held for sale in the ordinary course of

the **Company's** activities, work in progress in the production process, materials and supplies consumed in the production process or in the provision of services, etc. They include materials on hand, development products under construction (development costs), completed development products, and development products leased out temporarily for the purpose of sale. The cost of development products includes land premiums, infrastructure expenditures, construction and installation expenditures, borrowing costs incurred prior to the completion of the development project, and other related costs incurred during the development process.

(b) Measurement method of cost of inventories sold or used

Land for development is recorded at the actual cost at the time of acquisition. At the time of project development, the development cost of the project is calculated and apportioned on the basis of the floor area of the development products.

Development costs are recorded at actual cost and transferred to development products at actual cost upon completion and acceptance of the project.

Development products are recorded at actual cost, and issuance of development products is accounted for by the floor area averaging method.

Development products and swing space that are temporarily leased out with the intent to sell are recorded at actual cost and are amortized equally over the estimated useful lives of the **Company's** similar fixed assets.

Public amenities are recorded at actual cost. If the public supporting facilities earlier than the completion of the relevant development products, after the completion of the final accounts of the public supporting facilities, according to the actual development costs of the relevant development projects are allocated to the development costs of the relevant development projects; if the public supporting facilities later than the completion of the relevant development products, the first development products by the public facilities fee withholding, to be completed and finalized after the completion of the public supporting facilities, and then according to the actual number of the difference between the number and the number of the withholding Adjust the cost of the relevant development products.

(c) Inventory system

The perpetual inventory system is adopted. The inventories should be counted at least once a year, and surplus and losses of inventory counting shall be included in current year profit and loss.

(d) Provision for impairment of inventory

Inventories are stated at the lower of cost and net realizable value. The excess of cost over net realizable value of the inventories is recognized as provision for impairment of inventory and recorded in profit or loss.

Net realizable value of the inventory should be determined on the basis of reliable evidence obtained, and factors such as purpose of holding the inventory and events occur after balance sheet date shall be considered.

- (d.1) In normal operation process, for merchandise inventories for direct sale, including stock commodities and materials for sale, their net realizable values are determined at estimated selling prices less estimated selling expenses and relevant taxes and surcharges; for inventories held to execute sales contract or service contract, their net realizable values are calculated on the basis of contract price. If the quantities of inventories specified in sales contracts are less than the quantities held by the **Company**, the net realizable value of the excess portion of inventories shall be based on general selling prices.
- (d.2) In the course of normal production and operation, the estimated price of the finished product shall be deducted from the estimated cost of the finished product, the estimated sales cost and the amount of the relevant taxes and fees to determine the net realizable value. If the net realizable value of the finished product is higher than the cost, the material is measured at cost. If the decrease of the material price indicates that the net realizable value of the finished product is lower than the cost, the material is measured on the net realizable value and is prepared according to its difference.
- (d.3) At the end of the period, provisions for inventory impairment are determined on an individual basis. For inventories with large quantity and low unit price, the provisions for inventory impairment are determined on a category basis.
- (d.4) If any factor rendering write-downs of the inventories has been eliminated, the amounts written down are recovered and reversed from the inventory impairment, which has been provided for. The reversed amounts are included into the current profit or loss.

(e) Amortization method of low-value consumables

- (e.1) One-off writing off method is adopted in amortization of low-value consumables.
- (e.2) One-off writing off method is adopted in amortization of package items.

3.14 Contract Assets and Contract Liabilities

Applicable from 1 January 2021

The **Company** shall present contract assets or contract liabilities in the statement of financial position, depending on the relationship between the **Company's** satisfying a performance obligation and the customer's payment. A contract asset shall be presented if the **Company** has the right to consideration in exchange for goods or services that the **Company** has transferred to a customer when that right is conditioned on something other than the passage of time. A contract liability shall be presented if the **Company** has the obligation to transfer goods or services to a customer for which the **Company** has received consideration (or the amount is due) from the customer.

Method of determination and accounting for expected credit loss for contract assets please refer to *Note 3.10 Financial Instruments*.

Contract assets and contract liabilities shall be presented separately in the statement of financial position. The contract asset and contract liability for the same contract shall

be presented on a net basis. A net balance shall be listed in the item of "Contract assets" or "Other non-current assets" according to its liquidity; a credit balance shall be listed in the item of "Contract liabilities" or "Other non-current liabilities" according to its liquidity. Contract assets and contract liabilities for different contracts cannot be offset.

3.15 Contract Costs

Applicable from 1 January 2021

Contract costs include costs to fulfill a contract and the costs to obtain a contract.

The **Company** shall recognize an asset from the costs incurred to fulfill a contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract, including: direct labor, direct materials, manufacturing costs (or similar costs), costs that are explicitly chargeable to the customer under the contract and other costs that are incurred only because an entity entered into the contract;
- the costs enhance resources of the **Company** that will be used in satisfying performance obligations in the future; and
- the costs are expected to be recovered.

The incremental costs of obtaining a contract shall be recognized as an asset if the **Company** expects to recover them.

An asset related to contract costs shall be amortized on a systematic basis that is consistent with the revenue recognition of the goods or services to which the asset relates. The **Company** recognizes the contract acquisition costs as an expense when incurred if the amortization period of the asset that the **Company** otherwise would have recognized is one year or less.

The **Company** shall accrue the provision for impairment, recognize an impairment loss in profit or loss to the extent that the carrying amount of an asset related to the contract cost exceeds the difference of below two items, and further consider whether the estimated liability related to the onerous contract needs to be accrued:

- the remaining amount of consideration that the **Company** expects to receive in exchange for the goods or services to which the asset relates; less
- the costs that relate directly to providing those goods or services and that have not been recognized as expenses.

The **Company** shall recognize in profit or loss a reversal of some or all of an impairment loss previously recognized when the impairment conditions no longer exist or have improved. The increased carrying amount of the asset shall not exceed the amount that would have been determined (net of amortization) if no impairment loss had been recognized previously.

Providing that the costs to fulfil a contract satisfy the requirement to be recognised as an asset, the **Company** shall present them in the account "Inventory" if the contract has an original expected duration of one year or a normal operating cycle or less, or in the

account "Other non-current assets" if the contract has an original expected duration of more than one year or a normal operating cycle.

Providing that the costs to obtain a contract satisfy the requirement to be recognized as an asset, the **Company** shall present them in the account "Other current asset" if the contract has an original expected duration of one year or a normal operating cycle or less, or in the account "Other non-current assets" if the contract has an original expected duration of more than one year or a normal operating cycle.

3.16 Non-current Assets (or Disposal Groups) as Held for Sale

(a) Classification of non-current assets (or disposal groups) as held for sale

The **Company** classifies a non-current asset (or disposal group) as held for sale if the following requirements are met simultaneously:

- The asset or disposal group must be available for immediate sale in its present condition subject only to the terms that are usual and customary for sales of such assets (or disposal group).
- Its sale must be highly probable, i.e., the **Company** must be committed to a plan to sell the asset (or disposal group) and obtain definite purchase commitment, and the sale is expected to complete within one year and those regulations that require the approval of the company's relevant authorities or regulatory authorities before they can be sold have already been approved.

When the **Company** acquires a non-current asset (or disposal group) exclusively with a view to its subsequent disposal, it shall classify the non-current asset (or disposal group) as held for sale at the acquisition date only if the one-year requirement is met and it is highly probable that any other criteria that are not met at that date will be met within a short period following the acquisition (usually within three months).

The **Company** that is committed to dispose its equity investment in a subsidiary which will lead to its loss of control of the subsidiary shall classify the investment as held for sale in the separate financial statements of the **Company**, and classify all the assets and liabilities of that subsidiary as held for sale in the consolidated financial statements of the group, when the above criteria are met, regardless of whether the **Company** will remain part of equity investment in the subsidiary.

(b) Measurement of non-current assets (or disposal groups) held for sale

The principal of measurement of non-current assets (or disposal groups) held for sale does not apply to the following assets: investment properties that are measured in accordance with the fair value model, biological assets that are measured at fair value less costs to sell, assets arising from employee benefits, deferred tax assets, financial assets within the scope of relevant accounting standards related to financial instruments and contractual rights under insurance contracts as defined in accounting standards related to insurance contracts.

When the non-current assets (or disposal groups) are initially measured or subsequently measured at balance sheet date, if the carrying value of the asset (or disposal group) is

higher than the fair value less cost to sell, it shall be written-down to its fair value less costs to sell, and the difference shall be recognized as impairment loss of the reporting period, and provision for asset impairment shall be recognized simultaneously. At subsequent balance sheet dates, if fair value less costs to sell of the non-current assets (or disposal groups) increase, the previously written-down amount shall be recovered in the current profit or loss within the amount of asset impairment recognized after classification as the non-current assets (or disposal groups). Goodwill impairment cannot be reversed.

When the assets (or disposal groups) ceases to be classified as held for sale or the non-current assets are removed from disposal groups since the criteria for held for sale are no longer met, the assets shall be measured at the lower of:

- its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortization or revaluations that would have been recognized had the asset (or disposal group) not been classified as held for sale, and
- its recoverable amount at the date of the subsequent decision not to sell.

(c) Presentation

An entity shall present a non-current asset classified as held for sale and the assets of a disposal group classified as held for sale separately from other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale shall be presented separately from other liabilities in the statement of financial position. Those assets and liabilities shall not be offset and presented as a single amount.

3.17 Long-term Equity Investments

Long-term equity investments refer to equity investments where an investor has control of, or significant influence over, an investee, as well as equity investments in joint ventures. If the **Company** have significant influence on the investee, the investee is an associate of the **Company**.

(a) Determination basis of joint control or significant influence over the investee

Joint control is the relevant agreed sharing of control over an arrangement, and the arranged relevant activity must be decided under unanimous consent of the parties sharing control. In determining whether there is a joint control, it is first determined whether all parties or combinations of parties have collective control of the arrangement. If all parties or a group of parties must act in unison to determine the relevant activities of an arrangement, it is considered that all parties or a group of participants collectively control the arrangement. Secondly, it is necessary to decide whether the decision-making related to the arrangement must be unanimously approved by the participants who collectively control the arrangement. If there is a combination of two or more parties that can collectively control an arrangement, it does not constitute a common control. To determine whether there is common control, not to consider the protection of the rights.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but not be able to exercise control or joint control over those policies. When an investing enterprise can exercise significant influences over the investee, the investee shall be its associate.

When the **Company** directly or indirectly owns more than 20.00% (including 20.00%) but less than 50.00% of the voting shares of the investee, it can be presumed that the investor has significant influence over the investee, unless it can be clearly shown that this is not the case.

(b) Determination of initial investment cost

(b.1) Long-term equity investments generated in business combinations:

- For business combination under common control, if the **Company** makes payment in cash, transfer non-cash assets or bear debts and issues equity securities as the consideration for the business combination, book value of the owners' equity of the acquiree obtained is recognized as the initial cost of the long-term equity investment on the combination date. The difference between the initial investment cost and the carrying amount of cash paid, non-cash assets transferred, liabilities assumed, and par value of share issued shall be adjusted to the stock premium in the capital reserve; if there is no sufficient premium in the capital reserve for write-downs, the retained earnings shall be adjusted.
- For business combination under common control, which issues equity securities as the consideration for the merger. According to the book value of the owner's equity of the merged party in the consolidated financial statement of the final controller, the initial investment cost of long-term equity investment is taken as the merger date. The difference between the initial investment cost of long-term equity investment and the total par value of the issued shares shall be adjusted to the capital reserve; If the capital reserve is insufficient to write down, the retained earnings shall be adjusted;
- For business combination not under common control, the **Company** recognizes the combination cost determined on the combination date as the initial cost of long-term equity investment. When exercising control over an investee not under common control due to additional investment or other reasons, in separate financial statements, the investor shall change to the cost method and use the carrying amount of the previously held equity investment, together with the additional investment cost, as the initial investment cost under the cost method. The audit, legal, valuation and consulting fees, other intermediary fees, and related administrative fees paid by the acquiring entity or acquirer for the business combination, shall be recognized in profit or loss as incurred.

(b.2) Long-term equity investments acquired by other means

- (b.2.1)** For long-term equity investments acquired by payments in cash, the initial cost is the actually paid purchase cost. The initial investment cost includes expenses

directly related to obtaining long-term equity investment, taxes and other necessary expenses.

(b.2.2) For long-term equity investments acquired through issuance of equity securities, the initial cost is the fair value of the issued equity securities.

(b.2.3) For the long-term equity investments obtained through exchange of non-monetary assets, if the exchange has commercial substance, and the fair values of assets traded out and traded in can be measured reliably, the initial cost of long-term equity investment traded in with non-monetary assets are determined based on the fair values of the assets traded out together with relevant taxes. Difference between fair value and book value of the assets traded out is recorded in profit or loss. If the exchange of non-monetary assets does not meet the above criteria, the book value of the assets traded out and relevant taxes are recognized as the initial cost of long-term equity investment traded in.

(b.2.4) For long-term equity investment acquired through debt restructuring, the initial cost is determined based on the fair value of the abandoned creditor's rights and other costs such as taxes that can be directly attributed to the asset, and the difference between the fair value of the abandoned creditor's rights and the book value of the investment is included in the current profit or loss.

(c) Subsequent measurement and recognition of profit or loss

Long-term equity investment to an entity over which the **Company** has ability of control shall be accounted for at cost method. Long-term equity investment to a joint venture or an associate shall be accounted for at equity method.

(c.1) Cost method

For Long-term equity investment at cost method, the cost of the long-term equity investment shall be adjusted when additional amount is invested or a part of it is withdrawn. The **Company** recognizes its share of cash dividends or profits which have been declared to distribute by the investee as current investment income.

(c.2) Equity method

Generally, for long-term equity investment measured at equity method, accounting practice are as following:

If the initial cost of the investment is in excess of the share of the fair value of the net identifiable assets in the investee at the date of investment, the difference shall not be adjusted to the initial cost of long-term equity investment; if the initial cost of the investment is in short of the share of the fair value of the net identifiable assets in the investee at the date investment, the difference shall be included in the current profit or loss and the initial cost of the long-term equity investment shall be adjusted accordingly.

The **Company** recognizes the share of the investee's net profits or losses, as well as its share of the investee's other comprehensive income, as investment profit or losses and other comprehensive income respectively and adjusts the carrying amount of the investment accordingly. The carrying amount of the investment shall be reduced by the

share of any profit or cash dividends declared to distribute by the investee. The investor's share of the investee's owners' equity changes, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution, would be recognized in the investor's equity, and the carrying amount of the long-term equity investment shall be adjusted accordingly. The **Company** recognizes its share of the investee's net profits or losses after making appropriate adjustments based on the fair values of the investee's identifiable net assets at the investment date. If the accounting policy and accounting period adopted by the investee is not in consistency with the **Company**, the financial statements of the investee shall be adjusted according to the **Company's** accounting policies and accounting period, based on which, investment profit or loss and other comprehensive income, etc., shall be adjusted. The unrealized profits or losses resulting from intra-group transactions between the **Company** and its associate or joint venture are eliminated in proportion to the **Company's** equity interest in the investee, based on which investment profit or losses shall be recognized. Any losses resulting from intra-group transactions between the investor and the investee, which are attributable to asset impairment, shall be recognized in full.

If, for reasons such as additional investment, it can exert significant influence on the investee or implement joint control but does not constitute control, the initial investment cost calculated according to the equity investment originally held plus the sum of the additional investment cost shall be taken as the original investment cost calculated according to the equity method. If the equity investment previously held is classified as the financial asset available for sale (applicable for the year 2020 and before), the difference between its fair value and book value, as well as the changes in the accumulated fair value originally included in other comprehensive income, shall be transferred to the current profit and loss calculated according to the equity method. If the equity investment previously held is classified as the other equity instrument investment (applicable from 1 January 2021), the difference between its fair value and book value, as well as the changes in the accumulated gains or losses originally included in other comprehensive income, shall be transferred from other comprehensive income to retained earnings calculated according to the equity method.

If the joint control or significant influence on the invested entity is lost due to the disposal of part of the equity investment, the remaining equity after the disposal shall be measured at the fair value, and the difference between the fair value and book value on the day of the loss of joint control or significant influence shall be recorded into the current profit or loss. Other comprehensive income of the original equity investment recognized by the equity method shall be accounted for on the same basis as the direct disposal of related assets or liabilities by the investee when the equity method is terminated.

(d) Equity Investment Held for Sale

Accounting of equity method ceases when the equity investment in an associates or

joint venture which is classified in whole or in part as holding assets for sale, the relevant accounting treatment refer to *Note 3.16 Non-current Assets (or Disposal Groups) as Held for Sale*.

For residual equity investments that is not classified as holding for sale, the equity method shall continue to be used for accounting treatment prior to the sale of the portion of equity investments that is classified as holding for sale.

If the equity investment in an associated enterprise or joint venture that has been classified as holding for sale no longer qualifies the conditions for the classification of assets for sale, the equity method shall be applied for retroactive adjustment from the date when the investment is classified as holding assets for sale. The equity investments are classified as financial statements held for sale and adjusted accordingly.

(e) Impairment testing and impairment provision

For the investment of subsidiaries, associates or joint ventures, please refer to *Note 3.23 Impairment of Long-term Assets*.

3.18 Investment Properties

(a) Classification of investment properties

Investment properties are properties to earn rentals or for capital appreciation or both. Examples include:

- land leased out under operating leases.
- Land held for long-term capital appreciation.
- Buildings leased out under operating leases.

(b) The measurement model of investment property

The **Company** adopts the cost model for measurement of investment properties, for the methods of provision for assets impairment, please refer to *Note 3.23 Impairment of Long-term Assets*.

The cumulative impairment and net residual value according to depreciation or amortization of investment real estate minus the cost of the **Company**, the real estate investment category, estimated economic life and the expected net salvage value rate depreciation and depreciation rates were determined as follows:

Categories	Depreciation life (years)	Residual rates (%)	Annual depreciation rates (%)
Buildings and constructions	20 to 30	3.00 to 5.00	3.17 to 4.85

3.19 Property, Plant and Equipment

Property, plant and equipment refer to the tangible assets held for use in the production or supply of goods or services, for rental to others, or for administrative purpose with expected useful lives exceeding one year.

(a) Recognition criteria of property, plant and equipment

Property, plant and equipment will only be recognized at the actual cost paid when

obtaining when all the following criteria are satisfied:

- it is probable that the future economic benefits relating to the property, plant and equipment will flow into the **Company**;
- the costs of the property, plant and equipment can be measured reliably.

Subsequent expenditure for property, plant and equipment shall be recorded in cost of property, plant and equipment, if above criteria are satisfied, whereas, recorded in current profit or loss if the above criteria cannot be satisfied.

(b) Depreciation methods of property, plant and equipment

From the next month when the property, plant and equipment reaches the expected useable state, the **Company** shall calculate the depreciation according to the method of straight-line depreciation, and determine the depreciation life and annual depreciation rate according to the categories of property, plant and equipment, estimated economic service life and estimated net salvage value rate as follows:

Categories of property, plant and equipment	Depreciation method	Estimated useful life (years)	Residual rates (%)	Annual depreciation rates (%)
Buildings and constructions	Straight-line	20 to 30	3.00 to 5.00	3.17 to 4.85
Machinery equipment	Straight-line	8 to 20	3.00 to 5.00	4.75 to 12.13
Electronic equipment	Straight-line	3 to 10	3.00 to 5.00	9.50 to 32.33
Vehicle	Straight-line	5 to 20	3.00 to 5.00	4.75 to 19.40
Electrical equipment	Straight-line	3 to 10	3.00 to 5.00	9.50 to 32.33
Dedicated equipment	Straight-line	10 to 20	3.00 to 5.00	4.75 to 9.70
Office equipment	Straight-line	3 to 10	3.00 to 5.00	9.50 to 32.33
Other equipment	Straight-line	3 to 10	3.00 to 5.00	9.50 to 32.33
Road asset	Straight-line	3 to 10	3.00 to 5.00	9.50 to 32.33

For the property, plant and equipment with impairment provided, the impairment provision should be excluded from the cost before calculating depreciation.

At the end of reporting period, the **Company** shall review the useful life, estimated net residual value and depreciation method of the fixed assets. Estimated useful life of the property, plant and equipment shall be adjusted if it is changed.

(c) Criteria, valuation and depreciation methods of property, plant and equipment obtained through a finance lease.

The following accounting policies are applicable to 2020 and before

If the entire risk and rewards related to the leased assets have been transferred, the lease shall be a finance lease. The cost of the property, plant and equipment obtained through a finance lease is determined at the lower of the present value of the fair value of the leased assets and the minimum lease payment on the day of the lease. The property, plant and equipment obtained by a finance lease are depreciated in the method which is in consistency with the property, plant and equipment owned by the **Company** itself.

For property, plant and equipment obtained through a finance lease, if it is reasonably certain that the ownership of the leased assets will be transferred to the lessee by the end of the lease term, they shall be depreciated over their remaining useful lives; otherwise, the leased assets shall be depreciated over the shorter of the lease terms or their remaining useful lives.

3.20 Construction in Progress

(a) Classification of construction in progress

Construction in progress is measured on an individual project basis.

(b) Criteria and timing of transfer from construction in progress to property, plant and equipment

The initial book values of the property, plant and equipment are stated at total expenditures incurred before they are ready for their intended use, including construction expenses, original value of equipment, other necessary expenditures incurred to bring construction in progress to an intended usable condition, and specific borrowings and general borrowings incurred for the purpose of borrowing money for the project before the asset reaches its intended usable condition. The **Company** will transfer construction in progress to property, plant and equipment when the project's installation or construction is completed and ready for use. For construction in progress that has been ready for intended use but relevant budgets for the completion of projects have not been completed, the estimated values of project budgets, prices, or actual costs should be included in the costs of relevant property, plant and equipment, and depreciation should be provided according to relevant policies of the **Company** when the property, plant and equipment are ready for intended use. After the completion of budgets needed for the completion of projects, the estimated values should be substituted by actual costs, but depreciation already provided is not adjusted.

3.21 Borrowing Costs

(a) Recognition criteria for capitalization of borrowing costs and capitalization period

The borrowing costs incurred by the **Company** that can be directly attributed to the acquisition, construction or production of assets eligible for capitalization shall be capitalized into the cost of related assets when the following conditions are met simultaneously:

- expenditures are being incurred;
- borrowing costs are being incurred, and;
- acquisition, construction or production activities that are necessary to prepare the assets for their intended use or sale have commenced.

Other borrowing interest, discount or premium and exchange difference shall be included in the profits and losses incurred in the current period.

Capitalization of borrowing costs is suspended during periods in which the acquisition,

construction or production of a qualifying asset is interrupted abnormally and when the interruption is for a continuous period of more than 3 months, until the acquisition, construction or production is resumed.

Capitalization of such borrowing costs ceases when the qualifying assets being acquired, constructed, or produced become ready for their intended use or sale. The expenditure incurred subsequently shall be recognized as expenses.

(b) Measurement of capitalization rate and capitalized amounts of borrowing costs

Where funds are borrowed specifically for purchase, construction, or manufacturing of assets eligible for capitalization, costs eligible for capitalization are the actual costs incurred less any income earned on the temporary investment of such borrowings.

Where funds allocated for purchase, construction, or manufacturing of assets eligible for capitalization are part of a general borrowings, the eligible amounts are determined by applying a capitalization rate to the weighted average excess of accumulated capital expenditures over those on specific borrowings. The capitalization rate will be the weighted average of the borrowing costs applicable to the general borrowings.

3.22 Intangible Assets

(a) Measurement method of intangible assets

Intangible assets are stated at actual cost at acquisition.

(b) The useful life and amortization of intangible assets

(b.1) The estimated useful lives of the intangible assets with limited useful lives are as follows:

Category	Useful life (years)	Basis
Land use right	40 to 70	Useful life
Trademark registration right	5	Expected period of benefit
Software use right	5 to 10	The service life is determined by reference to the period for the Company to bring economic benefits

For intangible assets with finite useful life, the estimated useful life and amortization method are reviewed annually at the end of each reporting period and adjusted when necessary. No change incurs in current year in the estimated useful life and amortization method upon review.

(b.2) Assets of which economic benefits are unforeseeable are regarded as intangible assets with indefinite useful lives. The **Company** reassesses the useful lives of those assets at every year end. If the useful lives of those assets are still indefinite, impairment test should be performed on those assets at the balance sheet date.

(b.3) Amortization of the intangible assets

For intangible assets with finite useful lives, their useful lives should be determined upon their acquisition. They are amortized on a straight-line basis over the period

during which they can bring economic benefits to the **Company**. The amortization amount is credited to profit or loss for the current period according to the beneficial items. The amount to be amortized is cost deducting residual value. For intangible assets which has impaired, the accumulated impairment provision shall be deducted as well, with a residual value of nil. There is an exception that a third party promises to purchase the intangible asset at the end of its useful life or obtain estimated residual value information based on an active market, and this market is likely to exist at the end of its useful life.

Intangible assets with indefinite useful lives shall not be amortized. The **Company** reassesses the useful lives of those assets at every year end. If there is evidence to indicate that the useful lives of those assets become finite, the useful lives shall be estimated, and the intangible assets shall be amortized systematically and reasonably within the estimated useful lives.

(c) Criteria of classifying expenditures on internal research and development projects into research phase and development phase

(c.1) The **Company** shall take the information and related preparatory activities for further development activities as the research stage, and the expenditure of the intangible assets research stage shall be recorded into the current profit and loss when incurred.

(c.2) The development activities that are carried out after the **Company** has completed the research phase shall be considered as the development phase.

(d) Criteria for capitalization of qualifying expenditures during the development phase

Expenditures arising from development phase on internal research and development projects must be capitalized if the **Company** can satisfy all of the following criteria:

- there is technical feasibility of completing the intangible assets (so that they will be available for use or sale);
- there is intention to complete and use or sell the assets;
- the method that the intangible assets generate economic benefits, including existence of a market for products produced by the intangible assets or for the intangible assets themselves, shall be proved. Or, if to be used internally, the usefulness of the assets shall be proved;
- adequate technical, financial, and other resources are available to complete the assets, and the **Company** has the ability to use or sell the assets; and
- the costs of the assets can be measured reliably.

3.23 Impairment of Long-Term Assets

Impairment loss of long-term equity investment in subsidiaries, associates and joint ventures, investment properties subsequently measured using the cost model, property, plant and equipment, constructions in progress, intangible assets, goodwill, etc.

(excluding inventories, deferred tax assets, financial assets), shall be determined according to following method:

The **Company** shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the **Company** shall estimate the recoverable amount of the asset and test for impairment. Irrespective of whether there is any indication of impairment, the **Company** shall test for impairment of goodwill acquired in a business combination, intangible assets with an indefinite useful life or intangible assets not yet available for use annually.

The recoverable amounts of the long-term assets are the higher of their fair values less costs to dispose and the present values of the estimated future cash flows of the long-term assets. The **Company** estimate the recoverable amounts on an individual basis. If it is difficult to estimate the recoverable amount of the individual asset, the **Company** estimates the recoverable amount of the groups of assets that the individual asset belongs to. Identification of a group of assets is based on whether the cash inflows from it are largely independent of the cash inflows from other assets or groups of assets.

If, and only if, the recoverable amount of an asset or a group of assets is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount and the provision for impairment loss shall be recognized accordingly.

For the purpose of impairment testing, goodwill acquired in a business combination shall, from the acquisition date, be allocated to relevant group of assets based on reasonable method; if it is difficult to allocate to relevant group of assets, good will shall be allocated to relevant combination of asset groups. The relevant group of assets or combination of asset groups is a group of assets or combination of asset groups that is benefit from the synergies of the business combination and is not larger than the reporting segment determined by the **Company**.

When test for impairment, if there is an indication that relevant group of assets or combination of asset groups may be impaired, impairment testing for group of assets or combination of asset groups excluding goodwill shall be conducted first, and the recoverable amount shall be then calculated, and the impairment loss shall be recognized accordingly. Then the group of assets or combination of asset groups including goodwill shall be tested for impairment, by comparing the carrying amount with its recoverable amount. If the recoverable amount is less than the carrying amount, the **Company** shall recognize the impairment loss.

The mentioned impairment loss will not be reversed in subsequent accounting period once it had been recognized.

3.24 Long-term Deferred Expenses

Long-term deferred expenses are various expenses already incurred, which shall be amortized over current and subsequent periods with the amortization period exceeding one year.

The **Company's** long-term deferred expenses are evenly amortized over the beneficial

period.

3.25 Employee Benefits

Employee benefits refer to all forms of consideration or compensation given by an enterprise in exchange for service rendered by employees or for the termination of employment relationship. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. Benefits provided to an employee's spouse, children, dependents, family members of deceased employees, or other beneficiaries are also employee benefits.

According to liquidity, employee compensation shall be presented in the "Employee benefits payable" item and the "Long-term Employee benefits payable" item respectively on the statement of financial position.

(a) Short-term employee benefits

(a.1) Monetary benefits (Wages, bonuses, allowances, subsidies)

The **Company** recognizes, in the accounting period in which an employee provides service, actually incurred short-term employee benefits as a liability, with a corresponding charge to current profit or loss or relevant cost of assets.

(a.2) Welfare

Welfare incurred are charged to the profits and losses of the current period or the related asset costs, according to the actual amount actually incurred. Employee benefits which are non-monetary benefits are measured at fair value.

(a.3) Social insurance contributions such as medical insurance premium, work injury insurance premium, maternity premium, etc., housing funds, and labor union expenditure and employee education funds.

Payments made by the **Company** of social insurance contributions for employees, such as premiums or contributions on medical insurance, pensions, work injury insurance and maternity insurance, payments of housing funds, and labor union expenditure and employee education funds provided in accordance with relevant requirements, in the accounting period in which employees provide services, is calculated according to prescribed bases and percentages of provision in determining the amount of employee benefits, and recognized related liabilities, then charged to current profit and loss or the cost of related assets.

(a.4) Short-term paid absences

The **Company** shall recognize the related employee benefits arising from accumulating paid absences when the employees render service that increases their entitlement to future paid absences. The **Company** recognizes employee benefits related to non-cumulative paid absences during the accounting period in which the employee is actually absent.

(a.5) Short-term profit-sharing schemes

The **Company** shall recognize the related employee benefits payable under a profit-

sharing plan when all of the following conditions are satisfied:

- the **Company** has a present legal or constructive obligation to make such payments as a result of past events; and
- a reliable estimate of the amounts of employee benefits obligation arising from the profit-sharing plan can be made.

(b) Post-employment benefits

(b.1) Defined contribution plans

The **Company** shall classify post-employment benefits plans as defined contribution plans. The **Company** shall recognize, in the accounting period in which an employee provides service, the contribution payable to a defined contribution plan as a liability, with a corresponding charge to the profit or loss for the reporting period or the cost of a relevant asset.

Post-employment benefits falling due for more than 12 months after the end of the reporting period are discounted to their present values, the amount recognized should be discounted, to reflect the time value of money (Determined based on the market rate of return on the government bonds or high-quality corporate bonds in an active market that match the maturity schedule and currency of the defined benefit plan on the balance sheet date).

(b.2) Defined benefit plans

(b.2.1) Determining the present value of defined benefit plan obligations and current service costs

Based on the expected unit benefit method, the unbiased and mutually consistent actuarial assumptions are used to estimate the relevant demographic variables and financial variables, etc., to measure the obligations arising from the defined benefit plans and to determine the vesting period of the relevant obligations. The **Company** will set a benefit plan based on the corresponding discount rate (based on the market rate of return of government bonds or high-quality corporate bonds in active markets that match the maturity and currency of the defined benefit plan at the balance sheet date) of the obligation to be discounted to determine the present value of the defined benefit plan obligations and current service costs.

(b.2.2) Determine the amount of the net defined benefit liability (asset)

If there is any asset in the defined benefit plan, the **Company** will recognize the deficit or surplus as a net debt or net asset of the defined benefit plan, which caused from the current value of the defined benefit plan obligations less of the fair value of the defined benefit plan assets.

If there is a surplus in the defined benefit plan, the **Company** measures the net profit of the defined benefit plan based on the lower of the surplus of the defined benefit plan and the upper limit of the asset.

(b.2.3) Determine amounts to be recognized in profit or loss

Service costs include current service costs, past service costs and gains or losses on settlement of a defined benefit plan. Except for the current service costs that are required or permitted to be included in the cost of an asset by other accounting standards, other service costs are included in the profit or loss for the current period.

Net interest on the net defined benefit liability (asset), including the interest income of the scheme assets, the interest expenses of the defined benefit plan obligations and the interest rates affected by the asset cap, shall be included in the profits and losses of the current period.

(b.2.4) Determine amounts to be recognized in other comprehensive income

Changes arising from the remeasurement of net liabilities or net assets of defined benefit plans, including:

- Actuarial gains or losses: the increase or decrease in the present value of the previously defined benefit plan obligations as a result of changes to actuarial assumptions and experience adjustments.
- Return on plan assets: excluding amounts included in net interest on the net defined benefit liability (asset).
- Any change in the effect of the asset ceiling excluding amounts included in net interest on the net defined benefit liability (asset).

The above changes in the net liabilities or net assets of the re-measured defined benefit plan are directly charged to other comprehensive income and are not permitted to be reversed to profit or loss in subsequent accounting periods, but the **Company** can transfer these changes in other comprehensive income within the scope of equity.

(c) Termination benefits

The **Company** providing termination benefits to employees shall recognize an employee benefits liability for termination benefits, with a corresponding charge to the profit or loss of the reporting period, at the earlier of the following dates:

- when the **Company** cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal.
- when the **Company** recognizes costs or expenses related to a restructuring that involves the payment of termination benefits.

Termination benefits falling due for more than 12 months after the end of the reporting period are discounted to their present values (based on the market rate of return of government bonds or high-quality corporate bonds in active markets that match the maturity and currency of the defined benefit plan at the balance sheet date).

(d) Other long-term employee benefits

(d.1) Other long-term employee benefits fit the Defined Contribution Plan

If other long-term employee benefits provided by the **Company** meet the conditions of the established withdrawal plan, the total amount due for deposit shall be calculated as the discounted amount to pay the employee remuneration.

(d.2) Other long-term employee benefits fit the Defined Benefit Plans

At the end of the reporting period, the **Company** recognizes the employee compensation costs generated by other long-term employee benefits as the following components:

- Service costs
- Net interest on the other long-term employee benefits liability (asset)
- Remeasurement of changes in net liabilities or net assets of other long-term employee benefits.

In order to simplify the relevant accounting treatment, the total net amount of the above items is included in the current profit and loss or the cost of related assets.

3.26 Estimated Liabilities

(a) Recognition criteria of estimated liabilities

The **Company** recognizes the estimated liabilities when obligations related to contingencies satisfy all the following conditions:

- that obligation is a present obligation of the **Company**;
- it is likely to cause any economic benefit to flow out of the **Company** as a result of performance of the obligation; and
- the amount of the obligation can be measured reliably.

(b) Measurement method of estimated liabilities

The estimated liabilities of the **Company** are initially measured at the best estimate of expenses required for the performance of relevant present obligations. The **Company**, when determining the best estimate, has had a comprehensive consideration of risks with respect to contingencies, uncertainties, and the time value of money. The carrying amount of the estimated liabilities shall be reviewed at the end of every reporting period. If conclusive evidence indicates that the carrying amount fails to be the best estimate of the estimated liabilities, the carrying amount should be adjusted based on the updated best estimate.

3.27 Revenue

Applicable from 1 January 2021

(a) General Principle

Revenue is defined as the gross inflow of economic benefits arising in the course of the ordinary activities of the **Company** when those inflows result in the increases in shareholders' equity, other than increases relating to contributions from shareholders.

The **Company** shall recognize revenue when it satisfies a performance obligation in the contract as the customer obtains control of a good or service. Control of a good or service refers to the ability to direct the use of and obtain substantially all of the remaining economic benefits from, the good or service.

When the contract has two or more obligation performances, the **Company** shall

allocate the transaction price to each performance obligation in proportion to a relative stand-alone selling price at contract inception of the promised good or service underlying each performance obligation in the contract and recognize revenue based on the transaction price allocated to each performance obligation.

The transaction price is the amount of consideration to which the **Company** expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. When determining the transaction price of the contract, if the contract includes a variable consideration, the **Company** shall determine the best estimate of the variable consideration based on the expected value or the most likely amount and include in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. If the contract contains a significant financing component, the **Company** shall determine the transaction price at an amount that reflects the price that a customer would have paid for the promised goods or services if the customer had paid cash for those goods or services when (or as) they transfer to the customer. The difference between the transaction price and the promised consideration shall be amortized using the effective interest method within the contract period. The **Company** need not consider the effects of a significant financing component if the period between when the **Company** transfers control of a good or service to a customer and when the customer pays for that good or service will be one year or less.

The **Company** satisfies a performance obligation over time, if one of the following criteria is met; otherwise a performance obligation is satisfied at a point in time:

- the customer simultaneously receives and consumes the benefits provided by the **Company's** performance as the **Company** performs;
- the **Company's** performance creates or enhances an asset that the customer controls as the asset is created or enhanced;
- the **Company's** performance does not create an asset with an alternative use to the **Company** and the **Company** has an enforceable right to payment for performance completed to date.

For each performance obligation satisfied over time, the **Company** shall recognize revenue over time by measuring the progress towards complete satisfaction of that performance obligation, unless those progress cannot be reasonably measured. The **Company** measures the progress of a performance obligation for the service rendered using input methods (or output methods). In some circumstances, the **Company** cannot be able to reasonably measure the progress of a performance obligation, but the **Company** expects to recover the costs incurred in satisfying the performance obligation. In those circumstances, the **Company** shall recognize revenue only to the extent of the costs incurred until such time that it can reasonably measure the progress of the

performance obligation.

The **Company** shall recognize revenue at the point in which a customer obtains control of a promised good or service if a performance obligation is satisfied at a point in time. To determine the point in time at which a customer obtains control of a promised good or service, the **Company** shall consider indicators of the transfer of control, which include, but are not limited to, the followings:

- The **Company** has a present right to payment for the good or service – a customer is presently obliged to pay for the good or service;
- The **Company** has transferred legal title of an asset to a customer-the customer has legal title to the asset;
- The **Company** has transferred physical possession of an asset to a customer-the customer has physical possession of the asset;
- The **Company** has transferred the significant risks and rewards of ownership of the asset to a customer-the customer has the significant risks and rewards of ownership of the asset;
- The customer has accepted the asset.

Sales return clause

For sales return clause, when the customer obtains the control of a product, the **Company** shall recognize revenue for the transferred products in the amount of consideration to which the **Company** expects to be entitled and a refund liability at the amounts receivable for which the **Company** does not expect to be entitled; meanwhile, an asset shall be recognized as receivables on the cost of return measured at the former carrying amount of the product expected to be returned less any expected costs to recover those products (including potential decreases in the value to the entity of returned products), and the net amount of the former carrying amount of the product when transferred to the customer less above mentioned cost shall be recorded into the cost of sales. At the end of each reporting period, the **Company** shall re-assess the expectations about the sales return and remeasure above mentioned assets and liabilities.

Warranties

In accordance with the contract, the law or other requirements, the **Company** provides a warranty in connection with the sale of a product or construction of a project. For warranties which provide a customer with assurance that the related product will function as the parties intended because it complies with agreed-upon specifications, the **Company** shall treat it in accordance with " *Accounting Standards for Business Enterprise No.13-Contingencies*". If a warranty, or a part of a warranty, provides a customer with a service in addition to the assurance that the product complies with agreed-upon specifications, the **Company** shall treat it as a performance obligation, and allocate the transaction price to the warranty based on the relative proportion to the stand-alone selling price of the product and the service, and recognize revenue when the customer obtains the control of the service. In assessing whether a warranty

provides a customer with a service in addition to the assurance that the product complies with agreed-upon specifications, the **Company** shall consider factors such as: whether the warranty is required by law; the length of the warranty coverage period and the nature of the tasks that the **Company** promises to perform.

Principal versus agent

If the **Company** obtains the control of the specified good or service from another party and then transfers the good or service to the customer, the **Company** has the right to determine the transaction price, which means that the **Company** controls the specified good or service before it is transferred to a customer, and is therefore a principal, and recognizes revenue in the gross amount of consideration to which it expects to be entitled in exchange for the specified good or service transferred. Otherwise, the **Company** is an agent, and shall recognize revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by another party. The fee or commission might be the net amount of received or receivable consideration that the **Company** retains after paying the other party the consideration received in exchange for the goods or services to be provided by that party or determined based on the specified commission amount or proportion.

Consideration payable to a customer

The **Company** shall account for consideration payable to a customer as a reduction of the transaction price unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the **Company**. The reduction of revenue shall be recognized when (or as) the later of either of the following events occurs: the **Company** recognizes revenue for the transfer of the related goods or services to the customer; and the **Company** pays or promises to pay the consideration.

Customers' unexercised rights

Upon receipt of a prepayment for a good or service from a customer, the **Company** shall recognize a contract liability in the amount of the prepayment and recognize revenue when it satisfies its performance obligation. If the prepayment to the **Company** is non-refundable and the customer may not exercise part or all of its contractual rights, and the **Company** expects to be entitled to a breakage amount related to those unexercised rights of the customer, the **Company** shall recognize the expected breakage amount as revenue in proportion to the pattern of rights exercised by the customer; otherwise, the **Company** shall recognize the remaining balance of above mentioned liability as revenue when the likelihood of the customer exercising its remaining rights becomes remote.

Contract modifications

When the construction contract modifications exist between the **Company** and the customer:

- The **Company** shall account for a contract modification as a separate contract if

the modification results in the addition of promised construction services that are distinct and increase of the price of the contract, and the price of the contract increases by an amount of consideration that reflects the **Company's** stand-alone selling prices of the additional promised construction services;

- If the contract modification is not accounted for as a separate contract in accordance with above mentioned circumstance (i), and the remaining construction services are distinct from the construction services transferred on or before the date of the contract modification, the **Company** shall account for the contract modification as if it were a termination of the existing contract and the creation of a new contract with the combination of the remaining performance obligations of the existing contract and the contract modification.
- If the contract modification is not accounted for as a separate contract in accordance with above mentioned circumstance (i), and the remaining construction services cannot be distinct from the construction services transferred on or before the date of the contract modification, the **Company** shall account for the contract modification as if it were a part of the existing contract and the effect that the contract modification has on the transaction price, and on the entity's measure of progress towards complete satisfaction of the performance obligation, is recognized as an adjustment to revenue at the date of the contract modification.

(b) Specific Method

Revenue recognition methods of the Company are as follows:

(b.1) House sales revenue

House sales revenue belongs to the performance obligation performance obligation satisfied at a point in time. Revenue is recognized when the **Company** has delivered the product to the customer in accordance with the contract and the customer has accepted the merchandise, payment has been received or proof of receipt has been obtained and recovery of the related consideration is probable upon delivery of the keys and transfer of control of the related property.

(b.2) Revenue from land auctions

The land asset transfer contracts between the **Company** and its customers contain performance obligations for the transfer of land assets, which are to be performed at a certain point in time. The **Company** recognizes revenue from land auctions when the land asset transfer agreement is signed and the procedures for transferring the assets are completed, the related control is obtained, and the auction proceeds are received.

(b.3) Transportation revenue

Transportation revenue is recognized when the provision of transportation services is completed and the revenue-sharing settlement between passenger terminals is completed.

(b.4) Grain income

The contract for the sale of grain between the **Company** and its customer contains a performance obligation to transfer the merchandise, which is the fulfillment of the performance obligation at a certain point in time. Revenue from the sale of grain is recognized when the goods have been shipped and accepted by the other party.

(b.5) Construction revenue

Revenue is recognized when the project has been completed and accepted and is in use; when the project has been handed over; and when the final settlement price has been confirmed by both parties.

(b.6) Test revenue

The point at which revenue is recognized is when the test work is completed and the test results are given.

(b.7) Tap water sales revenue

Revenue is recognized when tap water has been sold and water charges collected or when the right to collect water charges has been acquired.

(b.8) Tourism revenue

Revenue is recognized when travel services are provided and payment is received or the right to receive payment is acquired.

(b.9) Land consolidation revenue

According to the agreement between the **Company** and the entrusted party, after the land requisition and relocation preparation has been completed, the land has reached the reserve conditions and the handover procedures have been carried out, the **Company** has the right to collect the settlement payment from the entrusted party in accordance with the contract, and recognize the revenue in accordance with the quantity of the land to be handed over and the amount agreed upon in the handover of the land progress payment settlement letter.

(b.10) Commodity sales revenue

Contracts for the sale of goods between the **Company** and its customers contain a performance obligation to transfer the goods, which is the fulfillment of a performance obligation at a point in time. Revenue is recognized when the **Company** has delivered the product to the customer in accordance with the contract and the customer has accepted the merchandise, payment for the merchandise has been received or proof of receipt has been obtained and collection of the related consideration is probable, the principal risks and rewards of ownership of the merchandise have been transferred, and legal title to the merchandise has passed.

The following accounting policies are applicable for the year 2020 and before:

(a) Revenue from sale of goods

Revenue from sales of goods shall be recognized if the following criteria are satisfied:

- significant risks and rewards related to ownership of the goods have been transferred to the buyer;

- the **Company** retains neither continuous management rights associated with ownership of the goods sold nor effective control over the goods sold;
- relevant amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow into the **Company**; and
- relevant amount of cost incurred or to be incurred can be measured reliably.

(b) Revenue from rendering of services

When the outcome of rendering of services can be estimated reliably at the balance sheet date, revenue associated with the transaction is recognized using the percentage of completion method. Percentage of completion is determined by using the proportion of services performed to date to the total services that should be performed, or the proportion of cost incurred for rendering of the services to date to the total estimated cost.

The outcome of rendering of services can be estimated reliably when all of the following conditions are satisfied: the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the **Company**; the percentage of completion of the transaction can be measured reliably; the costs incurred and to be incurred for the transaction can be measured reliably.

The **Company** shall determine the total income from rendering of services in accordance with the price of the contract or agreement received or receivable, except the price of the contract or agreement received or receivable is unfair. On the balance sheet date, the total amount of labor services provided is multiplied by the progress of completion and deducted the accumulated amount of labor service income confirmed in the previous accounting period to confirm the income from providing labor service. Meanwhile, the carrying amount of labor costs incurred for the current period is calculated by multiplying the estimated total cost of provision of services by the completion progress deducting the accumulated recognized service costs in previous accounting periods.

If the outcome of rendering of services cannot be estimated reliably at the balance sheet date, deal with the following situations:

- If the labor cost incurred is expected to be compensated, the labor service income will be recognized according to the cost of labor service already incurred and the service cost will be carried forward at the same amount.
- If the cost of the service that has occurred is not expected to be compensated, the cost of the service that has occurred shall be included in the current profits and losses, and the service income shall not be confirmed.

(c) Revenue from alienating the right to use assets

Revenue from alienating of right to use assets consists of interest revenue and royalty revenue. The **Company** shall recognize the amount of revenue from the alienating of

right to use assets based on the following circumstances, respectively:

- interest revenue should be calculated in accordance with the period for which the enterprise's cash is used by others and the effective interest rate; or
- the amount of royalty revenue should be calculated in accordance with the period and method of charging as stipulated in the relevant contract or agreement.

(d) Construction contracts

Under the circumstances that result of the construction contracts can be estimated reliably, contract revenue and contract cost shall be recognized by using percentage of completion method, which is determined according to the completion stages of the construction contracts. The completion stages of the contracts shall be calculated at the portion of the contract costs incurred to the total estimated contract costs.

Under the circumstances that the result of the construction contracts cannot be estimated reliably, while the estimated contract costs can be recovered, the revenue shall be recognized to the extent of costs incurred that are expected to be recoverable, contract costs shall be recognized as expense upon incurrence. If the estimated contract costs cannot be recovered, they shall be charged in expenses upon incurrence, without any revenue recognized.

If the estimated contract costs exceed estimated contract revenue, the estimated loss shall be recognized as expenses in current period.

(e) The Company's revenue specific confirmation method

(e.1) Real estate revenue:

The point at which revenue is recognized is when the keys are delivered and invoiced.

(e.2) Reclamation land auction revenue

The **Company** recognizes revenue from land auctions when an agreement for the transfer of land assets has been signed and the transfer of assets has been completed, the risks associated with the assets have been transferred, and the auction proceeds have been received.

(e.3) Transportation revenue

Transportation revenue is recognized when the provision of transportation services is completed and the revenue-sharing settlement between passenger terminals is completed.

(e.4) Grain revenue

Revenue from the sale of grain is recognized when the goods have been dispatched and accepted by the other party.

(e.5) Lease revenue

Revenue is recognized evenly over the term of the lease as specified in the lease contract.

(e.6) Construction revenue

The project has been completed and commissioned; the project has been handed over;

and the final settlement price has been confirmed by both parties.

(e.7) Test revenue

The point at which revenue is recognized is when the test work is completed and the test results are given.

(e.8) Tap water sales revenue

Revenue is recognized when tap water has been sold and water charges collected or when the right to collect water charges has been acquired.

(e.9) Tourism revenue

Revenue is recognized when travel services are provided and payment is received or the right to receive payment is acquired.

(e.10) Land consolidation revenue

Revenue is recognized when land acquisition and preparation has been completed and the land has reached reserve conditions and been handed over.

(e.11) Commodity sales revenue

Revenue is recognized when the goods are sold and payment is received or the right to receive payment is acquired.

3.28 Government Grants

(a) Recognition of government grants

A government grant shall not be recognized until there is reasonable assurance that:

- the **Company** will comply with the conditions attaching to them; and
- the grants will be received.

(b) Measurement of government grants

Monetary grants from the government shall be measured at amount received or receivable, and non-monetary grants from the government shall be measured at their fair value or at their nominal value amount of CNY1.00 when reliable fair value is not available.

(c) Accounting for government grants

(c.1) Government grants related to assets

Government grants pertinent to assets mean the government grants that are obtained by the **Company** used for purchase or construction or forming the long-term assets by other ways. Government grants pertinent to assets shall be recognized as deferred income and should be recognized in profit or loss on a systematic basis over the useful lives of the relevant assets. Grants measured at their nominal value shall be directly recognized in profit or loss of the period when the grants are received. When the relevant assets are sold, transferred, written off or damaged before the assets are terminated, the remaining deferred income shall be transferred into profit or loss of the period of disposing relevant assets.

(c.2) Government grants related to income

Government grants other than related to assets are classified as government grants related to income. Government grants related to income are accounted for in accordance with the following principles:

- if the government grants related to income are used to compensate the enterprise's relevant expenses or losses in future periods, such government grants should be recognized as deferred income on acquisition and be recognized in profit or loss in the period of recognizing relevant expenses;
- if the government grants related to income are used to compensate the enterprise's relevant expenses or losses incurred, such government grants are directly recognized in profit or loss of the current period.
- For government grants comprised of part related to assets as well as part related to income, each part is accounted for separately; if it is difficult to identify different part, the government grants are accounted for as government grants related to income as a whole.
- Government grants related to daily operation are recognized in other income in accordance with their nature, and government grants irrelevant to daily operation activities are recognized in non-operating income.

(c.3) Discount interest on preferential policy loans

When the finance will disburse the discounted interest funds to the loan bank, and the loan bank will provide the **Company** with a loan at a preferential policy rate, the actual amount of borrowings received recognized as the book value of the loan, and calculates the relevant borrowing costs based on the principal of the borrowings and the preferential policy interest rate.

Fiscal interest discount funds disbursed directly to the **Company**, to offsets the relevant borrowing costs with the corresponding discount interest.

(c.4) Repayment of the government grants

If the confirmed government subsidy needs to be returned, the book value of the relevant assets shall be adjusted if the book value of the assets is deducted during the initial recognition; If there is a balance of relevant deferred income, the book balance of relevant deferred income shall be deducted and the excess part shall be recorded into the current profit and loss; In other cases, it shall be directly recorded into the current profit and loss.

3.29 Deferred Tax Assets and Deferred Tax Liabilities

Temporary differences are differences between the carrying amount of an asset or liability in the statement of financial position and its tax base. The **Company** recognize the effect of taxable temporary differences and deductible temporary differences on income tax as deferred tax liabilities or deferred tax assets using liability method. Deferred tax assets and deferred tax liabilities shall not be discounted.

(a) Recognition of deferred tax assets

For deductible temporary differences, the impact on income tax shall be calculated at the income tax rate during the projected reversal period and recognized as a deferred income tax asset, subject to the extent that the **Company** is likely to obtain future taxable income to offset the deductible temporary differences, deductible losses and tax deductions.

The effect on income tax of deductible temporary differences arising from the initial recognition of assets or liabilities in transactions or events with the following characteristics is unconfirmed as deferred income tax assets:

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss)

The **Company** recognize a deferred tax asset for all deductible temporary differences arising from investments in subsidiaries, branches and associates, and interests in joint arrangements, to the extent that, and only to the extent that, it is probable that:

- the temporary difference will reverse in the foreseeable future; and
- taxable profit will be available against which the deductible temporary difference can be utilized.

At the end of each reporting period, if there is sufficient evidence that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized, the **Company** recognizes a previously unrecognized deferred tax asset.

The carrying amount of a deferred tax asset shall be reviewed at the end of each reporting period. An entity shall reduce the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

(b) Recognition of deferred tax liabilities

A deferred tax liability shall be recognized for all taxable temporary differences at the tax rate that are expected to apply to the period when the liability is settled, except to the extent that the deferred tax liability arises from:

(b.1) Deferred tax liabilities are not recognized for the income tax effects of taxable temporary differences arising from the following transactions or events:

- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction which:
 - is not a business combination; and
 - at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss)

(b.2) An entity shall recognize a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, branches and associates,

and interests in joint arrangements, except to the extent that both of the following conditions are satisfied:

- The **Company** is able to control the timing of the reversal of the temporary difference; and
- it is probable that the temporary difference will not reverse in the foreseeable future.

(c) Recognition of deferred tax liabilities or assets involved in special transactions or events

(c.1) Deferred tax liabilities or assets related to business combination

For the taxable temporary difference or deductible temporary difference arising from a business combination not under common control, a deferred tax liability or a deferred tax asset shall be recognized, and simultaneously, goodwill recognized in the business combination shall be adjusted.

(c.2) Items directly recognized in equity

Current tax and deferred tax related to items that are recognized directly in equity shall be recognized in equity. Such items include:

- other comprehensive income generated from fair value fluctuation of available for sale investments;
- an adjustment to the opening balance of retained earnings resulting from either a change in accounting policy that is applied retrospectively or the correction of an error;
- amounts arising on initial recognition of the equity component of a compound financial instrument

(c.3) Unused tax losses and unused tax credits

(c.3.1) Unused tax losses and unused tax credits generated from daily operation of the Company itself

The criteria for recognizing deferred tax assets arising from the carryforward of unused tax losses and tax credits are the same as the criteria for recognizing deferred tax assets arising from deductible temporary differences. The **Company** recognizes a deferred tax asset arising from unused tax losses or tax credits only to the extent that there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilized by the **Company**. Income taxes in current profit or loss shall be deducted as well.

(c.3.2) Unused tax losses and unused tax credits arising from a business combination

The potential benefit of the acquiree's income tax loss carryforwards or other deferred tax assets might not satisfy the criteria for separate recognition when a business combination is initially accounted for but might be realized subsequently. An entity shall recognize acquired deferred tax benefits that it realizes after the business combination as follows:

- Acquired deferred tax benefits recognized within 12 months after acquisition date

that result from new information about facts and circumstances that existed at the acquisition date shall be applied to reduce the carrying amount of any goodwill related to that acquisition. If the carrying amount of that goodwill is zero, any remaining deferred tax benefits shall be recognized in profit or loss.

- All other acquired deferred tax benefits realized shall be recognized in profit or loss.

(c.4) Temporary difference generated in consolidation elimination

When preparing consolidated financial statements, if temporary difference between carrying value of the assets and liabilities in the consolidated financial statements and their taxable bases is generated from elimination of intra-group unrealized profit or loss, deferred tax assets or deferred tax liabilities shall be recognized in the consolidated financial statements, and income taxes expense in current profit or loss shall be adjusted as well (except for deferred tax related to transactions or events recognized directly in equity and business combination).

(c.5) Equity-settled share-based payment

If tax authority permits tax deduction that relates to remuneration paid in shares, share options or other equity instruments of the **Company**, during the period in which a remuneration expense is recognized according to the accounting standards, the **Company** estimate the tax base in accordance with available information at the end of the accounting period and the temporary difference arising from it. Deferred tax shall be recognized when criteria of recognition are satisfied. If the amount of estimated future tax deduction exceeds the amount of the related cumulative remuneration expense, the excess of the associated current or deferred tax should be recognized directly in equity.

3.30 Leases

Applicable from 1 January 2021

(a) Identifying a lease

At inception of a contract, the **Company** shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of one or more identified assets for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the **Company** shall assess whether, throughout the period of use, the customer has the right to obtain substantially all of the economic benefits from use of the identified asset and to direct the use of the identified asset.

(b) Identifying a separate lease component

When a contract includes more than one separate lease components, the **Company** shall separate components of the contract and account for each lease component separately. The right to use an underlying asset is a separate lease component if both conditions have been satisfied: (i) the lessee can benefit from use of the underlying asset either on its own or together with other resources that are readily available to the lessee; (ii) the

underlying asset is neither highly dependent on, nor highly interrelated with, the other underlying assets in the contract.

(c) The Company as a lessee

At the commencement date, the **Company** identifies the lease that has a lease term of 12 months or less and does not contain a purchase option as a short-term lease. A lease qualifies as a lease of a low-value asset if the nature of the asset is such that, when new, the asset is typically of low value. If the **Company** subleases an asset, or expects to sublease an asset, the head lease does not qualify as a lease of a low-value asset.

The **Company** shall recognize the lease payments associated with those leases as cost of relevant asset or expenses in current profit or loss on a straight-line basic.

Except for the election of simple treatment as short-term lease or lease of a low-value asset as mentioned above, at the commencement date, the **Company** shall recognize a right-of-use asset and a lease liability.

(c.1) Right-of-use asset

A right-of-use asset is an asset that represents a lessee's right to use an underlying asset for the lease term.

At the commencement date, the **Company** shall initially measure the right-of-use asset at cost. The cost of the right-of-use asset shall comprise:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the lessee; and
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. The **Company** recognizes and measures the cost in accordance with the recognition criteria and measurement method for estimated liabilities, details please refer to *Notes 3.26 Leases*. Those costs incurred to produce inventories shall be included in the cost of inventories.

The right-of-use asset shall be depreciated according to the categories using straight-line method. If it is reasonably certain that the ownership of the underlying asset shall be transferred to the lessee by the end of the lease term, the depreciation rate shall be determined based on the classification of the right-of-use asset and estimated residual value rate from the commencement date to the end of the useful life of the underlying asset. Otherwise, the depreciation rate shall be determined based on the classification of the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

(c.2) Lease liability

At the commencement date, the lease liability shall be measured at the present value of

the lease payments that are not paid at that date. The lease payments included in the measurement of the lease liability comprise the following 5 items:

- fixed payments and in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease;
- amounts expected to be payable by the lessee under residual value guarantees.

In order to calculate the present value of the lease payments, interest rate implicit in the lease shall be used as the discount rate. If that rate cannot be readily determined, the **Company** shall use the incremental borrowing rate. The difference between the lease payments and its present value shall be recognized as unrecognized financing charges, calculated bases on the discount rate of the present value of the lease payments in each period within the lease term and recorded as interest expense in current profit or loss. Variable lease payments not included in the measurement of lease liabilities shall be recognized in current profit or loss when incurred.

After the commencement date, the **Company** shall remeasure the lease liability based on the revised present value of the lease payments and adjust the carrying amount of the right-of-use asset if there is a change in the in-substance fixed payments, or change in the amounts expected to be payable under a residual value guarantee, or change in an index or a rate used to determine lease payments, or change in the assessment or exercising of an option to purchase the underlying asset, or an option to extend or terminate the lease.

(d) The Company as a lessor

At the commencement date, the **Company** shall classify a lease as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset, otherwise it shall be classified as an operating lease.

(d.1) Operating leases

The **Company** shall recognize lease payments from operating leases as income on a straight-line basis over the term of the relevant lease and the initial direct costs incurred in obtaining an operating lease shall be capitalized and recognized as an expense over the lease term on the same basis as the lease income. The **Company** shall recognize the variable lease payments relating to the operating lease but not included in the measurement of the lease receivables into current profit or loss when incurred.

(d.2) Finance leases

At the commencement date, the **Company** shall recognize the lease receivables at an account equal to the net investment in the lease (the sum of the present value of the

unguaranteed residual values and the lease payment that are not received at the commencement date discounted at the interest rate implicit in the lease) and derecognize the asset relating to the finance lease. The **Company** shall recognize interest income using the interest rate implicit in the lease over the lease term.

The **Company** shall recognize the variable lease payments relating to the finance lease but not included in the measurement of the net investment in the lease into current profit or loss when incurred.

(e) Lease modifications

(e.1) A lease modification accounted for as a separate lease

The **Company** shall account for a modification to a lease as a separate lease, if both:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope.

(e.2) A lease modification not accounted for as a separate lease

(e.2.1) The Company as a lessee

At the effective date of the lease modification, the **Company** shall redetermine the lease term of the modified lease and remeasure the lease liability by discounting the revised lease payments using a revised discount rate. The revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the incremental borrowing rate at the effective date of the modification, if the interest rate implicit in the lease cannot be readily determined.

The **Company** shall account for the remeasurement of the lease liability by:

- decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease or shorten the lease term. The **Company** shall recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.
- Making a corresponding adjustment to the carrying amount of the right-of-use asset for all other lease modifications.

(e.2.2) The Company as a lessor

The **Company** shall account for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

For a modification to a finance lease that is not accounted for as a separate lease, the **Company** shall account for the modification as follows:

- if the lease would have been classified as an operating lease had the modification been in effect at the inception date, the **Company** shall account for the lease modification as a new lease from the effective date of the modification and measure the carrying amount of the underlying asset as the net investment in the lease

immediately before the effective date of the lease modification;

- if the lease would have been classified as a finance lease had the modification been in effect at the inception date, the **Company** shall account for the lease modification according to the requirements in the modification or renegotiation of the contract.

(f) Sale and leaseback

The **Company** shall determine whether the transfer of an asset under the sale and leaseback transaction is a sale of that asset according to *Note 3.27 Revenue*.

(f.1) The Company as a seller (lessee)

If the transfer of the asset is not a sale, the **Company** shall continue to recognize the transferred asset and shall recognize a financial liability equal to the transfer proceeds. It shall account for the financial liability according to *Note 3.10 Financial Instruments*. If the transfer of the asset is a sale, the **Company** shall measure the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the **Company**. Accordingly, the **Company** shall recognize only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.

(f.2) The Company as a buyer (lessor)

If the transfer of the asset is not a sale, the **Company** shall not recognize the transferred asset and shall recognize a financial asset equal to the transfer proceeds. It shall account for the financial asset according to *Note 3.10 Financial Instruments*. If the transfer of the asset is a sale, the **Company** shall account for the purchase of the asset applying applicable Accounting Standards of Business Enterprises, and for the lease applying the lessor accounting requirements.

The following accounting policies applicable for the year 2020 or before

A lease that risks and rewards related to relevant assets' ownership are transferred in substance shall be classified as a finance lease. Others shall be classified as an operating lease.

(a) Accounting for operating leases

(a.1) The Company as a lessee

The lease payments should be recognized as expenses of the reporting period over the lease terms (including rent-free periods) on a straight-line basis. If expenses relating to lease which should be borne by the **Company** are paid by the lessor of the assets, they shall be deducted from the total lease expenses and the balances shall be amortized over the lease terms and charged to expenses of the reporting period.

Initial direct costs relating to lease transactions incurred by the **Company** shall be recognized as expenses of the reporting period. Contingent rental, if included in the lease contract, shall be recognized as profit or loss upon incurrence.

(a.2) The Company as a lessor

Lease income should be recognized over the lease terms (including rent-free periods) on a straight-line basis. If expenses relating to leases which should be borne by the lessee of the assets are paid by the **Company**, they shall be deducted from the total lease income and the balances shall be amortized over the lease terms by the **Company**. Initial direct costs relating to lease transactions incurred by the **Company** shall be recognized as expenses of the reporting period; if the amounts are material, they shall be capitalized and amortized over the lease terms on the same basis as the recognition of lease income. Contingent rental, if included in the lease contract, shall be recognized as profit or loss upon incurrence.

(b) Accounting for finance leases

(b.1) The Company as a lessee

At commencement of the lease, assets obtained through finance leases should be recorded at the lower of their fair values and the present values of the minimum lease payments. The **Company** shall recognize long-term payables at amounts equal to the minimum lease payments and shall record the differences between carrying amounts of the leased assets and the long-term payables as unrecognized finance charges. The **Company** adopts effective interest rate method, which shall be amortized over the lease terms as finance expenses by using effective interest rate method.

Initial direct costs are recorded in the value of the leased assets.

The **Company** adopts the same depreciation policy for the leased assets as its own property, plant and equipment. Depreciation period is determined according to the lease contract. If it is reasonably certain that the **Company** will obtain the ownership of the assets when the lease expires, the depreciation period will be the useful lives of the leased assets. If it is difficult to reasonably determine whether the **Company** can obtain the ownership of the underlying assets when the lease expires, depreciation period is the lower of the lease period and their useful lives.

(b.2) The Company as a lessor

At commencement of the lease, rental receivables shall be measured at minimum lease receivables plus initial direct costs relating to lease transactions incurred by the **Company**. Unguaranteed residual values are recorded simultaneously. The differences between the undiscounted rental receivables plus unguaranteed residual values and their present values shall be recognized as unearned finance income and shall amortized over the lease terms as lease income at the effective rate.

3.31 Safety fund and Renovation fund

The Company extracts production safety expenses in accordance with the relevant regulations in accordance with *Caixin (2012) No.16*.

Safety fund and renovation fund shall be included in the cost or current profit and loss of related products when extracted and shall also be included in the item of "Special Reserve".

Where the extracted production safety fund and renovation fund are used within the prescribed scope, if they are expense, the special reserve shall be directly deducted; In case of the formation of fixed assets, the expenses incurred shall be first collected under the item of "Construction in Progress" and shall be recognized as fixed assets when the safety project is completed and reaches the expected usable state; At the same time, according to the cost of the formation of fixed assets special reserves, and recognize the same amount of accumulated depreciation. The fixed assets will not be depreciated in future periods.

3.32 Changes in Significant Accounting Policies and Accounting Estimates

(a) Changes in accounting policies

(a.1) For implementing the New Financial Instrument Standard:

- On 31 March 2017, the Ministry of Finance respectively issued the "*Accounting Standards for Business Enterprises No.22-Recognition and Measurement of Financial Instruments*" (Caikuai [2017] No.7) and "*Accounting Standards for Business Enterprises No.23-Transfer of Financial Assets*" (Caikuai [2017] No.8), "*Accounting Standards for Business Enterprises No.24-Hedging Accounting*" (Caikuai [2017] No.9), issued "*Accounting Standards for Business Enterprises No.37-Presentation of Financial Instruments*" on 2 May 2017 (Caikuai [2017] No.14) (hereinafter collectively referred to as the "***New Financial Instruments Standard***"). Domestically listed enterprises are required to implement the new standard on financial instruments from 1 January 2019, and from 1 January 2021 for unlisted enterprises implementing *Accounting Standards for Business Enterprises*. The **Company** implemented the above-mentioned ***New Financial Instrument Standard*** on 1 January 2021 and adjusted the relevant content of accounting policies. For details please refer to *Note 3.10 Financial Instruments*.
- If the recognition and measurement of financial instruments before 1 January 2021 are inconsistent with the requirements of the new financial instrument standards, the **Company** will retrospectively adjust the classification and measurement (including impairment) of financial instruments in accordance with the ***New Financial Instrument Standard***. The difference between the original book value of the financial instrument and the new book value on the effective date of the ***New Financial Instrument Standard*** (i.e., 1 January 2021) is included in the retained earnings or other comprehensive income on 1 January 2021. At the same time, the **Company** has not adjusted the comparative financial statement data.

The cumulative effect of the above accounting policies is detailed in *Note 3.32 (c) First-time implementation of new financial instruments, new revenue standards and new leasing standards adjusts the financial statements at the beginning of the year of first implementation for the relevant item*.

(a.2) For implementing the New Revenue Standard:

- On 5 July 2017, the *Ministry of Finance issued the Accounting Standards for*

Business Enterprises No.14-Revenue (Caikuai [2017] No.22) (hereinafter referred as to the "**New Revenue Standard**"). Domestic listed enterprises are required to Implement the **New Revenue Standard** from 1 January 2020, and non-listed enterprises that implement the Accounting Standards for Enterprises are required to implement the **New Revenue Standard** from 1 January 2021. The **Company** implemented the **New Revenue Standard** on 1 January 2021 and adjusted the relevant contents of accounting policies. For details please refer to *Note 3.27 Revenue*.

- According to the **New Revenue Standard**, the cumulative impact of initially applying this standard shall be recognized as an adjustment to the opening balance of retained earnings and other related accounts of the financial statements at the date of initial implementation (i.e. 1 January 2021), not restating comparative information. When initially applied the **New Revenue Standard**, the **Company** only recognized the cumulative impact of the contracts that were in progress as of the date of initial implementation.

The cumulative effect of the above accounting policies is detailed in *Note 3.32 (c) First-time implementation of new financial instruments, new revenue standards and new leasing standards adjusts the financial statements at the beginning of the year of first implementation for the relevant item*.

(a.3) For implementing the New Lease Standard:

- On 7 December 2018, the Ministry of Finance issued the *Accounting Standards for Business Enterprises No.21-Lease* (here in after referred as to the "**New Lease Standard**"). Enterprises that are required to be listed both domestically and internationally and enterprises that are listed overseas and prepare their financial statements in accordance with IFRSs or ASBEs are required to implement the new leasing standard from 1 January 2019, while other enterprises implementing ASBEs are required to implement the new leasing standard from 1 January 2021 onwards. Among them, enterprises whose parent companies or subsidiaries are listed overseas and prepare their overseas financial statements in accordance with IFRSs or ASBEs may implement earlier. The **Company** implemented the **New Lease Standard** on 1 January 2021 and adjusted the relevant contents of accounting policies. For details please refer to *Note 3.30 Leases*.

(a.3.1) *The **Company** as a lessee*

The **Company** chooses to adjust the cumulative impact of the **New Lease Standard** for the first implementing the retained earnings and other relevant items in the Financial Statements at the beginning of the year (i.e., 1 January 2021) without adjusting the information in the comparable period:

- For finance lease existing prior to the first implementation date, the **Company** separately measures the right to use assets and lease liabilities according to the original book value of the finance lease assets and the finance lease payable on the

first execution date.

- For operating lease existing prior to the first implementation date, the **Company** for the first time in execution, according to the remaining lease payments for the first time in accordance with the date the lessee's incremental borrowing rate discount present value measurement lease liability, and according to each item in the lease and rent in advance in accordance with the amount equals the lease liability necessary adjustment measurement to use assets;
- On the first implementation date, the **Company** in accordance with the *Note 3.23 Impairment of Long-term Assets* of right to use assets impairment test and corresponding accounting treatment.

The leased assets before the first implementation date of the **Company** belong to the operating lease of low-value assets, and the simplified treatment is adopted. The assets with the right to use and the leased liabilities are not recognized. In addition, the **Company** adopts one or more of the following simplified treatments for operating leases prior to the first execution date:

- Leases completed within 12 months after the first implementation are treated as short-term leases;
- When measuring lease liabilities, leasing with similar characteristics adopts the same discount rate;
- The right to use assets measurement does not include the initial direct costs;
- If there is an option to renew or terminate the lease, the **Company** shall determine the lease term based on the actual exercise of the option prior to the first implementation date and other up-to-date circumstances;
- As an alternative to the impairment test of the right to use assets, the **Company** evaluates whether the contract containing the lease is a loss contract prior to the first implementation date in accordance with "*Accounting Standards for Business Enterprise No.13-Contingencies*", and adjusts the right to use assets according to the amount of loss provisions recorded in the balance sheet prior to the first implementation date;
- For lease changes that occurred existing prior to the first implementation date, the **Company** will make accounting treatment according to the final arrangement of lease change.

*(a.3.2) The **Company** as a lessor*

For subleases that are classified as operating leases before the first implementation date and still exist after the first implementation date, the **Company**, as a sublease lessor, will re-evaluate and classify them based on the remaining contract terms and terms of the original lease and sublease on the first implementation date. In addition, the **Company** has not adjusted the lease as a lessor in accordance with the cohesion provisions but has conducted accounting treatment in accordance with the new lease standards since the first implementation date.

(a.3.3) Sale and leaseback transactions

For sales and leaseback transactions that already exist prior to the first implementation date, the **Company** does not re-evaluate whether asset transfers comply with the accounting treatment as sales in *Note 3.27 Revenue* on the first implementation date. For sale and leaseback transactions that should have been accounted for as sales and finance leases prior to the first implementation date, the **Company**, as seller (lessee), treats leasebacks in the same way as other finance leases and continues to amortize the related deferred gains or losses over the lease term. For implementing has for the first time as sales and operating lease accounting treatment of a sale and leaseback transaction, the **Company** as the seller (the lessee) with other operating leases shall, in accordance with the same method to the accounting treatment of leaseback, and according to the execution has the balance sheet for the first time related deferred income or loss adjustment right balance.

The cumulative effect of the above accounting policies is detailed in *Note 3.32 (c) First-time implementation of new financial instruments, new revenue standards and new leasing standards adjusts the financial statements at the beginning of the year of first implementation for the relevant item*.

The cumulative impact of the above accounting policies is as follows:

(a.4) For implementing the *Accounting Standards for Business Enterprises Interpretation No.14*:

- On 26 January 2021, the Ministry of Finance issued the *Accounting Standards for Business Enterprises Interpretation No.14* (Caikuai [2021] No.1) (*hereinafter referred as to the "Interpretation No.14"*), and the **Company** implemented the ***Interpretation No.14*** as of the date of promulgation. The **Company** implemented ***Interpretation No.14*** on 26 January 2021, which has no material impact on the **Company's** financial statements for the reporting period.

(a.5) For implementing the *Accounting Standards for Business Enterprises Interpretation No.15: "Relevant Presentation of Centralized Management of Funds"* provisions:

- On 30 December 2021, the Ministry of Finance issued the *Accounting Standards for Business Enterprises Interpretation No.15* (Caikuai [2021] No.35) (*hereinafter referred as to the "Interpretation No.15"*), and the **Company** implemented the *"Relevant Presentation of Centralized Management of Funds"* as of the date of promulgation. The **Company** implemented ***Interpretation No.15*** on 30 December 2021, which has no material impact on the **Company's** financial statements for the reporting period.

(b) Changes in accounting estimates

The **Company** has no change in accounting estimates for reporting period.

(c) First-time implementation of new financial instruments, new revenue standards and new leasing standards adjusts relevant items in the financial

statements at the beginning of the year of first implementation:

- Consolidated balance sheet**

Items	31 Dec. 2020	1 Jan. 2021	Adjustments
Current assets:			
Cash and cash equivalents	9,630,049,787.12	9,647,090,494.06	17,040,706.94
Accounts receivable	627,602,478.56	612,270,789.42	-15,331,689.14
Prepayments	1,552,938,362.25	1,525,188,362.25	-27,750,000.00
Other receivables	16,724,765,668.99	16,542,629,348.49	-182,136,320.50
Including: Interest receivable	17,040,706.94		-17,040,706.94
Dividend receivable			
Non-current assets:			
Available-for-sale financial assets	221,848,753.98		-221,848,753.98
Long-term receivables	600,190,000.00	598,439,850.00	-1,750,150.00
Other equity instrument investments	Not applicable	99,848,753.98	99,848,753.98
Other non-current financial assets	Not applicable	122,000,000.00	122,000,000.00
Right-of-use assets	Not applicable	41,579,770.45	41,579,770.45
Deferred tax assets	3,925,557.33	20,493,220.39	16,567,663.06
Current liabilities:			
Short-term borrowings	9,183,207,000.00	9,198,861,339.78	15,654,339.78
Advances from customers	327,553,321.37	13,076,311.77	-314,477,009.60
Contract liabilities	Not applicable	297,652,544.11	297,652,544.11
Other payables	7,508,078,916.52	7,065,611,112.75	-442,467,803.77
Including: Interest payable	442,467,803.77		-442,467,803.77
Dividend payable			
Non-current liabilities maturing within one year	10,051,377,608.80	10,479,057,072.79	427,679,463.99
Other current liabilities	49,357,834.77	66,182,300.26	16,824,465.49
Non-current liabilities:			
Lease liabilities	Not applicable	12,963,770.45	12,963,770.45
Owners' equity:			
Surplus reserves	23,196,086.10	23,079,965.79	-116,120.31
Retained earnings	2,216,020,790.09	2,051,058,326.18	-164,962,463.91
Non-controlling interests	414,623,791.93	414,092,586.51	-531,205.42

Notes:

- Accounts receivable, other receivables, long-term receivables, deferred tax assets, surplus reserves, retained earnings, and non-controlling interests at 1 January 2021, the **Company** will re-measure the opening bad debt provision using the expected credit loss model to decrease accounts receivable by CNY15,331,689.14, other

receivables by CNY165,095,613.56, long-term payables by CNY1,750,150.00, surplus reserves by CNY116,120.31, retained earnings by CNY164,962,463.91, non-controlling interests by CNY531,205.42, and increased deferred income tax assets by CNY16,567,663.06.

- Contract liabilities, advances from customers, and other current liabilities at 1 January 2021, the **Company** reclassified CNY314,477,009.60 of advances from customers related to the sale of goods and the provision of services to contract liabilities in the amount of CNY297,652,544.11, and reclassified the related VAT sales tax to other current liabilities in the amount of CNY16,824,465.49.
- Short-term borrowings, other payables, non-current liabilities maturing within one year, other current liabilities at 1 January 2021, the **Company** reclassified CNY442,467,803.77 of accrued but not overdue other payables - interest payable to short-term borrowings of CNY15,654,339.78 and non-current liabilities maturing within one year of CNY426,813,463.99.
- Right-of-use assets, lease liabilities, prepayments, non-current liabilities maturing within one year at 1 January 2021, for operating leases prior to the date of first performance, the **Company** measured the lease liability using the present value of incremental borrowings discounted at the interest rate prior to the date of first performance in the amount of CNY13,829,770.45, of which an amount of CNY866.00 thousand, which will expire within one year, was reclassified to non-current liabilities maturing within one year. The **Company** measured the right-of-use assets at amount equal to the lease liability, with necessary adjustments for prepaid rentals, in the amount of CNY41,579,770.45; at the same time, prepayments were reduced by CNY27.75 million.

• **Balance sheet**

Items	31 Dec. 2020	1 Jan. 2021	Adjustments
Current assets:			
Other receivables	4,610,335,790.54	4,609,174,587.49	-1,161,203.05
Non-current assets:			
Available-for-sale financial assets	10,000,000.00		-10,000,000.00
Other equity instrument investments		9,000,000.00	9,000,000.00
Other non-current financial assets		1,000,000.00	1,000,000.00
Current liabilities:			
Other payables	749,150,828.98	622,416,585.25	-126,734,243.73
Including: Interest payable	126,734,243.73		-126,734,243.73
Non-current liabilities maturing within one year	500,000,000.00	626,734,243.73	126,734,243.73
Owners' equity:			
Surplus reserves	23,196,086.10	23,079,965.79	-116,120.31

Items	31 Dec. 2020	1 Jan. 2021	Adjustments
Retained earnings	40,560,657.68	39,515,574.94	-1,045,082.74

Explanation of adjustments for each item:

- Other receivables, surplus reserves, retained earnings at 1 January 2021, the **Company** would decrease other receivables by CNY1,161,203.05, surplus reserves by CNY116,120.31, and retained earnings by CNY1,045,082.74 by re-measuring the opening bad debt provision using the expected credit loss model.
- Other payables, non-current liabilities maturing within one year and other current liabilities at 1 January 2021, the **Company** reclassified by CNY126,734,243.73 of accrued but not overdue other payables - interest payable to non-current liabilities maturing within one year.

4. TAXATION

4.1 Major Categories of Tax and Tax Rates Applicable to the Company

Categories of tax	Basis of tax assessment	Tax rate (%)
Value added tax (VAT)	Revenue	3.00, 5.00, 6.00, 9.00, 13.00
Urban maintenance and construction tax	Turnover taxes payable	5.00, 7.00
Educational surcharge	Turnover taxes payable	3.00
Local Education surcharge	Turnover taxes payable	2.00
Property tax	Taxable residual value of housing, rental income	1.20, 12.00
Enterprise income tax	Taxable income	25.00

4.2 Tax Preference

According to the Announcement of the Ministry of Finance and the General Administration of Taxation No.8 of 2020, *<Announcement on Relevant Tax Policies for Supporting the Prevention and Control of the Pneumonia Epidemic Infected by the New Coronavirus>*, "V. Income obtained by taxpayers from the provision of public transportation services and living services, as well as from the provision of express delivery and collection services of essential living materials for residents, is exempted from value-added tax", and the public transportation ticket revenue is VAT-exempt revenue. Meanwhile, according to the Announcement of the Ministry of Finance and the State Administration of Taxation No.7 of 2021 *<Announcement on the Continuation of the Implementation of Some Preferential Tax Policies for Responding to the Epidemic>*, the implementation period of the preferential tax policies was extended to 31 March 2021.

4.3 Others

There is no such item.

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5.1 Cash and Cash Equivalents

Items	31 Dec. 2021	31 Dec. 2020
Cash on hand	337,861.17	324,034.75
Cash in bank	13,291,203,622.40	9,608,698,843.24
Other monetary funds	79,720,122.57	21,026,909.13
Total	13,371,261,606.14	9,630,049,787.12

Notes:

- At the end of the period, CNY1,862,460,959.12 of bank deposits were subject to restrictions on use, of which CNY1,292,233,506.94 (of which the interest portion amounted to CNY20,233,506.94) in time certificates of deposit were used to pledge bank borrowings and CNY570,227,452.18 (of which the interest portion amounted to CNY50,227,452.18) in time certificates of deposit were used to pledge bill discounting. were pledged for bill discounting.
- At the end of the period, there were CNY79,604,828.58 of other monetary funds whose use was restricted, of which CNY20,500,000.00 were deposits for small credit loans to farmers, CNY58,704,828.58 were deposits for small and medium-sized enterprise (SME) loans, and CNY0.40 million were deposits for letters of guarantee.

5.2 Held-for-trading Financial Assets

Items	31 Dec. 2021	31 Dec. 2020
Financial assets designated as at fair value through profit or loss:	5,229,000.00	-
Including: Equity instruments	5,229,000.00	-
Total	5,229,000.00	-

5.3 Notes Receivable

(a) Notes receivable by category

Items	31 Dec. 2021			31 Dec. 2020		
	Amount	Provision for bad debt	Carrying account	Amount	Provision for bad debt	Carrying account
Bank acceptance bills	621,429.55		621,429.55	694,067.72	-	694,067.72
Commercial acceptance bill	240,000,000.00		240,000,000.00		-	
Total	240,621,429.55		240,621,429.55	694,067.72	-	694,067.72

(b) The **Company's** pledged notes receivable at the end of the period: There is no such item.

(c) Notes receivable discounted or endorsed to third parties but not yet matured at 31 December 2021

Items	Amount of derecognition	Amount of recognition
Bank acceptance bills		

Items	Amount of derecognition	Amount of recognition
Commercial acceptance bill		240,000,000.00
Total		240,000,000.00

(d) Notes receivables that are transferred to accounts receivables due to non-performance of drawers: This is no such item.

(e) Disclosure by bad debt accrual method:

Item	31 Dec. 2021				
	Notes receivable		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Provision for bad debts on individual basis					
Bad debt provision by portfolio	240,621,429.55	100.00			240,621,429.55
Among them: Portfolio 1	621,429.55	0.26			621,429.55
Portfolio 2	240,000,000.00	99.74			240,000,000.00
Total	240,621,429.55	100.00			240,621,429.55

(e.1) As at 31 December 2021, provision for bad debts on individual basis: There is no such item.

(e.2) Provision for bad debts in Portfolio 1: As at 31 December 2021, the **Company** measures the allowance for bad debts on bankers' acceptances based on expected credit losses over the entire duration. The **Company** believes that the bankers' acceptances held are not exposed to significant credit risk and will not incur significant losses due to default by the bank or other drawers.

(e.2) Provision for bad debts in Portfolio 2: As at 31 December 2021, the **Company** measures the allowance for bad debts on commercial promissory notes based on expected credit losses over the entire life of the notes. The **Company** believes that the commercial promissory notes held, which are margined at 100.00% of the face amount of the notes, are not subject to significant credit risk and will not result in significant losses due to default of the drawer.

For the criteria and description of the recognition of the provision for bad debts by portfolio, please refer to *Note 3.10 Financial Instruments*.

(f) Changes of provision for bad debt during the reporting period: There is no such item.

(g) Notes receivable written off during the reporting period: There is no such item.

5.4 Accounts Receivable

(a) Accounts receivable by aging

Aging	31 Dec. 2021	31 Dec. 2020
Within 1 year (including 1 year)	124,661,750.18	370,425,726.46
1 to 2 years	59,487,611.37	72,959,286.37
2 to 3 years	72,198,781.79	1,284,838.29
Over 3 years	52,987,053.43	192,521,743.87
Sub-total	309,335,196.77	637,191,594.99
Less: provision for bad debt	17,587,171.41	9,589,116.43
Total	291,748,025.36	627,602,478.56

(b) Disclosure by classification method of bad debt accrual

(b.1) As at 31 December 2021 (According to simplified model)

Items	31 Dec. 2021				
	Accounts receivable		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Proportion ratio (%)	
Provision for bad debt recognized individually:	500,000.00	0.16	500,000.00	100.00	
Provision for bad debt recognized by portfolios	308,835,196.77	99.84	17,087,171.41	5.53	291,748,025.36
Among them: Portfolio 1					
Portfolio 2	249,257,609.22	80.58	1,246,288.06	0.50	248,011,321.16
Portfolio 3	59,577,587.55	19.26	15,840,883.35	26.59	43,736,704.20
Total	309,335,196.77	100.00	17,684,356.55	5.69	291,748,025.36

(b.1.1) As at 31 December 2021, accounts receivable that are provision for bad debt recognized individually:

Entity	31 Dec. 2021			
	Amount	Provision for bad debt	Provision ratio (%)	Reason
Cixi Dadi Construction Co., Ltd.	500,000.00	500,000.00	100.00	Not expected to be recovered.
Total	500,000.00	500,000.00	100.00	

(b.1.2) As at 31 December 2021, accounts receivable provisioned for bad debts by Portfolio 1: There is no such item.

(b.1.3) As at 31 December 2021, accounts receivable provisioned for bad debts by Portfolio 2:

Entity	31 Dec. 2021		
	Amount	Provision for bad debt	Provision ratio (%)
Cixi Hushan Housing Demolition Co., Ltd.	141,309,142.00	706,545.71	0.50

Entity	31 Dec. 2021		
	Amount	Provision for bad debt	Provision ratio (%)
Cixi Longshan Town Asset Management Company	50,537,798.00	252,688.99	0.50
Cixi City People's Government Zonghan Street Office	30,546,284.26	152,731.42	0.50
Zhejiang Cixi Binhai Economic Development Zone Management Committee	10,000,000.00	50,000.00	0.50
Other sporadic item	16,864,384.96	84,321.94	0.50
Total	249,257,609.22	1,246,288.06	0.50

(b.1.4) As at 31 December 2021, accounts receivable provisioned for bad debts by Portfolio 3:

Aging	31 Dec. 2021		
	Amount	Provision for bad debt	Provision ratio (%)
Within 1 year (including 1 year)	38,106,234.43	1,885,961.93	4.95
1 to 2 years	8,092,229.37	1,501,768.36	18.56
2 to 3 years	1,850,692.79	924,722.10	49.97
Over 3 years	11,528,430.96	11,528,430.96	100.00
Total	59,577,587.55	15,840,883.35	26.59

(b.2) As at 31 December 2020 (According to the incurred loss model):

Items	31 Dec. 2020				
	Accounts receivable		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Accounts receivable with individually significant balance and provision for bad debt recognized individually					
Accounts receivable with bad debt provision recognized collectively by similar credit risk characteristics	636,690,880.99	99.92	9,088,402.43	1.43	627,602,478.56
Among them: Portfolio 1	454,922,833.17	71.39			454,922,833.17
Portfolio 2	181,768,047.82	28.53	9,088,402.43	5.00	172,679,645.39
Accounts receivable with individually insignificant balance but provision for bad debt recognized individually	500,714.00	0.08	500,714.00	100.00	

Items	31 Dec. 2020				
	Accounts receivable		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Total	637,191,594.99	100.00	9,589,116.43	1.50	627,602,478.56

(b.2.1) As at 31 December 2020, accounts receivable with individually significant balance and provision for bad debt recognized individually: There is no such item.

(b.2.2) As at 31 December 2020, accounts receivable provisioned for bad debts by Portfolio 1:

Entity	31 Dec. 2020		
	Amount	Provision for bad debt	Provision ratio (%)
Cixi Municipal Engineering Construction Management Center	136,059,947.13		
Cixi Chengbei Investment Development Co., Ltd.	120,310,642.79		
Cixi Longshan Town Asset Management Company	105,204,392.24		
Cixi Xirang Construction Development Co., Ltd.	34,981,161.33		
Zhejiang Cixi Binhai Economic Development Zone Management Committee	14,591,987.00		
Other sporadic item	43,774,702.68		
Total	454,922,833.17		

(b.2.3) As at 31 December 2020, accounts receivable provisioned for bad debts by Portfolio 2:

Item	31 Dec. 2020		
	Amount	Provision for bad debt	Provision ratio (%)
Portfolio 2: Balance percentage method	181,768,047.82	9,088,402.43	5.00
Total	181,768,047.82	9,088,402.43	5.00

(b.2.4) As at 31 December 2020, accounts receivable with individually insignificant balance and provision for bad debt recognized individually:

Entity	31 Dec. 2020			
	Amount	Provision for bad debt	Provision ratio (%)	Reason
Ningbo Dingjian Building Components Co., Ltd.	714.00	714.00	100.00	Not expected to be recovered.
Cixi Dadi Construction Co., Ltd.	500,000.00	500,000.00	100.00	Not expected to be recovered.

Entity	31 Dec. 2020			
	Amount	Provision for bad debt	Provision ratio (%)	Reason
Total	500,714.00	500,714.00	100.00	

(c) Changes of provision for bad debt during the reporting period:

Items	31 Dec. 2020	Changes in accounting policies	1 Jan. 2021	Changes during the reporting period				31 Dec. 2021
				Provision	Recovery or reversal	Elimination or write-off	Others	
Provision for bad debts on individual basis	500,714.00		500,714.00		714.00			500,000.00
Bad debt provision by portfolio	9,088,402.43	15,331,689.14	24,420,091.57		7,332,920.16			17,087,171.41
Among them: Portfolio 1								
Portfolio 2		5,975,802.96	5,975,802.96		4,729,514.90			1,246,288.06
Portfolio 3	9,088,402.43	9,355,886.18	18,444,288.61		2,603,405.26			15,840,883.35
Total	9,589,116.43	15,331,689.14	24,920,805.57		7,333,634.16			17,587,171.41

(d) Accounts receivable written off during the reporting period: There is no such item.

(e) Large amounts of accounts receivable at closing balance by entity

Entity name	Balance at 31 Dec. 2021	Proportion of the balance to the total accounts receivable (%)	Provision for bad debt
Cixi Hushan Housing Demolition Co., Ltd.	141,309,142.00	45.68	706,545.71
Cixi Longshan Town Asset Management Company	50,537,798.00	16.34	252,688.99
Cixi City People's Government Zonghan Street Office	30,546,284.26	9.87	152,731.42
Zhejiang Cixi Binhai Economic Development Zone Management Committee	10,000,000.00	3.23	50,000.00
Total	232,393,224.26	75.12	1,161,966.12

(f) Accounts receivable derecognised due to the transfer of financial assets: There is no such item.

(g) Assets or liabilities arising from continuing involvement in transferred accounts receivable: There is no such item.

5.5 Prepayments

(a) Prepayments by aging

Aging	31 Dec. 2021		31 Dec. 2020	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year (including 1 year)	362,777,008.85	20.87	154,275,738.52	9.93
1 to 2 years	133,628,437.91	7.69	379,590,048.91	24.44
2 to 3 years	374,174,508.91	21.53	324,526,285.76	20.90
Over 3 years	867,626,897.90	49.91	694,546,289.06	44.73
Total	1,738,206,853.57	100.00	1,552,938,362.25	100.00

(b) Top five closing balances by entity

Entity name	Balance at 31 Dec. 2021	Proportion of the balance to the total prepayments (%)
Cixi City People's Government Kandun Street Office Finance Department	545,150,000.00	31.36
Cixi Zhouxiang Town Construction Investment Development Co., Ltd.	138,978,476.60	8.00
Anlong Wanyang Zhongchuangcheng Development Co., Ltd.	103,123,900.00	5.93
Cixi Zhangqi Construction Investment Co., Ltd.	93,874,843.88	5.40
Assets Management Company of Kuangyan Town, Cixi City	83,520,000.00	4.80
Total	964,647,220.48	55.49

5.6 Other Receivables**(a) Other receivables by category**

Items	31 Dec. 2021	31 Dec. 2020
Interest receivable		17,040,706.94
Dividend receivable	154,545.45	
Other receivables	16,513,282,945.59	16,707,724,962.05
Total	16,513,437,491.04	16,724,765,668.99

(b) Interest receivable**(b.1) Interest receivable by category**

Items	31 Dec. 2021	31 Dec. 2020
Time deposit certificate		17,040,706.94
Total		17,040,706.94

(b.2) Significant overdue interest:

There is no such item.

(c) Dividends receivable**(c.1) Dividends receivable by category**

Item	31 Dec. 2021	31 Dec. 2020
Cixi Zhouxiang Vegetable Market Management Service Co., Ltd.	154,545.45	
Sub-total	154,545.45	
Less: Provision for bad debt		
Total	154,545.45	

(d) Other receivables

(d.1) Other receivables by aging

Aging	31 Dec. 2021	31 Dec. 2020
Within 1 year (including 1 year)	2,865,909,743.91	3,760,937,728.67
1 to 2 years	2,394,955,079.50	2,574,273,719.76
2 to 3 years	1,970,272,407.27	2,379,781,206.02
Over 3 years	9,480,941,657.91	8,023,305,617.84
Sub-total	16,712,078,888.59	16,738,298,272.29
Less: provision for bad debt	198,795,943.00	30,573,310.24
Total	16,513,282,945.59	16,707,724,962.05

(d.2) Other receivables by bad debt provision method

(d.2.1) As at 31 December 2021, provision for bad debt recognized based on three stages model

Stages	Other receivables	Provision for bad debt	Carrying account
Stage 1	16,698,201,562.97	184,918,617.38	16,513,282,945.59
Stage 3	13,877,325.62	13,877,325.62	
Total	16,712,078,888.59	198,795,943.00	16,513,282,945.59

(d.2.1.1) As at 31 December 2021, provision for bad debt at stage 1:

Item	Other receivables	Proportion (%)	Provision for bad debt	Carrying amount	Reason
Provision for bad debt recognized individually	-	-	-	-	Provision based on expected credit losses
Provision for bad debt recognized by portfolios	16,698,201,562.97	1.11	184,918,617.38	16,513,282,945.59	Provision based on expected credit losses
Among them: Portfolio 3					
Portfolio 4	16,347,379,450.36	0.50	81,736,898.76	16,265,642,551.60	Portfolio of state-owned enterprises and government-related departments with less likelihood of bad debt losses

Item	Other receivables	Proportion (%)	Provision for bad debt	Carrying amount	Reason
Portfolio 5	350,822,112.61	29.41	103,181,718.62	247,640,393.99	Provision based on expected credit losses
Total	16,698,201,562.97	1.11	184,918,617.38	16,513,282,945.59	

(d.2.1.1.1) As at 31 December 2021, provision for bad debt recognized individually:
There is no such item.

(d.2.1.1.2) As at 31 December 2021, details of other receivables in Portfolio 3 are as follows: There is no such item.

(d.2.1.1.3) As at 31 December 2021, details of other receivables in Portfolio 4 are as follows:

Entity name	31 Dec. 2021		
	Other receivables	Provision for bad debt	Provision ratio (%)
Cixi Cihui Investment Co., Ltd.	2,745,886,900.00	13,729,434.50	0.50
Cixi Jinghui Investment Development Co., Ltd.	2,208,899,082.36	11,044,495.41	0.50
Cixi Hangnan Construction Development Co., Ltd.	2,017,231,762.50	10,086,158.81	0.50
Cixi Transportation Bureau	1,578,971,428.59	7,894,857.14	0.50
Cixi Drainage Co., Ltd.	1,521,786,086.57	7,608,930.43	0.50
Zhejiang Cixi Binhai Economic Development Zone Management Committee	1,423,743,931.68	7,118,719.66	0.50
Cixi City Landscape Avenue Comprehensive Improvement Project Commanding Department	1,002,479,379.99	5,012,396.90	0.50
Cixi Housing and Urban-Rural Development Bureau	821,265,569.57	4,106,327.85	0.50
Cixi City Finance Bureau	449,679,178.15	2,248,395.89	0.50
Cixi Xincheng River Construction Office	439,138,925.82	2,195,694.62	0.50
Cixi Hangzhou Bay Innovation Center	359,936,219.52	1,799,681.10	0.50
Cixi Haitu Construction Co., Ltd.	333,965,476.66	1,669,827.38	0.50
Cixi Cichang Enclave Enterprise Management Co., Ltd.	192,295,333.33	961,476.67	0.50
People's Government of Zhouxiang Town, Cixi City	144,553,245.73	722,766.23	0.50
Cixi Changhe Town Asset Operation Company	96,501,100.00	482,505.49	0.50
Housing Acquisition Management Office of Cixi Municipal People's Government	92,108,804.00	460,544.02	0.50
Cixi City Housing Collection Center	82,835,637.00	414,178.19	0.50
Cixi Municipal Engineering Construction Management Center	63,592,239.88	317,961.20	0.50

Entity name	31 Dec. 2021		
	Other receivables	Provision for bad debt	Provision ratio (%)
Cixi City Natural Resources and Planning Bureau	59,826,613.85	299,133.07	0.50
Cixi Landscaping Center	59,170,166.00	295,850.83	0.50
People's Government of Henghe Township, Cixi City	53,754,364.00	268,771.82	0.50
Cixi Citong Construction Development Co., Ltd.	49,780,000.00	248,900.00	0.50
Cixi City People's Government Baisha Road Street Office	30,800,240.00	154,001.20	0.50
Other sporadic item	519,177,765.16	2,595,890.35	0.50
Total	16,347,379,450.36	81,736,898.76	0.50

(d.2.1.1.4) As at 31 December 2021, details of other receivables in Portfolio 5 are as follows:

Aging	31 Dec. 2021		
	Other receivables	Provision for bad debt	Provision ratio (%)
Within 1 year (including 1 year)	170,892,628.57	10,766,175.59	6.30
1 to 2 years	54,882,885.76	5,945,063.63	10.83
2 to 3 years	53,882,997.33	15,306,878.45	28.41
Over 3 years	71,163,600.95	71,163,600.95	100.00
Total	350,822,112.61	103,181,718.62	29.41

(d.2.1.2) As at 31 December 2021, provision for bad debt at stage 2: There is no such item.

(d.2.1.3) As at 31 December 2021, provision for bad debt at stage 3:

Item	Amount	Provision ratio (%)	Provision for bad debt	Carrying account	Reason
Provision for bad debts on individual basis	13,877,325.62	100.00	13,877,325.62		Provision based on expected credit losses
Total	13,877,325.62	100.00	13,877,325.62		

(d.2.1.3.1) As at 31 December 2021, provision for bad debts on individual basis:

Item	31 Dec. 2021			
	Amount	Provision for bad debt	Provision ratio (%)	Reason
Ningbo Housing Provident Fund Management Center Cixi Sub-center	5,000,000.00	5,000,000.00	100.00	Not expected to be recovered.

Item	31 Dec. 2021			
	Amount	Provision for bad debt	Provision ratio (%)	Reason
Ningbo Kejie International Trade Co., Ltd.	4,482,675.62	4,482,675.62	100.00	Not expected to be recovered.
Hengyuan Real Estate Co., Ltd.	1,800,000.00	1,800,000.00	100.00	Not expected to be recovered.
Ye Fei	570,000.00	570,000.00	100.00	Not expected to be recovered.
Other	2,024,650.00	2,024,650.00	100.00	Not expected to be recovered.
Total	13,877,325.62	13,877,325.62	100.00	

(d.2.2) As at 31 December 2020, the provision for bad debts is accrued based on the incurred loss model as follows:

Items	31 Dec. 2020				Carrying amount
	Other receivables		Provision for bad debt		
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Other receivables with individually significant balance and provision for bad debt recognized individually	5,000,000.00	0.03	5,000,000.00	100.00	
Other receivables with bad debt provision recognized collectively by similar credit risk characteristics	16,724,072,343.02	99.91	16,347,380.97	0.10	16,707,724,962.05
Among them: Portfolio 1	16,397,124,724.96	97.96			16,397,124,724.96
Portfolio 2	326,947,618.06	1.95	16,347,380.97	5.00	310,600,237.09
Other receivables with individually insignificant balance but provision for bad debt recognized individually	9,225,929.27	0.06	9,225,929.27	100.00	
Total	16,738,298,272.29	100.00	30,573,310.24	0.18	16,707,724,962.05

(d.2.2.1) As at 31 December 2020, other receivables with individually significant balance and provision for bad debt recognized individually:

Entity	31 Dec. 2020			
	Amount	Provision for bad debt	Provision ratio (%)	Reason
Ningbo Housing Provident Fund Management Center Cixi Sub-center	5,000,000.00	5,000,000.00	100.00	Long ageing and irrecoverable
Total	5,000,000.00	5,000,000.00	100.00	

(d.2.2.2) As at 31 December 2020, other receivables with bad debt provision by portfolio 1 related parties and government amounts:

Entity	31 Dec. 2020		
	Amount	Provision for bad debt	Provision ratio (%)
Cixi Cihui Investment Co., Ltd.	3,083,274,549.18		
Cixi Jinghui Investment Development Co., Ltd.	2,193,899,082.36		
Cixi Hangnan Construction Development Co., Ltd.	2,037,146,303.19		
Cixi Transportation Bureau	1,631,446,693.83		
Zhejiang Cixi Binhai Economic Development Zone Management Committee	1,423,555,211.27		
Cixi Drainage Co., Ltd.	1,408,134,844.80		
Cixi City Landscape Avenue Comprehensive Improvement Project Commanding Department	1,001,556,787.99		
Cixi Longshan Town Asset Management Company	790,600,000.00		
Cixi Xincheng River Construction Office	535,703,595.50		
Cixi Housing and Urban-Rural Development Bureau	432,566,065.01		
Cixi Haitu Construction Co., Ltd.	253,902,880.76		
People's Government of Zhouxiang Town, Cixi City	155,018,307.37		
Cixi Changhe Town Asset Operation Company	92,511,100.00		
Housing Acquisition Management Office of Cixi Municipal People's Government	92,108,804.00		
Cixi Hangzhou Bay Innovation Center	84,437,325.36		
Cixi City Natural Resources and Planning Bureau	80,515,744.95		
Cixi City People's Government Baisha Road Street Office	75,814,471.00		
People's Government of Henghe Township, Cixi City	63,649,581.50		
Cixi Municipal Engineering Construction Management Center	33,979,272.87		
Other sporadic item	927,304,104.02		
Total	16,397,124,724.96		

(d.2.2.3) As at 31 December 2020, other receivables with bad debt provision based on Portfolio 2 balance percentage method:

Item	31 Dec. 2020		
	Amount	Provision for bad debt	Provision ratio (%)
Portfolio 2: Balance percentage method	326,947,618.18	16,347,380.97	5.00
Total	326,947,618.18	16,347,380.97	5.00

(d.2.2.4) As at 31 December 2020, other receivables with individually insignificant balance and provision for bad debt recognized individually

Entity	31 Dec. 2020			
	Amount	Provision for bad debt	Provision ratio (%)	Reason
Hengyuan Real Estate Co., Ltd.	1,800,000.00	1,800,000.00	100.00	Long ageing and irrecoverable
Ye Fei	570,000.00	570,000.00	100.00	Long ageing and irrecoverable
Other	6,855,929.27	6,855,929.27	100.00	Long ageing and irrecoverable
Total	9,225,929.27	9,225,929.27	100.00	

(d.3) Changes in the provision, recovery or reversal of bad debt

Items	31 Dec. 2020	Changes in accounting policies	1 Jan. 2021	Changes during the reporting period				31 Dec. 2021
				Provision	Recovery or reversal	Elimination or write-off	Others	
Provision for bad debts on individual basis	14,225,929.27		14,225,929.27		348,603.65			13,877,325.62
Bad debt provision by portfolio	16,347,380.97	165,095,613.56	181,442,994.53	3,597,616.67	468,070.81	292,810.50	638,887.49	184,918,617.38
Among them: Portfolio 3								
Portfolio 4		78,139,282.09	78,139,282.09	3,597,616.67				81,736,898.76
Portfolio 5	16,347,380.97	86,956,331.47	103,303,712.44		468,070.81	292,810.50	638,887.49	103,181,718.62
Total	30,573,310.24	165,095,613.56	195,668,923.80	3,597,616.67	816,674.46	292,810.50	638,887.49	198,795,943.00

Note: The **Company** increased the provision for bad debts by CNY664,099.44 due to the transfer of the equity interests of Cixi Industrial Investment Co., Ltd. and its subsidiaries, and decreased the provision for bad debts by CNY25,211.95 due to the transfer of the equity interests of Cixi CiDong Town Construction Investment Development Co., Ltd.

(d.4) Other receivables written off during the reporting period

Item	Amount
Other receivables written off	292,810.50

(d.5) Top five closing balances by entity

Entity name	Nature	Balance at 31 Dec. 2021	Aging	Proportion of the balance to the total other receivables (%)	Provision for bad debt
Cixi Cihui Investment Co., Ltd.	Current payment	2,745,886,900.00	1 to 2 years, 2 to 3 years, over 3 years	16.63	13,729,434.50
Cixi Jinghui Investment Development Co., Ltd.	Current payment	2,208,899,082.36	1 to 2 years, 2 to 3 years, over 3 years	13.38	11,044,495.41
Cixi Hangnan Construction Development Co., Ltd.	Current payment	2,017,231,762.50	Within 1 year, 1 to 2 years, 2 to 3 years, over 3 years	12.22	10,086,158.81
Cixi Transportation Bureau	Current payment	1,578,971,428.59	Within 1 year, 1 to 2 years, 2 to 3 years, over 3 years	9.56	7,894,857.14
Cixi Drainage Co., Ltd.	Current payment	1,521,786,086.57	Within 1 year, 1 to 2 years, over 3 years	9.22	7,608,930.43
Total		10,072,775,260.02		61.01	50,363,876.29

(d.6) Other receivables relating to government grants: There is no such item.

(d.7) Derecognition of other receivables for transfer of financial assets: There is no such item.

(d.8) Assets or liabilities arising from continuing involvement in transferred other receivables: There is no such item.

5.7 Inventories

(a) Inventories by category

Items	31 Dec. 2021			31 Dec. 2020		
	Book balance	Provision for depreciation of inventory or impairment of contract performance costs	Carrying amount	Book balance	Provision for depreciation of inventory or impairment of contract performance costs	Carrying amount
Raw materials	17,413,942.05		17,413,942.05	16,799,639.69		16,799,639.69
Stock product	319,421,985.73		319,421,985.73	273,333,822.31		273,333,822.31
Packaging and low value consumable goods	1,893,153.94		1,893,153.94	1,575,331.66		1,575,331.66

Items	31 Dec. 2021			31 Dec. 2020		
	Book balance	Provision for depreciation of inventory or impairment of contract performance costs	Carrying amount	Book balance	Provision for depreciation of inventory or impairment of contract performance costs	Carrying amount
Development costs	1,843,989,908.71		1,843,989,908.71	36,832,083,112.37		36,832,083,112.37
Development product	5,709,866,510.72		5,709,866,510.72	14,397,216,035.93		14,397,216,035.93
Construction				48,425,145.86		48,425,145.86
Costs to fulfill a contract	47,216,004,216.55		47,216,004,216.55			
Total	55,108,589,717.70		55,108,589,717.70	51,569,433,087.82		51,569,433,087.82

(b) Provision for decline in value of inventories or impairment of contractual performance costs

There are no losses on inventories, and no provision for decline in value of inventories or impairment of contractual performance costs has been made.

5.8 Other Current Assets

Items	31 Dec. 2021	31 Dec. 2020
Reclassification from debit side balance of VAT payable	67,806,194.74	81,469,931.79
Prepaid tax	1,542,488.50	1,046,047.18
Vehicle insurance premiums	9,014,094.59	9,921,572.65
Input tax to be certified	113,207.54	
Others	175,376.56	193,579.65
Total	78,651,361.93	92,631,131.27

5.9 Available-for-sale Financial Assets

(a) General information of available-for-sale financial assets

Items	31 Dec. 2021			31 Dec. 2020		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Available-for-sale debt instruments				-	-	-
Available-for-sale equity instruments				222,048,753.98	200,000.00	221,848,753.98
Measured at fair value				-	-	-
Measured at cost				222,048,753.98	200,000.00	221,848,753.98
Total				222,048,753.98	200,000.00	221,848,753.98

(b) Available-for-sale financial assets measured at fair value: There is no such item.

(c) Available-for-sale financial assets measured at cost

Investees	Amount					
	31 Dec. 2020	Changes in accounting policies	1 Jan. 2021	Increase during the reporting period	Decrease during the reporting period	31 Dec. 2021
Cixi Qingniao Binhai Equity Investment Partnership (Limited Partnership)	18,000,000.00	-18,000,000.00				
Cixi Shenglu Construction Development Co., Ltd.	13,045,000.00	-13,045,000.00				
Cixi Sunshine Elderly City Development Co., Ltd.	9,000,000.00	-9,000,000.00				
Cixi Minsheng Rural Banking Corp., Ltd.	7,000,000.00	-7,000,000.00				
Cixi Yuying Investment Co., Ltd.	1,646,000.00	-1,646,000.00				
Cixi Guoxing Financial Service Fund (Limited Partnership)	1,000,000.00	-1,000,000.00				
Cixi Zhongde SME Development Co., Ltd.	1,000,000.00	-1,000,000.00				
Ningbo Jinshi Investment Co., Ltd.	37,952,500.00	-37,952,500.00				
Ningbo Henglian Civil Blasting Equipments Co., Ltd.	150,000.00	-150,000.00				
Cixi Zhongci Ecological Fertilizer Co., Ltd.	55,253.98	-55,253.98				
Zhejiang Xinghang Aviation Equipment Manufacturing Co., Ltd.	5,000,000.00	-5,000,000.00				
Cixi Qingkong Kechuang Equity Investment Fund Partnership (Limited Partnership)	103,000,000.00	-103,000,000.00				
China Railway Construction Oriental Investment and Construction (Cixi) Co., Ltd.	25,000,000.00	-25,000,000.00				
Total	221,848,753.98	-221,848,753.98				

(Continued)

Investees	Provision for impairment						Share of interest in investee (%)	Share of interest in investee (%)
	31 Dec. 2020	Changes in accounting policies	1 Jan. 2021	Increase during the reporting period	Decrease during the reporting period	31 Dec. 2021		
Cixi Qingniao Binhai Equity Investment Partnership (Limited Partnership)							99.01	
Cixi Shenglu Construction Development Co., Ltd.							5.00	
Cixi Sunshine Elderly City Development Co., Ltd.							9.00	
Cixi Minsheng Rural Banking Corp., Ltd.							5.04	
Cixi Yuying Investment Co., Ltd.							5.00	
Cixi Guoxing Financial Service Fund (Limited Partnership)							5.00	
Cixi Zhongde SME Development Co., Ltd.							10.00	
Ningbo Jinshi Investment Co., Ltd.							5.00	
Ningbo Henglian Civil Blasting Equipments Co., Ltd.							3.57	
Cixi Zhongci Ecological Fertilizer Co., Ltd.							2.50	
Zhejiang Xinghang Aviation Equipment Manufacturing Co., Ltd.							12.00	
Cixi Qingkong Kechuang Equity Investment Fund Partnership (Limited Partnership)							96.15	
China Railway Construction Oriental Investment and Construction (Cixi) Co., Ltd.							5.00	
Total								

Notes:

- The **Company's** subsidiary, Cixi CiDong Industrial Development Co., Ltd. holds 99.01% equity interest in Cixi Qingniao Binhai Equity Investment Partnership

(Limited Partnership), which enjoys fixed income, does not participate in the operation and management, and does not have any significant influence on it, which is accounted for as available-for-sale financial assets. During the current period, the new financial instruments standard was implemented and reclassified to other non-current financial assets.

- Ningbo Huanchuang Asset Management Co., Ltd., a subsidiary of the **Company**, holds 96.15% equity interest in Cixi Qingkong Kechuang Equity Investment Fund Partnership (Limited Partnership), which enjoys fixed income, does not participate in the operation and management, and does not have any significant influence on it, which is accounted for as available-for-sale financial assets. During the current period, the new financial instruments standard was implemented and reclassified to other non-current financial assets.
- (d) Changes in impairment of available-for-sale financial assets during the reporting period: There is no such item.
- (e) Notes relating to available-for-sale equity instruments with severe or other-than-temporary decline in fair value at the end of the period for which no provision for impairment has been made: There is no such item.

5.10 Long-term Receivables

(a) General information of long-term receivables

Item	31 Dec. 2021			31 Dec. 2020		
	Amount	Provision for bad debt	Carrying account	Amount	Provision for bad debt	Carrying account
Finance leases deposit	262,010,000.00		262,010,000.00	250,160,000.00		250,160,000.00
Other accounts receivable	350,030,000.00	1,750,150.00	348,279,850.00	350,030,000.00		350,030,000.00
Total	612,040,000.00	1,750,150.00	610,289,850.00	600,190,000.00		600,190,000.00

(b) Disclosure of long-term receivables by provision accrual method

(b.1) As at 31 December 2021, provision for bad debt recognized based on three stages model

Stages	Amount	Provision for bad debt	Carrying account
Stage 1	612,040,000.00	1,750,150.00	610,289,850.00
Stage 2			
Stage 3			
Total	612,040,000.00	1,750,150.00	610,289,850.00

(b.1.1) As at 31 December 2021, provision for bad debt long-term receivables at stage 1:

Items	Amount	Provision ratio (%)	Provision for bad debt	Carrying account	Reason
Provision for bad debts on individual basis					
Bad debt provision by portfolio	612,040,000.00	0.29	1,750,150.00	610,289,850.00	Provision based on expected credit losses
Among them: Portfolio 1	262,010,000.00			262,010,000.00	Financing margin may be set off against the principal amount to be repaid at the maturity date of the borrowing
Portfolio 2	350,030,000.00	0.50	1,750,150.00	348,279,850.00	Provision based on expected credit losses
Total	612,040,000.00	0.29	1,750,150.00	610,289,850.00	

(b.1.1.1) As at 31 December 2021, details of long-term receivables in Portfolio 1:

Entity	31 Dec. 2021		
	Amount	Provision for bad debt	Provision ratio (%)
Guangzhou Yuexiu Financing Lease Co., Ltd.	30,000,000.00		
Far Eastern International Financial Leasing Co., Ltd.	11,000,000.00		
Zhejiang Zheyin Financial Leasing Co., Ltd.	9,000,000.00		
Bonyin Financial Leasing Co., Ltd.	12,000,000.00		
AVIC International Leasing Co., Ltd.	28,160,000.00		
Changcheng Guoxing Financial Leasing Co., Ltd.	24,000,000.00		
CINDA Financial Leasing Co., Ltd.	6,000,000.00		
EverBright Financial Leasing Co., Ltd.	81,000,000.00		
Ping An International Financial Leasing Company Limited	50,000,000.00		
Anhui Guoyuan Fiduciary Co., Ltd.	3,000,000.00		
Beijing International Trust Co., Ltd.	2,850,000.00		
Yunnan International Trust Co., Ltd.	5,000,000.00		
Total	262,010,000.00		

(b.1.1.2) As at 31 December 2021, details of long-term receivables in Portfolio 2:

Entity	31 Dec. 2021		
	Amount	Provision for bad debt	Provision ratio (%)
Cixi Housing and Urban-Rural Development Bureau	350,000,000.00	1,750,000.00	0.50

Entity	31 Dec. 2021		
	Amount	Provision for bad debt	Provision ratio (%)
Cixi National Orchestra	30,000.00	150.00	0.50
Total	350,030,000.00	1,750,150.00	0.50

(b.1.2) Changes in the provision, recovery or reversal of bad debt

Item	31 Dec. 2020	Changes in accounting policies	1 Jan. 2021	Changes in the current period			31 Dec. 2021
				Provision	Recovery or reversal	Elimination or write-off	
Provision for bad debts on individual basis							
Bad debt provision by portfolio		1,750,150.00	1,750,150.00				1,750,150.00
Among them: Portfolio 1							
Portfolio 2		1,750,150.00	1,750,150.00				1,750,150.00
Total		1,750,150.00	1,750,150.00				1,750,150.00

(c) Long-term receivables derecognised due to transfer of financial assets: There is no such item.

(d) Assets or liabilities arising from continuing involvement in transferred long-term receivables: There is no such item.

5.11 Long-term Equity Investments

Investees	31 Dec. 2020	Changes during the reporting period				
		Increase during the reporting period	Decrease during the reporting period	Gains /(losses) on investments under the equity method	Adjustments of other comprehensive income	Changes in other equity
I. Associates						
Changshan County Youqiao Shanhai Cooperation Industrial Park Development Co., Ltd.	148,927,954.96			-8,508,598.85		
Sub-total	148,927,954.96			-8,508,598.85		
II. Joint ventures						
Cixi Agricultural Products Exhibition Co., Ltd.	4,773,503.57			234,117.79	-	-
Cixi Citong Highway Development Co., Ltd.	26,121,520.58			237,360.48	-	-
Cixi Ciping Highway Development Co., Ltd.	14,954,982.11			-120.44	-	-
Cixi Cida Highway Development Co., Ltd.	27,464,754.23			352,745.42	-	-
Cixi Zhouxiang Vegetable Market Management Service Co., Ltd.	3,853,735.76			-359,249.25	-	-

Investees	31 Dec. 2020	Changes during the reporting period				
		Increase during the reporting period	Decrease during the reporting period	Gains /(losses) on investments under the equity method	Adjustments of other comprehensive income	Changes in other equity
Ningbo Hangnan Green City Property Service Co., Ltd.	7,917,855.78			-574,000.86		
Ningbo Hangwan Lujie New Energy Co., Ltd.	6,436,895.06			-554,816.53		
Zhejiang Xiaolingdi Resource Recycling Technology Co., Ltd.		450,000.00		-99,222.71		
Ningbo Ciyang Foreign Trade Transportation Co., Ltd.		2,000,000.00				
CIE GREAT (Ningbo) Trading Co., Ltd.		800,000.00				
Cixi Rural Housing Reconstruction and Construction Investment Co., Ltd.	6,862,440.08			5,975.13		
Ningbo Saichuang Yongyuan Investment Co., Ltd.	7,523,955.15			-3,387.75		
China-Israel (Cixi) Innovation Technology Research Institute Co., Ltd.	9,989,184.38			4,513.00		
Cixi China Resources Gas Co., Ltd.	57,818,709.43			23,761,009.43		
Ningbo Hongtai Testing Co., Ltd.	720,000.00					
Ningbo Xikou Pumped Storage Power Station Co., Ltd.	26,880,605.93			2,532,797.17		48,234.86
Cixi Small Home Appliances Zhizao Town Construction Investment Co., Ltd.	6,157,935.73			-6,157,935.73		
Cixi CiDong Town Construction Investment Development Co., Ltd.		44,538,884.32		-4,299,351.31		27,825,778.20
Ningbo Zeye Education Technology Co., Ltd.	94,164.26			-66,437.98		
Sub-total	207,570,242.05	47,788,884.32		15,013,995.86		27,874,013.06
Total	356,498,197.01	47,788,884.32		6,505,397.01		27,874,013.06

(Continued)

Investees	Changes during the reporting period			31 Dec. 2021	Provision for impairment at 31 Dec. 2021
	Declaration of cash dividends or distribution of profit	Provision for impairment	Others		
I. Associates					

Investees	Changes during the reporting period			31 Dec. 2021	Provision for impairment at 31 Dec. 2021
	Declaration of cash dividends or distribution of profit	Provision for impairment	Others		
Changshan County Youqiao Shanhai Cooperation Industrial Park Development Co., Ltd.				140,419,356.11	
Sub-total				140,419,356.11	
II. Joint ventures					
Cixi Agricultural Products Exhibition Co., Ltd.				5,007,621.36	
Cixi Citong Highway Development Co., Ltd.				26,358,881.06	
Cixi Ciping Highway Development Co., Ltd.				14,954,861.67	
Cixi Cida Highway Development Co., Ltd.				27,817,499.65	
Cixi Zhouxiang Vegetable Market Management Service Co., Ltd.	154,545.45			3,339,941.06	
Ningbo Hangnan Green City Property Service Co., Ltd.				7,343,854.92	
Ningbo Hangwan Lujie New Energy Co., Ltd.				5,882,078.53	
Zhejiang Xiaolingdi Resource Recycling Technology Co., Ltd.				350,777.29	
Ningbo Ciyang Foreign Trade Transportation Co., Ltd.		1,919,278.67		80,721.33	1,919,278.67
CIE GREAT (Ningbo) Trading Co., Ltd.				800,000.00	
Cixi Rural Housing Reconstruction and Construction Investment Co., Ltd.				6,868,415.21	
Ningbo Saichuang Yongyuan Investment Co., Ltd.				7,520,567.40	
China-Israel (Cixi) Innovation Technology Research Institute Co., Ltd.				9,993,697.38	
Cixi China Resources Gas Co., Ltd.	15,475,996.33			66,103,722.53	

Investees	Changes during the reporting period			31 Dec. 2021	Provision for impairment at 31 Dec. 2021
	Declaration of cash dividends or distribution of profit	Provision for impairment	Others		
Ningbo Hongtai Testing Co., Ltd.				720,000.00	
Ningbo Xikou Pumped Storage Power Station Co., Ltd.	961,620.00			28,500,017.96	
Cixi Small Home Appliances Zhizao Town Construction Investment Co., Ltd.					
Cixi CiDong Town Construction Investment Development Co., Ltd.				68,065,311.21	
Ningbo Zeye Education Technology Co., Ltd.				27,726.28	
Sub-total	16,592,161.78	1,919,278.67		279,735,694.84	
Total	16,592,161.78	1,919,278.67		420,155,050.95	

Note:

Pursuant to the equity custodian agreement, the **Company's** subsidiary, Cixi CiDong Industrial Development Co., Ltd., entrusted its 35.00% equity interest in Cixi CiDong Town Construction Investment Development Co., Ltd. to the operation and management of Cixi Longshan Town Asset Management **Company**, which is solely responsible for representing the shareholders' stockholders' rights of the shareholders, and is therefore no longer included in the scope of consolidation. However, it is still able to exert significant influence on the company's operation, which is accounted for by the equity method.

5.12 Other Equity Instrument Investments

(a) General information of other equity instrument investments

Items	31 Dec. 2021	31 Dec. 2020
Non-listed equity instrument investment:		-
Cixi Sunshine Elderly City Development Co., Ltd.	9,000,000.00	
Cixi Zhongci Ecological Fertilizer Co., Ltd.	55,253.98	
Cixi Shenglu Construction Development Co., Ltd.	20,000,000.00	
Cixi Yuying Investment Co., Ltd.	1,646,000.00	
Ningbo Inarray Biomedical SYSTEMS Co., Ltd.	5,000,000.00	
Zhejiang Xinghang Aviation Equipment Manufacturing Co., Ltd.	20,000,000.00	

Items	31 Dec. 2021	31 Dec. 2020
Ningbo Financing Guarantee Co., Ltd.	209,000,000.00	
Anlong Wanyang Zhongchuangcheng Development Co., Ltd.	19,600,000.00	
Ningbo Jichen Intelligent Control Equipment Co., Ltd.	35,000,000.00	
Cixi Bangqi Yiba Information Service Co., Ltd.	100,000.00	
Cixi Zhongde SME Development Co., Ltd.	1,000,000.00	
Ningbo Jinshi Investment Co., Ltd.	44,650,000.00	
Zhejiang Xinghang Aviation Equipment Manufacturing Co., Ltd.	5,000,000.00	
Cixi Minsheng Rural Banking Corp., Ltd.	7,000,000.00	
China Railway Construction Oriental Investment and Construction (Cixi) Co., Ltd.	25,000,000.00	
Ningbo Fuyong IC Investment Co., Ltd.	60,075,000.00	
Ningbo Fuyong Hetou Manufacturing Equity Investment Co., Ltd.	26,500,000.00	
Total	488,626,253.98	-

5.13 Other Non-current Financial Assets

Items	31 Dec. 2021	31 Dec. 2020
Equity instruments:		-
Cixi Guoxing Financial Service Fund (Limited Partnership)	1,000,000.00	
Cixi Qingkong Kechuang Equity Investment Fund Partnership (Limited Partnership)	103,000,000.00	
Cixi Qingniao Binhai Equity Investment Partnership (Limited Partnership)	18,000,000.00	
Ningbo Yongchao Jiayuan Equity Investment Partnership (Limited Partnership)	10,000,000.00	
Total	132,000,000.00	-

5.14 Investment Properties

(a) Investment properties accounted for using cost model

Items	Buildings and constructions	Construction in progress	Total
I. Initial cost:			
Balance at 31 Dec. 2020	3,703,523,577.23		3,703,523,577.23
Increased during the reporting period:	3,173,825,096.20	13,949,749.59	3,187,774,845.79
(i) Acquisition	2,243,937,248.43		2,243,937,248.43
(ii) Transferred from inventories\ property, plant and equipment	812,610,716.77		812,610,716.77
(iii) Business combination to increase	120,757,045.50		120,757,045.50
(iv) Transferred from construction in progress		13,949,749.59	13,949,749.59

Items	Buildings and constructions	Construction in progress	Total
Decrease during the reporting period:	74,233,237.98		74,233,237.98
(i) Disposal			
(ii) Transferred to property, plant and equipment			
(iii) Business combination to decrease			
(iv) Transferred to other non-current assets	36,855,745.59		36,855,745.59
(v) Transfer to construction in progress	37,377,492.39		37,377,492.39
Balance at 31 Dec. 2021	6,805,916,880.95	13,949,749.59	6,819,866,630.54
II. Accumulated depreciation and amortization:			
Balance at 31 Dec. 2020	396,283,820.68		396,283,820.68
Increase during the reporting period:	168,384,557.80		168,384,557.80
(i) Provision or amortization	162,781,666.80		162,781,666.80
(ii) Transferred from inventories or property, plant and equipment			
(iii) Business combination to increase	5,602,891.00		5,602,891.00
(iv) Transferred from construction in progress			
Decrease during the reporting period:	51,579,208.49		51,579,208.49
(i) Disposal			
(ii) Transferred to property, plant and equipment			
(iii) Business combination to decrease			
(iv) Transferred to other non-current assets	28,151,465.69		28,151,465.69
(v) Transferred to construction in progress	23,427,742.80		23,427,742.80
Balance at 31 Dec. 2021	513,089,169.99		513,089,169.99
III. Provision for impairment			
Balance at 31 Dec. 2020	-		-
Increase during the reporting period:	-		-
(i) Provision	-		-
Decrease during the reporting period:	-		-
(i) Disposal	-		-
(ii) Others			
Balance at 31 Dec. 2021	-		-
IV. Carrying amount:			
Balance at 31 Dec. 2021	6,292,827,710.96	13,949,749.59	6,306,777,460.55
Balance at 31 Dec. 2020	3,307,239,756.55		3,307,239,756.55

Note: The **Company's** subsidiary Ningbo Cixi Industry and Trade Group Co., Ltd.

investment property in the Hu Shan market is currently in the state of reconstruction, the future is still used for leasing, so this period was transferred to the "investment property - construction in progress" accounting; Bisha market is currently in the state of vacancy, no leasing plan, no longer belongs to the nature of the investment property, this period was transferred to the "other non-current assets" accounting.

(b) Investment properties without certificate of title

As at 31 December 2021, the original value of investment properties with outstanding certificates of title was CNY2,843,001,687.54 and accumulated depreciation was CNY106,582,644.87.

5.15 Property, Plant and Equipment

(a) Property, plant and equipment by category

Items	31 Dec. 2021	31 Dec. 2020
Property, plant and equipment	7,513,044,365.91	6,852,947,426.66
Disposal of property, plant and equipment	95,605.52	77,781.00
Total	7,513,139,971.43	6,853,025,207.66

(b) Property, plant and equipment

(b.1) General information of property, plant and equipment

Items	Buildings and constructions	Machinery equipment	Electronic equipment	Vehicle	Electrical equipment
I. Initial cost:					
Balance at 31 Dec. 2020	6,467,278,390.76	176,002,681.85	18,611,358.14	602,770,563.15	2,005,209.47
Changes in accounting policies	-	-	-	-	-
Balance at 1 Jan. 2021	6,467,278,390.76	176,002,681.85	18,611,358.14	602,770,563.15	2,005,209.47
Increased during the reporting period:	909,278,002.98	34,052,024.32	3,364,667.40	133,099,658.36	683,268.38
(i) Acquisition	6,686,483.22	9,542,105.51	1,579,734.49	116,350,156.03	339,484.14
(ii) Transferred from construction in progress	100,728,557.16	3,653,216.07		45,156.32	
(iii) Business combination to increase	261,997,382.91	12,661,507.32	246,694.10	3,464,597.25	
(iv) Transferred from inventories	340,754,037.62				
(v) Gratuitous transferred	197,354,475.83				
(vi) Category adjustments	1,757,066.24	8,195,195.42	1,538,238.81	13,239,748.76	343,784.24
(vii) Others					
Decreased during the reporting period:	70,937,362.47	2,056,118.23	812,361.26	51,186,103.30	59,335.37
(i) Disposal or scrap	2,435,804.32	792,329.21	602,674.94	50,857,686.98	9,420.90
(ii) Business combination to decrease				316,066.32	
(iii) Transferred to intangible assets	25,667,600.00				
(iv) Category adjustments	7,339,067.00	1,263,789.02	209,686.32	12,350.00	49,914.47
(v) Others	35,494,891.15				
Balance at 31 Dec. 2021	7,305,619,031.27	207,998,587.94	21,163,664.28	684,684,118.21	2,629,142.48
II. Accumulated depreciation:					

Items	Buildings and constructions	Machinery equipment	Electronic equipment	Vehicle	Electrical equipment
Balance at 31 Dec. 2020	665,760,766.42	94,775,214.83	14,567,430.82	380,608,538.21	1,776,084.24
Changes in accounting policies	-	-	-	-	-
Balance at 1 Jan. 2021	665,760,766.42	94,775,214.83	14,567,430.82	380,608,538.21	1,776,084.24
Increased during the reporting period:	186,412,258.19	29,248,979.16	3,810,286.51	80,900,337.44	412,335.50
(i) Provision	132,579,591.99	16,832,370.93	2,698,253.17	67,757,649.2	192,347.35
(ii) Business combination to increase	31,228,168.11	10,531,569.87	135,819.24	2,866,152.72	
(iii) Gratuitous transferred	21,665,900.00				
(iv) Category adjustments	938,598.09	1,885,038.36	976,214.10	10,276,535.52	219,988.15
(v) Other					
Decrease during the reporting period:	2,936,930.52	1,044,080.60	901,920.20	43,346,505.62	108,143.89
(i) Disposal or scrap	1,599,896.35	642,165.99	585,493.22	43,340,937.81	7,354.90
(ii) Category adjustments	1,337,034.17	401,914.61	316,426.98	5,567.81	100,788.99
(iii) Others					
Balance at 31 Dec. 2021	849,236,094.09	122,980,113.39	17,475,797.13	418,162,370.03	2,080,275.85
III. Provision for impairment:					
Balance at 31 Dec. 2020			-	-	
Changes in accounting policies	-	-	-	-	
Balance at 1 Jan. 2021			-	-	
Increased during the reporting period:	-	-	-	-	
(i) Provision	-	-	-	-	
Decreased during the reporting period:					
(i) Disposal or scrap					
Balance at 31 Dec. 2021					
IV. Carrying amount:					
Balance at 31 Dec. 2021	6,456,382,937.18	85,018,474.55	3,687,867.15	266,521,748.18	548,866.63
Balance at 31 Dec. 2020	5,801,517,624.34	81,227,467.02	4,043,927.32	222,162,024.94	229,125.23

(Continue)

Items	Dedicated equipment	Office equipment	Other equipment	Road asset	Total
I. Initial cost:					
Balance at 31 Dec. 2020	1,283,865,362.71	37,007,342.98	90,410,947.41	116,190,343.83	8,794,142,200.30
Changes in accounting policies					
Balance at 1 Jan. 2021	1,283,865,362.71	37,007,342.98	90,410,947.41	116,190,343.83	8,794,142,200.30
Increased during the reporting period:	53,965,973.14	2,177,658.74	30,647,469.60		1,167,268,722.92
(i) Acquisition	19,745,259.74	1,544,403.83	23,331,822.97		179,119,449.93
(ii) Transferred from construction in progress	3,791,571.00		5,453,472.00		113,671,972.55
(iii) Business combination to increase	997,480.38	473,668.91	1,120,839.05		280,962,169.92
(iv) Transferred from inventories	127,927.20	9,581.50	649,557.91		341,541,104.23
(v) Gratuitous transferred			64,660.00		197,419,135.83

Items	Dedicated equipment	Office equipment	Other equipment	Road asset	Total
(vi) Category adjustments	29,055,966.69	150,004.50	27,117.67		54,307,122.33
(vii) Others	247,768.13				247,768.13
Decreased during the reporting period:	6,018,874.35	6,076,457.82	35,576,325.76		172,722,938.56
(i) Disposal or scrap	501,940.00	987,745.57	492,121.84		56,679,723.76
(ii) Business combination		257,535.00			573,601.32
(iii) Transferred to intangible assets					25,667,600.00
(iv) Category adjustments	5,516,934.35	4,831,177.25	35,084,203.92		54,307,122.33
(v) Others					35,494,891.15
Balance at 31 Dec. 2021	1,331,812,461.50	33,108,543.90	85,482,091.25	116,190,343.83	9,788,687,984.66
II. Accumulated depreciation:					
Balance at 31 Dec. 2020	702,809,639.94	28,098,280.51	44,570,827.43	8,227,991.24	1,941,194,773.64
Changes in accounting policies					
Balance at 1 Jan. 2021	702,809,639.94	28,098,280.51	44,570,827.43	8,227,991.24	1,941,194,773.64
Increased during the reporting period:	97,064,212.35	1,900,578.97	6,982,064.78	3,795,726.96	410,526,779.86
(i) Provision	82,672,113.70	1,320,666.74	5,713,072.54	3,789,397.86	313,555,463.48
(ii) Business combination to increase	934,013.37	436,209.23	1,059,160.63		47,191,093.17
(iii) Gratuitous transferred			56,678.88		21,722,578.88
(iv) Category adjustments	13,210,317.15	143,703.00	153,152.73	6,329.10	27,809,876.20
(v) Others	247,768.13				247,768.13
Decreased during the reporting period:	4,673,253.77	4,629,006.77	18,438,093.38		76,077,934.75
(i) Disposal or scrap	869,744.04	862,172.17	360,294.07		48,268,058.55
(ii) Category adjustments	3,803,509.73	3,766,834.60	18,077,799.31		27,809,876.20
(iii) Others					
Balance at 31 Dec. 2021	795,200,598.52	25,369,852.71	33,114,798.83	12,023,718.20	2,275,643,618.75
III. Provision for impairment:					
Balance at 31 Dec. 2020					
Changes in accounting policies					
Balance at 1 Jan. 2021					
Increased during the reporting period:	-	-	-	-	-
(i) Provision	-	-	-	-	-
Decreased during the reporting period:					
(i) Disposal or scrap					
Balance at 31 Dec. 2021					
IV. Carrying amount:					
Balance at 31 Dec. 2021	536,611,862.98	7,738,691.19	52,367,292.42	104,166,625.63	7,513,044,365.91
Balance at 31 Dec. 2020	581,055,722.78	8,909,062.47	45,840,119.97	107,962,352.59	6,852,947,426.66

Note: The **Company's** subsidiary Cixi Education Development Co., Ltd. delivered

CNY10,793,630.12 for the expansion project of the North Campus of Experimental Primary School and CNY23,666,159.03 for the new construction of the gymnasium of Hangzhou Bay Secondary Vocational School.

(b.2) Idle property, plant and equipment: There is no such item.

(b.3) Property, plant and equipment leasing out under operating leases: There is no such item.

(c) Disposal of property, plant and equipment

Items	31 Dec. 2021	31 Dec. 2020
Discard and disposal	95,605.52	77,781.00
Total	95,605.52	77,781.00

5.16 Construction in Progress

(a) Construction in progress by category

Items	31 Dec. 2021	31 Dec. 2020
Construction in progress	3,742,643,417.85	4,408,383,400.59
Construction materials		-
Total	3,742,643,417.85	4,408,383,400.59

(b) Construction in progress

(b.1) General information of construction in progress

Items	31 Dec. 2021			31 Dec. 2020		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Cixi Light Textile City Project				1,655,775,080.73		1,655,775,080.73
Wuleishan Scenic Area Project	587,876,974.35		587,876,974.35	541,134,212.37		541,134,212.37
Modern Agricultural Development Zone Construction Project	582,139,099.72		582,139,099.72	517,083,750.67		517,083,750.67
Shanglin Lake Heritage Special Project	400,277,671.70		400,277,671.70	418,145,528.79		418,145,528.79
Stadium Smart Fitness Facilities 3.0 Project	300,200.00		300,200.00			
Celadon Culture Heritage Park Project	196,665,113.96		196,665,113.96	150,877,352.54		150,877,352.54
Gas Company Supply Station Project	1,508,139.66		1,508,139.66	79,930.29		79,930.29
Emerging construction area development	19,752,098.09		19,752,098.09	50,218,928.46		50,218,928.46
Logistics projects				23,315,826.12		23,315,826.12
Public Transportation Station Construction Project	3,880,912.00		3,880,912.00	4,887,076.29		4,887,076.29

Items	31 Dec. 2021			31 Dec. 2020		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Relocation of Guanhaiwei Passenger Transportation Station				12,925,247.58		12,925,247.58
Guanhaiwei passenger transportation station charging station project	1,131,795.14		1,131,795.14			
Transportation Automobile Repair Umedong Branch	3,489,204.74		3,489,204.74			
New Bus Shelter Renovation Project	741,303.68		741,303.68			
Yuci comprehensive energy supply service station (gas station) project	74,724.77		74,724.77			
Cixi Motor Vehicle Inspection Service Center Project	299,087.21		299,087.21			
Experimental No. 3 Primary School East Campus Project				15,203,969.45		15,203,969.45
San Chiu Tong Project	187,339,730.99		187,339,730.99	131,574,395.83		131,574,395.83
Zhejiang Industrial and Commercial Vocational and Technical College Xingzhi Vocational School Cooperative School-Running Construction Project	29,505,311.00		29,505,311.00			
Trade and commerce renovation works	43,421,409.94		43,421,409.94	24,725,181.95		24,725,181.95
Canghai Cihu Modern Agricultural Demonstration Park Comprehensive Upgrading Project	8,089,527.51		8,089,527.51	7,761,547.91		7,761,547.91
Cihong parking lot project	49,752,218.35		49,752,218.35	35,048,873.79		35,048,873.79
West Second Ring Road North Extension Project (Mingzhou Road - North Second Ring Road) Project	72,957,111.16		72,957,111.16	52,002,952.73		52,002,952.73
Cihong Road Improvement Project	73,435,437.01		73,435,437.01	45,109,521.48		45,109,521.48
Development Avenue (West Second Ring Road - Huchong Highway) Project	82,120,718.90		82,120,718.90	59,212,735.90		59,212,735.90
South Second Ring Road Comprehensive Improvement Project	40,164,650.73		40,164,650.73	39,796,360.73		39,796,360.73

Items	31 Dec. 2021			31 Dec. 2020		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Kandun Avenue Widening Project (Kandun Street - Wing on Road)	155,047,325.00		155,047,325.00			
Bridge works at Repulse Bay	674,738.00		674,738.00	674,738.00		674,738.00
Traffic incidental projects	863,714.05		863,714.05	2,464,665.01		2,464,665.01
Piecemeal work at the Agricultural Investment Corporation	289,106.73		289,106.73	289,106.73		289,106.73
Maintenance works for the Citizen Service Center				2,817,636.80		2,817,636.80
Environmental Monitoring Center Construction Project	2,451,374.00		2,451,374.00	1,108,911.40		1,108,911.40
Comprehensive Upgrading Project for Modern Agricultural Demonstration Parks	500,463,018.07		500,463,018.07	486,620,593.38		486,620,593.38
Minor infrastructural projects	14,692,564.29		14,692,564.29	21,865,807.53		21,865,807.53
Secondary Water Supply Facilities Improvement Project	41,730,640.19		41,730,640.19	14,407,654.84		14,407,654.84
Pak Sha Water Treatment Plant Warehouse Renovation Project	4,874,075.00		4,874,075.00			
Yao River Emergency Water Intake Project	2,610,814.00		2,610,814.00			
Piecemeal works for water mains	3,414,349.71		3,414,349.71			
Rice processing plant project	987,290.64		987,290.64	24,500.00		24,500.00
Cibei Depot Phase I Exterior Wall and Upper Ladder Improvement Project	2,045,063.30		2,045,063.30			
Cibeiku Pharmacy Depot Project	139,580.00		139,580.00			
Sizaopo-Suigunpo (Pond Backfill) Project				2,962,539.29		2,962,539.29
Building foundation work	896,050.00		896,050.00	896,050.00		896,050.00
Housing rehabilitation works	1,134,028.00		1,134,028.00	1,031,080.00		1,031,080.00
Hangzhou Bay Diversion Project	98,739,721.00		98,739,721.00	88,341,435.00		88,341,435.00

Items	31 Dec. 2021			31 Dec. 2020		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
supporting greening project						
Cixi East Area Diversion Project	4,444,683.16		4,444,683.16			
Central City Flood Control and Drainage Project Phase II	76,169,344.40		76,169,344.40			
Middle Crossing Expressway Project	354,157,616.84		354,157,616.84			
Central City Public Parking Project	6,336,335.03		6,336,335.03			
Wenzhou Medical University Graduate School Transitional Campus Construction Project	48,360,330.00		48,360,330.00			
Hangzhou-Ningbo Gas Pipeline Rehabilitation Project	32,447,074.00		32,447,074.00			
Intelligent Parking System Engineering	4,652,641.83		4,652,641.83			
Other incidental projects	99,500.00		99,500.00	209.00		209.00
Total	3,742,643,417.85		3,742,643,417.85	4,408,383,400.59		4,408,383,400.59

(b.2) Provision for impairment during the reporting period: There is no such item.

(c) Construction Materials: There is no such item.

5.17 Right-of-use Assets

Items	Buildings and constructions	Total
I. Initial cost:		
Balance at 31 Dec. 2020	-	-
Changes in accounting policies	41,579,770.45	41,579,770.45
Balance at 1 Jan. 2021	41,579,770.45	41,579,770.45
Increased during the reporting period		
Decreased during the reporting period		
Balance at 31 Dec. 2021	41,579,770.45	41,579,770.45
II. Accumulated amortization:		
Balance at 31 Dec. 2020	-	-
Changes in accounting policies	-	-
Balance at 1 Jan. 2021	-	-
Increased during the reporting period	6,032,714.50	6,032,714.50
Decreased during the reporting period	-	-

Items	Buildings and constructions	Total
Balance at 31 Dec. 2021	6,032,714.50	6,032,714.50
III. Provision for impairment:		
Balance at 31 Dec. 2020	-	-
Changes in accounting policies	-	-
Balance at 1 Jan. 2021	-	-
Increased during the reporting period	-	-
Decreased during the reporting period	-	-
Balance at 31 Dec. 2021	-	-
IV. Carrying amount:		
Balance at 31 Dec. 2021	35,547,055.95	35,547,055.95
Balance at 31 Dec. 2020	41,579,770.45	41,579,770.45

5.18 Intangible Assets

(a) General information of intangible assets

Items	Land use right	Trademark registration right	Software	Total
I. Initial cost:				
Balance at 31 Dec. 2020	22,315,332,586.73	21,090.00	163,277,819.61	22,478,631,496.34
Changes in accounting policies	-	-	-	-
Balance at 1 Jan. 2021	22,315,332,586.73	21,090.00	163,277,819.61	22,478,631,496.34
Increased during the reporting period:	170,604,494.66		29,005,887.99	199,610,382.65
(i) Acquisition	5,800,498.66		1,651,787.82	7,452,286.48
(ii) Business combination	137,067,896.00			137,067,896.00
(iii) Transferred from construction in progress	2,068,500.00			2,068,500.00
(iv) Transferred from property, plant and equipment	25,667,600.00			25,667,600.00
(v) Category adjustments			27,354,100.17	27,354,100.17
Decreased during the reporting period	44,937,963.31			44,937,963.31
(i) Disposal	259,863.14			259,863.14
(ii) Category adjustments	27,354,100.17			27,354,100.17
(iii) Others	17,324,000.00			17,324,000.00
Balance at 31 Dec. 2021	22,440,999,118.08	21,090.00	192,283,707.60	22,633,303,915.68
II. Accumulated amortization:				
Balance at 31 Dec. 2020	111,126,900.07	16,759.10	111,952,843.58	223,096,502.75
Changes in accounting policies	-	-	-	-
Balance at 1 Jan. 2021	111,126,900.07	16,759.10	111,952,843.58	223,096,502.75
Increased during the reporting period:	34,036,158.83	2,750.00	36,901,462.21	70,940,371.04
(i) Provision	32,998,366.55	2,750.00	9,584,485.86	42,585,602.41
(ii) Business combination to increase	1,037,792.28			1,037,792.28

Items	Land use right	Trademark registration right	Software	Total
(iii) Category adjustments			27,316,976.35	27,316,976.35
Decreased during the reporting period	27,316,976.35	-	-	27,316,976.35
(i) Disposal	-	-	-	-
(ii) Category adjustments	27,316,976.35	-	-	27,316,976.35
Balance at 31 Dec. 2021	117,846,082.55	19,509.10	148,854,305.79	266,719,897.44
III. Provision for impairment:				
Balance at 31 Dec. 2020	-	-	-	-
Changes in accounting policies	-	-	-	-
Balance at 1 Jan. 2021	-	-	-	-
Increased during the reporting period	-	-	-	-
(i) Provision	-	-	-	-
Decreased during the reporting period	-	-	-	-
(i) Disposal	-	-	-	-
Balance at 31 Dec. 2021	-	-	-	-
IV. Carrying amount:				
Balance at 31 Dec. 2021	22,323,153,035.53	1,580.90	43,429,401.81	22,366,584,018.24
Balance at 31 Dec. 2020	22,204,205,686.66	4,330.90	51,324,976.03	22,255,534,993.59

(b) Proportion of intangible assets arising from internal research and development project: There is no such item.

5.19 Goodwill

(a) Initial recognition

Investees or matters that goodwill arising from	31 Dec. 2020	Increase during the reporting period		Decrease during the reporting period		31 Dec. 2021
		Business combination	Other	Disposal	Other	
Cixi Wuleishan Scenic Area Investment and Development Co., Ltd.	1,857,802.83	-		-		1,857,802.83
Cixi Coal Gas Co., Ltd.	45,714,013.52	-		-		45,714,013.52
Total	47,571,816.35	-		-		47,571,816.35

(b) Provision for impairment

As at 31 December 2021, the **Company** did not identify any indication of impairment of goodwill and therefore no provision for impairment of goodwill was made.

5.20 Long-term Deferred Expenses

Items	31 Dec. 2020	Increase during the reporting period	Decrease during the reporting period		31 Dec. 2021
			Amortization during the reporting period	Other decrease during the reporting period	
Compensation for secondary rural water connections	20,967,165.96		5,727,832.44		15,239,333.52
Finance lease service charges	39,029,833.29	9,900,000.00	10,569,833.29		38,360,000.00
White Sands Replacement Bottle Overhaul Fee	2,913,467.82		1,409,908.08		1,503,559.74
Chun Lung Po Rehabilitation Project	12,039,025.75		6,881,615.86		5,157,409.89
Hushan gas station remodeling	1,505,801.79	10,543,446.30	2,124,307.61		9,924,940.48
Modern agricultural office building renovation costs	1,986,855.69		427,175.23		1,559,680.46
Transportation Group Renovation Project	1,662,457.31	1,485,192.30	618,355.11		2,529,294.50
Industrial and Trade Group Renovation Project	322,118.70	107,659.00	159,533.71		270,243.99
Construction Group Renovation Fee	114,863.77		78,282.84		36,580.93
Agri-Tourism Group Renovation Project	4,340.06	586,102.00	248,549.21		341,892.85
Renovation costs for security companies		424,427.78	99,410.37		325,017.41
Software, consulting services		202,341.58			202,341.58
Emerging Construction Renovation Fee		6,336,138.86	525,601.60		5,810,537.26
Alteration of office premises	71,992.40		53,994.36		17,998.04
Amortization of home appliance conventions		16,601,331.52			16,601,331.52
Cao'e River Emergency Water Intake Project		12,241,867.00	2,380,363.03		9,861,503.97
Other sporadic projects	344,648.39	133,428.62	192,579.81	54,798.00	230,699.20
Total	80,962,570.93	58,561,934.96	31,497,342.55	54,798.00	107,972,365.34

5.21 Deferred Tax Assets and Deferred Tax Liabilities**(a) Deferred tax assets before offsetting**

Items	31 Dec. 2021		31 Dec. 2020	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for impairment loss	-	-	12,984,559.64	3,246,139.91
Provision for credit impairment	96,096,634.88	24,024,158.72	-	-
Accrued expenses	5,727,544.36	1,431,886.09	2,717,669.68	679,417.42
Total	101,824,179.24	25,456,044.81	15,702,229.32	3,925,557.33

(b) Deferred tax liabilities before offsetting

Items	31 Dec. 2021		31 Dec. 2020	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Temporary differences in the depreciation life of property, plant and equipment	35,237,934.48	8,809,483.62	21,612,774.12	5,403,193.53
Temporary differences arising from appreciation in the valuation of intangible assets	11,013,369.52	2,753,342.38	11,044,429.24	2,761,107.31
Changes in fair value of financial assets held-for-trading	1,127,520.00	281,880.00		
Total	47,378,824.00	11,844,706.00	32,657,203.36	8,164,300.84

(c) Net balance of deferred tax liabilities and deferred tax assets after offsetting: There is no such item.

(d) Unrecognized deferred tax assets

Items	31 Dec. 2021	31 Dec. 2020
Deductible temporary differences	122,036,629.53	27,177,867.03
Total	122,036,629.53	27,177,867.03

5.22 Other Non-current Assets

Items	31 Dec. 2021	31 Dec. 2020
Hangzhou-Ningbo Expressway Connection Project Extension	268,436,209.84	268,436,209.84
Prepayment for investment in Dianka Auto Parts Manufacturing (Cixi) Co., Ltd.	52,500,000.00	52,500,000.00
Prepayment for investment in Zhejiang Palcan New Energy Co., Ltd.	205,000,000.00	160,000,000.00
Prepayment for investment in Ningbo Lvdong Fuel Cell Co., Ltd.	205,000,000.00	125,000,000.00

Items	31 Dec. 2021	31 Dec. 2020
Prepayment for investment in Ningbo Hydrogen Energy Materials Co., Ltd.	25,000,000.00	25,000,000.00
Cixi City Grand Theater Project	544,083,258.77	499,772,535.22
Cixi City Kebo Cultural Center Project	377,721,262.40	371,924,389.88
Cixi City Urban Culture Exhibition Hall Project	84,775,241.02	84,753,492.02
Underground Parking Garage Project at the South Side of the Public Works Complex	27,352,052.87	27,310,766.67
Leisure Square Project	164,265,416.56	145,464,432.72
City Culture Exhibition Hall Exhibition Decoration Project	63,750,458.78	59,720,919.54
Kobo Cultural Center Secondary Decoration and Exhibition Project	87,253,012.16	87,193,412.16
Science and Technology Museum Exhibition	41,074,410.13	40,551,310.13
Cihui Mansion	198,449,474.73	198,449,474.73
Agricultural Market Land and Building	43,652,728.77	47,275,776.56
White Sands Market House & Land	8,704,279.90	
Total	2,397,017,805.93	2,193,352,719.47

5.23 Short-term Borrowings

(a) Disclosure of short-term borrowings by category

Items	31 Dec. 2021	31 Dec. 2020
Pledge loans	1,382,000,000.00	1,737,000,000.00
Mortgage loans	221,000,000.00	364,000,000.00
Guarantee loans	5,638,700,000.00	6,602,250,000.00
Credit loans	186,797,000.00	179,957,000.00
Mortgage and guarantee loans	440,000,000.00	300,000,000.00
Provision of interest payable	8,983,531.25	
Total	7,877,480,531.25	9,183,207,000.00

(b) Overdue short-term borrowings: There is no such item.

(c) The classification of short-term borrowing detail

(c.1) Pledge loans

Borrowing unit	Pledged units	Borrowing banks	Pledge object	Amount
Cixi Culture and Sports Development Co., Ltd.	Cixi Culture and Sports Development Co., Ltd.	CITIC Bank Ningbo Cixi Sub-branch	Certificate deposit	50,000,000.00
Cixi Culture and Sports Development Co., Ltd.	Cixi Culture and Sports Development Co., Ltd.	CITIC Bank Ningbo Cixi Sub-branch	Certificate deposit	60,000,000.00
Cixi Wuleishan Scenic Area Investment and Development Co., Ltd.	Cixi Wuleishan Scenic Area Investment and Development Co., Ltd.	CITIC Bank Ningbo Cixi Sub-branch	Certificate deposit	28,000,000.00

Borrowing unit	Pledged units	Borrowing banks	Pledge object	Amount
Cixi Wuleishan Scenic Area Investment and Development Co., Ltd.	Cixi Wuleishan Scenic Area Investment and Development Co., Ltd.	CITIC Bank Ningbo Cixi Sub-branch	Certificate deposit	21,000,000.00
Cixi Wuleishan Scenic Area Investment and Development Co., Ltd.	Cixi Wuleishan Scenic Area Investment and Development Co., Ltd.	CITIC Bank Ningbo Cixi Sub-branch	Certificate deposit	35,000,000.00
Cixi Wuleishan Scenic Area Investment and Development Co., Ltd.	Cixi Wuleishan Scenic Area Investment and Development Co., Ltd.	CITIC Bank Ningbo Cixi Sub-branch	Certificate deposit	30,000,000.00
Cixi Wuleishan Scenic Area Investment and Development Co., Ltd.	Cixi Wuleishan Scenic Area Investment and Development Co., Ltd.	CITIC Bank Ningbo Cixi Sub-branch	Certificate deposit	40,000,000.00
Cixi Wuleishan Scenic Area Investment and Development Co., Ltd.	Cixi Wuleishan Scenic Area Investment and Development Co., Ltd.	CITIC Bank Ningbo Cixi Sub-branch	Certificate deposit	40,000,000.00
Cixi Tourism Development Co., Ltd.	Cixi Wuleishan Scenic Area Investment and Development Co., Ltd.	CITIC Bank Ningbo Cixi Sub-branch	Certificate deposit	28,000,000.00
Cixi Huixi Industrial Development Co., Ltd.	Cixi Huixi Industrial Co., Ltd.	Shanghai Pudong Development Bank, Ningbo Cixi Sub-branch	Certificate deposit	130,000,000.00
Cixi Huixi Industrial Development Co., Ltd.	Cixi Huixi Industrial Co., Ltd.	Shanghai Pudong Development Bank, Ningbo Cixi Sub-branch	Certificate deposit	9,000,000.00
Cixi Huixi Industrial Development Co., Ltd.	Cixi Huixi Industrial Co., Ltd.	Shanghai Pudong Development Bank, Ningbo Cixi Sub-branch	Certificate deposit	40,000,000.00
Cixi Huixi Industrial Development Co., Ltd.	Cixi Huixi Industrial Co., Ltd.	Shanghai Bank, Ningbo Cixi Sub-branch	Certificate deposit	71,000,000.00
Cixi Gaochuang Investment Management Co., Ltd.	Cixi Gaochuang Investment Management Co., Ltd.	CITIC Bank Ningbo Cixi Sub-branch	Certificate deposit	200,000,000.00
Cixi Water Supply Co., Ltd.	Cixi Water Supply Co., Ltd.	CITIC Bank Ningbo Branch	Certificate deposit	80,000,000.00
Ningbo Cixi Transportation Group Co., Ltd.	Cixi Public Transport Co., Ltd.	CITIC Bank Ningbo Cixi Sub-branch	Certificate deposit	70,000,000.00
Ningbo Cixi Transportation Group Co., Ltd.	Cixi Public Transport Co., Ltd.	CITIC Bank Ningbo Cixi Sub-branch	Certificate deposit	70,000,000.00
Cixi Transportation Construction Investment Co., Ltd.	Ningbo Cixi Transportation Group Co., Ltd.	CITIC Bank Ningbo Cixi Sub-branch	Certificate deposit	140,000,000.00
Cixi Canghai Cihu Agricultural Development Co., Ltd.	Cixi Canghai Cihu Agricultural Development Co., Ltd.	CITIC Bank Ningbo Cixi Sub-branch	Certificate deposit	80,000,000.00
Cixi Chengnan Construction Investment Co., Ltd.	Cixi Chengnan Construction Investment Co., Ltd.	CITIC Bank Ningbo Qiaocheng Sub-branch	Certificate deposit	160,000,000.00
Total				1,382,000,000.00

(c.2) Mortgage loans

Borrowing unit	Mortgage units	Borrowing banks	Mortgage object	Amount
Cixi Hangzhou Bay Modern Agricultural Development Co., Ltd.	Cixi Hangzhou Bay Modern Agricultural Development Co., Ltd.	Ningbo Cixi Rural Commercial Bank, Baisha Sub-branch	Real estate title certificate	30,000,000.00
Cixi Water Supply Co., Ltd.	Cixi CiDong Industrial Development Co., Ltd.	Cidong Office, Longshan Sub-branch, Ningbo Cixi Rural Commercial Bank	House ownership certificate, land use certificate	80,000,000.00
Cixi Foodstuff Co., Ltd.	Cixi Foodstuff Co., Ltd.	Ningbo Cixi Rural Commercial Bank, Chengdong Sub-branch	House ownership certificate, land use certificate	6,000,000.00
Cixi Foodstuff Co., Ltd.	Cixi Foodstuff Co., Ltd.	Ningbo Cixi Rural Commercial Bank, Chengdong Sub-branch	House ownership certificate, land use certificate	5,000,000.00
Ningbo Cixi Construction Group Co., Ltd.	Cixi Housing Development Investment Co., Ltd.	Zheshang Bank Ningbo Cixi Sub-branch	Real estate title certificate	100,000,000.00
Total				221,000,000.00

(c.3) Guarantee loans

Borrowing unit	Guarantee units	Borrowing banks	Amount
Cixi Culture and Sports Development Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	CITIC Bank Ningbo Cixi Sub-branch	180,000,000.00
Cixi Wuleishan Scenic Area Investment and Development Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	CITIC Bank Ningbo Cixi Sub-branch	60,000,000.00
Cixi Art Performance Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Ningbo Bank Cixi Central District Sub-branch	4,000,000.00
Ningbo Cixi Construction Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Bohai Bank Ningbo Branch	140,000,000.00
Ningbo Cixi Construction Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Ping An Bank Ningbo Cixi Sub-branch	150,000,000.00
Ningbo Cixi Construction Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	China Postal Savings Bank, Cixi Sub-branch	100,000,000.00
Ningbo Cixi Construction Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Shanghai Bank, Ningbo Cixi Sub-branch	200,000,000.00
Ningbo Cixi Construction Group Co., Ltd.	Ningbo Cixi Transportation Group Co., Ltd.	Shanghai Bank, Ningbo Cixi Sub-branch	150,000,000.00
Ningbo Cixi Construction Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Zheshang Bank Ningbo Cixi Sub-branch	200,000,000.00
Ningbo Cixi Construction Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	CITIC Bank, Ningbo Cixi Sub-branch	80,000,000.00

Borrowing unit	Guarantee units	Borrowing banks	Amount
Cixi Chengnan Construction Investment Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Guangfa Bank, Ningbo Cixi Sub-branch	50,000,000.00
Cixi Chengnan Construction Investment Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Guangfa Bank, Ningbo Cixi Sub-branch	50,000,000.00
Cixi Xinxing Construction Investment Co., Ltd.	Ningbo Cixi Construction Group Co., Ltd.	Agricultural Bank of China, Ningbo Cixi Zonghan Sub-branch	150,000,000.00
Cixi Xinxing Construction Investment Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	CITIC Bank, Ningbo Cixi Sub-branch	160,000,000.00
Cixi Xinxing Construction Investment Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Hengfeng Bank, Ningbo Cixi Sub-branch	50,000,000.00
Cixi Xinxing Construction Investment Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Hengfeng Bank, Ningbo Cixi Sub-branch	17,000,000.00
Cixi Gaochuang Investment Management Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	CITIC Bank, Ningbo Cixi Sub-branch	40,000,000.00
Cixi Gaochuang Investment Management Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	CITIC Bank, Ningbo Cixi Sub-branch	40,000,000.00
Cixi CiDong Industrial Development Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Ningbo Tongshang Bank, Cixi Sub-branch	130,000,000.00
Cixi CiDong Industrial Development Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Ningbo Tongshang Bank, Cixi Sub-branch	60,000,000.00
Cixi CiDong Industrial Development Co., Ltd.	Cixi CiDong Town Construction Investment Development Co., Ltd.	Zheshang Bank, Ningbo Zhouxiang Sub-branch	140,000,000.00
Cixi CiDong Industrial Development Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Shanghai Bank, Ningbo Cixi Sub-branch	50,000,000.00
Cixi CiDong Industrial Development Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Shanghai Bank, Ningbo Cixi Sub-branch	60,000,000.00
Cixi CiDong Industrial Development Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Shanghai Bank, Ningbo Cixi Sub-branch	90,000,000.00
Cixi Water Supply Co., Ltd.	Cixi CiDong Industrial Development Co., Ltd.	Industrial Bank of China Ningbo Cixi Sub-branch	50,000,000.00
Cixi Water Supply Co., Ltd.	Cixi CiDong Industrial Development Co., Ltd.	Ningbo Bank, Longshan Sub-branch	13,000,000.00

Borrowing unit	Guarantee units	Borrowing banks	Amount
Cixi Water Supply Co., Ltd.	Cixi CiDong Town Construction Investment Development Co., Ltd., Cixi CiDong Industrial Development Co., Ltd.	Agricultural Bank of China, Cixi Cidong Sub-branch	27,000,000.00
Cixi Water Supply Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Ningbo Tongshang Bank, Cixi Sub-branch	30,000,000.00
Cixi Longxing Construction Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Ningbo Tongshang Bank, Cixi Sub-branch	30,000,000.00
Cixi Xinchenghe Construction Investment Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Shanghai Bank, Ningbo Cixi Sub-branch	50,000,000.00
Cixi Xinchenghe Construction Investment Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Shanghai Bank, Ningbo Cixi Sub-branch	100,000,000.00
Cixi Xinchenghe Construction Investment Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Bohai Bank, Ningbo Branch	118,000,000.00
Cixi Xinchenghe Construction Investment Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Hengfeng Bank, Cixi Sub-branch	119,000,000.00
Cixi Public Transport Co., Ltd.	Ningbo Cixi Transportation Group Co., Ltd.	CITIC Bank, Ningbo Branch	200,000,000.00
Ningbo Cixi Transportation Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Shanghai Bank, Ningbo Cixi Sub-branch	70,000,000.00
Ningbo Cixi Transportation Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Shanghai Bank, Ningbo Cixi Sub-branch	141,000,000.00
Ningbo Cixi Transportation Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Shanghai Bank, Ningbo Cixi Sub-branch	89,000,000.00
Ningbo Cixi Transportation Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	CITIC Bank, Ningbo Branch	200,000,000.00
Ningbo Cixi Transportation Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Zheshang Bank, Ningbo Cixi Sub-branch	200,000,000.00
Ningbo Cixi Transportation Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Industrial Bank of China Ningbo Cixi Sub-branch	150,000,000.00
Ningbo Cixi Transportation Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	China Minsheng Bank, Ningbo Cixi Sub-branch	65,000,000.00

Borrowing unit	Guarantee units	Borrowing banks	Amount
Ningbo Cixi Transportation Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Bohai Bank, Ningbo Branch	130,000,000.00
Cixi Highway Transportation Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	China Everbright Bank, Ningbo Branch	40,000,000.00
Cixi Railway Management Office Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	China Everbright Bank, Ningbo Cixi Sub-branch	50,000,000.00
Cixi Railway Management Office Co., Ltd.	Ningbo Cixi Transportation Group Co., Ltd.	China Merchants Bank, Ningbo Cixi Sub-branch	50,000,000.00
Cixi Railway Management Office Co., Ltd.	Ningbo Cixi Transportation Group Co., Ltd.	Ningbo Bank, Cixi Central District Sub-branch	20,000,000.00
Cixi Railway Management Office Co., Ltd.	Ningbo Cixi Transportation Group Co., Ltd.	Ningbo Bank, Cixi Central District Sub-branch	20,000,000.00
Cixi Railway Management Office Co., Ltd.	Ningbo Cixi Transportation Group Co., Ltd.	Ningbo Bank, Cixi Central District Sub-branch	10,000,000.00
Cixi Railway Management Office Co., Ltd.	Ningbo Cixi Transportation Group Co., Ltd.	Ningbo Bank, Cixi Central District Sub-branch	20,000,000.00
Cixi Water Affairs Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	CITIC Bank, Ningbo Cixi Sub-branch	30,000,000.00
Cixi Water Affairs Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	CITIC Bank, Ningbo Cixi Sub-branch	100,000,000.00
Cixi Water Affairs Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	CITIC Bank, Ningbo Cixi Sub-branch	30,000,000.00
Cixi Water Affairs Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Industrial Bank of China Ningbo Cixi Sub-branch	30,000,000.00
Cixi Tap Water Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Bank of China, Cixi Xincheng Sub-branch	50,000,000.00
Cixi Tap Water Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Bank of China, Cixi Xincheng Sub-branch	29,900,000.00
Cixi Tap Water Co., Ltd.	Cixi Water Affairs Co., Ltd.	China Postal Savings Bank, Cixi Sub-branch	30,000,000.00
Cixi Tap Water Co., Ltd.	Cixi Water Affairs Co., Ltd.	China Postal Savings Bank, Cixi Sub-branch	20,000,000.00

Borrowing unit	Guarantee units	Borrowing banks	Amount
Ningbo Cixi Industry and Trade Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	China Merchants Bank, Ningbo Cixi Sub-branch	50,000,000.00
Ningbo Cixi Industry and Trade Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	China Minsheng Bank, Ningbo Cixi Sub-branch	72,000,000.00
Ningbo Cixi Industry and Trade Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Zheshang Bank, Ningbo Cixi Sub-branch	79,800,000.00
Ningbo Cixi Industry and Trade Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Wenzhou Bank, Ningbo Cixi Sub-branch	130,000,000.00
Ningbo Cixi Industry and Trade Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Ningbo Cixi Rural Commercial Bank, Chengnan Sub-branch	20,000,000.00
Ningbo Cixi Industry and Trade Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Hengfeng Bank, Ningbo Cixi Sub-branch	50,000,000.00
Cixi Yangtze River Delta Market Group Investment Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Ningbo Cixi Rural Commercial Bank, Chengnan Sub-branch	30,000,000.00
Cixi Yangtze River Delta Market Group Investment Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	China Merchants Bank, Ningbo Cixi Sub-branch	48,000,000.00
Cixi Foodstuff Co., Ltd.	Ningbo Cixi Industry and Trade Group Co., Ltd.	Ningbo Bank, Cixi Central District Sub-branch	5,000,000.00
Ningbo Cixi Agricultural Tourism Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Bank of Ningbo, Cixi Sub-branch	100,000,000.00
Cixi Seed Co., Ltd.	Cixi Farmers Microfinance Guarantee Co., Ltd.	Business Department, Ningbo, Cixi Rural Commercial Bank	1,000,000.00
Cixi Xinhui Construction and Development Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	CITIC Bank, Ningbo Branch	150,000,000.00
Cixi Xinhui Construction and Development Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	China Merchants Bank, Ningbo Cixi Branch	50,000,000.00
Cixi Huixi Industrial Development Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Shanghai Bank, Ningbo Cixi Sub-branch	190,000,000.00
Total			5,638,700,000.00

(c.4) Credit loans

Borrowing unit	Borrowing banks	Amount
Cixi Cereal Depositary Co., Ltd.	China Agricultural Development Bank, Cixi	186,797,000.00

Borrowing unit	Borrowing banks	Amount
	Sub-branch	
Total		186,797,000.00

(c.5) Mortgage and guarantee loans

Borrowing unit	Guarantee unit	Mortgage unit	Borrowing banks	Mortgage projects	Amount
Cixi Tourism Development Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Tourism Development Co., Ltd.	CITIC Bank, Ningbo Cixi Sub-branch	Real estate title certificate	40,000,000.00
Cixi Tourism Development Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Tourism Development Co., Ltd.	CITIC Bank, Ningbo Cixi Sub-branch	Real estate title certificate	40,000,000.00
Cixi Tourism Development Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Tourism Development Co., Ltd.	CITIC Bank, Ningbo Cixi Sub-branch	Real estate title certificate	60,000,000.00
Cixi Wuleishan Scenic Area Investment and Development Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Tourism Development Co., Ltd.	CITIC Bank, Ningbo Cixi Sub-branch	Real estate title certificate	40,000,000.00
Cixi Wuleishan Scenic Area Investment and Development Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Tourism Development Co., Ltd.	CITIC Bank, Ningbo Cixi Sub-branch	Real estate title certificate	60,000,000.00
Cixi Xinhua Construction Investment Co., Ltd.	Cixi Xinchenghe Construction Investment Co., Ltd.	Cixi Xinhua Construction Investment Co., Ltd.	Agricultural Bank of China, Cixi Branch	Real estate title certificate	200,000,000.00
Total					440,000,000.00

5.24 Notes Payable

Items	31 Dec. 2021	31 Dec. 2020
Commercial acceptance bills	120,000,000.00	160,000,000.00
Total	120,000,000.00	160,000,000.00

There were no notes payable overdue and unpaid during the period.

5.25 Accounts Payable**(a) Accounts payable categorized by aging:**

Items	31 Dec. 2021	31 Dec. 2020
Within 1 years (including 1 year)	624,005,162.29	122,014,365.31
1 to 2 years	27,583,712.57	138,537,295.81
2 to 3 years	77,456,758.36	2,577,437.36
Over 3 years	24,717,866.48	23,247,441.37
Total	753,763,499.70	286,376,539.85

5.26 Advances from Customers**(a) Advances from customers categorized by aging**

Items	31 Dec. 2021	31 Dec. 2020
Within 1 years (including 1 year)	103,293,477.31	153,117,102.88
1 to 2years	5,750,490.18	139,970,904.39
2 to 3years	10,200.00	1,551,720.46
Over 3 years	2,462,905.34	32,913,593.64
Total	111,517,072.83	327,553,321.37

5.27 Contract Liabilities

(a) General information of contract liabilities

Items	31 Dec. 2021	31 Dec. 2020
Sales proceeds received in advance	181,100,444.31	-
Advance collection of goods	1,646,246.66	
Advance collection of projects	12,723,800.11	
Other receipts in advance	9,233,403.71	
Total	204,703,894.79	-

5.28 Employee Benefits Payable

(a) Details of employee benefits payable

Items	31 Dec. 2020	Increase during the reporting period	Decrease during the reporting period	31 Dec. 2021
I. Short-term employee benefits	30,925,821.25	525,690,803.09	517,627,568.68	38,989,055.66
II. Post-employment benefits-defined contribution plans	531,676.29	38,607,854.43	38,146,671.70	992,859.02
III. Termination benefits				
IV. Other benefits due within one year				
Total	31,457,497.54	564,298,657.52	555,774,240.38	39,981,914.68

(b) Short-term employee benefits

Items	31 Dec. 2020	Increase during the reporting period	Decrease during the reporting period	31 Dec. 2021
I. Salaries, bonuses, allowances and subsidies	30,612,571.33	428,703,361.73	421,163,764.23	38,152,168.83
II. Employee benefits	5,676.00	34,896,900.99	34,895,881.09	6,695.90
III. Social insurance	74,473.81	23,905,433.16	23,351,927.97	627,979.00
Including: Health insurance	71,570.86	21,962,611.51	21,471,820.46	562,361.91
Injury insurance	1,301.60	1,942,821.65	1,878,506.16	65,617.09
Birth insurance	1,601.35		1,601.35	

Items	31 Dec. 2020	Increase during the reporting period	Decrease during the reporting period	31 Dec. 2021
IV. Housing accumulation fund	104,880.00	30,073,479.13	30,106,061.13	72,298.00
V. Labor union funds and employee education funds	128,220.11	8,111,628.08	8,109,934.26	129,913.93
VI. Short-term absence pays	-	-	-	-
VII. Short-term profit-sharing plan	-	-	-	-
Total	30,925,821.25	525,690,803.09	517,627,568.68	38,989,055.66

(c) Defined contribution plans

Items	31 Dec. 2020	Increase during the reporting period	Decrease during the reporting period	31 Dec. 2021
Post-employment benefits:				
Basic endowment insurance	530,572.23	37,289,309.78	36,859,612.28	960,269.73
Unemployment insurance	1,104.06	1,318,544.65	1,287,059.42	32,589.29
Enterprise annuity				
Total	531,676.29	38,607,854.43	38,146,671.70	992,859.02

5.29 Taxes Payable

Items	31 Dec. 2021	31 Dec. 2020
Value added tax (VAT)	24,713,973.65	25,618,297.28
Business tax	100,912,600.34	100,912,600.34
Enterprise income tax	345,348,117.20	340,329,667.89
Individual income tax	1,357,415.90	1,319,115.94
Urban maintenance and construction tax	6,473,505.28	6,399,973.11
Educational surcharge	5,619,878.02	5,569,978.48
Local education surcharge	622,512.30	720,751.99
Water conservancy construction fund	1,824,325.39	1,824,325.39
Property tax	18,767,597.17	18,598,105.09
Urban land use tax	8,274,371.03	7,238,198.55
Stamp duty	335,719.62	277,929.37
Land value added tax	16,410,656.15	16,410,656.15
Employment guarantee for the disabled	26,560.00	1,832.00
Vehicle and vessel use tax	720.00	360.00
Others	1,916.17	1,901.25
Total	530,689,868.22	525,223,692.83

5.30 Other Payables

(a) Other payables by category

Items	31 Dec. 2021	31 Dec. 2020
Interest payable		442,467,803.77
Dividend payable		
Other payables	10,104,604,825.58	7,065,611,112.75
Total	10,104,604,825.58	7,508,078,916.52

(b) Interest payable

Items	31 Dec. 2021	31 Dec. 2020
Interest on long-term borrowings with installment interest payments and the repayment of the principal at maturity	-	57,016,428.62
Interest on corporate bonds	-	369,797,035.37
Interest on short-term borrowings	-	15,654,339.78
Total	-	442,467,803.77

(b.1) Significant overdue interest payments at the end of the period: There is no such item.

(c) Dividends payable

There is no such item.

(d) Other payables

(d.1) Disclosure of other payables by aging

Items	31 Dec. 2021	31 Dec. 2020
Within 1 year (including 1 year)	4,922,201,455.76	1,795,862,533.23
1 to 2 years	772,744,896.10	2,176,988,913.90
2 to 3 years	1,775,814,422.46	1,491,301,815.22
Over 3 years	2,633,844,051.26	1,601,457,850.40
Total	10,104,604,825.58	7,065,611,112.75

5.31 Non-current Liabilities Maturing within One Year

Items	31 Dec. 2021	31 Dec. 2020
Long-term borrowings maturing within one year	8,233,060,000.00	8,110,280,000.00
Bonds payable maturing within one year	421,500,000.00	566,369,120.79
Long-term payables maturing within one year	1,598,537,945.65	1,374,728,488.01
Interest on long-term borrowings maturing within one year	50,689,580.40	
Interest on bonds payable maturing within one year	392,108,667.88	
Interest on long-term payables maturing within one year	18,225,606.27	
Interest on other non-current liabilities maturing within one year	11,153,888.17	
Interest on lease liabilities maturing within one year	2,180,883.24	

Items	31 Dec. 2021	31 Dec. 2020
Total	10,727,456,571.61	10,051,377,608.80

5.32 Other Current Liabilities

Items	31 Dec. 2021	31 Dec. 2020
Reserve for guarantee indemnities	28,906,004.16	14,877,834.77
Grain storage operations	21,800,000.00	34,480,000.00
Output tax to be transferred	10,410,118.95	
Wealth Management Direct Financing Tools	1,000,000,000.00	
Interest payable on financial direct financing instruments	22,300,972.22	
Total	1,083,417,095.33	49,357,834.77

5.33 Long-term Borrowings**(a) Long-term borrowings by category**

Items	31 Dec. 2021	31 Dec. 2020
Guarantee loans	22,839,725,000.00	21,671,225,000.00
Credit loans	500,000,000.00	
Pledge loans	1,206,000,000.00	1,207,000,000.00
Mortgage loans	2,088,200,000.00	458,000,000.00
Mortgage and guaranteed loans	2,158,820,000.00	4,037,000,000.00
Pledge and guaranteed loans	5,046,250,000.00	6,501,580,000.00
Sub-total	33,838,995,000.00	33,874,805,000.00
Less: Long-term borrowings maturing within one year	8,233,060,000.00	8,110,280,000.00
Total	25,605,935,000.00	25,764,525,000.00

(b) The classification of long-term borrowings detail**(b.1) Guarantee loans**

Borrowing unit	Guarantee unit	Borrowing banks	Amount	Among them: Non-current liabilities maturing within one year
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Park Investment Holding Co., Ltd.	Hangzhou Bank, Ningbo Cixi Sub-branch	300,000,000.00	300,000,000.00
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Park Investment Holding Co., Ltd.	Hangzhou Bank, Ningbo Cixi Sub-branch	300,000,000.00	300,000,000.00
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Park Investment Holding Co., Ltd.	Hangzhou Bank, Ningbo Cixi Sub-branch	200,000,000.00	200,000,000.00
Cixi Tourism Development Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	China Construction Bank, Cixi	114,000,000.00	6,000,000.00

Borrowing unit	Guarantee unit	Borrowing banks	Amount	Among them: Non-current liabilities maturing within one year
		Guanhaiwei Sub-branch		
Ningbo Cixi Construction Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	China Construction Bank, Cixi Sub-branch	600,000,000.00	
Ningbo Cixi Construction Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Industrial and Commercial Bank of China, Cixi Chengjian Sub-branch	1,200,000,000.00	200,000,000.00
Ningbo Cixi Construction Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Industrial and Commercial Bank of China, Cixi Chengjian Sub-branch	1,200,000,000.00	200,000,000.00
Ningbo Cixi Construction Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Industrial and Commercial Bank of China, Cixi Chengjian Sub-branch	345,000,000.00	55,000,000.00
Ningbo Cixi Construction Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Industrial and Commercial Bank of China, Cixi Chengjian Sub-branch	100,000,000.00	
Ningbo Cixi Construction Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Industrial and Commercial Bank of China, Cixi Chengjian Sub-branch	100,000,000.00	
Ningbo Cixi Construction Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	ICBC Wealth Management Co., Ltd.	300,000,000.00	100,000,000.00
Ningbo Cixi Construction Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Industrial and Commercial Bank of China, Cixi Branch	200,000,000.00	
Ningbo Cixi Construction Group Co., Ltd.	Cixi Xinchenghe Construction Investment Co., Ltd., Cixi Urban Construction Investment Development Co., Ltd.	Agricultural Bank of China, Cixi Branch	400,000,000.00	50,000,000.00
Ningbo Cixi Construction Group Co., Ltd.	Cixi Xinchenghe Construction Investment Co., Ltd., Cixi Urban Construction Investment Development Co., Ltd.	Agricultural Bank of China, Cixi Branch	100,000,000.00	

Borrowing unit	Guarantee unit	Borrowing banks	Amount	Among them: Non-current liabilities maturing within one year
Ningbo Cixi Construction Group Co., Ltd.	Cixi Xinchenghe Construction Investment Co., Ltd., Cixi Urban Construction Investment Development Co., Ltd.	Agricultural Bank of China, Cixi Branch	185,000,000.00	
Ningbo Cixi Construction Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Hangzhou Bank, Ningbo Cixi Sub-branch	300,000,000.00	300,000,000.00
Ningbo Cixi Construction Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Hangzhou Bank, Ningbo Cixi Sub-branch	200,000,000.00	200,000,000.00
Ningbo Cixi Construction Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Hengfeng Bank, Ningbo Cixi Sub-branch	140,000,000.00	60,000,000.00
Ningbo Cixi Construction Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Hengfeng Bank, Ningbo Cixi Sub-branch	180,000,000.00	40,000,000.00
Ningbo Cixi Construction Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Hengfeng Bank, Ningbo Cixi Sub-branch	80,000,000.00	16,000,000.00
Ningbo Cixi Construction Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Bank of China, Cixi Xincheng Sub-branch	199,500,000.00	1,000,000.00
Ningbo Cixi Construction Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Bohai Bank Ningbo Branch	145,000,000.00	10,000,000.00
Ningbo Cixi Construction Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Xiamen International Bank, Shanghai Zhabei Sub-branch	96,500,000.00	14,000,000.00
Ningbo Cixi Construction Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Xiamen International Bank, Shanghai Zhabei Sub-branch	39,500,000.00	39,500,000.00
Ningbo Cixi Construction Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Xiamen International Bank, Shanghai Zhabei Sub-branch	206,250,000.00	206,250,000.00
Ningbo Cixi Construction Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Ningbo Donghai Bank, Cixi Sub-branch	34,000,000.00	
Ningbo Cixi Construction Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Hua Xia Bank, Ningbo Cixi Sub-branch	335,000,000.00	10,000,000.00

Borrowing unit	Guarantee unit	Borrowing banks	Amount	Among them: Non-current liabilities maturing within one year
Ningbo Cixi Construction Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	International Bank of Macau, Hangzhou Branch	250,000,000.00	25,000,000.00
Ningbo Cixi Construction Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Beijing International Trust Co., Ltd.	270,000,000.00	270,000,000.00
Ningbo Cixi Construction Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Wenzhou Bank, Ningbo Cixi Sub-branch	490,000,000.00	490,000,000.00
Ningbo Cixi Construction Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Huishang Bank, Ningbo Cixi Sub-branch	500,000,000.00	3,000,000.00
Ningbo Cixi Construction Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Guolian Securities Company Limited	500,000,000.00	
Cixi Minghong Construction Investment Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Ningbo Donghai Bank, Cixi Sub-branch	20,000,000.00	
Cixi Minghong Construction Investment Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Guangfa Bank, Ningbo Cixi Sub-branch	98,000,000.00	2,000,000.00
Cixi Haihong Construction Investment Co., Ltd.	Ningbo Cixi Transportation Group Co., Ltd.	Bank of Ningbo, Cixi Sub-branch	300,000,000.00	300,000,000.00
Cixi Haihong Construction Investment Co., Ltd.	Ningbo Cixi Transportation Group Co., Ltd.	Bank of Ningbo, Cixi Sub-branch	200,000,000.00	200,000,000.00
Cixi Haihong Construction Investment Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Ningbo Donghai Bank, Cixi Sub-branch	34,000,000.00	
Cixi Haihong Construction Investment Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Ningbo Tongshang Bank, Cixi Sub-branch	76,000,000.00	8,000,000.00
Cixi Tianhong Construction Investment Co., Ltd.	Ningbo Cixi Construction Group Co., Ltd., Ningbo Cixi Transportation Group Co., Ltd.	Hangzhou Bank, Ningbo Cixi Sub-branch	500,000,000.00	500,000,000.00
Cixi Tianhong Construction Investment Co., Ltd.	Ningbo Cixi Construction Group Co., Ltd., Ningbo Cixi Transportation Group Co., Ltd.	Hangzhou Bank, Ningbo Cixi Sub-branch	270,000,000.00	270,000,000.00

Borrowing unit	Guarantee unit	Borrowing banks	Amount	Among them: Non-current liabilities maturing within one year
Cixi Tianhong Construction Investment Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Hangzhou Bank, Ningbo Cixi Sub-branch	500,000,000.00	
Cixi Tianhong Construction Investment Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Hangzhou Bank, Ningbo Cixi Sub-branch	500,000,000.00	50,000,000.00
Cixi Tianhong Construction Investment Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Bank of Ningbo, Cixi Sub-branch	144,000,000.00	56,000,000.00
Cixi Tianhong Construction Investment Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Minmetals Securities Co., Ltd.	178,000,000.00	72,000,000.00
Cixi Tianhong Construction Investment Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Minmetals Securities Co., Ltd.	178,000,000.00	72,000,000.00
Cixi Tianhong Construction Investment Co., Ltd.	Ningbo Cixi Construction Group Co., Ltd.	China Merchants Bank, Ningbo Cixi Sub-branch	213,750,000.00	71,250,000.00
Cixi Tianhong Construction Investment Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Ningbo Tongshang Bank, Cixi Sub-branch	142,500,000.00	15,000,000.00
Cixi Chengnan Construction Investment Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Shanghai Pudong Development Bank, Ningbo Cixi Sub-branch	140,000,000.00	140,000,000.00
Cixi Chengnan Construction Investment Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Ningbo Tongshang Bank, Cixi Sub-branch	47,500,000.00	5,000,000.00
Cixi Chengnan Construction Investment Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Industrial and Commercial Bank of China, Cixi Branch	220,000,000.00	15,000,000.00
Cixi Chengnan Construction Investment Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Shanghai Bank, Ningbo Cixi Sub-branch	99,000,000.00	2,000,000.00
Cixi Xinxing Construction Investment Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Hua Xia Bank, Ningbo Cixi Sub-branch	57,000,000.00	2,000,000.00
Cixi Xinxing Construction Investment Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Hangzhou Bank, Ningbo Cixi Sub-branch	30,000,000.00	
Cixi Hangzhou Bay Modern Agricultural Development Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Shanghai Bank, Ningbo Cixi Sub-branch	48,500,000.00	2,000,000.00

Borrowing unit	Guarantee unit	Borrowing banks	Amount	Among them: Non-current liabilities maturing within one year
Cixi Hangzhou Bay Modern Agricultural Development Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Bank of Ningbo, Cixi Sub-branch	48,000,000.00	48,000,000.00
Cixi CiDong Industrial Development Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Hua Xia Bank, Ningbo Cixi Sub-branch	48,500,000.00	1,000,000.00
Cixi CiDong Industrial Development Co., Ltd.	Cixi CiDong Town Construction Investment Development Co., Ltd.	Bank of Ningbo, Cixi Sub-branch	100,000,000.00	100,000,000.00
Cixi CiDong Industrial Development Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Hangzhou Bank, Ningbo Cixi Sub-branch	100,000,000.00	
Cixi CiDong Industrial Development Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	ICBC, Longshan Sub-branch	100,000,000.00	
Cixi Water Supply Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Hua Xia Bank, Ningbo Cixi Sub-branch	78,000,000.00	1,000,000.00
Cixi Xinchenghe Construction Investment Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Industrial and Commercial Bank of China, Cixi Branch	400,000,000.00	10,000,000.00
Cixi Xinchenghe Construction Investment Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Industrial and Commercial Bank of China, Cixi Branch	200,000,000.00	10,000,000.00
Cixi Xinchenghe Construction Investment Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Industrial and Commercial Bank of China, Cixi Branch	200,000,000.00	10,000,000.00
Cixi Xinchenghe Construction Investment Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Industrial and Commercial Bank of China, Cixi Branch	600,000,000.00	10,000,000.00
Cixi Xinchenghe Construction Investment Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	China Minsheng Bank, Ningbo Cixi Sub-branch	30,000,000.00	30,000,000.00
Cixi Xinchenghe Construction Investment Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	China Minsheng Bank, Ningbo Cixi Sub-branch	40,000,000.00	40,000,000.00
Cixi Xinchenghe Construction Investment Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Bank of China Cixi Branch	90,000,000.00	50,000,000.00

Borrowing unit	Guarantee unit	Borrowing banks	Amount	Among them: Non-current liabilities maturing within one year
Cixi Xinchenghe Construction Investment Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Hangzhou Bank, Ningbo Cixi Sub-branch	200,000,000.00	
Cixi Cultural Business District Development Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	China Development Bank, Ningbo Branch	813,000,000.00	120,000,000.00
Cixi Traffic Station Management Co., Ltd.	Ningbo Cixi Transportation Group Co., Ltd.	Ningbo Bank Cixi Central District Sub-branch	40,000,000.00	1,000,000.00
Cixi Traffic Station Management Co., Ltd.	Ningbo Cixi Transportation Group Co., Ltd.	Ningbo Bank Cixi Central District Sub-branch	10,000,000.00	500,000.00
Cixi Traffic Station Management Co., Ltd.	Ningbo Cixi Transportation Group Co., Ltd.	Ningbo Bank Cixi Central District Sub-branch	10,000,000.00	500,000.00
Cixi Public Transport Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Industrial and Commercial Bank of China, Cixi Branch	48,750,000.00	6,500,000.00
Cixi Public Transport Co., Ltd.	Ningbo Cixi Transportation Group Co., Ltd., Cixi Jiangnan Road Development Co., Ltd.	Hua Xia Bank, Ningbo Cixi Sub-branch	38,500,000.00	1,000,000.00
Cixi Public Transport Co., Ltd.	Ningbo Cixi Transportation Group Co., Ltd., Cixi Jiangnan Road Development Co., Ltd.	Hua Xia Bank, Ningbo Cixi Sub-branch	38,500,000.00	1,000,000.00
Cixi Public Transport Co., Ltd.	Ningbo Cixi Transportation Group Co., Ltd.	Ningbo Cixi Rural Commercial Bank, Chengdong Sub-branch	50,000,000.00	
Ningbo Cixi Transportation Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	China Construction Bank, Cixi Sub-branch	250,000,000.00	
Ningbo Cixi Transportation Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	China Construction Bank, Cixi Sub-branch	250,000,000.00	
Ningbo Cixi Transportation Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	China Construction Bank, Cixi Sub-branch	100,000,000.00	
Ningbo Cixi Transportation Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Bank of China Cixi Suntang Sub-branch	20,000,000.00	10,000,000.00

Borrowing unit	Guarantee unit	Borrowing banks	Amount	Among them: Non-current liabilities maturing within one year
Ningbo Cixi Transportation Group Co., Ltd.	Ningbo Cixi Construction Group Co., Ltd.	Hangzhou Bank, Ningbo Cixi Sub-branch	240,000,000.00	30,000,000.00
Ningbo Cixi Transportation Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Hangzhou Bank, Ningbo Cixi Sub-branch	100,000,000.00	100,000,000.00
Ningbo Cixi Transportation Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Hangzhou Bank, Ningbo Cixi Sub-branch	100,000,000.00	
Ningbo Cixi Transportation Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Industrial and Commercial Bank of China, Cixi Branch	340,000,000.00	20,000,000.00
Ningbo Cixi Transportation Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Industrial and Commercial Bank of China, Cixi Branch	200,000,000.00	
Ningbo Cixi Transportation Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Guangfa Bank, Ningbo Cixi Sub-branch	97,000,000.00	2,000,000.00
Ningbo Cixi Transportation Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Wenzhou Bank, Ningbo Cixi Sub-branch	99,000,000.00	2,000,000.00
Ningbo Cixi Transportation Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Wenzhou Bank, Ningbo Cixi Sub-branch	100,000,000.00	2,000,000.00
Ningbo Cixi Transportation Group Co., Ltd.	Ningbo Cixi Construction Group Co., Ltd.	Ningbo Cixi Rural Commercial Bank, Chengdong Sub-branch	19,800,000.00	400,000.00
Ningbo Cixi Transportation Group Co., Ltd.	Ningbo Cixi Construction Group Co., Ltd.	Ningbo Cixi Rural Commercial Bank, Chengdong Sub-branch	50,000,000.00	
Ningbo Cixi Transportation Group Co., Ltd.	Ningbo Cixi Construction Group Co., Ltd.	Guodu Securities Co., Ltd.	300,000,000.00	
Cixi Highway Transportation Co., Ltd.	Ningbo Cixi Construction Group Co., Ltd.	Ningbo Cixi Rural Commercial Bank, Zhouxiang Sub-branch	50,000,000.00	
Cixi Transportation Logistics Development Co., Ltd.	Ningbo Cixi Transportation Group Co., Ltd.	Bank of Ningbo, Cixi Sub-branch	29,500,000.00	1,000,000.00

Borrowing unit	Guarantee unit	Borrowing banks	Amount	Among them: Non-current liabilities maturing within one year
Cixi Transportation Logistics Development Co., Ltd.	Ningbo Cixi Transportation Group Co., Ltd.	Bank of Ningbo, Cixi Sub-branch	49,500,000.00	1,000,000.00
Cixi Transportation Logistics Development Co., Ltd.	Ningbo Cixi Transportation Group Co., Ltd.	Cixi Country Credit United Union Sales Department	50,000,000.00	50,000,000.00
Cixi Water Affairs Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	The Export-Import Bank of China Ningbo Branch	19,500,000.00	7,750,000.00
Cixi Water Affairs Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	The Export-Import Bank of China Ningbo Branch	17,500,000.00	15,500,000.00
Cixi Water Affairs Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	The Export-Import Bank of China Ningbo Branch	30,000,000.00	
Cixi Water Affairs Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	The Export-Import Bank of China Ningbo Branch	15,000,000.00	
Cixi Water Affairs Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	The Export-Import Bank of China Ningbo Branch	20,000,000.00	
Cixi Water Affairs Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	The Export-Import Bank of China Ningbo Branch	30,000,000.00	
Cixi Water Affairs Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	The Export-Import Bank of China Ningbo Branch	38,000,000.00	
Cixi Water Affairs Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	The Export-Import Bank of China Ningbo Branch	40,000,000.00	
Cixi Water Affairs Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	The Export-Import Bank of China Ningbo Branch	24,000,000.00	
Cixi Water Affairs Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Ningbo Bank Cixi Central District Sub-branch	40,000,000.00	40,000,000.00
Cixi Water Affairs Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Ningbo Bank Cixi Central District Sub-branch	20,000,000.00	20,000,000.00
Cixi Water Affairs Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Ningbo Bank Cixi Central District Sub-branch	59,000,000.00	2,000,000.00

Borrowing unit	Guarantee unit	Borrowing banks	Amount	Among them: Non-current liabilities maturing within one year
Cixi Water Affairs Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Ningbo Bank Cixi Central District Sub-branch	30,000,000.00	2,000,000.00
Cixi Water Affairs Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Bank of Communications, Ningbo Cixi Sub-branch	30,000,000.00	30,000,000.00
Cixi Water Affairs Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Bank of Communications, Ningbo Cixi Sub-branch	20,000,000.00	20,000,000.00
Cixi Water Affairs Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Industrial Bank of China Ningbo Cixi Sub-branch	69,000,000.00	2,000,000.00
Cixi Water Affairs Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Industrial and Commercial Bank of China, Cixi Branch	70,000,000.00	
Cixi Water Affairs Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Industrial and Commercial Bank of China, Cixi Branch	80,000,000.00	
Cixi Water Affairs Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Industrial and Commercial Bank of China, Cixi Branch	50,000,000.00	
Cixi Water Affairs Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	China Minsheng Bank, Ningbo Cixi Sub-branch	135,000,000.00	2,000,000.00
Cixi Water Affairs Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	China Minsheng Bank, Ningbo Cixi Sub-branch	65,000,000.00	
Cixi Tap Water Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Country Credit United Union Sales Department	60,000,000.00	
Cixi Tap Water Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	China Everbright Bank, Ningbo Cixi Sub-branch	17,750,000.00	1,500,000.00
Cixi Tap Water Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	China Everbright Bank, Ningbo Cixi Sub-branch	17,750,000.00	1,500,000.00
Cixi Tap Water Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	China Everbright Bank, Ningbo Cixi Sub-branch	44,375,000.00	3,750,000.00
Cixi Tap Water Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Country Credit United Union Sales Department	20,000,000.00	

Borrowing unit	Guarantee unit	Borrowing banks	Amount	Among them: Non-current liabilities maturing within one year
Cixi Tap Water Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Country Credit United Union Sales Department	20,000,000.00	
Cixi Tap Water Co., Ltd.	Ningbo Cixi Construction Group Co., Ltd.	China Development Bank, Ningbo Branch	81,000,000.00	20,000,000.00
Cixi Tap Water Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Ping An Bank Ningbo Cixi Sub-branch	20,000,000.00	10,000,000.00
Ningbo Cixi Industry and Trade Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Ningbo Bank Cixi Central District Sub-branch	100,000,000.00	100,000,000.00
Ningbo Cixi Industry and Trade Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Wenzhou Bank, Ningbo Cixi Sub-branch	19,400,000.00	19,400,000.00
Ningbo Cixi Industry and Trade Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	China Construction Bank, Cixi Sub-branch	250,000,000.00	
Ningbo Cixi Industry and Trade Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Bank of China, Cixi Branch	197,000,000.00	13,000,000.00
Ningbo Cixi Industry and Trade Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Country Credit United Union Sales Department	33,000,000.00	1,000,000.00
Cixi Yangtze River Delta Market Group Investment Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	China Everbright Bank, Ningbo Cixi Sub-branch	112,000,000.00	112,000,000.00
Cixi Yangtze River Delta Market Group Investment Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Bank of Ningbo, Cixi Sub-branch	50,000,000.00	50,000,000.00
Cixi Yangtze River Delta Market Group Investment Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Bank of Ningbo, Cixi Sub-branch	50,000,000.00	
Cixi Yangtze River Delta Market Group Investment Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Hua Xia Bank, Ningbo Cixi Sub-branch	45,000,000.00	2,000,000.00
Cixi Yangtze River Delta Market Group Investment Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Shanghai Pudong Development Bank, Ningbo Cixi Sub-branch	300,000,000.00	5,000,000.00
Cixi Yangtze River Delta Market Group Investment Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	China Construction Bank, Cixi Sub-branch	100,000,000.00	10,000,000.00

Borrowing unit	Guarantee unit	Borrowing banks	Amount	Among them: Non-current liabilities maturing within one year
Cixi Yangtze River Delta Market Group Investment Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	China Construction Bank, Cixi Sub-branch	45,000,000.00	
Cixi Yangtze River Delta Market Group Investment Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	CITIC Bank Ningbo Cixi Sub-branch	80,000,000.00	2,000,000.00
Cixi Technology Venture Capital Co., Ltd.	Cixi Industrial Investment Co., Ltd.	CITIC Bank Ningbo Cixi Sub-branch	18,000,000.00	2,000,000.00
Cixi Technology Venture Capital Co., Ltd.	Cixi Industrial Investment Co., Ltd.	CITIC Bank Ningbo Cixi Sub-branch	98,000,000.00	2,000,000.00
Cixi Technology Venture Capital Co., Ltd.	Cixi Industrial Investment Co., Ltd.	CITIC Bank Ningbo Cixi Sub-branch	119,000,000.00	2,000,000.00
Cixi Home Appliance Technology City Exhibition Management Co., Ltd.	Cixi Industrial Investment Co., Ltd.	Guangfa Bank, Ningbo Cixi Sub-branch	29,100,000.00	600,000.00
Cixi Home Appliance Technology City Exhibition Management Co., Ltd.	Cixi Industrial Investment Co., Ltd.	Guangfa Bank, Ningbo Cixi Sub-branch	69,300,000.00	1,400,000.00
Ningbo Cixi Agricultural Tourism Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Electric Power Sub-branch of Industrial and Commercial Bank of China Limited	100,000,000.00	
Ningbo Cixi Agricultural Tourism Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Electric Power Sub-branch of Industrial and Commercial Bank of China Limited	100,000,000.00	
Ningbo Cixi Agricultural Tourism Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Country Credit United Union Sales Department	200,000,000.00	25,000,000.00
Ningbo Cixi Agricultural Tourism Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Country Credit United Union Sales Department	50,000,000.00	6,250,000.00

Borrowing unit	Guarantee unit	Borrowing banks	Amount	Among them: Non-current liabilities maturing within one year
Cixi Canghai Cihu Agricultural Development Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	CITIC Bank Ningbo Cixi Sub-branch	80,000,000.00	2,000,000.00
Cixi Canghai Cihu Agricultural Development Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	CITIC Bank Ningbo Cixi Sub-branch	78,000,000.00	78,000,000.00
Total			22,839,725,000.00	6,148,550,000.00

(b.2) Credit loans

Borrowing units	Borrowing banks	Amount	Among them: Non-current liabilities maturing within one year
Ningbo Cixi Construction Group Co., Ltd.	Yunnan International Trust Co., Ltd.	350,000,000.00	
Ningbo Cixi Construction Group Co., Ltd.	Yunnan International Trust Co., Ltd.	150,000,000.00	
Total		500,000,000.00	

(b.3) Pledge loans

Borrowing units	Pledged units	Borrowing banks	Pledge object	Amount	Among them: Non-current liabilities maturing within one year
Cixi CiDong Industrial Development Co., Ltd.	Cixi CiDong Industrial Development Co., Ltd.	Industrial and Commercial Bank of China Limited Longshan Sub-branch	Certificate deposit	14,500,000.00	
Cixi CiDong Industrial Development Co., Ltd.	Cixi CiDong Industrial Development Co., Ltd.	Industrial and Commercial Bank of China Limited Longshan Sub-branch	Certificate deposit	33,000,000.00	
Cixi Affordable Housing	Cixi Affordable Housing	China Development	Project Revenue Right of Cixi Zhouxiang	112,500,000.00	9,000,000.00

Borrowing units	Pledged units	Borrowing banks	Pledge object	Amount	Among them: Non-current liabilities maturing within one year
Construction Investment Co., Ltd.	Construction Investment Co., Ltd.	Bank, Ningbo Branch	Township Dilapidated Housing Rehabilitation Project		
Cixi Minghong Construction Investment Co., Ltd.	Cixi Minghong Construction Investment Co., Ltd.	China Development Bank, Ningbo Branch	Project Revenue Right of Cixi City Dilapidated Housing Rehabilitation Phase II (Lots D, E and the Second Water Plant) Project	20,000,000.00	
Cixi Minghong Construction Investment Co., Ltd.	Cixi Minghong Construction Investment Co., Ltd.	China Development Bank, Ningbo Branch	Project Revenue Right of Cixi City Dilapidated Housing Rehabilitation Phase II (Lots D, E and the Second Water Plant) Project	500,000,000.00	
Cixi Minghong Construction Investment Co., Ltd.	Cixi Minghong Construction Investment Co., Ltd.	China Development Bank, Ningbo Branch	Project Revenue Right of Cixi City Dilapidated Housing Rehabilitation Phase II (Chengdong, Jinshan and other blocks) Project	526,000,000.00	24,000,000.00
Total				1,206,000,000.00	33,000,000.00

(b.4) Mortgage loans

Borrowing units	Mortgage units	Borrowing banks	Mortgage projects	Amount	Non-current liabilities maturing within one year
Ningbo Cixi Transportation Group Co., Ltd.	Ningbo Cixi Transportation Group Co., Ltd.	Bank of Ningbo, Cixi Sub-branch	Real estate title certificate	59,600,000.00	4,000,000.00
Cixi Hangzhou Bay Modern Agricultural Development Co., Ltd.	Cixi Hangzhou Bay Modern Agricultural Development Co., Ltd.	Ningbo Cixi Rural Commercial Bank, Baisha Sub-branch	Real estate title certificate	40,000,000.00	40,000,000.00
Cixi Hangzhou Bay Modern Agricultural Development Co., Ltd.	Cixi Hangzhou Bay Modern Agricultural Development Co., Ltd.	Ningbo Xincheng Sub-branch of Bank of	Real estate title certificate	32,000,000.00	8,000,000.00

Borrowing units	Mortgage units	Borrowing banks	Mortgage projects	Amount	Non-current liabilities maturing within one year
		Communications Co., Ltd.			
Cixi Hangzhou Bay Modern Agricultural Development Co., Ltd.	Cixi Hangzhou Bay Modern Agricultural Development Co., Ltd.	Ningbo Xincheng Sub-branch of Bank of Communications Co., Ltd.	Real estate title certificate	10,500,000.00	2,000,000.00
Cixi Hangzhou Bay Modern Agricultural Development Co., Ltd.	Cixi Hangzhou Bay Modern Agricultural Development Co., Ltd.	Ningbo Xincheng Sub-branch of Bank of Communications Co., Ltd.	Real estate title certificate	42,500,000.00	10,000,000.00
Cixi Hangzhou Bay Modern Agricultural Development Co., Ltd.	Cixi Hangzhou Bay Modern Agricultural Development Co., Ltd.	CITIC Bank Ningbo Cixi Sub-branch	Real estate title certificate	40,000,000.00	2,000,000.00
Cixi Hangzhou Bay Modern Agricultural Development Co., Ltd.	Cixi Hangzhou Bay Modern Agricultural Development Co., Ltd.	CITIC Bank Ningbo Cixi Sub-branch	Real estate title certificate	40,000,000.00	2,000,000.00
Cixi Hangzhou Bay Modern Agricultural Development Co., Ltd.	Cixi Hangzhou Bay Modern Agricultural Development Co., Ltd.	CITIC Bank Ningbo Cixi Sub-branch	Real estate title certificate	100,000,000.00	2,000,000.00
Cixi Hangzhou Bay Modern Agricultural Development Co., Ltd.	Cixi Hangzhou Bay Modern Agricultural Development Co., Ltd.	CITIC Bank Ningbo Cixi Sub-branch	Real estate title certificate	40,000,000.00	2,000,000.00
Cixi Cultural Business District Development Co., Ltd.	Cixi Cultural Business District Development Co., Ltd.	Agricultural Bank of China, Cixi Branch	House certificate of ownership	100,000,000.00	
Cixi Zheyong Comprehensive Energy Sales Co., Ltd.	Cixi Zheyong Comprehensive Energy Sales Co., Ltd.	Bank of China, Cixi Branch	Real estate title certificate	121,000,000.00	1,000,000.00
Cixi Zheyong Comprehensive Energy Sales Co., Ltd.	Cixi Zheyong Comprehensive Energy Sales Co., Ltd.	Bank of China, Cixi Branch	Real estate title certificate	119,000,000.00	1,000,000.00

Borrowing units	Mortgage units	Borrowing banks	Mortgage projects	Amount	Non-current liabilities maturing within one year
Cixi Yangtze River Delta Market Group Investment Co., Ltd.	Cixi Yangtze River Delta Market Group Investment Co., Ltd., Ningbo Cixi Industry and Trade Group Co., Ltd.	China Development Bank, Ningbo Branch	House ownership certificate, land use certificate	409,000,000.00	50,000,000.00
Cixi Yangtze River Delta Market Group Investment Co., Ltd.	Cixi Yangtze River Delta Market Group Investment Co., Ltd., Ningbo Cixi Industry and Trade Group Co., Ltd.	China Development Bank, Ningbo Branch	House ownership certificate, land use certificate	898,000,000.00	80,000,000.00
Cixi Industrial Investment Co., Ltd.	Cixi Technology Venture Capital Co., Ltd.	Industrial and Commercial Bank of China, Cixi Branch	Real estate title certificate	36,600,000.00	3,400,000.00
Total				2,088,200,000.00	207,400,000.00

(b.5) Mortgage and guarantee loans

Borrowing units	Guarantee units	Mortgage units	Borrowing banks	Mortgage projects	Amount	Among them: Non-current liabilities maturing within one year
Ningbo Cixi Construction Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Ningbo Cixi Construction Group Co., Ltd., Cixi Housing Development Investment Co., Ltd., Cixi Shenghong Construction Investment Co., Ltd.	Zheshang Bank Ningbo Cixi Sub-branch	House ownership certificate, land use certificate	285,000,000.00	285,000,000.00
Cixi Haihong Construction Investment Co., Ltd.	Ningbo Cixi Construction Group Co., Ltd.	Cixi Urban Construction Investment Development Co., Ltd., Ningbo Cixi Construction Group Co., Ltd.	China Agricultural Development Bank, Cixi Sub-branch	House ownership certificate, land use certificate	200,000,000.00	100,000,000.00
Cixi Xinxing Construction	Cixi State-owned Assets	Cixi Xinxing Construction	Hangzhou Bank,	House ownership certificate,	91,000,000.00	91,000,000.00

Borrowing units	Guarantee units	Mortgage units	Borrowing banks	Mortgage projects	Amount	Among them: Non-current liabilities maturing within one year
Investment Co., Ltd.	Investment Holding Co., Ltd.	Investment Co., Ltd.	Ningbo Cixi Sub-branch	land use certificate		
Cixi Hangzhou Bay Modern Agricultural Development Co., Ltd.	Ningbo Cixi Construction Group Co., Ltd.	Cixi Hangzhou Bay Modern Agricultural Development Co., Ltd.	Agricultural Bank of China, Cixi Branch	Real estate title certificate	250,000,000.00	
Cixi Hangzhou Bay Modern Agricultural Development Co., Ltd.	Ningbo Cixi Construction Group Co., Ltd.	Cixi Hangzhou Bay Modern Agricultural Development Co., Ltd.	Agricultural Bank of China, Cixi Branch	Real estate title certificate	50,000,000.00	
Cixi Hangzhou Bay Modern Agricultural Development Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Hangzhou Bay Modern Agricultural Development Co., Ltd.	PICC Capital Investment Management Co., Ltd.	Real estate title certificate	40,000,000.00	40,000,000.00
Cixi Hangzhou Bay Modern Agricultural Development Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Hangzhou Bay Modern Agricultural Development Co., Ltd.	PICC Capital Investment Management Co., Ltd.	Real estate title certificate	120,000,000.00	120,000,000.00
Ningbo Cixi Industry and Trade Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Ningbo Cixi Industry and Trade Group Co., Ltd.	Bank of Communications, Ningbo Cixi Sub-branch	Real estate title certificate	8,940,000.00	1,120,000.00
Ningbo Cixi Industry and Trade Group Co., Ltd.	Cixi State-owned Assets Investment Holding Co., Ltd.	Ningbo Cixi Industry and Trade Group Co., Ltd.	Ningbo Xincheng Sub-branch of Bank of Communications Co., Ltd.	Real estate title certificate	17,880,000.00	2,240,000.00
Cixi Yangtze River Delta Market Group Investment Co., Ltd.	Ningbo Cixi Industry and Trade Group Co., Ltd.	Cixi Yangtze River Delta Market Group Investment Co., Ltd., Ningbo Cixi Industry and	China Development Bank, Ningbo Branch	House ownership certificate, land use certificate	956,000,000.00	66,000,000.00

Borrowing units	Guarantee units	Mortgage units	Borrowing banks	Mortgage projects	Amount	Among them: Non-current liabilities maturing within one year
		Trade Group Co., Ltd.				
Cixi Home Appliance Technology City Exhibition Management Co., Ltd.	Cixi Industrial Investment Co., Ltd.	Cixi Home Appliance Technology City Exhibition Management Co., Ltd.	China Construction Bank, Cixi Sub-branch	Real estate title certificate	140,000,000.00	140,000,000.00
Total					2,158,820,000.00	845,360,000.00

(b.6) Pledge and guarantee loans

Borrowing units	Pledged units	Pledge object	Guarantee units	Borrowing banks	Amount	Among them: Non-current liabilities maturing within one year
Cixi Minghong Construction Investment Co., Ltd.	Cixi Minghong Construction Investment Co., Ltd.	Project Revenue Right of Cixi City Dilapidated Housing Rehabilitation Phase II (Chengdong, Jinshan and other blocks) Project	Ningbo Cixi Construction Group Co., Ltd.	Cixi Yuanding Sub-branch of Bank of China Limited	85,000,000.00	6,000,000.00
Cixi Minghong Construction Investment Co., Ltd.	Cixi Minghong Construction Investment Co., Ltd.	Project Revenue Right of Cixi City Dilapidated Housing Rehabilitation Phase I Project	Ningbo Cixi Construction Group Co., Ltd.	China Development Bank, Ningbo Branch	232,500,000.00	9,000,000.00
Cixi Minghong Construction Investment Co., Ltd.	Cixi Minghong Construction Investment Co., Ltd.	Project Revenue Right of Cixi City Dilapidated Housing Rehabilitation Phase II (Chengdong, Jinshan and other blocks) Project	Ningbo Cixi Construction Group Co., Ltd.	China Development Bank, Ningbo Branch	195,000,000.00	6,000,000.00
Cixi Minghong Construction Investment Co., Ltd.	Cixi Minghong Construction Investment Co., Ltd.	Project Revenue Right of Cixi City Dilapidated Housing Rehabilitation Phase I Project	Ningbo Cixi Construction Group Co., Ltd.	China Development Bank, Ningbo Branch	50,000,000.00	
Cixi Minghong Construction	Cixi Minghong Construction	Project Revenue Right of Cixi City Dilapidated Housing	Ningbo Cixi Construction Group Co., Ltd.	China Development Bank, Ningbo Branch	127,500,000.00	9,000,000.00

Borrowing units	Pledged units	Pledge object	Guarantee units	Borrowing banks	Amount	Among them: Non-current liabilities maturing within one year
Investment Co., Ltd.	Investment Co., Ltd.	Rehabilitation Phase I Project				
Cixi Minghong Construction Investment Co., Ltd.	Cixi Minghong Construction Investment Co., Ltd.	Project Revenue Right of Cixi City Dilapidated Housing Rehabilitation Phase I Project	Ningbo Cixi Construction Group Co., Ltd.	China Development Bank, Ningbo Branch	55,000,000.00	
Cixi Minghong Construction Investment Co., Ltd.	Cixi Minghong Construction Investment Co., Ltd.	Project Revenue Right of Cixi City Dilapidated Housing Rehabilitation Phase II (Lots D, E and the Second Water Plant) Project	Ningbo Cixi Construction Group Co., Ltd.	China Merchants Bank, Ningbo Cixi Sub-branch	258,000,000.00	42,000,000.00
Cixi Minghong Construction Investment Co., Ltd.	Cixi Minghong Construction Investment Co., Ltd.	Project Revenue Right of Cixi City Dilapidated Housing Rehabilitation Phase II (Lots D, E and the Second Water Plant) Project	Ningbo Cixi Construction Group Co., Ltd.	China Merchants Bank, Ningbo Cixi Sub-branch	240,000,000.00	39,000,000.00
Cixi Minghong Construction Investment Co., Ltd.	Cixi Minghong Construction Investment Co., Ltd.	Project Revenue Right of Cixi City Dilapidated Housing Rehabilitation Phase I Project	Ningbo Cixi Construction Group Co., Ltd.	Agricultural Bank of China, Ningbo Cixi Sub-branch	85,000,000.00	6,000,000.00
Cixi Minghong Construction Investment Co., Ltd.	Cixi Minghong Construction Investment Co., Ltd.	Project Revenue Right of Cixi City Dilapidated Housing Rehabilitation Phase II (Chengdong, Jinshan and other blocks) Project	Ningbo Cixi Construction Group Co., Ltd.	Agricultural Bank of China, Ningbo Cixi Sub-branch	581,250,000.00	18,750,000.00
Cixi Haihong Construction Investment Co., Ltd.	Cixi Haihong Construction Investment Co., Ltd.	Project revenue rights for the Boundary Crossing Comprehensive Improvement Phase II project	Ningbo Cixi Construction Group Co., Ltd.	China Agricultural Development Bank, Cixi Sub-branch	240,000,000.00	80,000,000.00
Cixi Haihong Construction Investment Co., Ltd.	Cixi Haihong Construction Investment Co., Ltd.	Project Revenue Right of Cixi City West Second Ring North Extension Shantytown Renovation Project	Cixi Cultural Business District Development Co., Ltd.	China Agricultural Development Bank, Cixi Sub-branch	666,000,000.00	42,000,000.00

Borrowing units	Pledged units	Pledge object	Guarantee units	Borrowing banks	Amount	Among them: Non-current liabilities maturing within one year
Cixi Haihong Construction Investment Co., Ltd.	Cixi Haihong Construction Investment Co., Ltd.	Project Revenue Right of Cixi City West Second Ring North Extension Shantytown Renovation Project	Cixi Cultural Business District Development Co., Ltd.	Bank of China, Cixi Branch	284,000,000.00	18,000,000.00
Cixi Tianhong Construction Investment Co., Ltd.	Cixi Tianhong Construction Investment Co., Ltd.	Project Revenue Right of Cixi City North Second Ring East Section Old City Renovation and Demolition Engineering Project	Cixi State-owned Assets Investment Holding Co., Ltd.	Industrial and Commercial Bank of China, Cixi Chengjian Sub-branch	400,000,000.00	100,000,000.00
Cixi Tianhong Construction Investment Co., Ltd.	Cixi Tianhong Construction Investment Co., Ltd.	Project Revenue Right of Cixi City North Second Ring Road East Extension Shantytown Renovation Project	Ningbo Cixi Construction Group Co., Ltd.	China Development Bank, Ningbo Branch	36,000,000.00	36,000,000.00
Cixi Chengnan Construction Investment Co., Ltd.	Cixi Chengnan Construction Investment Co., Ltd.	Project Revenue Right of Cixi Tianxiangqiao Block Shantytown Renovation Project	Cixi Cultural Business District Development Co., Ltd.	China Agricultural Development Bank, Cixi Sub-branch	706,000,000.00	47,000,000.00
Cixi Xinchenghe Construction Investment Co., Ltd.	Cixi Xinchenghe Construction Investment Co., Ltd.	Project Revenue Right of Cixi Sizaopu South Extension (Xincheng River) Widening Phase I Project	Cixi Cultural Business District Development Co., Ltd.	China Agricultural Development Bank, Cixi Sub-branch	260,000,000.00	170,000,000.00
Ningbo Cixi Transportation Group Co., Ltd.	Ningbo Cixi Transportation Group Co., Ltd.	Project Revenue Right of Ningbo Shengshan-Lubu Highway (Shengshan-Henghe Section) Project	Cixi State-owned Assets Investment Holding Co., Ltd.	China Development Bank, Ningbo Branch	525,000,000.00	350,000,000.00
Ningbo Cixi Agricultural Tourism Group Co., Ltd.	Ningbo Cixi Agricultural Tourism Group Co., Ltd.	Project revenue rights of the Sizotoprazing project	Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Electric Power Sub-branch of Industrial and Commercial Bank of China Limited	20,000,000.00	20,000,000.00
Total					5,046,250,000.00	998,750,000.00

5.34 Bonds Payable

(a) General information of bonds payable

Items	31 Dec. 2021	31 Dec. 2020
14 Cijian Investment Bonds	-	236,758,271.69
16 Cixi 01 Bonds		498,292,333.33

Items	31 Dec. 2021	31 Dec. 2020
16 Cishang 01		299,610,849.10
17 Cixi Bonds	566,868,750.00	755,443,750.00
17 Cixi 01 Bonds	999,032,142.86	997,246,428.57
18 Cixi State Investment MTN001	968,019,230.77	996,321,428.57
19 Cijian 02	996,400,000.00	995,200,000.00
19 Cijian 03	1,195,680,000.00	1,194,240,000.00
19 Cixi Jiantou ZR001	199,500,000.00	199,000,000.00
19 Cidong 01	1,492,000,000.00	1,489,000,000.00
19 Cishang 01	996,179,245.19	994,481,132.03
19 Cishang 02	699,037,264.22	698,669,339.66
Cixi Bus Toll Revenue Right Asset-Backed Specialized Plan (Cixi Bus ABS)-Preferred Asset-Backed Securities	365,000,000.00	395,000,000.00
20 Cijiao 01	499,240,000.00	499,000,000.00
20 Cijiao 02	499,175,000.00	498,725,000.00
20 Cixi Jiantou MTN001	499,166,666.67	498,666,666.67
20 Cijian 01	797,120,000.00	796,160,000.00
20 Zhe Cixi Jiantou ZR001	598,500,000.00	597,600,000.00
21 Cixi Transportation PPN001	498,973,333.33	
21 Cixi Commerce and Trade PPN001	997,891,900.02	
21 Cixi Jiantou MTN001	498,916,666.67	
21 Cixi 01	897,750,000.00	
21 Cixi 02	598,300,000.00	
21 Cicheng 01	499,635,416.67	
21 Cicheng 02	499,572,916.67	
Sub-total	15,861,958,533.07	12,639,415,199.62
Less: Bonds payable maturing within one year	421,500,000.00	566,369,120.79
Total	15,440,458,533.07	12,073,046,078.83

(b) Changes in bonds payable (except for other financial instruments classified as financial liabilities such as preference shares and perpetual bonds)

Bonds	Par value	Issue date	Bonds-duration	Amount issued	31 Dec. 2020	Including: Non-current liabilities maturing within one year
14 Cijian Investment Bonds	100.00	18 Aug. 2014	7 years	1,200,000,000.00	236,758,271.69	236,758,271.69
16 Cixi 01 Bonds	100.00	13 Oct. 2016	7 years	500,000,000.00	498,292,333.33	
16 Cishang 01	100.00	9 Dec. 2016	5 years	300,000,000.00	299,610,849.10	299,610,849.10
17 Cixi Bonds	100.00	7 Apr. 2017	5 years	950,000,000.00	755,443,750.00	

Bonds	Par value	Issue date	Bonds-duration	Amount issued	31 Dec. 2020	Including: Non-current liabilities maturing within one year
17 Cixi 01 Bonds	100.00	27 Jul. 2017	7 years	1,000,000,000.00	997,246,428.57	
18 Cixi State Investment MTN001	100.00	2 Mar. 2018	5 years	1,000,000,000.00	996,321,428.57	
19 Cijian 02	100.00	1 Aug. 2019	5 years	1,000,000,000.00	995,200,000.00	
19 Cijian 03	100.00	20 Sept. 2019	5 years	1,200,000,000.00	1,194,240,000.00	
19 Cixi Jiantou ZR001	100.00	29 Nov. 2019	5 years	200,000,000.00	199,000,000.00	
19 Cidong 01	100.00	3 Sept. 2019	3 years	1,500,000,000.00	1,489,000,000.00	
19 Cishang 01	100.00	14 Mar. 2019	5 years	1,000,000,000.00	994,481,132.03	
19 Cishang 02	100.00	7 Nov. 2019	5 years	700,000,000.00	698,669,339.66	
Cixi Bus Toll Revenue Right Asset-Backed Specialized Plan (Cixi Bus ABS)-Preferred Asset-Backed Securities	100.00	21 Dec. 2018	5 years	448,000,000.00	395,000,000.00	30,000,000.00
20 Cijiao 01	100.00	26 Mar. 2020	5 years	500,000,000.00	499,000,000.00	
20 Cijiao 02	100.00	13 Nov. 2020	5 years	500,000,000.00	498,725,000.00	
20 Cixi Jiantou MTN001	100.00	2 Sept. 2020	3 years	500,000,000.00	498,666,666.67	
20 Cijian 01	100.00	2 Jan. 2020	5 years	800,000,000.00	796,160,000.00	
20 Zhe Cixi Jiantou ZR001	100.00	25 Sept. 2020	3 years	600,000,000.00	597,600,000.00	
21 Cixi Transportation PPN001	100.00	19 Jul. 2021	5 years	500,000,000.00		
21 Cixi Commerce and Trade PPN001	100.00	5 Mar. 2021	3 years	1,000,000,000.00		
21 Cixi Jiantou MTN001	100.00	12 Mar. 2021	3 years	500,000,000.00		
21 Cixi 01	100.00	26 Jul. 2021	3 years	900,000,000.00		
21 Cixi 02	100.00	12 Nov. 2021	5 years	600,000,000.00		
21 Cicheng 01	100.00	18 Jun. 2021	3 years	500,000,000.00		
21 Cicheng 02	100.00	16 Sept. 2021	3 years	500,000,000.00		
Total				13,398,000,000.00	12,639,415,199.62	566,369,120.79

(Continued)

Bonds	Issued amount during the reporting period	Issued cost	Amortization of premium /discount	Repayment during the reporting period	31 Dec. 2021	Including: Non-current liabilities maturing within one year
14 Cijian Investment Bonds			3,241,728.31	240,000,000.00		
16 Cixi 01 Bonds			1,707,666.67	500,000,000.00		

Bonds	Issued amount during the reporting period	Issued cost	Amortization of premium /discount	Repayment during the reporting period	31 Dec. 2021	Including: Non-current liabilities maturing within one year
16 Cishang 01			389,150.90	300,000,000.00		
17 Cixi Bonds			1,425,000.00	190,000,000.00	566,868,750.00	190,000,000.00
17 Cixi 01 Bonds			1,785,714.29		999,032,142.86	
18 Cixi State Investment MTN001			1,697,802.20	30,000,000.00	968,019,230.77	
19 Cijian 02			1,200,000.00		996,400,000.00	
19 Cijian 03			1,440,000.00		1,195,680,000.00	
19 Cixi Jiantou ZR001			500,000.00		199,500,000.00	199,500,000.00
19 Cidong 01			3,000,000.00		1,492,000,000.00	
19 Cishang 01			1,698,113.16		996,179,245.19	
19 Cishang 02			367,924.56		699,037,264.22	
Cixi Bus Toll Revenue Right Asset-Backed Specialized Plan (Cixi Bus ABS)-Preferred Asset-Backed Securities				30,000,000.00	365,000,000.00	32,000,000.00
20 Cijiao 01			240,000.00		499,240,000.00	
20 Cijiao 02			450,000.00		499,175,000.00	
20 Cixi Jiantou MTN001			500,000.00		499,166,666.67	
20 Cijian 01			960,000.00		797,120,000.00	
20 Zhe Cixi Jiantou ZR001			900,000.00		598,500,000.00	
21 Cixi Transportation PPN001	500,000,000.00	-1,200,000.00	173,333.33		498,973,333.33	
21 Cixi Commerce and Trade PPN001	1,000,000,000.00	-2,810,800.00	702,700.02		997,891,900.02	
21 Cixi Jiantou MTN001	500,000,000.00	-1,500,000.00	416,666.67		498,916,666.67	
21 Cixi 01	900,000,000.00	-2,700,000.00	450,000.00		897,750,000.00	
21 Cixi 02	600,000,000.00	-1,800,000.00	100,000.00		598,300,000.00	
21 Cicheng 01	500,000,000.00	-500,000.00	135,416.67		499,635,416.67	
21 Cicheng 02	500,000,000.00	-500,000.00	72,916.67		499,572,916.67	
Total	4,500,000,000.00	-11,010,800.00	23,554,133.45	1,290,000,000.00	15,861,958,533.07	421,500,000.00

Notes:

- In July 2021, Ningbo Cixi Transportation Group Co., Ltd., a subsidiary of the Company, issued CNY500.00 million of the first tranche of targeted debt

financing instrument for the year 2021 (referred to as: 21 Cixi Transportation PPN001). The bonds have a maturity of 5 years, with an option for the issuer to adjust the coupon rate at the end of the 3rd year and an investor resale option, and bear interest on an annual basis using simple interest at a coupon rate of 3.77% with a 19 July 2021 interest commencement date. The bonds are guaranteed by Cixi State-owned Assets Investment Holding Co., Ltd. with full, unconditional and irrevocable joint and several liability guarantee.

- In March 2021, Ningbo Cixi Industry and Trade Group Co., Ltd., a subsidiary of the **Company**, issued CNY1.00 billion of the first tranche of the targeted debt financing instrument for the year 2021 (referred to as: 21 Cixi Commerce and Trade PPN001). The bonds have a maturity of 5 years, with an option for the issuer to adjust the coupon rate at the end of the 3rd year and an investor resale option, and bear interest on an annual basis using simple interest at a coupon rate of 4.30%, with an interest commencement date of 4 March 2021. The bonds are guaranteed by Cixi State-owned Assets Investment Holding Co., Ltd. with full, unconditional and irrevocable joint and several liability.
- In March 2021, Ningbo Cixi Construction Group Co., Ltd., a subsidiary of the **Company**, issued the first tranche of medium-term notes for the year 2021 (referred to as: 21 Cixi Jiantou MTN001) of CNY500.00 million. The bonds have a maturity of 3 years and bear interest on an annual basis using simple interest at a coupon rate of 3.85% with an interest commencement date of 12 March 2021.
- In July 2021, Ningbo Cixi Construction Group Co., Ltd., a subsidiary of the **Company**, issued the first tranche of 2021 private corporate bonds (referred to as 21 Cixi 01) amounting to CNY900.00 million. The bonds have a maturity of 5 years, with an option for the issuer to adjust the coupon rate at the end of the third year and an investor resale option, and bear interest annually at a coupon rate of 3.57% on a simple interest basis, with an interest commencement date of 26 July 2021. The bonds are guaranteed by Cixi State-owned Assets Investment Holding Co., Ltd. with unconditional and irrevocable joint and several liability.
- In November 2021, Ningbo Cixi Construction Group Co., Ltd., a subsidiary of the **Company**, issued the second tranche of the 2021 private corporate bonds (referred to as: 21 Cixi 02) of CNY600.00 million. The bonds have a maturity of 5 years, with an option for the issuer to adjust the coupon rate at the end of the 3rd year and an option for investors to resell the bonds, and bear interest on an annual basis using simple interest at a coupon rate of 3.60%, with an interest commencement date of 12 November 2021. The bonds are guaranteed by Cixi State-owned Assets Investment Holding Co., Ltd. with full unconditional and irrevocable joint and several liability.
- In June 2021, the **Company's** subsidiary, Cixi Xinchenghe Construction Investment Company Limited, issued CNY500.00 million of 2021 private corporate bonds (Phase I) (referred to as 21 Cixi 01). The bond has a maturity of 3

years with an option for the issuer to adjust the coupon rate at the end of the 2nd year and an investor's resale option, and bears interest on an annual basis using simple interest at a coupon rate of 3.88%, with an interest commencement date of 18 June 2021. The bonds are guaranteed by Cixi State-owned Assets Investment Holding Co., Ltd. with full, unconditional and irrevocable joint and several liability.

- In September 2021, the **Company's** subsidiary, Cixi Xinchenghe Construction Investment Co., Ltd., issued CNY500.00 million of 2021 private corporate bonds (Phase II) (referred to as 21 Cixi 02). The bond has a maturity of 3 years, with an option for the issuer to adjust the coupon rate at the end of the 2nd year and an investor resale option, and bears interest on an annual basis using simple interest at a coupon rate of 3.56%, with an interest commencement date of 17 September 2021. The bonds are guaranteed by Cixi State-owned Assets Investment Holding Co., Ltd. with full, unconditional and irrevocable joint and several liability.

5.35 Lease Liabilities

Items	31 Dec. 2021	31 Dec. 2020
Lease payment	23,944,900.00	-
Less: Unrecognized finance charges	10,345,904.80	-
Sub-total	13,598,995.20	-
Less: Lease liabilities maturing within one year	2,180,883.24	-
Total	11,418,111.96	-

5.36 Long-term Payables

(a) Long-term payables by category

Items	31 Dec. 2021	31 Dec. 2020
Long-term payables	8,185,190,560.79	6,674,595,175.44
Specific items payable	1,446,122,845.19	1,590,363,522.89
Sub-total	9,631,313,405.98	8,264,958,698.33
Less: Long-term payables maturing within one year	1,598,537,945.65	1,374,728,488.01
Total	8,062,775,460.33	6,890,230,210.32

(b) Long-term payables by nature:

Items	31 Dec. 2021	31 Dec. 2020
Finance lease	3,861,556,571.91	4,415,938,579.63
Local government bonds	3,110,000,000.00	570,000,000.00
China Development Bank	449,686,829.77	502,212,612.24
Others	763,947,159.11	1,186,443,983.57
Sub-total	8,185,190,560.79	6,674,595,175.44
Less: Long-term payables maturing within one year	1,598,537,945.65	1,374,728,488.01
Total	6,586,652,615.14	5,299,866,687.43

(c) Specific items payable

Items	31 Dec. 2020	Increase during the reporting period	Decrease during the reporting period	31 Dec. 2021
Cixi Middle School	320,800,789.98	556,960.00		321,357,749.98
Cidong Town Infrastructure Project	290,602,902.00		290,602,902.00	
Xinchenghe Project	82,330,000.00	73,030,000.00		155,360,000.00
Celadon Heritage Park Project	50,000,000.00		50,000,000.00	
Youth palace	42,000,000.00			42,000,000.00
Specialized funds for the Institute of Medicine and Industry allocated by the Science and Technology Agency (STA)	30,000,000.00			30,000,000.00
Allocated by CETIC	302,000,000.00			302,000,000.00
Canghai Cihu Agricultural Creator Base Project	8,000,000.00			8,000,000.00
Experimental Primary School	10,800,000.00		10,800,000.00	
Cidong Industrial Infrastructure Project	4,000,000.00			4,000,000.00
Hangzhou Vocational Gymnasium	3,666,159.03		3,666,159.03	
National Physical Fitness Monitoring	107,924.00			107,924.00
News Center	19,512.88			19,512.88
Funding for Smart Stadium Renovation	298,100.00		12,722.67	285,377.33
Funding for Stadium Smart Fitness Facility 3.0 Project		250,000.00		250,000.00
Specialized funds for the Office of Human Security	60,000,000.00			60,000,000.00
Ningbo-Hangzhou Bay Diversion Project	118,341,435.00	10,398,286.00		128,739,721.00
Experimental No.3 Elementary School East Campus	15,100,000.00	12,877,860.00	8,400,000.00	19,577,860.00
New construction of nine-year integrated system at San Chiu Tong	194,000,000.00	156,990,000.00	93,850,000.00	257,140,000.00
Zhejiang Industrial and Commercial Vocational and Technical College Xingzhi Vocational School Cooperative School-Running Construction Project		53,500,000.00		53,500,000.00
Mingyue Lake Plate Infrastructure Project and South Side Coastal Landscape Enhancement Project	50,000,000.00			50,000,000.00

Items	31 Dec. 2020	Increase during the reporting period	Decrease during the reporting period	31 Dec. 2021
Integrated service station construction project	2,500,000.00			2,500,000.00
Emergency works for the central barrier on the old national highway	5,796,700.00	5,488,000.00		11,284,700.00
Total	1,590,363,522.89	313,091,106.00	457,331,783.70	1,446,122,845.19

5.37 Deferred Income

(a) Details of deferred income

Items	31 Dec. 2020	Increase during the reporting period	Decrease during the reporting period	31 Dec. 2021
Government grants	298,934,894.49	91,134,918.91	129,496,246.01	260,573,567.39
Total	298,934,894.49	91,134,918.91	129,496,246.01	260,573,567.39

(b) Items related to government grants

Item	31 Dec. 2020	Increase during the reporting period	Recognised in other income during the reporting period	Other changes	31 Dec. 2021	Related to assets/Related to profit or loss
Vehicle purchase grants	174,719,728.15	60,074,813.89	51,503,602.56		183,290,939.48	Related to assets
Road network renovation and upgrading project	43,000,000.00				43,000,000.00	Related to assets
Ancillary Facilities Supporting Project	13,789,891.00		6,546,090.51		7,243,800.49	Related to assets
High-quality and efficient cultivation project	13,000,000.00		13,000,000.00			Related to assets
International Center for Agricultural Wisdom (Research Institute, Sanno Exhibition Hall, experimental planting)	1,332,568.63				1,332,568.63	Related to assets
Meat and Vegetable Traceability System Construction Grant	1,580,000.00		1,580,000.00			Related to assets
Subsidies for field stations	330,436.00		165,225.00		165,211.00	Related to assets
Hangzhou-Ningbo Duplicate Line	38,188,324.00			-38,188,324.00		Related to assets
Cixi East Diversion Project		16,270,000.00			16,270,000.00	Related to assets
18 Cixi State Investment MTN001 Subsidy for Underwriting Fee of Chinese Note	3,250,000.00		1,697,802.20		1,552,197.80	Related to profit or loss
Provision for daily operation of gymnasium	2,221,712.01	1,510,300.00	1,882,279.49		1,849,732.52	Related to profit or loss

Item	31 Dec. 2020	Increase during the reporting period	Recognised in other income during the reporting period	Other changes	31 Dec. 2021	Related to assets/Related to profit or loss
Operating subsidies	3,095,035.00	3,279,805.02	3,329,805.02		3,045,035.00	Related to profit or loss
Funds allocated to ECCI	4,427,199.70	10,000,000.00	11,603,117.23		2,824,082.47	Related to profit or loss
Total	298,934,894.49	91,134,918.91	91,307,922.01	-38,188,324.00	260,573,567.39	

5.38 Other Non-current Liabilities

Items	31 Dec. 2021	31 Dec. 2020
Water Supply - Pipeline Construction	157,345,821.44	
Wealth Management Direct Financing Tools	987,480,000.00	
Total	1,144,825,821.44	

5.39 Paid-in Capital

Investment entity	31 Dec. 2020		Increase during the reporting period	Decrease during the reporting period	31 Dec. 2021	
	Amount	Proportion of ownership interest (%)			Amount	Proportion of ownership interest (%)
Cixi State-owned Assets Management Center	720,000,000.00	90.00	632,203,665.92		1,352,203,665.92	90.15
Zhejiang Finance Development Company	80,000,000.00	10.00	67,796,334.08		147,796,334.08	9.85
Total	800,000,000.00	100.00	700,000,000.00		1,500,000,000.00	100.00

Note: Cixi City State-owned Assets Management Center increased its capital by CNY632,203,665.92 during the period, and its shareholding ratio was changed to 90.15%; Zhejiang Finance Development Company increased its capital by CNY67,796,334.08 during the period, and its shareholding ratio was changed to 9.85%.

5.40 Capital Reserves

Items	31 Dec. 2020	Increase during the reporting period	Decrease during the reporting period	31 Dec. 2021
Capital premium	-369,487,656.20	768,546,729.91	905,779.18	398,153,294.53
Other capital reserves	44,274,218,852.31	470,320,115.22	92,094.25	44,744,446,873.28
Total	43,904,731,196.11	1,238,866,845.13	997,873.43	45,142,600,167.81

Note: Changes and relevant reasons for capital reserves

- According to the documents of Cixi City State-owned Assets Management Center, Cixi Industrial Investment Co., Ltd. and its subsidiaries were gratuitously transferred to the **Company**, increased the capital premium by CNY667,139,589.91.

- According to the document of Cixi City State-owned Assets Management Center, the actual appropriation was allocated to the **Company** as governmental input, increased the capital premium by CNY101,407,140.00.
- According to the documents of Cixi City State-owned Assets Management Center, the assets of Shaoao Lake Municipal Reservoir were appraised and valued at CNY142,301,116.83 and injected into the subsidiary Cixi Raw Water Co., Ltd. and processed for the certificate of right, which increased the other capital surplus by CNY142,301,116.83.
- In accordance with Ci Cai (2018) No.101, the actual appropriation was allocated to the subsidiary Cixi Agricultural Investment Development Co., Ltd., which was credited to other capital surplus of CNY8.00 million as governmental input.
- According to the documents of Cixi City Circum-Hangzhou Bay Innovation Center, the actual appropriation was allocated to Cixi Cultural Business District Development Co., Ltd. as governmental inputs, which was credited to other capital surplus of CNY200.00 million.
- Other changes in equity of Cixi CiDong Town Construction Investment Development Co., Ltd., an associate of the **Company**, increased other capital surplus by CNY27,825,778.20 during the period.
- According to the documents of Cixi City State-owned Assets Management Center, it was gratuitously transferred to Cixi Seed Co., Ltd. during the period, which increased other capital surplus by CNY6,637,882.25.
- According to Document No.36 of Cixi State-owned Assets (2020), the assets of the former office building belonging to the Municipal Water Conservancy Bureau and the building in Donghe District were appraised at CNY13,999,759.00 and injected into the subsidiary, Cixi Water Conservancy Investment and Construction Co., Ltd., and went through the procedures of asset booking and transfer of warrants, which increased the other capital surplus by CNY13,999,759.00.
- According to Document No.32 of Cixi State-owned Assets (2020), the assets of the former office building of the Social Security Department were appraised at CNY6,338,500.00 and injected into the subsidiary, Cixi Haidu Agricultural Development Co., Ltd. and went through the procedures of booking the assets and transferring the right certificates, thus increased the other capital surplus by CNY6,338,500.00.
- Pursuant to CiTransportation Group (2021) No.24 and CiState-owned Assets (2021) No.34, Cixi Transportation Comprehensive Service Center gratuitously transferred 100.00% equity interest in Cixi Jiangnan Road Development Co., Ltd. to the **Company**, which increased other capital surplus by CNY19,194,100.74.
- According to the minutes of the meeting related to the construction of bus shelters (signboards), etc., Cixi Municipal Bureau of Transportation transferred the bus shelters to the subsidiary bus shelters at no cost, which increased other capital

surplus by CNY13,049,200.00.

- Pursuant to Ci Guoshu (2021) No.70, Cixi State-owned Assets Management Center decided to inject Hangzhou-Ningbo Natural Gas Pipeline Cixi Branch Line into the **Company** at the appraised value, increased other capital surplus by CNY32,362,000.00.
- According to the documents of Cixi State-owned Assets Management Center, 100.00% equity interest of Cixi Xirang Construction Development Co., Ltd. was gratuitously transferred to the **Company**, which decreased the capital surplus premium by CNY905,779.18 due to the negative net assets at the point of transfer.

5.41 Specific Reserves

Items	31 Dec. 2020	Increase during the reporting period	Decrease during the reporting period	31 Dec. 2021
Safety fund	10,542,796.80	2,471,377.32	2,460,433.61	10,553,740.51
Total	10,542,796.80	2,471,377.32	2,460,433.61	10,553,740.51

5.42 Surplus Reserves

Items	31 Dec. 2020	Changes in accounting policies	1 Jan. 2021	Increase during the reporting period	Decrease during the reporting period	31 Dec. 2021
Statutory surplus reserves	23,196,086.10	-116,120.31	23,079,965.79	11,843,193.04	-	34,923,158.83
Total	23,196,086.10	-116,120.31	23,079,965.79	11,843,193.04	-	34,923,158.83

Changes and relevant reasons for surplus reserves

Pursuant to the **Company** Law of the People's Republic of China and Articles of Association, the **Company** appropriates 10.00% of net profit to the statutory surplus reserves.

5.43 Retained Earnings

Items	2021	2020
Balance at the end of last period before adjustments	2,209,405,807.60	1,783,676,464.42
Adjustments for the opening balance (increase /(decrease))	-158,347,481.42	
Balance at the beginning of the reporting period after adjustments	2,051,058,326.18	1,783,676,464.42
Add: net profit attributable to owners of the parent company for the reporting period	371,380,626.88	453,418,268.79
Less: appropriation to statutory surplus reserves	11,843,193.04	2,542,611.26
Appropriation to discretionary surplus reserves		
Provision for general risk reserves	-	-
Payment of ordinary share dividends	15,400.00	994,728.53
Ordinary shares dividends converted into share capital	-	-
Internal restructuring of owners' equity	-	-17,536,603.33

Items	2021	2020
Balance at the end of the reporting period	2,410,580,360.02	2,216,020,790.09

Adjustments for the opening balance:

- As a result of the correction of significant accounting errors, the impact on the retained earnings at the beginning of the period was CNY6,614,982.49.
- As a result of the change in accounting policy, the impact on the retained profit at the beginning of the period was -CNY164,962,463.91.

5.44 Revenue and Cost of Sales

(a) Revenue and cost of sales

Items	2021		2020	
	Revenue	Costs of sales	Revenue	Costs of sales
Principal activities	2,848,140,243.88	2,844,027,234.09	2,403,515,644.35	2,394,324,915.15
Other activities	228,120,075.45	62,613,671.63	149,189,093.32	49,295,872.48
Total	3,076,260,319.33	2,906,640,905.72	2,552,704,737.67	2,443,620,787.63

(b) Revenue and cost of sales by category

Items	2021		2020	
	Revenue	Costs of sales	Revenue	Costs of sales
I. Principal activities:				
House sales revenue	279,697,347.19	236,554,781.65	146,295,820.43	139,999,702.11
Reclamation land auction revenue			52,204,800.00	13,351,599.92
Transportation revenue	141,255,328.61	421,584,185.86	120,395,945.10	411,100,080.92
Grain revenue	100,758,635.41	105,048,599.89	153,008,143.74	156,514,280.50
Lease revenue	124,811,387.36	177,906,510.28	131,510,975.66	163,108,999.47
Revenue from land transfers	274,437,495.29	266,444,170.18	184,804,595.17	179,421,937.06
Construction revenue	632,117,756.93	631,123,917.63	679,615,220.48	654,381,975.39
Test revenue	46,643,388.23	5,915,239.88	37,304,362.85	5,756,877.22
Project Settlement	16,935,462.79	13,972,231.95	21,116,787.97	17,768,094.87
Tap water sales	423,238,410.02	285,250,879.04	384,110,341.06	257,358,998.88
Tourism revenue	1,099,799.58		26,018.64	
Commodity sales revenue	311,256,693.06	275,186,608.27	125,511,123.99	101,475,111.75
Revenue from repairs	3,164,877.81	2,712,396.03	2,947,150.73	2,413,646.52
Gas sales	304,230,211.33	274,413,647.87	198,646,347.72	179,320,286.84
Advertisement revenue	21,941,927.72	6,447,799.58	24,024,244.96	7,251,046.84
Security revenue	72,648,460.94	67,343,921.69	52,348,956.06	39,763,386.85

Items	2021		2020	
	Revenue	Costs of sales	Revenue	Costs of sales
Raw water revenue	11,758,662.59	18,303,879.72	10,118,072.91	13,564,311.96
Publication and distribution revenue	12,499,480.66	6,899,443.18	13,171,657.56	10,376,207.69
Printing revenue	10,658,556.15	11,626,935.50	10,178,417.10	13,104,838.10
Intermediary fee revenue	11,630,556.16	766,283.90	8,825,213.20	588,837.80
Others	47,355,806.05	36,525,801.99	47,351,449.02	27,704,694.46
Sub-total	2,848,140,243.88	2,844,027,234.09	2,403,515,644.35	2,394,324,915.15
II. Other activities:				
Lease revenue	114,091,494.44	38,969,745.25	78,730,305.62	27,021,897.59
Material sales			6,054,069.54	1,979,281.28
Installation revenue	8,261,026.82	4,226,044.78	22,752,814.81	13,486,804.75
Fiduciary operating revenue	15,366,972.48	3,485,681.29	15,366,972.48	2,378,922.51
Slagging revenue	38,305,990.70	843,559.61		
Revenue from land transfers	26,192,660.56	10,441,334.85		
Others	25,901,930.45	4,647,305.85	26,284,930.87	4,428,966.35
Sub-total	228,120,075.45	62,613,671.63	149,189,093.32	49,295,872.48
Total	3,076,260,319.33	2,906,640,905.72	2,552,704,737.67	2,443,620,787.63

5.45 Taxes and Surcharges

Items	2021	2020
Urban maintenance and construction tax	4,194,216.92	2,423,703.98
Educational surcharge	1,948,678.00	989,833.68
Local education surcharge	1,131,954.27	600,410.13
Land value added tax	15,876,736.59	3,119,830.63
Stamp duty	3,869,732.65	5,939,690.90
Property tax	17,821,988.06	17,008,539.47
Urban land use tax	10,264,475.90	6,713,294.22
Water conservancy construction fund		498.29
Vehicle and vessel usage tax	22,626.55	26,754.17
Environmental protection tax	67.95	
Others		27,823.57
Total	55,130,476.89	36,850,379.04

5.46 Finance Costs

Items	2021	2020
Interest expenses	290,944,434.51	247,830,518.17
Less: Interest income	105,672,680.22	78,752,321.55
Net interest expenses	185,271,754.29	169,078,196.62
Bank charges	2,189,729.88	1,692,045.84
Others	11,046,666.67	10,584,078.62
Total	198,508,150.84	181,354,321.08

5.47 Other Income

Items	2021	2020	Related to assets or income
I. Amount in other income of government subsidies	1,086,417,721.82	810,285,807.44	
Among them: Government grant related to deferred income	72,794,918.07	53,312,043.49	Related to assets
Government grant related to deferred income	18,513,003.94	17,482,926.98	Related to income
Government grant directly recognised in current profit or loss (related to income)	995,109,799.81	739,490,836.97	Related to income
II. Others related to daily operation activities and recognised in other income	4,614,972.51	5,063,576.59	
Among them: Tax rebates	4,337,231.40	5,063,576.59	
VAT relief	230,809.64		
Individual tax withholding fee	32,369.09		
Additional deduction for input tax	14,562.38		
Total	1,091,032,694.33	815,349,384.03	

5.48 Investment Income

Items	2021	2020
Investment income from long-term equity investments under equity method	6,505,397.01	25,937,416.55
Investment income from available-for-sale financial assets during holding period		18,000.00
Investment income from held-for-trading financial assets during holding period	34,800.00	
Dividend income from other equity instrument income during holding period	766,750.00	
Others	50,000.00	
Total	7,356,947.01	25,955,416.55

5.49 Gains/(losses) from Changes in Fair Values

Items	2021	2020
Held-for-trading financial assets	-5,923,625.69	
Total	-5,923,625.69	

5.50 Credit Impairment Losses

Items	2021	2020
Bad debt of accounts receivable	7,333,634.16	-
Bad debt of other receivables	-2,780,942.21	
Total	4,552,691.95	-

5.51 Impairment Loss of Assets

Items	2021	2020
Bad debt of receivables	-	377,010.98
Total	-	377,010.98

5.52 Gains from Disposal of Assets

Items	2021	2020
Gains/(losses) from disposal of property, plant and equipment, construction in progress, and intangible assets not classified as held for sale	3,886,777.86	226,546,227.42
Including: Gains/(losses) from disposal of property, plant and equipment		70,090,691.68
Intangible assets/Construction in progress	3,886,777.86	156,455,535.74
Total	3,886,777.86	226,546,227.42

5.53 Non-operating Income

Items	2021	2020
Gain from damage or scrappage of non-current assets	62,587.90	28,004.00
Confiscated income	2,609,110.43	105,147.67
Insurance payout	3,700.00	
Others ⁽ⁱ⁾	28,594,397.63	4,640,193.92
Total	31,269,795.96	4,773,345.59

Note:

- (i) Others were mainly the **Company's** debt of CNY21.00 million to Cixi Zhouxiang Town Construction Investment Development Co., Ltd. which was recognized as not subject to repayment through an agreement.

5.54 Non-operating Expenses

Items	2021	2020
Donations	554,128.88	537,362.00
Loss from damage or scrappage of non-current assets	2,994,159.26	42,137,103.86
Fine expenditure	206,679.53	174,517.32

Items	2021	2020
Others	684,200.68	3,219,098.06
Total	4,439,168.35	46,068,081.24

5.55 Income Tax Expenses

Items	2021	2020
Current tax expenses	47,760,588.07	50,921,214.12
Deferred tax expenses	-1,282,419.26	868,410.55
Total	46,478,168.81	51,789,624.67

5.56 Supplementary Information to the Statement of Cash Flows**(a) Supplementary information to the statement of cash flows**

Supplementary information	2021	2020
I. Adjustments of net profit to cash flows from operating activities:	-	-
Net profit	373,899,878.82	449,138,587.02
Add: Provisions for impairment of assets		-377,010.98
Credit impairment losses	-4,552,691.95	
Depreciation of property, plant and equipment, investment properties	479,960,178.07	390,611,030.89
Depreciation of right-of-use assets	6,032,714.50	
Amortization of intangible assets	39,197,941.01	27,560,774.16
Amortization of long-term deferred expenses	31,497,342.55	20,694,870.21
Losses /(gains) on disposal of property, plant and equipment, intangible assets and other long-term assets	-3,886,777.86	-226,546,227.42
Losses /(gains) on scrapping of property, plant and equipment	2,931,571.36	42,109,099.86
Losses /(gains) on changes in fair value	5,923,625.69	
Finance costs /(income) recognized in profit or loss	293,944,434.51	514,320,818.17
Investment losses /(income) recognized in profit or loss	-7,356,947.01	-25,955,416.55
Decreases /(increases) in deferred tax assets	-3,200,281.69	241,455.56
Increases /(decreases) in deferred tax liabilities	1,917,618.74	696,070.16
Decreases /(increases) in inventories	-4,108,817,671.80	-5,370,189,103.57
Decreases /(increases) in operating receivables	-1,787,961,516.25	1,808,917,631.27
Increases /(decreases) in operating payables	5,669,837,441.73	-993,199,622.58
Others	5,413,858.33	-2,088,395.32
Net cash flows from operating activities	994,780,718.75	-3,364,065,439.12
II. Significant investing and financing activities not involving cash receipts and payments:	-	-
Conversion of debt into capital	-	-
Convertible corporate bonds maturing within one year	-	-

Supplementary information	2021	2020
Property, plant and equipment acquired under finance leases	-	-
III. Net increases in cash and cash equivalents:	-	-
Cash at the end of the reporting period	11,422,792,254.33	7,197,149,787.12
Less: Cash at the beginning of the reporting period	7,197,149,787.12	7,062,808,425.43
Add: Cash equivalents at the end of the reporting period	-	-
Less: Cash equivalents at the beginning of the reporting period	-	-
Net increase in cash and cash equivalents	4,225,642,467.21	134,341,361.69

(b) The components of cash and cash equivalents

Items	31 Dec. 2021	31 Dec. 2020
I. Cash	11,420,693,900.42	7,197,149,787.12
Including: Cash on hand	337,861.17	324,034.75
Cash in bank available for immediate use	11,426,644,309.37	7,196,698,843.24
Other monetary funds available for immediate use	115,293.99	126,909.13
II. Cash equivalents	-	-
Including: Bond investments maturing within three months	-	-
III. Cash and cash equivalents at the end of the reporting period	11,420,693,900.42	7,197,149,787.12

5.57 Restricted Assets

Items	31 Dec. 2021	Reason
Cash and cash equivalents	1,942,065,787.70	Restrictions on pledging bank borrowings, borrowing margins
Inventories	271,963,769.02	Mortgage for bank loan
Property, plant and equipment	302,281,746.07	Mortgage for bank loan
Intangible assets	6,713,621,091.16	Mortgage for bank loan
Investment properties	4,489,572,199.63	Mortgage for bank loan
Other non-current assets	250,806,483.40	Mortgage for bank loan
Project income rights ⁽ⁱ⁾		Restricted pledge of bank loans
Total	13,970,311,076.98	

Note:

(i) The details of the project's restricted rights to income are as follows:

Asset ownership unit	Asset items
Cixi Affordable Housing Construction Investment Co., Ltd.	Cixi Zhouxiang Town Dilapidated Housing Rehabilitation Project
Cixi Minghong Construction Investment Co., Ltd.	Cixi City Dilapidated Housing Rehabilitation Phase I Project

Asset ownership unit	Asset items
Cixi Minghong Construction Investment Co., Ltd.	Cixi City Dilapidated Housing Rehabilitation Phase II (D, E and Second Water Plant Lot) Project
Cixi Minghong Construction Investment Co., Ltd.	Cixi City Dilapidated Housing Rehabilitation Phase II (Chengdong, Jinshan and Other Blocks) Project
Cixi Haihong Construction Investment Co., Ltd.	Boundary Crossing Comprehensive Improvement Phase II Project
Cixi Haihong Construction Investment Co., Ltd.	Cixi City West Second Ring North Extension Shantytown Renovation Project
Cixi Tianhong Construction Investment Co., Ltd.	Cixi City North Second Ring East Old City Renovation and Demolition Project
Cixi Chengnan Construction Investment Co., Ltd.	Cixi Tianxiangqiao Block Shantytown Renovation Project
Cixi Xinchenghe Construction Investment Co., Ltd.	Cixi Sizaopu South Extension (Xincheng River) Widening Phase I Project
Ningbo Cixi Transportation Group Co., Ltd.	Ningbo Shengshan-Lubu Highway (Shengshan-Henghe Section) Project
Ningbo Cixi Agricultural Tourism Group Co., Ltd.	Sizao Widening Project

5.58 Government Grants

(a) Government grants related to assets

Categories	Amount	Accounts recorded	Amount in profit or loss or written down the related cost and expense loss	Accounts recorded in profit or loss or written down the related cost and expense loss
Vehicle purchase grants	60,074,813.89	Deferred Income	51,503,602.56	Other Income
Cixi East Diversion Project	16,270,000.00	Deferred Income		
Total	76,344,813.89		51,503,602.56	

(b) Government grants related to income

Categories	Amount	Accounts recorded	Amount in profit or loss or written down the related cost and expense loss	Accounts recorded in profit or loss or written down the related cost and expense loss
Provision for daily operation of the gymnasium	1,510,300.00	Deferred income		
Operating subsidies	3,279,805.02	Deferred income	234,770.02	Other income

Categories	Amount	Accounts recorded	Amount in profit or loss or written down the related cost and expense loss	Accounts recorded in profit or loss or written down the related cost and expense loss
Funds allocated to ECCI	10,000,000.00	Deferred income	7,175,917.53	Other income
Transportation operating subsidies	312,391,364.93		312,391,364.93	Other income
Subsidies for infrastructure construction in high-tech industrial parks	32,000,000.00		32,000,000.00	Other income
Maintenance grants for infrastructure development in the south of the city	122,000,000.00		122,000,000.00	Other income
Maintenance grants for the construction and maintenance of the Xincheng River infrastructure	70,000,000.00		70,000,000.00	Other income
Subsidies for maintenance of cultural and commercial infrastructure	70,000,000.00		70,000,000.00	Other income
Water construction infrastructure construction and maintenance grants	130,000,000.00		130,000,000.00	Other income
Construction Group Infrastructure Maintenance Grant	70,000,000.00		70,000,000.00	Other income
Business Park development grants	40,000,000.00		40,000,000.00	Other income
Subsidies for industrial infrastructure projects in Cidong	78,590,000.00		78,590,000.00	Other income
Grain storage subsidies	37,623,113.10		37,623,113.10	Other income
Other government grants	32,505,321.78		32,505,321.78	Other income
Fiscal discount	168,112,500.00		168,112,500.00	Finance costs
Total	1,178,012,404.83		1,170,632,987.36	

6. CHANGES IN THE SCOPE OF CONSOLIDATION

6.1 Business Combination not Under Common control

(a) Business combination not under common control during the reporting period

Name of the acquirees	Date of acquiring the equity interests	Acquisition costs	Share of interest (%)	Ways to acquire the equity interests
Cixi Xirang Construction Development Co., Ltd.	31 Dec. 2021	-	100.00	Gratuitous transfer
Cixi Industrial Investment Co., Ltd.	21 Jun. 2021	-	100.00	Gratuitous transfer
Cixi Home Appliance Technology City Exhibition Management Co., Ltd.	21 Jun. 2021	-	100.00	Gratuitous transfer
Cixi Foreign Trade Group Co., Ltd.	21 Jun. 2021	-	100.00	Gratuitous transfer
Anlong Cigong Industrial Park Management Co., Ltd.	21 Jun. 2021	-	100.00	Gratuitous transfer
Cixi Technology Venture Capital Co., Ltd.	21 Jun. 2021	-	100.00	Gratuitous transfer
Cixi Fuci Intelligent Technology Co., Ltd.	21 Jun. 2021	-	100.00	Gratuitous transfer
Jiahui Commercial Factoring Co., Ltd.	21 Jun. 2021	-	100.00	Gratuitous transfer
Cixi SME Financing Guarantee Co., Ltd.	21 Jun. 2021		100.00	Gratuitous transfer
Cixi Industrial and Information Industry Fund Co., Ltd.	21 Jun. 2021		100.00	Gratuitous transfer
Cixi Seed Co., Ltd.	28 Sept. 2021		100.00	Gratuitous transfer
Cixi Jiangnan Road Development Co., Ltd.	27 Jul. 2021	-	100.00	Gratuitous transfer

(Continue)

Name of the acquirees	Acquisition date	Basis for the acquisition date	Revenue of the acquirees from the acquisition date to the end of the reporting period	Net profits of the acquirees from the acquisition date to the end of the reporting period
Cixi Xirang Construction Development Co., Ltd.	31 Dec. 2021	Equity transfer date		
Cixi Industrial Investment Co., Ltd.	21 Jun. 2021	Equity transfer date		-20,057,210.77
Cixi Home Appliance Technology City Exhibition Management Co., Ltd.	21 Jun. 2021	Equity transfer date	216,666.67	-6,710,424.90
Cixi Foreign Trade Group Co., Ltd.	21 Jun. 2021	Equity transfer date		-6,799.05

Name of the acquirees	Acquisition date	Basis for the acquisition date	Revenue of the acquirees from the acquisition date to the end of the reporting period	Net profits of the acquirees from the acquisition date to the end of the reporting period
Anlong Cigong Industrial Park Management Co., Ltd.	21 Jun. 2021	Equity transfer date		-448.23
Cixi Technology Venture Capital Co., Ltd.	21 Jun. 2021	Equity transfer date	296,323.02	-2,659,032.06
Cixi Fuci Intelligent Technology Co., Ltd.	21 Jun. 2021	Equity transfer date		768,961.70
Cixi SME Financing Guarantee Co., Ltd.	21 Jun. 2021	Equity transfer date		989,198.04
Cixi Industrial and Information Industry Fund Co., Ltd.	21 Jun. 2021	Equity transfer date		-4,227,953.05
Cixi Seed Co., Ltd.	28 Sept. 2021	Equity transfer date	635,515.61	-926,302.02
Cixi Jiangnan Road Development Co., Ltd.	27 Jul. 2021	Equity transfer date	1,393,097.33	1,495,552.39

Note: At the point of equity acquisition, Home Appliances Science and Technology City Company, Foreign Trade Company, Anlong Cigong Company, Science and Technology Venture Capital Company, Fuci Intelligent Company, Small and Medium-sized Enterprises Financing Guarantee Company and Industrial and Information Industry Fund Company were wholly-owned subsidiaries held by Cixi Industrial Investment Company.

(b) Combination costs

Cixi Industrial Investment Company, Home Appliances Science and Technology City Company, Foreign Trade Company, Anlong Cigong Company, Science and Technology Venture Capital Company, Fuci Intelligent Company, Jiahui Commercial Factoring Company, Small and Medium-sized Enterprises Financing and Guarantee Company, Industrial and Information Industry Fund Company and Cixi Seed Company were transferred to the **Company** at no cost, and the cost of consolidation was zero.

(c) Identifiable assets and liabilities of the acquirees as at acquisition date

Items	Cixi Industrial Investment Co., Ltd. (Consolidated)		Cixi Seed Co., Ltd.	
	Fair value	Carrying amount	Fair value	Carrying amount
Assets:				
Cash and cash equivalents	409,648,029.79	409,648,029.79	916,622.35	916,622.35
Held-for-trading financial assets	11,152,625.69	11,152,625.69		

Items	Cixi Industrial Investment Co., Ltd. (Consolidated)		Cixi Seed Co., Ltd.	
	Fair value	Carrying amount	Fair value	Carrying amount
Accounts receivable			559,838.00	559,838.00
Prepayments	168,123,900.00	168,123,900.00	48,000.00	48,000.00
Other receivables	122,790,354.19	122,790,354.19	800,500.00	800,500.00
Inventories	234,020.58	234,020.58	502,797.25	502,797.25
Long-term equity investments	880,721.33	880,721.33		
Investment properties	115,154,154.50	115,154,154.50		
Property, plant and equipment	230,964,251.38	230,964,251.38	266,911.22	266,911.22
Construction in progress	1,588,543.60	1,588,543.60		
Intangible assets	129,655,096.00	129,655,096.00	6,375,007.72	6,375,007.72
Long-term deferred expenses	14,312,126.89	14,312,126.89		
Deferred tax assets	300,102.74	300,102.74		
Other equity instrument investments	240,275,000.00	240,275,000.00		
Liabilities:				
Short-term borrowings			1,000,000.00	1,000,000.00
Accounts payable			1,079,517.50	1,079,517.50
Taxes payable	165,591.69	165,591.69	276.79	276.79
Other payables	327,548,060.14	327,548,060.14	752,000.00	752,000.00
Non-current liabilities maturing within one year	154,555,040.01	154,555,040.01		
Other current liabilities	4,807,858.52	4,807,858.52		
Long-term borrowings	246,600,000.00	246,600,000.00		
Long-term payables	42,500,000.00	42,500,000.00		
Deferred tax liabilities	1,762,786.42	1,762,786.42		
Net assets:	667,139,589.91	667,139,589.91	6,637,882.25	6,637,882.25
Less: Non-controlling interests				
Acquired net assets	667,139,589.91	667,139,589.91	6,637,882.25	6,637,882.25

(Continued)

Items	Cixi Xirang Construction Development Co., Ltd.		Cixi Jiangnan Road Development Co., Ltd.	
	Fair value	Carrying amount	Fair value	Carrying amount
Assets:				
Cash and cash equivalents	1,104,198,139.97	1,104,198,139.97	18,184,072.39	18,184,072.39
Accounts receivable			3,071,483.00	3,071,483.00

Items	Cixi Xirang Construction Development Co., Ltd.		Cixi Jiangnan Road Development Co., Ltd.	
	Fair value	Carrying amount	Fair value	Carrying amount
Prepayments	67,672,669.00	67,672,669.00		
Other receivables	199,059,565.00	199,059,565.00	615,443.41	615,443.41
Inventories			464,370.69	464,370.69
Other current assets	4,006,446.40	4,006,446.40		
Property, plant and equipment			2,539,914.15	2,539,914.15
Construction in progress	354,157,616.84	354,157,616.84		
Liabilities:				
Accounts payable			3,023,889.12	3,023,889.12
Advances from customers			1,243,008.35	1,243,008.35
Employee benefits payable			95,638.28	95,638.28
Taxes payable	214.39	214.39	257,669.80	257,669.80
Other payables	200,000,002.00	200,000,002.00	1,060,977.35	1,060,977.35
Long-term payables	1,530,000,000.00	1,530,000,000.00		
Net assets:	-905,779.18	-905,779.18	19,194,100.74	19,194,100.74
Less: Non-controlling interests				
Acquired net assets	-905,779.18	-905,779.18	19,194,100.74	19,194,100.74

(d) Gains or losses of the equity held before acquisition date, arising from remeasurement at fair value: There is no such item.

(e) On acquisition date or by the end of combination period, the explanation of failing to reasonably determine the combination consideration or fair value of acquiree's identifiable assets and liabilities: There is no such item.

6.2 Business Combination under Common Control

As at 31 December 2021, the **Company** has no business combination under common control.

6.3 Reverse Purchase

There is no such item.

6.4 Disposal of Subsidiaries

There is no such item.

6.5 Other Situations Leading to Changes in the Scope of Consolidation

(a) Ningbo Cixi Industry and Trade Group Co., Ltd., a first-tier subsidiary of the **Company**, contributed registered capital of CNY25.00 million for the establishment of Cixi West Livestock and Poultry Slaughtering and Processing Center Co., Ltd. and holds 100.00% equity interest in the company, which is included in the scope of consolidation. As at the date of the audit report, no actual

capital contribution had been made.

- (b) The **Company** and its subsidiaries contributed registered capital totaling CNY5,100.00 million to establish Cixi Yici Equity Investment Partnership (Limited Partnership), which holds 99.98% equity interest and is included in the scope of consolidation. As at the date of the audit report, no actual capital contribution had been made.
- (c) Ningbo Cixi Agricultural Tourism Group Co., Ltd., a first-tier subsidiary of the **Company**, contributed a registered capital of CNY10.00 million to establish Cixi Xinnong Cultural Tourism Development Co., Ltd. and holds 100.00% equity interest in the company, which is included in the scope of consolidation. As at the date of the audit report, no actual capital contribution had been made.
- (d) Ningbo Cixi Agricultural Tourism Group Co., Ltd., a first-tier subsidiary of the **Company**, contributed a registered capital of CNY10.00 million to establish Cixi Xinnong Cultural Tourism Development Co., Ltd. and holds 100.00% equity interest in the company, which is included in the scope of consolidation. As at the date of the audit report, no actual capital contribution had been made.
- (e) Ningbo Cixi Construction Group Co., Ltd., a first-tier subsidiary of the **Company**, contributed a registered capital of CNY1.00 million to establish Cixi Cijian Real Estate Management Co., Ltd., which holds 100.00% equity interest and is included in the scope of consolidation. As at the date of the audit report, no actual capital contribution had been made.
- (f) Ningbo Cixi Agricultural Tourism Group Co., Ltd., a subsidiary of the **Company** at the first level, contributed a registered capital of CNY1.00 million to establish Cixi Cijian Engineering Construction Co., Ltd. and holds 100.00% equity interest, which is included in the scope of consolidation. As at the date of the audit report, no actual capital contribution had been made.
- (g) Ningbo Cixi Agricultural Tourism Group Co., Ltd., a subsidiary of the **Company** at the first level, contributed a registered capital of CNY1.00 million to establish Cixi Cijian Engineering Consulting Co., Ltd. and holds 100.00% equity interest in it, which is included in the scope of consolidation. As at the date of the audit report, no actual capital contribution had been made.
- (h) Pursuant to the equity custodian agreement, the **Company's** subsidiary, Cixi CiDong Industrial Development Co., Ltd., entrusted the 35.00% equity interest held by Cixi CiDong Town Construction Investment Development Co., Ltd. to the operation and management of Cixi Longshan Town Asset Management Company, which is solely responsible for representing the shareholders' rights of its shareholders, and is therefore no longer included in the scope of consolidation.

7. INTERESTS IN OTHER ENTITIES

7.1 Interests in Subsidiaries

- (a) Constitution of enterprise group

Sequence number	Name of subsidiary	Principal place of business	Registered address	Percentage of equity interests by the Company (%)		Ways to acquire subsidiary
				Direct	Indirect	
1	Cixi Education Development Co., Ltd.	Cixi	Cixi		100.00	Business combination not under common control
2	Ningbo Cixi Construction Group Co., Ltd.	Cixi	Cixi	100.00		Business combination not under common control
3	Cixi Housing Development Investment Co., Ltd.	Cixi	Cixi		100.00	Business combination not under common control
4	Cixi Chengzheng Construction Engineering Testing Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
5	Cixi Tianhong Construction Investment Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
6	Cixi Minghong Construction Investment Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
7	Cixi Haihong Construction Investment Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
8	Cixi Shenghong Construction Investment Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
9	Cixi Jinhong Housing Service Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
10	Cixi Parking Lot Construction Management Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
11	Cixi Cihong Construction Investment Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
12	Cixi Coal Gas Co., Ltd.	Cixi	Cixi		100.00	Business combination not under common control
13	Cixi Park Investment Holding Co., Ltd.	Cixi	Cixi		100.00	Investment establishment

Sequence number	Name of subsidiary	Principal place of business	Registered address	Percentage of equity interests by the Company (%)		Ways to acquire subsidiary
				Direct	Indirect	
14	Cixi Cultural Business District Development Co., Ltd.	Cixi	Cixi	50.00	50.00	Investment establishment
15	Ningbo Huanchuang Asset Management Co., Ltd.	Cixi	Cixi	50.00	50.00	Investment establishment
16	Cixi Hangzhou Bay Modern Agricultural Development Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
17	Cixi Chengnan Construction Investment Co., Ltd.	Cixi	Cixi	50.00	50.00	Investment establishment
18	Cixi Xinxing Construction Investment Co., Ltd.	Cixi	Cixi	50.00	50.00	Investment establishment
19	Cixi Gaochuang Investment Management Co., Ltd.	Cixi	Cixi	50.00	50.00	Investment establishment
20	Cixi Xinchenghe Construction Investment Co., Ltd.	Cixi	Cixi	50.00	50.00	Investment establishment
21	Cixi Xinhua Construction Investment Co., Ltd.	Cixi	Cixi	50.00	50.00	Investment establishment
22	Cixi CiDong Industrial Development Co., Ltd.	Cixi	Cixi	50.00	50.00	Business combination not under common control
23	Cixi City CiDong Industrial Zone Seashore Farmers Market Management Service Co., Ltd.	Cixi	Cixi	50.00	50.00	Business combination not under common control
24	Cixi Water Supply Co., Ltd.	Cixi	Cixi	50.00	50.00	Business combination not under common control
25	Ningbo Binhai Aviation Engineering Technology Center Co., Ltd.	Cixi	Cixi	50.00	50.00	Investment establishment
26	Cixi Longxing Construction Co., Ltd.	Cixi	Cixi	50.00	50.00	Investment establishment
27	Ningbo Cixi Transportation Group Co., Ltd.	Cixi	Cixi	100.00		Business combination not under common

Sequence number	Name of subsidiary	Principal place of business	Registered address	Percentage of equity interests by the Company (%)		Ways to acquire subsidiary
				Direct	Indirect	
						control
28	Cixi Public Transport Co., Ltd.	Cixi	Cixi		100.00	Business combination not under common control
29	Cixi Transportation Logistics Development Co., Ltd.	Cixi	Cixi		100.00	Business combination not under common control
30	Cixi Traffic Station Management Co., Ltd.	Cixi	Cixi		100.00	Business combination not under common control
31	Cixi Highway Transportation Co., Ltd.	Cixi	Cixi		100.00	Business combination not under common control
32	Zhejiang Cixi Shinkansen Express Passenger Transport Co., Ltd.	Cixi	Cixi		65.00	Investment establishment
33	Cixi Jiaoyun Automobile Maintenance Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
34	Cixi Sanbei Taxi Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
35	Cixi Transportation Construction Investment Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
36	Cixi Railway Management Office Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
37	Cixi Jiaotou Comprehensive Energy Development Co., Ltd.	Cixi	Cixi		50.00	Investment establishment
38	Cixi Longshan Port and Shipping Service Co., Ltd.	Cixi	Cixi		90.00	Investment establishment
39	Cixi Zheyong Comprehensive Energy Sales Co., Ltd.	Cixi	Cixi		49.00	Investment establishment
40	Cixi Urban Construction Investment Development Co., Ltd.	Cixi	Cixi		100.00	Business combination not under common control

Sequence number	Name of subsidiary	Principal place of business	Registered address	Percentage of equity interests by the Company (%)		Ways to acquire subsidiary
				Direct	Indirect	
41	Cixi Agricultural Investment Development Co., Ltd.	Cixi	Cixi	100.00		Investment establishment
42	Cixi Agricultural Science and Technology Innovation Development Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
43	Ningbo Cixi Agricultural Tourism Group Co., Ltd.	Cixi	Cixi	100.00		Investment establishment
44	Cixi Haitu Agricultural Development Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
45	Cixi Water Conservancy Investment and Construction Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
46	Cixi Raw Water Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
47	Cixi Farmers Microfinance Guarantee Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
48	Cixi Guoli Land Resources Investment and Development Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
49	Cixi Zichuang Land Consolidation and Development Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
50	Cixi Cereal Depository Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
51	Cixi Reclamation Development Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
52	Cixi Tourism Development Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
53	Cixi Tourism Investment Development Co., Ltd.	Cixi	Cixi		100.00	Business combination not under common control
54	Ningbo Houmaoshan Tourism Development Co., Ltd.	Cixi	Cixi		90.00	Investment establishment
55	Cixi Wuleishan Scenic Area Investment and Development Co., Ltd.	Cixi	Cixi		88.37	Investment establishment

Sequence number	Name of subsidiary	Principal place of business	Registered address	Percentage of equity interests by the Company (%)		Ways to acquire subsidiary
				Direct	Indirect	
56	Ningbo Fulongshan Tourism Development Co., Ltd.	Cixi	Cixi		51.00	Investment establishment
57	Cixi Art Performance Co., Ltd.	Cixi	Cixi	100.00		Investment establishment
58	Cixi Celadon Oule Art Troupe Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
59	Cixi Property Rights Trading Center Co., Ltd.	Cixi	Cixi	100.00		Business combination not under common control
60	Ningbo Cixi Industry and Trade Group Co., Ltd.	Cixi	Cixi	100.00		Investment establishment
61	Cixi Metal Recycling Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
62	Cixi Civil Blasting Equipment Franchise Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
63	Cixi Foodstuff Co., Ltd.	Cixi	Cixi		51.45	Investment establishment
64	Cixi Home Appliance Service Center Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
65	Cixi Yangtze River Delta Market Group Investment Co., Ltd.	Cixi	Cixi		63.43	Investment establishment
66	Cixi Agricultural Non-staple Products Wholesale Market Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
67	Cixi Culture and Sports Development Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
68	Cixi Film Distribution and Projection Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
69	Cixi Construction Project Management Co., Ltd.	Cixi	Cixi	100.00		Investment establishment
70	Cixi Thermal Power Co., Ltd.	Cixi	Cixi	100.00		Investment establishment
71	Cixi Water Affairs Co., Ltd.	Cixi	Cixi		100.00	Business combination not under common control

Sequence number	Name of subsidiary	Principal place of business	Registered address	Percentage of equity interests by the Company (%)		Ways to acquire subsidiary
				Direct	Indirect	
72	Cixi Tap Water Co., Ltd.	Cixi	Cixi		100.00	Business combination not under common control
73	Cixi Water Affairs Construction Co., Ltd.	Cixi	Cixi		100.00	Business combination not under common control
74	Cixi Water Investment Co., Ltd.	Cixi	Cixi		100.00	Business combination not under common control
75	Cixi City Resources Management Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
76	Cixi Affordable Housing Construction Investment Co., Ltd.	Cixi	Cixi		80.00	Investment establishment
77	Cixi Huixi Industrial Development Co., Ltd.	Cixi	Cixi	100.00		Investment establishment
78	Cixi Canghai Cihu Agricultural Development Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
79	Cixi Shanglin Talent Service Co., Ltd.	Cixi	Cixi	100.00		Investment establishment
80	Cixi Daily Newspaper Co., Ltd.	Cixi	Cixi	100.00		Business combination not under common control
81	Cixi Cixiao Yanxue Tourism Co., Ltd.	Cixi	Cixi		100.00	Business combination not under common control
82	Cixi Security Service Co., Ltd.	Cixi	Cixi	100.00		Business combination not under common control
83	Cixi Motor Vehicle Technology Testing Co., Ltd.	Cixi	Cixi		100.00	Business combination not under common control
84	Cixi Wanda Technology Prevention Engineering Co., Ltd.	Cixi	Cixi		100.00	Business combination not under common control

Sequence number	Name of subsidiary	Principal place of business	Registered address	Percentage of equity interests by the Company (%)		Ways to acquire subsidiary
				Direct	Indirect	
85	Cixi Zhibo Parking Management Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
86	Zhejiang Cixi Advertising Company	Cixi	Cixi	100.00		Business combination not under common control
87	Cixi Radio and Television Information Network Co., Ltd.	Cixi	Cixi		100.00	Business combination not under common control
88	Cixi Hangzhouwan Engineering Cost Consulting Company	Cixi	Cixi	100.00		Business combination not under common control
89	Cixi Xinhui Construction and Development Co., Ltd.	Cixi	Cixi	100.00		Business combination not under common control
90	Cixi Xirang Construction Development Co., Ltd.	Cixi	Cixi	100.00		Investment establishment
91	Cixi Industrial Investment Co., Ltd.	Cixi	Cixi		100.00	Business combination not under common control
92	Cixi Home Appliance Technology City Exhibition Management Co., Ltd.	Cixi	Cixi		100.00	Business combination not under common control
93	Cixi Foreign Trade Group Co., Ltd.	Cixi	Cixi		100.00	Business combination not under common control
94	Anlong Cigong Industrial Park Management Co., Ltd.	Cixi	Cixi		100.00	Business combination not under common control
95	Cixi Technology Venture Capital Co., Ltd.	Cixi	Cixi		100.00	Business combination not under common control
96	Cixi West Livestock and Poultry Slaughtering and Processing Center Co., Ltd.	Cixi	Cixi		100.00	Investment establishment

Sequence number	Name of subsidiary	Principal place of business	Registered address	Percentage of equity interests by the Company (%)		Ways to acquire subsidiary
				Direct	Indirect	
97	Cixi Fuci Intelligent Technology Co., Ltd.	Cixi	Cixi	100.00		Business combination not under common control
98	Cixi SME Financing Guarantee Co., Ltd.	Cixi	Cixi	100.00		Business combination not under common control
99	Cixi Industrial and Information Industry Fund Co., Ltd.	Cixi	Cixi	100.00		Business combination not under common control
100	Cixi Yici Equity Investment Partnership (Limited Partnership)	Cixi	Cixi	44.98	55.00	Investment establishment
101	Cixi Xinnong Water Conservancy Development Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
102	Cixi Xinnong Cultural Tourism Development Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
103	Cixi Seed Co., Ltd.	Cixi	Cixi		100.00	Business combination not under common control
104	Cixi Cijian Real Estate Management Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
105	Cixi Cijian Engineering Construction Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
106	Cixi Cijian Engineering Consulting Co., Ltd.	Cixi	Cixi		100.00	Investment establishment
107	Cixi Jiangnan Road Development Co., Ltd.	Cixi	Cixi		100.00	Business combination not under common control

(a.1) Illustration for the difference between percentage of equity interests and percentage of voting rights:

(a.1.1) The difference between the percentage of shareholding and the percentage of voting rights of Cixi Yangtze River Delta Market Group Investment Co., Ltd. is due to the fact that CDB Development Fund Co., Ltd. holds 36.57% of its shareholding, which is recognized as a nominal share according to the agreement signed between the **Company** and CDB Development Fund Co., Ltd.

and the actual voting rights are 100.00%.

(a.2) Basis for control exists when voting rights in the investees is 50.00% or lower, and no control exists when voting rights in the investees is above 50.00%:

(a.2.1) The **Company's** first-tier subsidiary, Ningbo Cixi Transportation Group Co., Ltd. has a 50.00% equity interest in Cixi Jiaotou Comprehensive Energy Development Co., Ltd. but is included in the scope of consolidation as the **Company** has the right to control it pursuant to the concerted action agreement entered into between the **Company** and the other shareholders;

(a.2.2) The **Company's** first-tier subsidiary, Ningbo Cixi Transportation Group Co., Ltd. has a 49.00% equity interest in Cixi Zheyong Comprehensive Energy Sales Co., Ltd. but is included in the scope of consolidation as the **Company** has control over it pursuant to the Concerted Action Agreement entered into between the **Company** and the other shareholders.

(a.3) Basis for control of those significant structured entities within the scope of consolidation: There is no such item.

(a.4) Basis for defining the **Company** as an agent or a principal: There is no such item.

(b) Material restrictions to using the assets and settling the liabilities of the group: There is no such item.

(c) The financial support or other support to consolidated structured entities: There is no such item.

7.2 Transactions which Resulted in Change of Equity Interests in the Subsidiary but still Control the Subsidiary

There is no such item.

7.3 Interests in Joint Arrangements or Associates

(a) Material joint ventures or associates

Company name	Principal place of business	Registered address	Nature of business	Percentage of equity interests by the Company (%)		Measurement methods
				Direct	Indirect	
Associates:						
Cixi Rural Housing Reconstruction and Construction Investment Co., Ltd.	Cixi, Zhejiang	Cixi, Zhejiang	Leasing and business services	42.86		Equity method
Ningbo Xikou Pumped Storage Power Station Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	Electricity, heat, gas and water production and supply industry		14.57	Equity method
Ningbo Zeye Education	Cixi, Zhejiang	Cixi, Zhejiang	Education industry		32.00	Equity method

Company name	Principal place of business	Registered address	Nature of business	Percentage of equity interests by the Company (%)		Measurement methods
				Direct	Indirect	
Technology Co., Ltd.						
Cixi Small Home Appliances Zhizao Town Construction Investment Co., Ltd.	Cixi, Zhejiang	Cixi, Zhejiang	Retail trade	20.00		Equity method
Cixi CiDong Town Construction Investment Development Co., Ltd.	Cixi, Zhejiang	Cixi, Zhejiang	Business services		55.00	Equity method
Cixi Cida Highway Development Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	Transportation, storage and postal services		30.00	Equity method
Cixi Citong Highway Development Co., Ltd.	Cixi, Zhejiang	Cixi, Zhejiang	Transportation, storage and postal services		30.00	Equity method
Cixi Ciping Highway Development Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	Transportation, storage and postal services		30.00	Equity method

Notes:

- Pursuant to the resolution of the shareholders' meeting, Ningbo Development & Investment Group Co., Ltd. gratuitously transferred its 14.57% equity interest in Ningbo Xikou Pumped Storage Power Station Co., Ltd. to the **Company**. In accordance with the documents of equity transfer, the **Company** has appointed a director who can influence the production and operation of Ningbo Xikou Pumped Storage Power Station Co., Ltd., therefore, it is accounted for under the equity method.
 - The **Company's** second-tier subsidiaries, Cixi Cixiao Yanxue Tourism Co., Ltd. and Ningbo Fulongshan Tourism Development Co., Ltd. injected investment amounting to CNY160.00 thousand each into Ningbo Zeye Education Technology Co., Ltd. with 16.00% of the equity respectively. Therefore, the **Company's** total equity of 32.00% is capable of exerting significant influence on the operation of this company and is accounted for under the equity method.
- (b) Note to the differences between the share of equity interests and that of voting rights
- (b.1) Pursuant to the Equity Escrow Agreement, Cixi CiDong Industrial Development

Co., Ltd., a subsidiary of the **Company**, entrusted the 35.00% equity interest held by Cixi CiDong Town Construction Investment Development Co., Ltd. to the operation and management of Cixi Longshan Town Asset Management Company to represent the shareholders of its shareholders' rights in full, with an effective voting right of 20.00%.

- (c) Basis for having significant influence over the investees with voting rights of less than 20.00%, and having no significant influence over the investee with voting rights above 20.00% or above:

There is no such item.

7.4 Important Joint Operations

There is no such item.

7.5 Equity in Structured Entities not Included in the Consolidated Financial Statements

There is no such item.

7.6 Others

There is no such item.

8. FAIR VALUE DISCLOSURES

The inputs used in the fair value measurement in its entirety are to be classified in the level of the hierarchy in which the lowest level input that is significant to the measurement is classified.

Level 1: Inputs consist of unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs for the assets or liabilities (other than those included in Level 1) that are either directly or indirectly observable.

Level 3: Inputs are unobservable inputs for the assets or liabilities

8.1 Assets and Liabilities Measured at Fair Value as at 31 December 2021

Items	Fair value at the end of the reporting period using			
	Level 1	Level 2	Level 3	Total
I. Recurring fair value measurements	-	-	-	
(i) Held-for-trading financial assets	-	-	-	-
(ii) Accounts receivable financing				
(iii) Other equity instrument investments			488,626,253.98	488,626,253.98
(iv) Other non-current financial assets			132,000,000.00	132,000,000.00
(v) Investment properties	-	-	-	-
• Land use right held to earn rentals				
• Buildings held to earn rentals				
• Land use right held for transfer after capital appreciation				
(vi) Biological assets				

Items	Fair value at the end of the reporting period using			
	Level 1	Level 2	Level 3	Total
• Consumptive biological assets				
• Productive biological assets				
Total assets measured at fair value on a recurring basis			620,626,253.98	620,626,253.98
(vii) Financial liabilities held-for-trading				
• Financial liabilities at fair value through profit or loss				
- Held-for-trading bonds				
- Derivatives				
- Others				
• Financial liabilities designated as fair value through profit or loss				
Total liabilities measured at fair value on a recurring basis				
II. Nonrecurring fair value measurements				
(i) Assets held for sale				
Total assets measured at fair value on a nonrecurring basis				
Total liabilities measured at fair value on a nonrecurring basis				

8.2 Valuation Technique(s), Qualitative Information and Quantitative Information about the Significant Inputs Used in Level 3 of the Fair Value Hierarchy

For other investments in equity instruments and other non-current financial assets held by the **Company**, the **Company** measures the investments at cost as a reasonable estimate of fair value because there have been no significant changes in the business environment in which the investees operate and in their operating and financial conditions.

9. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

9.1 Basic Information of Parent Company

Name of the parent	Registered address	Registered capital ('000)	Percentage of equity interests in the Company (%)	Voting rights in the Company (%)
Cixi State-owned Assets Management Center	Cixi, Zhejiang	-	90.15	90.15

Ultimate controlling party of the **Company**: Cixi City People's Government

9.2 Basic Information of Subsidiaries

Details of the subsidiaries please refer to *Note 7 INTERESTS IN OTHER ENTITIES*.

9.3 Joint Ventures and Associates of the Company

(a) Basic information of significant joint ventures and associates

Details of significant joint ventures and associates please refer to *Note 7 INTERESTS IN OTHER ENTITIES*

(b) Details of other joint ventures or associates trading with the **Company** during the reporting period, or with outstanding balances arising in prior periods

There is no such item.

9.4 Other Related Parties of the Company

There is no such item.

9.5 Related Party Transactions

(a) Guarantees

The **Company** as guarantor:

Guarantor	Guarantee	Borrower	Amount ('000)	Effective date	Expiry date	Whether the guarantee has been fulfilled
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Small Home Appliances Zhizao Town Construction Investment Co., Ltd.	Bank of Ningbo	20,000.00	17 Jul. 2020	17 Jul. 2023	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Small Home Appliances Zhizao Town Construction Investment Co., Ltd.	Donghai Bank	35,000.00	3 Jun. 2021	3 Jun. 2022	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Small Home Appliances Zhizao Town Construction Investment Co., Ltd.	Commerce Bank	50,000.00	18 Jun. 2021	18 Jun. 2022	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Small Home Appliances Zhizao Town Construction Investment Co., Ltd.	Donghai Bank	15,000.00	26 Aug. 2021	26 Aug. 2024	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Small Home Appliances Zhizao Town Construction Investment Co., Ltd.	China CITIC BANK	70,000.00	16 Nov. 2021	16 Nov. 2022	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Small Home Appliances Zhizao Town Construction Investment Co., Ltd.	Commerce Bank	50,000.00	13 Dec. 2021	13 Dec. 2022	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Small Home Appliances Zhizao Town Construction Investment Co., Ltd.	Industrial Bank	100,000.00	17 Dec. 2021	17 Dec. 2023	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Small Home Appliances Zhizao Town Construction Investment Co., Ltd.	Commerce Bank	50,000.00	23 Dec. 2021	23 Dec. 2022	Not yet

Guarantor	Guarantee	Borrower	Amount ('000)	Effective date	Expiry date	Whether the guarantee has been fulfilled
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Small Home Appliances Zhizao Town Construction Investment Co., Ltd.	China CITIC BANK	150,000.00	27 Dec. 2021	27 Dec. 2022	Not yet
Total			540,000.00			

The Company as guarantee:

Guarantor	Guarantee	Borrower	Amount ('000)	Effective date	Expiry date	Whether the guarantee has been fulfilled
Cixi CiDong Town Construction Investment Development Co., Ltd.	Cixi CiDong Industrial Development Co., Ltd.	Bank of Ningbo	100,000.00	13 Dec. 2016	26 Jan. 2022	Not yet
Cixi CiDong Town Construction Investment Development Co., Ltd.	Cixi CiDong Industrial Development Co., Ltd.	Zheshang Bank	140,000.00	25 Aug. 2021	3 Aug. 2022	Not yet
Cixi CiDong Town Construction Investment Development Co., Ltd., Cixi CiDong Industrial Development Co., Ltd.	Cixi Water Supply Co., Ltd.	Agricultural Bank of China	27,000.00	28 Oct. 2021	27 Oct. 2022	Not yet
Total			267,000.00			

Note: For details of related guarantees within the scope of consolidation, please refer to "5.19 Short-term Borrowings" and "5.28 Long-term Borrowings" in "5. Notes to Consolidated Financial Statements".

9.6 Receivables and Payables with Related Parties**(a) Receivables**

Items	Related parties	31 Dec. 2021		31 Dec. 2020	
		Book balance	Provision for bad debt	Book balance	Provision for bad debt
Other receivables	Cixi Ciping Highway Development Co., Ltd.	2,055,468.00	10,277.34	2,055,468.00	-
Other receivables	Cixi Citong Construction Development Co., Ltd.	49,780,000.00	248,900.00		-
Total		51,835,468.00	259,177.34	2,055,468.00	

(b) Payables

Item	Related parties	31 Dec. 2021	31 Dec. 2020
Other payables	Cixi State-owned Assets Management Center	295,354,691.94	373,953,578.85
Total		295,354,691.94	373,953,578.85

9.7 Commitments with Related Parties

There is no such item.

9.8 Others

There is no such item.

10. COMMITMENTS AND CONTINGENCIES

10.1 Significant Commitments

As at 31 December 2021, the **Company** has no significant commitments need to be disclosed.

10.2 Contingencies

Significant contingencies existing at the balance sheet date:

- (a) Contingent liabilities arising from outstanding litigations and the corresponding financial effects: There is no such item.
- (b) Contingent liabilities resulting from debt guarantees to other entities and the corresponding financial effects

Name of the guarantee	Guaranteed units	Guaranteed amount ('000)	Effective date	Expiry date	Whether the guarantee has been fulfilled
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Health Development Investment Co., Ltd.	35,000.00	30 Dec. 2020	30 Dec. 2023	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Health Development Investment Co., Ltd.	45,000.00	18 Mar. 2021	18 Mar. 2024	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Health Development Investment Co., Ltd.	6,000.00	16 May 2019	10 Jul. 2022	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Health Development Investment Co., Ltd.	37,000.00	7 Sept. 2020	26 Sept. 2023	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Guanhaiwei Urban Construction Investment Development Co., Ltd.	140,000.00	7 Nov. 2017	15 Nov. 2022	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Guanhaiwei Urban Construction Investment Development Co., Ltd.	550,000.00	17 Mar. 2017	10 Dec. 2026	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Guanhaiwei Urban Construction Investment Development Co., Ltd.	94,090.00	10 Mar. 2020	10 Mar. 2023	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Guanhaiwei Urban Construction Investment Development Co., Ltd.	800,000.00	6 Jan. 2019	6 Jan. 2024	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Zhouxiang Non Staple Food Wholesale Market Operation Service Co., Ltd.	18,500.00	16 May 2018	31 Dec. 2024	Not yet

Name of the guarantee	Guaranteed units	Guaranteed amount ('000)	Effective date	Expiry date	Whether the guarantee has been fulfilled
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Zhouxiang Non Staple Food Wholesale Market Operation Service Co., Ltd.	49,500.00	7 Jan. 2021	7 Jan. 2024	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Tianyuan Chinese Antique Furniture City Co., Ltd.	50,000.00	11 May 2021	11 May 2022	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Tianyuan Chinese Antique Furniture City Co., Ltd.	49,500.00	12 Jan. 2021	12 Jan. 2024	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Tianyuan Chinese Antique Furniture City Co., Ltd.	40,000.00	21 Dec. 2021	21 Dec. 2022	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Tianyuan Antique Street Tourism Development Co., Ltd.	58,000.00	7 Jan. 2020	7 Jan. 2023	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Tianyuan Antique Street Tourism Development Co., Ltd.	49,500.00	12 Jan. 2021	12 Jan. 2024	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Tianyuan Antique Street Tourism Development Co., Ltd.	30,000.00	21 Dec. 2021	21 Dec. 2022	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Xipu Town Construction and Development Company	170,000.00	29 Jun. 2021	28 Jun. 2026	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Zhangyun Investment Co., Ltd.	100,000.00	27 Dec. 2017	26 Dec. 2024	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Zhouxiang Town Construction Investment Development Co., Ltd.	8,000.00	23 Mar. 2017	31 Dec. 2022	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Zhouxiang Town Construction Investment Development Co., Ltd.	70,000.00	28 Jun. 2017	28 Jun. 2024	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Zhouxiang Town Construction Investment Development Co., Ltd.	39,000.00	4 Nov. 2021	4 May 2022	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Zhouxiang Town Construction Investment Development Co., Ltd.	45,000.00	2 Nov. 2021	2 May 2022	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Zhouxiang Town Construction Investment Development Co., Ltd.	50,000.00	25 Jun. 2021	24 Jun. 2022	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Zhouxiang Town Construction Investment Development Co., Ltd.	80,000.00	3 Sept. 2021	3 Sept. 2022	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Zhouxiang Town Construction Investment Development Co., Ltd.	80,000.00	16 Sept. 2021	16 Sept. 2022	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Shengshan Huinong Agricultural Service Co., Ltd.	25,000.00	29 Sept. 2021	29 Mar. 2022	Not yet

Name of the guarantee	Guaranteed units	Guaranteed amount ('000)	Effective date	Expiry date	Whether the guarantee has been fulfilled
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Drainage Co., Ltd.	49,400.00	13 Oct. 2016	11 Nov. 2026	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Drainage Co., Ltd.	122,250.00	11 Aug. 2017	21 Dec. 2026	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Drainage Co., Ltd.	131,500.00	6 Jun. 2018	21 Jun. 2025	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Drainage Co., Ltd.	80,000.00	12 Oct. 2019	19 Dec. 2034	Not yet
Cixi State-owned Assets Investment Holding Co., Ltd.	Cixi Drainage Co., Ltd.	50,000.00	30 Aug. 2021	30 Aug. 2024	Not yet
Ningbo Cixi Agricultural Tourism Group Co., Ltd.	Cixi Cizhong Town Construction Investment Development Co., Ltd.	6,500.00	14 Sept. 2021	14 Sept. 2022	Not yet
Ningbo Cixi Agricultural Tourism Group Co., Ltd.	Cixi Qiaotou Town Asset Management Company	50,000.00	28 Oct. 2021	28 Apr. 2022	Not yet
Ningbo Cixi Agricultural Tourism Group Co., Ltd.	Cixi Cizhong Town Construction Investment Development Co., Ltd.	25,000.00	26 Feb. 2021	25 Feb. 2022	Not yet
Ningbo Cixi Agricultural Tourism Group Co., Ltd.	Cixi Cizhong Town Construction Investment Development Co., Ltd.	25,000.00	24 May 2021	19 May 2022	Not yet
Ningbo Cixi Agricultural Tourism Group Co., Ltd.	Cixi Zhangqi Water Investment Co., Ltd.	30,000.00	29 Jan. 2021	28 Jan. 2022	Not yet
Ningbo Cixi Agricultural Tourism Group Co., Ltd.	Cixi Zhangqi Water Investment Co., Ltd.	21,500.00	23 Feb. 2021	22 Feb. 2022	Not yet
Ningbo Cixi Agricultural Tourism Group Co., Ltd.	Cixi Zhangqi Water Investment Co., Ltd.	28,000.00	26 Feb. 2021	25 Feb. 2022	Not yet
Ningbo Cixi Agricultural Tourism Group Co., Ltd.	Cixi Zhangqi Water Investment Co., Ltd.	10,000.00	24 May 2021	19 May 2022	Not yet
Ningbo Cixi Agricultural Tourism Group Co., Ltd.	Agricultural Service Corporation of Zhangqi Town, Cixi City	10,000.00	31 May 2021	20 May 2022	Not yet
Ningbo Cixi Agricultural Tourism Group Co., Ltd.	Cixi Zhangqi Market Operation Service Center	10,000.00	31 May 2021	20 May 2022	Not yet
Ningbo Cixi Agricultural Tourism Group Co., Ltd.	Cixi City Zhangqi Water Supply Management Station	35,000.00	30 Jun. 2021	28 Jun. 2022	Not yet
Ningbo Cixi Agricultural Tourism Group Co., Ltd.	Cixi Henghe Waterworks	30,000.00	29 Oct. 2020	16 Sept. 2022	Not yet
Ningbo Cixi Agricultural Tourism Group Co., Ltd.	Cixi Henghe Waterworks	24,900.00	12 Aug. 2021	19 Jul. 2022	Not yet
Ningbo Cixi Agricultural Tourism Group Co., Ltd.	Cixi Zhangqi Water Investment Co., Ltd.	25,000.00	19 Jul. 2021	14 Jul. 2022	Not yet
Ningbo Cixi Agricultural Tourism Group Co., Ltd.	Cixi Cinan Agricultural Development Co., Ltd.	19,000.00	1 Nov. 2021	1 Nov. 2022	Not yet

Name of the guaranteee	Guaranteed units	Guaranteed amount ('000)	Effective date	Expiry date	Whether the guaranteee has been fulfilled
Ningbo Cixi Agricultural Tourism Group Co., Ltd.	Cixi Shanglinhu Environmental Protection Technology Co., Ltd.	21,000.00	26 Aug. 2021	25 Feb. 2022	Not yet
Ningbo Cixi Agricultural Tourism Group Co., Ltd.	Cixi Qiaotou Town Asset Management Company	30,000.00	14 Sept. 2021	14 Sept. 2022	Not yet
Ningbo Cixi Industry and Trade Group Co., Ltd.	Cixi Shengshan Huinong Agricultural Service Co., Ltd.	35,000.00	25 Jun. 2021	23 Jun. 2022	Not yet
Ningbo Cixi Industry and Trade Group Co., Ltd.	Cixi Shengshan Huinong Agricultural Service Co., Ltd.	10,000.00	22 Mar. 2021	22 Mar. 2022	Not yet
Ningbo Cixi Industry and Trade Group Co., Ltd.	Cixi Haiyi Electrical Technology Co., Ltd.	5,000.00	11 Aug. 2021	30 Dec. 2022	Not yet
Ningbo Cixi Industry and Trade Group Co., Ltd.	Cixi Shengshan Township Water Management Station	10,000.00	30 Mar. 2021	30 Mar. 2022	Not yet
Ningbo Cixi Industry and Trade Group Co., Ltd.	Cixi Shengshan Township Water Management Station	9,000.00	11 Jan. 2021	10 Jan. 2022	Not yet
Ningbo Cixi Industry and Trade Group Co., Ltd.	Cixi Shengshan Township Water Management Station	21,000.00	29 Jun. 2021	29 Jun. 2022	Not yet
Ningbo Cixi Industry and Trade Group Co., Ltd.	Cixi Shengshan Township Water Management Station	30,000.00	30 Sept. 2021	29 Sept. 2022	Not yet
Ningbo Cixi Industry and Trade Group Co., Ltd.	Cixi Shengshan Town Construction Investment Development Co., Ltd.	21,000.00	23 Jun. 2021	22 Jun. 2022	Not yet
Ningbo Cixi Industry and Trade Group Co., Ltd.	Cixi Fuhai Town Agricultural Service Company	20,000.00	22 Jun. 2021	21 Jun. 2022	Not yet
Ningbo Cixi Industry and Trade Group Co., Ltd.	Cixi Fuhai Town Agricultural Service Company	35,000.00	30 Nov. 2021	29 Nov. 2022	Not yet
Ningbo Cixi Industry and Trade Group Co., Ltd.	Agricultural Service Center, Kuangyan Town, Cixi City	12,000.00	31 Dec. 2021	30 Dec. 2022	Not yet
Ningbo Cixi Industry and Trade Group Co., Ltd.	Cixi Kuangyan Town Water Treatment Plant	33,000.00	24 Dec. 2021	24 Dec. 2022	Not yet
Ningbo Cixi Industry and Trade Group Co., Ltd.	Cixi Kuangyan Town Water Treatment Plant	35,000.00	9 Feb. 2021	8 Feb. 2022	Not yet
Ningbo Cixi Industry and Trade Group Co., Ltd.	Cixi Chongshou Town Agriculture Service Corporation	34,900.00	30 Jul. 2021	30 Jul. 2024	Not yet
Ningbo Cixi Industry and Trade Group Co., Ltd.	Cixi Chongshou Town Construction Investment Development Co., Ltd.	17,500.00	26 Apr. 2021	30 Dec. 2022	Not yet

Name of the guarantee	Guaranteed units	Guaranteed amount ('000)	Effective date	Expiry date	Whether the guarantee has been fulfilled
Ningbo Cixi Industry and Trade Group Co., Ltd.	Cixi Fuhai Town Asset Management Company	18,000.00	22 Jun. 2021	21 Jun. 2022	Not yet
Ningbo Cixi Industry and Trade Group Co., Ltd.	Cixi Kuangmei Property Co., Ltd.	10,000.00	17 Dec. 2021	17 Dec. 2022	Not yet
Ningbo Cixi Industry and Trade Group Co., Ltd.	Cixi Shiqiao Waterworks	9,500.00	16 Apr. 2021	14 Apr. 2022	Not yet
Ningbo Cixi Industry and Trade Group Co., Ltd.	Cixi Shiqiao Waterworks	4,500.00	20 Apr. 2021	15 Apr. 2022	Not yet
Ningbo Cixi Industry and Trade Group Co., Ltd.	Fuhai Town Construction Investment Development Co., Ltd.	9,000.00	15 Oct. 2021	15 Apr. 2022	Not yet
Ningbo Cixi Industry and Trade Group Co., Ltd.	Fuhai Town Construction Investment Development Co., Ltd.	6,000.00	30 Nov. 2021	29 Nov. 2022	Not yet
Cixi Water Affairs Co., Ltd.	Cixi Xipu Town Waterworks	17,500.00	30 Sept. 2021	30 Sept. 2022	Not yet
Cixi Water Affairs Co., Ltd.	Cixi Xipu Town Agricultural Service Corporation	25,000.00	30 Sept. 2021	30 Sept. 2022	Not yet
Cixi Water Affairs Co., Ltd.	Cixi Xipu Town Waterworks	18,000.00	21 Jun. 2021	22 Jun. 2022	Not yet
Cixi Water Affairs Co., Ltd.	Cixi Xipu Town Waterworks	50,000.00	13 Oct. 2021	11 Apr. 2022	Not yet
Cixi Water Affairs Co., Ltd.	Cixi Xipu Town Construction and Development Company	72,500.00	30 Sept. 2021	30 Sept. 2022	Not yet
Cixi Water Affairs Co., Ltd.	Cixi Xiaolin Town Agricultural Service Corporation	10,000.00	28 Dec. 2021	27 Dec. 2022	Not yet
Cixi Water Affairs Co., Ltd.	Cixi Xiaolin Town Construction Investment Development Co., Ltd.	30,000.00	1 Mar. 2021	28 Feb. 2022	Not yet
Cixi Water Affairs Co., Ltd.	Cixi Xiaolin Water Co., Ltd.	40,000.00	16 Jan. 2020	16 Jan. 2022	Not yet
Cixi Water Affairs Co., Ltd.	Cixi Changhe Construction Co., Ltd.	4,500.00	9 Oct. 2021	8 Oct. 2022	Not yet
Cixi Water Affairs Co., Ltd.	Cixi Chengxi Investment Development Co., Ltd.	30,000.00	5 Jul. 2021	5 Jan. 2022	Not yet
Cixi Water Affairs Co., Ltd.	Cixi Drainage Co., Ltd.	100,000.00	29 Oct. 2019	28 Oct. 2024	Not yet
Ningbo Cixi Transportation Group Co., Ltd.	Cixi Citong Construction Development Co., Ltd.	110,000.00	9 Jun. 2021	8 Jun. 2036	Not yet
Cixi CiDong Industrial Development Co., Ltd.	Cixi Longshan Town Agricultural Service Corporation	10,000.00	30 Mar. 2021	30 Mar. 2022	Not yet

Name of the guarantee	Guaranteed units	Guaranteed amount ('000)	Effective date	Expiry date	Whether the guarantee has been fulfilled
Cixi Xinhua Construction Investment Co., Ltd.	Cixi Huadong Light Weaving and Knitting City Development Co., Ltd.	271,940.00	26 Aug. 2020	30 Dec. 2030	Not yet
Cixi Xinhua Construction Investment Co., Ltd.	Cixi Health Development Investment Co., Ltd.	72,000.00	25 Oct. 2019	25 Oct. 2022	Not yet
Total		4,799,980.00			

Note: For details of related guarantees please refer to "Note 9.5 Related Transactions".

(c) Other contingent liabilities and the corresponding financial effects: There is no such item.

10.3 Others

There is no such item.

11. EVENTS AFTER THE REPORTING PERIOD

11.1 Significant Non-adjusting Events

There is no such item.

11.2 Profit Distribution

There is no such item.

11.3 Sales Returns

There is no such item.

11.4 Description of other post-balance sheet events

There is no such item.

12. OTHER SIGNIFICANT MATTERS

12.1 Corrections of Prior Period Accounting Errors

(a) Retrospective restatement method

Nature	Treatment process	Financial statement line items affected in each comparative period	31 Dec. 2020		Cumulative effects
			Pre-correction	Post-correction	
According to Article 2 of ASBE No. 3 - Investment Property, investment property is held for the purpose of earning rent or capital appreciation and should be capable of being measured and sold separately. The right to the real estate title certificate of Cihui Mansion is owned by a subsidiary, Cixi Cultural Business District Development Co., Ltd. However, the property is actually held on behalf of the village economic cooperatives, and the property rights of the house actually belong to the corresponding village collectives, so it does not enjoy substantial disposal	Retroactive restatement	Investment properties	3,499,074,248.79	3,307,239,756.55	-191,834,492.24
	Retroactive restatement	Other non-current assets	1,994,903,244.74	2,193,352,719.47	198,449,474.73
	Retroactive restatement	Retained earnings	2,209,405,807.60	2,216,020,790.09	6,614,982.49

Nature	Treatment process	Financial statement line items affected in each comparative period	31 Dec. 2020		Cumulative effects
			Pre-correction	Post-correction	
rights and is not presented as investment property.					

12.2 Debt Restructuring

There is no such item.

12.3 Assets Exchange

There is no such item.

12.4 Annuity Plan

There is no such item.

12.5 Discontinued Operations

There is no such item.

12.6 Segment Information

There is no such item.

12.7 Other Significant Transactions and Matters which may have a Major Impact on Investor's Decision-making

There is no such item.

12.8 Others

There is no such item.

13. NOTES TO THE MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY**13.1 Other Receivables****(a) Other receivables by category**

Items	31 Dec. 2021	31 Dec. 2020
Interest receivable	-	-
Dividend receivable	-	-
Other receivables	4,419,148,459.94	4,610,335,790.54
Total	4,419,148,459.94	4,610,335,790.54

(b) Other receivables**(b.1) Disclosure of other receivables by aging**

Aging	31 Dec. 2021	31 Dec. 2020
Within 1 year (including 1 year)	16.67	700,059,176.00
1 to 2 years	532,316,983.32	
2 to 3 years		1,000,329,875.00
Over 3 years	3,888,029,394.02	2,909,957,702.34

Aging	31 Dec. 2021	31 Dec. 2020
Sub-total	4,420,346,394.01	4,610,346,753.34
Less: provision for bad debt	1,197,934.07	10,962.80
Total	4,419,148,459.94	4,610,335,790.54

(b.2) Disclosure by classification method of bad debt accrual

(b.2.1) As at 31 December 2021, provision for bad debt recognized based on three stages model

Stages	Other receivables	Provision for bad debt	Carrying amount
Stage 1	4,420,346,394.01	1,197,934.07	4,419,148,459.94
Stage 2			
Stage 3			
Total	4,420,346,394.01	1,197,934.07	4,419,148,459.94

(b.2.1.1) As at 31 December 2021, provision for bad debt at stage 1:

Category	Other receivables	Provision ratio (%)	Provision for bad debt	Carrying amount	Reason
Provision for bad debt recognized individually	-	-	-	-	
Provision for bad debt recognized by portfolios	4,420,346,394.01	0.03	1,197,934.07	4,419,148,459.94	Provision based on expected credit losses
Portfolio 3:	4,224,316,983.32			4,224,316,983.32	Portfolio of related parties controlled by the same ultimate parent company, where the probability of bad debt loss is remote and no provision for bad debts is made
Portfolio 4:	195,810,514.02	0.50	979,052.57	194,831,461.45	State-owned enterprises and related government departments, less likely to have bad debt losses
Portfolio 5:	218,896.67	99.99	218,881.50	15.17	Provision based on expected credit losses
Total	4,420,346,394.01	0.03	1,197,934.07	4,419,148,459.94	

(b.2.1.1.1) As at 31 December 2021, provision for bad debt recognized individually:
There is no such item.

(b.2.1.1.2) As at 31 December 2021, other receivables with bad debt provision by Portfolio 3

Entity name	31 Dec. 2021		
	Amount	Provision for bad debt	Provision ratio (%)
Ningbo Cixi Transportation Group Co., Ltd.	1,845,200,000.00		
Ningbo Cixi Construction Group Co., Ltd.	1,351,800,000.00		
Cixi Haihong Construction Investment Co., Ltd.	650,000,000.00		
Cixi Huixi Industrial Development Co., Ltd.	200,000,000.00		
Cixi Park Investment Holding Co., Ltd.	132,316,983.32		
Cixi Education Development Co., Ltd.	45,000,000.00		
Total	4,224,316,983.32		

(b.2.1.1.3) As at 31 December 2021, other receivables with bad debt provision by Portfolio 4

Entity name	31 Dec. 2021		
	Amount	Provision for bad debt	Provision ratio (%)
Cixi Housing and Urban-Rural Development Bureau	145,000,000.00	725,000.00	0.50
People's Government of Zhouxiang Town, Cixi City	29,000,000.00	145,000.00	0.50
Cixi State-owned Assets Management Center	13,240,514.02	66,202.57	0.50
Cixi Jinghui Investment Development Co., Ltd.	8,570,000.00	42,850.00	0.50
Total	195,810,514.02	979,052.57	0.50

(b.2.1.1.4) As at 31 December 2021, other receivables with bad debt provision by Portfolio 5

Aging	31 Dec. 2021		
	Amount	Provision for bad debt	Provision ratio (%)
Within 1 year (including 1 year)	16.67	1.50	9.00
1 to 2 years			
2 to 3 years			
Over 3 years	218,880.00	218,880.00	100.00
Total	218,896.67	218,881.50	99.99

(b.2.1.2) As at 31 December 2021, provision for bad debt at stage 2: There is no such item.

(b.2.1.3) As at 31 December 2021, provision for bad debt at stage 3: There is no such item.

(b.2.2) As at 31 December 2020, the provision for bad debts is accrued based on the incurred loss model as follows:

Items	Other receivables		Provision for bad debt		Carrying amount
	Amount	Proportion (%)	Amount	Proportion ratio (%)	
Other receivables with individually significant balance and provision for bad debt recognized individually	-	-	-	-	-
Other receivables with bad debt provision recognized collectively by similar credit risk characteristics	4,610,346,753.34	100.00	10,962.80		4,610,335,790.54
Portfolio 1:	4,610,127,497.34	100.00	-		4,610,127,497.34
Portfolio 2:	219,256.00		10,962.80	5.00	208,293.20
Other receivables with individually insignificant balance but provision for bad debt recognized individually	-	-	-	-	-
Total	4,610,346,753.34	100.00	10,962.80		4,610,335,790.54

(b.2.2.1) As at 31 December 2020, other receivables with individually significant balance and provision for bad debt recognized individually: There is no such item.

(b.2.2.2) As at 31 December 2020, other receivables with bad debt provision by Portfolio 1 related parties and government amounts

Entity name	31 Dec. 2020		
	Amount	Provision for bad debt	Provision ratio (%)
Ningbo Cixi Transportation Group Co., Ltd.	1,845,200,000.00		
Ningbo Cixi Construction Group Co., Ltd.	1,351,800,000.00		
Cixi Haihong Construction Investment Co., Ltd.	650,000,000.00		
Cixi Park Investment Holding Co., Ltd.	322,316,983.32		
Cixi Huixi Industrial Development Co., Ltd.	200,000,000.00		
Cixi Housing and Urban-Rural Development Bureau	145,000,000.00		
Cixi Education Development Co., Ltd.	45,000,000.00		
People's Government of Zhouxiang Town, Cixi City	29,000,000.00		
Cixi State-owned Assets Management Center	13,240,514.02		
Cixi Jinghui Investment Development Co., Ltd.	8,570,000.00		
Total	4,610,127,497.34		

(b.2.2.3) As at 31 December 2020, other receivables with bad debt provision based on Portfolio 2 balance percentage method

Item	31 Dec. 2020		
	Amount	Provision for bad debt	Provision ratio (%)
Portfolio 2: Balance percentage method	219,256.00	10,962.80	5.00
Total	219,256.00	10,962.80	5.00

(b.3) Changes of provision for bad debt during the reporting period

Items	31 Dec. 2020	Changes in accounting policies	1 Jan. 2021	Changes during the reporting period			31 Dec. 2021
				Provision	Recovery or reversal	Elimination or write-off	
Provision for bad debts on individual basis							
Bad debt provision by portfolio	10,962.80	1,161,203.05	1,172,165.85	25,768.22			1,197,934.07
Among them: Portfolio 3							
Portfolio 4		979,052.57	979,052.57				979,052.57
Portfolio 5	10,962.80	182,150.48	193,113.28	25,768.22			218,881.50
Total	10,962.80	1,161,203.05	1,172,165.85	25,768.22			1,197,934.07

(b.4) Other receivables written off during the reporting period: There is no such item.

(b.5) Top five closing balances by entity

Entity name	Nature	Balance as at 31 December 2021	Aging	Proportion of the balance to the total other receivables (%)	Provision for bad debt
Ningbo Cixi Transportation Group Co., Ltd.	Current account	1,845,200,000.00	Over 3 years	41.74	
Ningbo Cixi Construction Group Co., Ltd.	Current account	1,351,800,000.00	Over 3 years	30.58	
Cixi Haihong Construction Investment Co., Ltd.	Current account	650,000,000.00	1 to 2 years, Over 3 years	14.70	
Cixi Huixi Industrial Development Co., Ltd.	Current account	200,000,000.00	Over 3 years	4.52	
Cixi Housing and Urban-Rural Development Bureau	Current account	145,000,000.00	Over 3 years	3.28	725,000.00
Total		4,192,000,000.00		94.82	725,000.00

(b.6) Other receivables relating to government grants: There is no such item.

(b.7) Derecognition of other receivables for transfer of financial assets: There is no such item.

(b.8) Assets or liabilities arising from continuing involvement in transferred other receivables: There is no such item.

13.2 Long-term Equity Investments

Items	31 Dec. 2021			31 Dec. 2020		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Subsidiaries	7,306,749,178.41		7,306,749,178.41	6,445,609,588.50		6,445,609,588.50
Joint ventures and associates	5,492,091,723.49	-	5,492,091,723.49	56,983,698.53	-	56,983,698.53
Total	12,798,840,901.90		12,798,840,901.90	6,502,593,287.03		6,502,593,287.03

(a) Investments in subsidiaries

Investees	31 Dec. 2020	Increase	Decrease	31 Dec. 2021	Provision for impairment during the reporting period	Provision for impairment at 31 Dec. 2021
Cixi Education Development Co., Ltd.	38,000,000.00	-	38,000,000.00		-	-
Ningbo Cixi Construction Group Co., Ltd.	2,330,990,578.46	1,284,291,693.82	-	3,615,282,272.28	-	-
Ningbo Cixi Transportation Group Co., Ltd.	1,748,810,400.26	-	-	1,748,810,400.26	-	-
Cixi Urban Construction Investment Development Co., Ltd.	155,924,668.34	-	155,924,668.34		-	-
Cixi Agricultural Investment Development Co., Ltd.	38,342,242.83	-	-	38,342,242.83	-	-
Ningbo Cixi Agricultural Tourism Group Co., Ltd.	570,237,090.81	255,000,000.00	-	825,237,090.81	-	-
Cixi Art Performance Co., Ltd.	625,000.00	-	-	625,000.00	-	-
Cixi Property Rights Trading Center Co., Ltd.	6,080,599.14	-	-	6,080,599.14	-	-
Ningbo Cixi Industry and Trade Group Co., Ltd.	113,992,557.43	333,946,311.01	-	447,938,868.44	-	-
Cixi Construction Project Management Co., Ltd.	2,000,000.00			2,000,000.00		

Investees	31 Dec. 2020	Increase	Decrease	31 Dec. 2021	Provision for impairment during the reporting period	Provision for impairment at 31 Dec. 2021
Cixi Culture and Sports Development Co., Ltd.	10,000,000.00		10,000,000.00			
Cixi Thermal Power Co., Ltd.	10,000,000.00			10,000,000.00		
Cixi Water Affairs Co., Ltd.	1,039,367,025.48		1,039,367,025.48			
Cixi City Resources Management Co., Ltd.	1,000,000.00		1,000,000.00			
Cixi Affordable Housing Construction Investment Co., Ltd.	50,000,000.00		50,000,000.00			
Cixi Huixi Industrial Development Co., Ltd.	20,000,000.00			20,000,000.00		
Cixi Tourism Development Co., Ltd.	131,000,000.00		131,000,000.00			
Cixi Canghai Cihu Agricultural Development Co., Ltd.	20,000,000.00		20,000,000.00			
Cixi Shanglin Talent Service Co., Ltd.	1,000,000.00			1,000,000.00		
Cixi Daily Newspaper Co., Ltd.	70,351,146.55			70,351,146.55		
Cixi Security Service Co., Ltd.	85,548,275.09			85,548,275.09		
Zhejiang Cixi Advertising Company	2,321,521.32			2,321,521.32		
Cixi Hangzhouwan Engineering Cost Consulting Company	18,482.79			18,482.79		
Cixi Industrial Investment Co., Ltd.		667,139,589.91	667,139,589.91			
Cixi Xirang Construction Development Co., Ltd.		100,000,000.00		100,000,000.00		
Cixi Fuci Intelligent Technology Co., Ltd.		10,026,513.88		10,026,513.88		
Cixi SME Financing Guarantee Co., Ltd.		198,848,654.70		198,848,654.70		
Cixi Industrial and Information Industry Fund Co., Ltd.		124,318,110.32		124,318,110.32		
Total	6,445,609,588.50	2,973,570,873.64	2,112,431,283.73	7,306,749,178.41		

Notes:

- According to the documents of Cixi City State-owned Assets Management Center, 100.00% equity interests in Education Development Company, 100.00% equity interests in Urban Construction Investment and Development Company, 100.00% equity interests in Water Company, 100.00% equity interests in Urban Resource Management Company and 80.00% equity interests in Guaranteed Housing Construction and Investment Company were gratuitously transferred to Cixi Construction Group, a subsidiary of the Company.
- According to the documents of Cixi City State-owned Assets Management Center, 100.00% equity interest in Culture and Sports Development Company, 100.00% equity interest in Tourism Development Company and 100.00% equity interest in Canghai Cihu were gratuitously transferred to Cixi Agricultural Tourism Group, a subsidiary of the Company.
- According to the documents of Cixi City State-owned Assets Management Center, Cixi Industrial Investment Company and its subsidiaries were transferred to the Company without compensation, and Cixi Industrial Investment Company and some of its subsidiaries (Home Appliances Science and Technology City Company, Foreign Trade Company, Anlong Cigong Company, and Science and Technology Venture Capital Company) were gratuitously transferred to Cixi Industry and Trade Group, a subsidiary of the Company.
- According to the documents of Cixi State-owned Assets Management Center, 100.00% equity interest in Xiyang Construction Company was gratuitously transferred to the Company. However, since the net assets of Xiyang Construction Company were negative at the point of transfer, the carrying amount of long-term equity investment was initially recognized as zero. After the transfer, the Company increased its capital in Xiyang Construction Company by CNY100.00 million.

(b) Investments in joint ventures and associates

Investees	31 Dec. 2020	Changes during the reporting period				
		Increase during the reporting period	Decrease during the reporting period	Gains /(losses) on investments under the equity method	Adjustments of other comprehensive income	Changes in other equity
I. Joint ventures:						
Bank of Shaoxing Co., Ltd.		-	-			-
II. Associates:						
Cixi CiDong Town Construction Investment Development Co., Ltd.	17,082,716.79		16,450,051.58	-632,665.21		
Cixi Rural Housing Reconstruction and	6,862,440.08			5,975.13		

Investees	31 Dec. 2020	Changes during the reporting period				
		Increase during the reporting period	Decrease during the reporting period	Gains /(losses) on investments under the equity method	Adjustments of other comprehensive income	Changes in other equity
Construction Investment Co., Ltd.						
Cixi Small Home Appliances Zhizao Town Construction Investment Co., Ltd.	6,157,935.73			-6,157,935.73		
Ningbo Xikou Pumped Storage Power Station Co., Ltd.	26,880,605.93		29,733,961.05	2,853,355.12		
Cixi CiDong Industrial Development Co., Ltd.		1,312,285,772.71		18,327,949.73		8,853,656.70
Cixi Cultural Business District Development Co., Ltd.		1,512,387,885.42		30,086,404.18		100,000,000.00
Cixi Xinchenghe Construction Investment Co., Ltd.		1,608,020,453.45		19,028,430.65		
Cixi Chengnan Construction Investment Co., Ltd.		837,325,056.92		38,907,698.52		
Total	56,983,698.53	5,270,019,168.50	46,184,012.63	102,419,212.39		108,853,656.70

(Continued)

Investees	Changes during the reporting period			31 Dec. 2021	Provision for impairment at 31 Dec. 2021
	Declaration of cash dividends or distribution of profit	Provision for impairment	Others		
I. Joint ventures:					
Cixi Xinxing Construction Investment Co., Ltd.					-
II. Associates:					
Cixi CiDong Town Construction Investment Development Co., Ltd.					
Cixi Rural Housing Reconstruction and Construction Investment Co., Ltd.				6,868,415.21	
Cixi Small Home Appliances Zhizao Town Construction Investment Co., Ltd.					
Ningbo Xikou Pumped Storage Power Station Co., Ltd.					

Investees	Changes during the reporting period			31 Dec. 2021	Provision for impairment at 31 Dec. 2021
	Declaration of cash dividends or distribution of profit	Provision for impairment	Others		
Cixi CiDong Industrial Development Co., Ltd.				1,339,467,379.14	
Cixi Cultural Business District Development Co., Ltd.				1,642,474,289.60	
Cixi Xinchenghe Construction Investment Co., Ltd.				1,627,048,884.10	
Cixi Chengnan Construction Investment Co., Ltd.				876,232,755.44	
Total			-	5,492,091,723.49	-

Notes:

- According to the documents of Cixi City State-owned Assets Management Center, 20.00% equity interests in Cixi CiDong Town Construction Investment Development Co., Ltd. held by the **Company** were gratuitously transferred to a subsidiary, Cixi Traffic Group.
- According to the documents of Cixi State-owned Assets Management Center, 14.57% equity interests in Ningbo Xikou Pumped Storage Power Station Co., Ltd. held by the **Company** were gratuitously transferred to a subsidiary, Transportation Yard and Station Operation Company.
- According to the documents of Cixi City State-owned Assets Management Center, 50.00% equity interests in Cidong Industrial Company, 50.00% equity interests in Cultural Business District Development Company, 50.00% equity interests in Xinchenghe Construction Investment Company and 50.00% equity interests in Chengnan Construction Investment Company were gratuitously transferred to the **Company**, and as no executive directors were appointed in the above companies or less than half of the board of directors was appointed, the above companies are not under the effective control of the **Company** and are therefore accounted for as associates under the equity method.
- According to the documents of Cixi State-owned Assets Management Center, 50.00% equity interest in Xinxing Construction Company was gratuitously transferred to the **Company** and should be accounted for as a joint venture under the equity method. However, since the net assets of Xinxing Construction Company were negative at the point of transfer, the carrying amount of the long-term equity investment was recognized as zero.

13.3 Revenue and Cost of Sales

associates under the equity method.

- The net assets of Cixi Small Home Appliances Zhizao Town Construction Investment Co., Ltd. was negative, so the carrying amount of the long-term equity investment was recognized as zero.

13.3 Revenue and Cost of Sales

(a) revenue and cost of sales

Items	2022		2021	
	Revenue	Costs of sales	Revenue	Costs of sales
Principal activities				
Other activities	7,755,415.22	86,092.50	7,457,664.91	49,918.00
Total	7,755,415.22	86,092.50	7,457,664.91	49,918.00

(b) Revenues and cost of sales by category

Items	2022		2021	
	Revenue	Costs of sales	Revenue	Costs of sales
Lease revenue	7,755,415.22	86,092.50	7,457,664.91	49,918.00
Total	7,755,415.22	86,092.50	7,457,664.91	49,918.00

13.4 Investment Income

Items	2022	2021
Investment income from long-term equity investments under equity method	100,485,691.22	106,931,837.94
Total	100,485,691.22	106,931,837.94

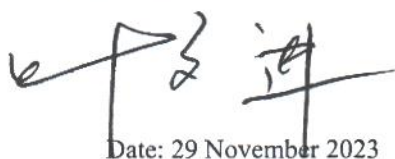
14. SUPPLEMENTARY INFORMATION

There is no such item.



Name of the **Company**: Cixi State-owned Assets Investment Holding Co., Ltd.

Legal Representative:


Date: 29 November 2023

Chief Financial Officer:


Date: 29 November 2023

Finance Manager:


Date: 29 November 2023

ISSUER

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