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刊發發行通函

TAIZHOU HAIMINGHUI TRADING CO., LTD.
(泰州市海名薈商貿有限公司)
（於中華人民共和國註冊成立的有限公司）
（「發行人」）

於二零二二年到期的 28,000,000 美元 2.38 厘信用增強債券
（「債券」）
(股份代號：40573)

由

海陵城市发展集团
HAILING CITY DEVELOPMENT GROUP

TAIZHOU HAILING CITY DEVELOPMENT GROUP CO., LTD.
(泰州海陵城市發展集團有限公司)
（於中華人民共和國註冊成立的有限公司）
（「擔保人」）
無條件及不可撤回地提供擔保

由中國浙商銀行泰州分行提供不可撤銷之備用信用證

全球協調人

中泰國際

聯席牽頭經辦人及聯席賬簿管理人

中泰國際	**中達證券投資有限公司**	**國元融資**	**上海浦東發展銀行香港分行**

本公告乃根據上市規則第 37.39A 條刊發。

請參閱本公告隨附日期爲 2021 年 1 月 27 日有關債券的發行之發行通函（「**發行通函**」）。誠如發行通函所披露，債券僅供專業投資者（定義見上市規則第 37 章）購買，並將按該基準於香港聯合交易所有限公司上市。

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香港，2021 年 2 月 2 日

於本公告日期，發行人董事包括姜娟女士、夏偉先生及曹駿先生。
於本公告日期，擔保人董事包括遊浩潤先生、劉峰先生、姜娟女士、羅志俊先生及儲新易女士。

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

Notice to Hong Kong investors*: The Issuer and the Guarantor confirm that the Bonds are intended for purchase by professional investors (as defined in Chapter 37 of the Listing Rules) only and will be listed on The Stock Exchange of Hong Kong Limited (the "**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.*

PUBLICATION OF OFFERING CIRCULAR

TAIZHOU HAIMINGHUI TRADING CO., LTD.

(泰州市海名薈商貿有限公司)

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

(the "**Issuer**")

US$28,000,000 2.38 per cent. Credit Enhanced Bonds due 2022

(the "Bonds")

(Stock Code: 40573)

unconditionally and irrevocably guaranteed by

海陵城市发展集团

HAILING CITY DEVELOPMENT GROUP

TAIZHOU HAILING CITY DEVELOPMENT GROUP CO., LTD.

(泰州海陵城市發展集團有限公司)

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

(the "**Guarantor**")

with the benefit of an irrevocable Standby Letter of Credit issued by
China Zheshang Bank Taizhou Branch

Sole Global Coordinator

Zhongtai International

Joint Lead Managers and Joint Bookrunners

Zhongtai International	**Central Wealth Securities Investment Limited**	**Guoyuan Capital**	**Shanghai Pudong Development Bank Hong Kong Branch**

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

Please refer to the offering circular dated 27 January 2021 (the "**Offering Circular**") appended herein in relation to the issuance of the Bonds. As disclosed in the Offering Circular, the Bonds were intended for purchase by professional investors only (as defined in Chapter 37 of the Listing Rules) and will be listed on the Stock Exchange on that basis.

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

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

Hong Kong, 2 February 2021

As at the date of this announcement, the directors of the Issuer are Ms. Jiang Juan, Mr. Xia Wei and Mr. Cao Jun. As at the date of this announcement, the directors of the Guarantor are Mr. You Haorun, Mr. Liu Feng, Ms. Jiang Juan, Mr. Luo Zhijun and Ms. Chu Xinyi.

IMPORTANT NOTICE

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 attached offering circular (the "**Offering Circular**"). 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 any time you receive any information from the Issuer, the Guarantor or the Group (each as defined in the attached Offering Circular) as a result of such access. In order to be eligible to view the attached Offering Circular or make an investment decision with respect to the securities, investors must be outside the United States (as defined under Regulation S under the United States Securities Act of 1933, as amended (the "**Securities Act**")).

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

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

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*Singapore Securities and Futures Act 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).*

Confirmation of Your Representation:

In order to be eligible to view the attached Offering Circular or make an investment decision with respect to the securities, investors must be purchasing the securities outside the United States in an offshore transaction in reliance on Regulation S under the Securities Act. By accepting the e-mail and accessing the attached Offering Circular, you shall be deemed to have represented to the Joint Lead Managers (as defined in the attached Offering Circular), the Issuer and the Guarantor that (1) you and any customers you represent are not, and that the electronic mail address that you gave the Issuer and/or the Guarantor and to which this e-mail has been delivered is not, located in the United States, its territories or possessions, and (2) you consent to the delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission.

You are reminded that the attached Offering Circular has been delivered to you on the basis that you are a person into whose possession the attached Offering Circular may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not, nor are you authorised to, deliver the attached Offering Circular to any other person.

Nothing in this electronic transmission constitutes, and may be used in connection with, an offer, invitation or solicitation by or on behalf of any of the Issuer, the Guarantor or the Joint Lead Managers to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act). If a jurisdiction requires that the offering be made by a licensed broker or dealer and any 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 such Joint Lead Manager or such affiliate on behalf of the Issuer and the Guarantor in such jurisdiction.

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

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.

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

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

TAIZHOU HAIMINGHUI TRADING CO., LTD.
(泰州市海名薈商貿有限公司)

(incorporated with limited liability in the PRC)

U.S.$28,000,000 2.38 per cent. Credit Enhanced Bonds due 2022 unconditionally and irrevocably guaranteed by

海陵城市发展集团

HAILING CITY DEVELOPMENT GROUP

TAIZHOU HAILING CITY DEVELOPMENT GROUP CO., LTD.
(泰州海陵城市發展集團有限公司)

(incorporated with limited liability in the PRC)

with the benefit of an irrevocable Standby Letter of Credit issued by China Zheshang Bank Taizhou Branch

Issue Price of the Bonds: 100.00 per cent.

The U.S.$28,000,000 2.38 per cent. credit enhanced bonds due 2022 (the "**Bonds**") will be issued by Taizhou Haiminghui Trading Co., Ltd. (泰州市海名薈商貿有限公司) (the "**Issuer**"), a company incorporated in the People's Republic of China (the "**PRC**") with limited liability and unconditionally and irrevocably guaranteed (the "**Guarantee**") by Taizhou Hailing City Development Group Co., Ltd. (泰州海陵城市發展集團有限公司) (the "**Guarantor**"), a company incorporated in the PRC with limited liability. The Issuer is an indirect wholly-owned subsidiary of the Guarantor.

Payment of principal and interest in respect of the Bonds will have the benefit of an irrevocable standby letter of credit (the "**Standby Letter of Credit**") denominated in U.S. dollars and issued by China Zheshang Bank Taizhou Branch (the "**LC Bank**"). See "*Appendix – Form of Irrevocable Standby Letter of Credit*" for the form of the Standby Letter of Credit.

The Bonds will bear interest on their outstanding principal amount from and including the Issue Date (as defined below) at the rate of 2.38 per cent. per annum, payable in arrear on the Maturity Date (as defined below).

The Bonds will constitute direct, unsubordinated, unconditional and (subject to Condition 4(a) of the terms and conditions of the Bonds (the "**Terms and Conditions**")) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a) of the Terms and Conditions, at all times rank at least equally with all the Issuer's other present and future unsecured and unsubordinated obligations. 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 free and clear of, and without set-off or counterclaim and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the PRC or any political subdivision or authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

The Guarantor will enter into a deed of guarantee (the "**Deed of Guarantee**") with China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) (the "**Trustee**") on 1 February 2021 (the "**Issue Date**"). 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) of the Terms and Conditions, at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Guarantor.

The Issuer undertakes that it will (i) within 15 PRC Business Days (as defined in the Terms and Conditions) after the Issue Date, register or cause to be registered with the State Administration of Foreign Exchange or its local branch ("**SAFE**") the Bonds pursuant to the Administrative Measures for Foreign Debt Registration (《外債登記管理辦法》) and its operating guidelines, effective as of 13 May 2013 and amended on 4 May 2015 ("**Foreign Debt Registration**"), (ii) use its best endeavours to complete the Foreign Debt Registration and obtain a registration record from SAFE on or before the Registration Deadline (being 120 PRC Business Days after the Issue Date), (iii) if applicable, as soon as possible, and in any case as soon as required or requested to do so by any relevant governmental authority, file or cause to be filed with SAFE the Bonds pursuant to the Circular of the People's Bank of China on Implementing Overall Macro Prudential Management System for Cross-border Financing (《中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知》) (the "**Cross-Border Financing Circular**") and (iv) comply with all applicable PRC laws and regulations in relation to the Bonds, including but not limited to, if applicable, the Cross Border Financing Circular and any implementing measures promulgated thereunder from time to time. For consequences of non-registration, see "*Risk Factors – Risks Relating to the Bonds, the Guarantee and the Standby Letter of Credit – Any failure to complete the relevant registration under SAFE within the prescribed time frame following the completion of the issue of the Bonds may have adverse consequences for the Issuer and/or the investors of the Bonds*".

Unless previously redeemed or purchased and cancelled, the Bonds will be redeemed at their principal amount on 31 January 2022 (the "**Maturity Date**"). At any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders (as defined below) (which notice shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, the Bonds may be redeemed at the option of the Issuer in whole, but not in part, at their principal amount (together with interest accrued to but excluding the date fixed for redemption), if the Issuer (or, if the Guarantee was called, the Guarantor) satisfies the Trustee immediately prior to the giving of such notice that (i) it has or will become obliged to pay Additional Tax Amounts (as defined in the Terms and Conditions) as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 27 January 2021, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it. See "*Terms and Conditions of the Bonds – Redemption and Purchase – Redemption for Tax Reasons*". At any time following the occurrence of a Relevant Event (as defined in the Terms and Conditions), the holder of any Bond (each a "**Bondholder**" or "**Holder**") will have the right, at such Bondholder's option, to require the Issuer to redeem all but not some only of that Bondholder's Bonds on the Put Settlement Date (as defined in the Terms and Conditions) at 101 per cent. (in the case of a redemption for a Change of Control (as defined in the Terms and Conditions)) or 100 per cent. (in the case of a redemption for a No Registration Event (as defined in the Terms and Conditions)) of their principal amount, together in each case with accrued interest up to but excluding such Put Settlement Date. See "*Terms and Conditions of the Bonds – Redemption and Purchase – Redemption for Relevant Events*".

In addition, if a Pre-funding Failure Notice (as defined in the Terms and Conditions) is given to the Bondholders in respect of a scheduled payment of principal or interest payable under the Terms and Conditions, the Issuer shall redeem the Bonds in whole, but not in part, at their principal amount on the Interest Payment Date immediately falling after the date the Pre-funding Failure Notice is given to the Bondholders in accordance with the Terms and Conditions, together with any interest accrued to but excluding, the Mandatory Redemption Date. See "*Terms and Conditions of the Bonds – Redemption and Purchase – Mandatory Redemption upon Pre-funding Failure*".

For a more detailed description of the Bonds, see "*Terms and Conditions of the Bonds*" beginning on page 54.

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

Investing in the Bonds involves risks. See "*Risk Factors*" beginning on page 19 for a discussion of certain factors to be considered in connection with an investment in the Bonds.

The Bonds and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Bonds are being offered 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 ("**SEHK**") for the listing of the Bonds by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange) ("**Professional Investors**") only. This document is for distribution to Professional Investors only.

SEHK 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 SEHK is not to be taken as an indication of the commercial merits or credit quality of the Bonds, the Issuer, the Guarantor or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and SEHK 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.

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 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 Bonds have not been rated.

The Bonds will be represented initially by interests in a global certificate (the "**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 depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**"). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except in the limited circumstances described in the Global Certificate, certificates for Bonds will not be issued in exchange for interests in the Global Certificate.

Sole Global Coordinator

Zhongtai International

Joint Lead Managers and Joint Bookrunners

Zhongtai International	**Central Wealth Securities Investment Limited**	**Guoyuan Capital**	**Shanghai Pudong Development Bank Hong Kong Branch**

Offering Circular dated 27 January 2021

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Hong Kong Exchanges and Clearing Limited and SEHK take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular. Listing of the Bonds on the SEHK is not to be taken as an indication of the merits or credit quality of the Issuer, the Guarantor or the Bonds or the quality of disclosure in this document. Investors are advised to read and understand the contents of the Offering Circular before investing. If in doubt, investors should consult their advisers.

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on SEHK for the purpose of giving information with regard to the Issuer, the Guarantor and the Group. Each of the Issuer and the Guarantor accepts full responsibility for the accuracy of the information contained in this document and confirm, 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.

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

Notwithstanding the foregoing, the information included in this Offering Circular regarding China Zheshang Bank Co., Ltd. (浙商銀行股份有限公司) ("**China Zheshang Bank**") or its Taizhou Branch is for information purposes only and is based on, or derived or extracted from, among other sources, publicly available information. Any information available from public sources that is referenced in this Offering Circular shall not deemed to be incorporated by reference to this Offering Circular. In particular, the

audited consolidated financial information and the unaudited but reviewed interim consolidated financial statements of China Zheshang Bank are not included in or incorporated by reference in and do not form part of this Offering Circular. The Issuer and the Guarantor have taken reasonable care in the compilation and reproduction of the information. However, none of the Issuer, the Guarantor, the Group, the Joint Lead Managers (as defined below), the Trustee or the Agents (as defined in the Terms and Conditions) or their respective directors, officers, employees, representatives, advisers, agents, affiliates or any person who controls any of them has independently verified such information. No representation or warranty, express or implied, is made or given by the Issuer, the Guarantor, the Group, the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, representatives, advisers, agents, affiliates or any person who controls any of them as to the accuracy, completeness or sufficiency of such information. Accordingly, such information should not be unduly relied upon.

The PRC government is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Bonds in lieu of the Issuer or the Guarantor. See "*Risk Factors – Risks relating to the Bonds, the Guarantee and the Standby Letter of Credit – Neither the Hailing government, the Taizhou government, nor any other PRC governmental entity is obligated to repay any amount under the Bonds, the Trust Deed or the Deed of Guarantee if the Issuer or the Guarantor fails to meet its obligations thereunder.*"

The Issuer and the Guarantor have prepared this Offering Circular solely for use in connection with the proposed offering of the Bonds, the giving of the Guarantee and the Standby Letter of Credit as described in this Offering Circular. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of Zhongtai International Securities Limited, Central Wealth Securities Investment Limited, Guoyuan Capital (Hong Kong) Limited and Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch (together, the "**Joint Lead Managers**") or the Issuer or the Guarantor to subscribe for or purchase any of the Bonds. The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Guarantor and the Joint Lead Managers to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds, the giving of the Guarantee and the Standby Letter of Credit or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds, the Guarantor giving the Guarantee and the circulation of documents relating thereto, in certain jurisdictions including the United States, the United Kingdom, Hong Kong, the PRC, Singapore and Japan and to persons connected therewith. For a description of certain further restrictions on offers and sales of the Bonds, and distribution of this Offering Circular, see "*Subscription and Sale*". By purchasing the Bonds, investors 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, Bonds. Distribution of this Offering Circular to any other person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorised. Each prospective investor, by accepting delivery of this Offering Circular, agrees to the foregoing and to make no photocopies of this Offering Circular or any documents referred to in this Offering Circular.

No person has been or is authorised to give any information or to make any representation concerning the Issuer, the Guarantor, the Group, the LC Bank, the Bonds, the Guarantee or the Standby Letter of Credit other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Guarantor, the LC Bank, the Joint Lead Managers, the Trustee or the Agents or their respective directors, officers, employees, representatives, advisers, agents, 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 Guarantor, the Group or the LC Bank since the date hereof or create any implication that the information contained herein is correct as at any date subsequent to the date hereof. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents or any of their respective

directors, officers, employees, representatives, advisers, agents, 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.

This Offering Circular may not be copied or reproduced in whole or in part. It may be distributed only to and its contents may be disclosed only to the prospective investors to whom it is provided. By accepting delivery of this Offering Circular each investor agrees to these restrictions.

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

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

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

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

*Singapore Securities and Futures Act 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).*

The Bonds and the Guarantee have not been and will not be registered with the United States Securities and Exchange Commission under the Securities Act or with any state securities commission in the United States or any other United States regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering or the accuracy or adequacy of this Offering Circular. Any representation to the contrary is a criminal offense in the United States.

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

The 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 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.

In making an investment decision, investors must rely on their own examination of the Issuer, the Guarantor, the Group, the LC Bank, the Standby Letter of Credit and the terms of the offering of the Bonds, including the merits and risks involved. See "Risk Factors" for a discussion of certain factors to be considered in connection with an investment in the Bonds. Investors are advised to read and understand the contents of this Offering Circular before investing and consult their attorney and adviser if in doubt.

The Issuer, the Guarantor, the Group, the Joint Lead Managers, the Trustee, the Agents and their respective directors, officers, employees, representatives, advisers, agents, affiliates and each person who controls any of them are not making any representations regarding the legality of any investment in the Bonds under any law or regulation.

INDUSTRY AND MARKET DATA

Market data and certain industry forecasts used throughout this Offering Circular have been obtained based on 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 Guarantor 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 Guarantor, the LC Bank, the Joint Lead Managers, the Trustee or the Agent or their respective directors, officers, employees, representatives, advisers, agents, affiliates or any person who controls any of them makes any representation as to the correctness, accuracy or completeness of that information. Such information may not be consistent with other information compiled 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 OF THE GROUP

This Offering Circular contains (1) the Issuer's financial information as at and for the year ended 31 December 2019 which has been extracted from the Issuer's audited financial statements as at and for the year ended 31 December 2019 (the "**Issuer's Audited Financial Statements**"), (2) the audited interim financial information of the Issuer as at and for the nine months ended 30 September 2020, which is derived from the audited consolidated financial statements of the Issuer as at and for the nine months ended 30 September 2020 (the "**Issuer's Interim Financial Statements**", together with the Issuer's Audited Financial Statements, the "**Issuer's Historical Financial Statements**") and (3) the Guarantor's consolidated financial information as at and for the years ended 31 December 2017, 2018 and 2019 which has been extracted from the Guarantor's audited consolidated financial statements as at and for the years ended 31 December 2018 and 2019 (the "**Guarantor's Audited Financial Statements**"), all of which are included elsewhere in this Offering Circular.

The Issuer's Historical Financial Statements have been audited by Taizhou Xingrui Certified Public Accountants ("**Taizhou Xingrui**") and the Guarantor's Audited Financial Statements have been audited by Zhongxinghua Certified Public Accountants LLP ("**Zhongxinghua**").

This Offering Circular also contains the unaudited but reviewed consolidated interim financial information of the Guarantor as at and for the nine months ended 30 September 2019 and 2020, which is derived from the unaudited but reviewed consolidated financial statements of the Guarantor as at and for the nine months ended 30 September 2020 (the "**Guarantor's Interim Financial Statements**", together with the Guarantor's Audited Financial Statements, the "**Guarantor's Historical Financial Statements**"), included elsewhere in this Offering Circular. The Guarantor's Interim Financial Statements have been reviewed by Zhongxinghua in accordance with the Review Standard for Chinese Certified Public Accountants No.2101 Review of Financial Statements.

The Guarantor's Interim Financial Statements have not been audited by a certified public accountant, and should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit. None of the Issuer, the Guarantor, the Joint Lead Managers or any of their respective directors, officers, employees, representatives, advisers, agents, affiliates or any person who controls any of them makes any representation or warranty, express or implied, regarding the sufficiency of such unaudited but reviewed consolidated financial statements for an assessment of, and potential investors must exercise caution when using such data to evaluate the Guarantor's and/or the Group's financial condition and results of operations. In addition, the Guarantor's Interim Financial Statements should not be taken as an indication of the expected financial condition or results of operations of the Issuer, the Guarantor and/or the Group for the full financial year ending 31 December 2020.

In 2017, 2018 and 2019, MOF promulgated certain new accounting standards and new requirements (the "**New Accounting Standards and Requirements**"). The Issuer's Historical Financial Statements and the Guarantor's Historical Financial Statements were prepared and presented in accordance with the relevant applicable New Accounting Standards and Requirements. As a result, the presentation of certain accounting items in the Issuer's Historical Financial Statements and the Guarantor's Historical Financial Statements, as the case may be, may not be directly comparable to the financial figures in the financial statements of the Issuer or the Guarantor for the previous periods.

The Issuer's Historical Financial Statements and the Guarantor's Historical Financial Statements were prepared and presented in accordance with the Accounting Standards for Business Enterprises in China ("**PRC GAAP**"). PRC GAAP differs in certain respects from International Financial Reporting Standards ("**IFRS**"). For a discussion of certain differences between the PRC GAAP and IFRS, see "*Summary of Certain Differences between PRC GAAP and IFRS*".

The Issuer's Historical Financial Statements and the Guarantor's Historical Financial Statements have been prepared in Chinese and an English translation of the same has been included in this Offering Circular. None of the Issuer, the Guarantor, the Joint Lead Managers or any of their respective directors, officers, employees, representatives, advisers, agents, affiliates or any person who controls any of them has independently verified or checked the accuracy of such translation and can give assurance that the information contained in such translation is accurate, truthful or complete.

PRESENTATION OF FINANCIAL INFORMATION OF THE LC BANK

Copies of the LC Bank's published audited consolidated financial statements and unaudited but reviewed consolidated financial statements, as well as its public filings, can be downloaded free of charge from the websites of the LC Bank and SEHK at www.czbank.com/en and www.hkexnews.hk, respectively. The audited financial statements of the LC Bank are not included in and do not form part of this Offering Circular. The information contained on the websites of the LC Bank and SEHK is subject to change from time to time. No representation is made by the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents, the LC Bank or any of their respective directors, officers, employees, representatives, advisers, agents, affiliates or any person who controls any of them and none of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents, the LC Bank or any of their respective directors, officers, employees, representatives, advisers, agents, affiliates or any person who controls any of them takes any responsibility for any information contained on websites of the LC Bank and SEHK.

CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

All non-company specific statistics and data relating to Group's industry or the economies of pertinent jurisdictions, such as the PRC, have been extracted or derived from publicly available information and various government sources. Each of the Issuer and the Guarantor believes that the sources of this information are appropriate for such information and each of the Issuer and the Guarantor has taken reasonable care in extracting and reproducing such information. Neither the Issuer nor the Guarantor has any reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. However, such information has not been independently verified by the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents or by their respective affiliates, officers, employees, directors, advisers, representatives and agents or any person who controls any of them and none of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents or their respective affiliates, officers, employees, directors, advisers, representatives and agents and any person who controls any of them makes any representation as to the correctness, accuracy or completeness of such information. In addition, third party information providers may have obtained information from market participants and such information may not have been independently verified. Accordingly, such information should not be unduly relied upon.

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.

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to the "**PRC**", "**China**" and "**mainland China**" are to the People's Republic of China (excluding Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan), all references to the "**United States**" and "**U.S.**" are to the United States of America, all references to "**Hong Kong**" are to the Hong Kong Special Administrative Region of the People's Republic of China; all references to "**Mu**" are to the unit of land areas, and one Mu equals to approximately 0.1647 acre; all references to "**Renminbi**" and "**RMB**" are to the lawful currency of the PRC, and all references to "**U.S. dollars**" are to the lawful currency of the United States of America.

Historical amounts translated into Renminbi have been translated at historical rates of exchange. Such translations should not be construed as representations that the amounts referred to herein could have been or could be converted into Renminbi at those rates or any other rate at all. This Offering Circular contains translations 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 relation to the Issuer or the Guarantor has been translated into U.S. dollars, it has been so translated, for convenience only, at the rate of RMB6.7896 to U.S.$1.00 (the noon buying rate in New York City on 30 September 2020 as set forth in the weekly H.10 statistical release of the Federal Reserve Board of the Federal Reserve Bank of New York (the "**Noon Buying Rate**")). Further information regarding exchange rates is set forth in "*Exchange Rates*" in this Offering Circular.

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

In this Offering Circular, references to:

- "**CSRC**" are to the China Securities Regulatory Commission;
- "**Finance Bureau of Hailing District**" are to the Finance Bureau of Hailing District, Taizhou City (泰州市海陵區財政局);

- "**Hailing government**" are to the People's Government of Hailing District (泰州市海陵區人民政府);
- "**Hailing SASAC**" are to the State-owned Assets Supervision and Administration Commission of People's Government of Hailing District, Taizhou City (泰州市海陵區人民政府國資辦);
- "**MOF**" are to the Ministry of Finance;
- "**MONR**" are to the Ministry of Natural Resources of the PRC or its local counterparts;
- "**NDRC**" are to the National Development and Reform Commission of the PRC or its local counterparts;
- "**PBOC**" are to the People's Bank of China, the central bank of the PRC;
- "**SAFE**" are to the State Administration of Foreign Exchange of the PRC or its local branch;
- "**State Council**" are to the state council of the PRC;
- "**Taizhou government**" are to the People's Government of Taizhou City;
- "**Taizhou SASAC**" are to the State-owned Assets Supervision and Administration Commission of People's Government of Taizhou City (泰州市政府國有資產監督管理委員會); and
- "**VAT**" are to value-added tax.

FORWARD-LOOKING STATEMENTS

The Issuer and the Guarantor have made certain forward-looking statements in this Offering Circular regarding, among other things, the financial conditions, future expansion plans and business strategy of the Group. These forward-looking statements are based on the current expectations about future events of the Group. Although the Issuer and the Guarantor believe that these expectations and projections are reasonable, such forward-looking statements are inherently subject to risks, uncertainties and assumptions, including, among other things:

- the strategies, plans, objectives and goals of the Group and its respective ability to implement such strategies and achieve its plans, objectives and goals;
- future developments, trends and conditions in the industry and markets in which the Group operates;
- the business prospects and capital expenditure plans of the Group;
- the actions and developments of the competitors of the Group;
- the financial condition and performance of the Group;
- the availability and costs of bank loans and other forms of financing;
- various business opportunities that the Group may pursue;
- 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 any aspects of the business of the Group;
- general political and economic conditions, including those related to 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;
- macroeconomic measures taken by the PRC government to manage economic growth; and
- the ability of the Group to identify factors other than those discussed under "*Risk Factors*" and elsewhere in this Offering Circular.

The words "anticipate", "believe", "estimate", "expect", "intend", "plan" and similar expressions are intended to identify a number of these forward-looking statements. The Issuer and the Guarantor undertake no obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Offering Circular might not occur and the actual respective results of the Group could differ materially from those anticipated in these forward-looking statements. Accordingly, investors are cautioned not to place undue reliance on these forward-looking statements.

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

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SUMMARY

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

OVERVIEW

The Group is a state-owned enterprise located in Taizhou City. The Group operates as one of the Taizhou government's key investment and financing platform and urban infrastructure construction body in the Hailing District and Taizhou City. Founded in 2006, the Group carries out the Taizhou government's blueprint for infrastructure construction and municipal development. Leveraging on its strategic location and strong government support, the Group has established itself as a well-known state-owned investment and financing platform in Taizhou City and Jiangsu Province, and plays an important role in the urban development of Taizhou City, particularly the Hailing District.

The Group undertakes various infrastructure construction and municipal development projects according to the Taizhou government's plans and has developed a diversified business portfolio over the years. The Group primarily operates in four principal business segments, namely, (i) primary land development; (ii) sales of affordable housing; (iii) infrastructure construction and (iv) other principal businesses. Set forth below is an overview of the main business segments of the Group:

- ***Primary land development.*** Primary land development is one of the Group's core businesses. The Group undertakes primary land development work, including land expropriation, removal and resettlement, land levelling and development of infrastructure systems and public utilities. The Group conducts these projects at its own costs and upon completion of the development work, the Group transfers the land to the Hailing government. It receives a transfer price representing the development costs and an agreed-upon profit. For the years ended 31 December 2017, 2018 and 2019 and the nine months ended 30 September 2020, operating revenue generated from the Group's primary land development business was RMB444.9 million, RMB626.9 million, RMB917.6 million and RMB1.5 billion, respectively, representing 32.42 per cent., 50.22 per cent., 67.4 per cent. and 57.3 per cent., respectively, of the Group's total operating revenue for the same periods.

- ***Sales of affordable housing.*** The Group undertakes affordable housing construction projects and arranges for the subsequent sale of the completed affordable housing units. This business segment compliments the Group's primary land development work by offering affordable housing units to persons who may be affected by the removal and resettlement work. For the years ended 31 December 2017, 2018 and 2019 and the nine months ended 30 September 2020, the Group's operating revenue generated from the sales of affordable housing was RMB375.0 million, RMB222.7 million, RMB202.5 million and RMB684.6 million, respectively, representing 27.3 per cent., 17.8 per cent., 14.9 per cent. and 25.8 per cent., respectively, of the Group's total operating revenue for the same periods.

- ***Infrastructure construction.*** The Group has also been appointed by the Taizhou government to undertake the construction of district-level infrastructure projects delegated by the Hailing government and the city-level infrastructure projects designated by the Taizhou government. For the years ended 31 December 2017, 2018 and 2019 and the nine months ended 30 September 2020, the Group's operating revenue generated from its agent construction business was RMB408.5 million, RMB241.7 million, RMB123.1 million and RMB77.4 million, respectively, representing 29.8 per cent., 19.4 per cent., 9.0 per cent. and 2.9 per cent., respectively, of the Group's total operating revenue for the same periods. For the years ended 31 December 2017, 2018 and 2019 and the nine months ended 30 September 2020, the Group's operating revenue generated from its infrastructure project management business was RMB103.8 million, RMB122.3 million, RMB63.2 million and RMB32.4 million, representing 7.6 per cent., 9.8 per cent., 4.6 per cent., and 1.2 per cent., respectively of the Group's total operating revenue for the same periods.

COMPETITIVE STRENGTHS

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

– Well-positioned to leverage on the rapid economic growth in Taizhou City and the steady development of the local economy in Hailing District

– Strong financial and operational support from the Taizhou government and Hailing government and strong relationship with governmental departments

– Diversified and sustainable business as the key investment and construction platform in Hailing District and Taizhou City

– Extensive industry experience and management expertise

– Good financing capabilities and diversified funding channels with good banking relationships

STRATEGIES

– Further diversifying and enhancing its businesses and operations to support the economic growth and urban development of Hailing District and Taizhou City

– Cooperating with foreign enterprises, absorbing new technologies and expanding business operations outside Hailing District and Taizhou City

RECENT DEVELOPMENT

Recent Outbreak of COVID-19

Since December 2019, the COVID-19 outbreak has caused substantial disruption in the PRC economics and market, which later spread to the international markets. In March 2020, the World Health Organisation declared COVID-19 as a global pandemic. In the PRC, COVID-19 has resulted in continued business suspensions, widespread traffic disruptions, travel and other restrictions and quarantines in different places, which further led to economic slowdown, labour shortages, supply or delivery chain constraints, price drops and counterparty defaults. Many countries have also implemented drastic measures, including travel bans and close of borders to help contain the spread of COVID-19. The accelerated spread of COVID-19 has also caused extreme volatility in the global financial markets.

The Group will continue closely monitor the global development and make assessment of the impacts of COVID-19 and actively respond to its impact on the Group's financial conditions and results of operations.

Establishment of Jiangsu Aisikou

In June 2020, the Guarantor and EjlskovA/S, officially established Jiangsu Aisikou as a joint venture. See "*Strategies – Cooperating with foreign enterprises, absorbing new technologies and expanding business operations outside Hailing District and Taizhou City*" for further details. As at the date of this Offering Circular, the registered capital of Jiangsu Aisikou is RMB10 million, of which RMB5.1 million was contributed by the Guarantor. As at the date of this Offering Circular, the Guarantor holds 51 per cent. interest in Jiangsu Aisikou.

SUMMARY FINANCIAL INFORMATION

The summary financial information of the Issuer as at and for the years ended 31 December 2019 and as at and for the nine months ended 30 September 2020 set forth below is derived from and should be read in conjunction with the Issuer's Audited Financial Statements and the Issuer's Interim Financial Statements, included elsewhere in this Offering Circular.

The summary consolidated financial information of the Guarantor as at and for the years ended 31 December 2017, 2018 and 2019 and as at and for the nine months ended 30 September 2019 and 2020 set forth below is derived from and should be read in conjunction with the Guarantor's Audited Financial Statements and the Guarantor's Interim Financial Statements, included elsewhere in this Offering Circular.

The Issuer's Historical Financial Statements and the Guarantor's Audited Financial Statements were prepared and presented in accordance with PRC GAAP and have been audited by Taizhou Xingrui and Zhongxinghua, respectively. The Guarantor's Interim Financial Statements were prepared and presented in accordance with PRC GAAP and have been reviewed by Zhongxinghua in accordance with the Review Standard for Chinese Certified Public Accountants No.2101 Review of Financial Statements.

The Guarantor's Interim Financial Statements have not been audited by a certified public accountant, and should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit. None of the Issuer, the Guarantor, the Joint Lead Managers or any of their respective directors, officers, employees, representatives, advisers, agents, affiliates or any person who controls any of them makes any representation or warranty, express or implied, regarding the sufficiency of such unaudited but reviewed consolidated financial statements for an assessment of, and potential investors must exercise caution when using such data to evaluate, the Issuer's, the Guarantor's and/or the Group's financial condition and results of operations. In addition, the Guarantor's Interim Financial Statements should not be taken as an indication of the expected financial condition or results of operations of the Issuer, the Guarantor and/or the Group for the full financial year ending 31 December 2020.

In 2017, 2018 and 2019, MOF promulgated New Accounting Standards and Requirements. The Issuer's Historical Financial Statements and the Guarantor's Historical Financial Statements were prepared and presented in accordance with the relevant applicable New Accounting Standards and Requirements. As a result, the presentation of certain accounting items in the Issuer's Historical Financial Statements and the Guarantor's Historical Financial Statements, as the case may be, may not be directly comparable to the financial figures in the financial statements of the Issuer or the Guarantor for the previous periods.

PRC GAAP differs in certain respects from IFRS. For a discussion of certain differences between the PRC GAAP and IFRS, see "Summary of Certain Differences between PRC GAAP and IFRS".

SUMMARY FINANCIAL INFORMATION OF THE ISSUER

SUMMARY BALANCE SHEET

	As at 31 December 2019	As at 30 September 2020
	RMB (audited)	*RMB (audited)*
Current assets		
Cash	5,009,336.42	18,970,785.88
Notes receivable	832,571.99	11,719,935.99
Accounts receivable	4,052,053.39	12,883,088.23
Other receivable	102,901.00	102,901.00
Advanced to suppliers	15,167,861.07	12,008,664.77
Inventories	2,710,230.09	17,959,766.21
Total current assets	**27,874,953.96**	**637,607,734.79**
Long-term investments		
Long-term equity investments	–	100.000.00
Total long-term Investments	–	100.000.00
Fixed assets original costs	–	269,017.39
Fixed assets – net value	27,256.63	–
Fixed assets – net book value	27,256.63	269,017.39
Total fixed assets	**27,256.63**	**269,017.39**
Total assets	**27,902,210.59**	**637,976,752.18**
Current liabilities		
Short-term loans	–	20,000,000.00
Accounts payable	2,183,378.75	7,831,693.78
Accounts advanced from customers	10,402,528.54	–
Accrued payroll	1,206.00	19,678,697.94
Welfare benefits payable	**–**	–
Taxes payable	-323,349.66	-2,132,820.93
Other payables	838.50	2,706,660.80
Total current liabilities	**12,264,602.13**	**48,084,231.59**
Non-current liabilities		
Long-term loans	**–**	20,000,000.00
Other long-term payables	**–**	281,624.76
Other non-current liabilities	**–**	-65,921.75
Total non-current Liabilities	**–**	**20,215,703.01**
Total liabilities	**12,264,602.13**	**68,299,934.60**
Owners' (owner's)/shareholders' equity		
Registered capital	15,600,000.00	569,600,000.00
Chinese investment (not-RMB balance amount at the end of this	**–**	569,600,000.00
Registered capital-net book value	15,600,000.00	569,600,000.00
Undistributed profit	37,608.46	76,817.58
Total owners' equity	**15,637,608.46**	**569,676,817.58**
Total liabilities and owners' equity	**27,902,210.59**	**637,976,752.18**

SUMMARY INCOME STATEMENT

	Year ended 31 December	Nine months ended 30 September	
	2019	2019	2020
	RMB (audited)	*RMB (audited)*	*RMB (audited)*
Sales of main operation	6,449,398.13	440,886.88	197,057,580.29
Net sales	6,449,398.13	440,886.88	197,057,580.29
Less: cost of main operations	6,263,021.80	425,001.12	194,962,893.07
Sales tax and additions	2,956.10	116.30	61,283.20
Gross profit	183,420.23	15,769.46	2,033,404.02
Less: Selling expenses	2,969.03	1,400.00	31,299.06
General and administrative expenses	149,711.93	14,048.69	1,994,673.18
Financial expenses	-5,565.22	-4,615.58	-38,503.49
Operating income	36,304.49	4,936.35	45,935.27
Add: Investment income (loss expressed with "-")	3,283.36	–	–
Non-operating income	–	–	3,283.36
Income before tax (loss expressed with "-")	39,587.85	8,219.71	45,935.27
Less: Income tax	1,979.39	–	6,667.35
Net income (loss expressed with "-")	37,608.46	8,219.71	39,267.92
Profit available for distribution	37,608.46	8,219.71	39,267.92

SUMMARY CASH FLOW STATEMENT

	Year ended 31 December	Nine months ended 30 September	
	2019	2019	2020
	RMB (audited)	*RMB (audited)*	*RMB (audited)*
Cash flows from operating activities			
Cash received from sale of goods or rendering of services	12,697,539.82	262,354.00	212,187,707.65
Other cash received relating to operating activities	4,121.86	3,283.36	2,705,822.30
Sub-total of cash inflows	12,701,661.68	265,637.36	214,893,529.95
Cash paid for goods and services	23,012,890.80	7,524,628.04	228,710,655.03
Cash paid to and on behalf of employees	117,452.06	30.00	512,209.31
Payments off types of taxes	3,367.09	116.30	144,041.45
Other cash paid relating to operating activities	131,358.68	106,987.47	565,212,509.05
Sub-total of cash outflows	23,265,068.63	7,631,761.81	794,579,414.84
Net cash flows from operating activities	-10,563,406.95	-7,366,124.45	-579,685,884.89
Cash flows from investing activities			
Cash paid to acquire fixed assets, intangible assets and other	27,256.63	–	252,665.65
Cash paid to acquire investments	–	–	100.000.00
Sub-total of cash outflows	27,256.63	–	352,665.65
Net cash flows from investing activities	-27,256.63	–	-352,665.65
Cash flows from financing activities			
Cash received from capital contribution	15,600,000.00	10,000,000.00	554,000,000.00
Cash received from borrowings	–	–	40,000,000.00
Sub-total of cash inflows	15,600,000.00	10,000,000.00	594,000,000.00
Net cash flows from financing activities	15,600,000.00	10,000,000.00	594,000,000.00
Net increase/(decrease) in cash and cash equivalents	5,009,336.42	2,633,875.55	13,961,339.46
Net profit	37,608.46	8,219.71	39,267.92
Depreciation of fixed assets	–	–	10,904.89
Decrease in inventories (deduce: increase)	-2,710,230.09	-108,936.87	-15,249,536.12
Decrease in operating receivables (deduct: increase)	-20,155,387.45	-7,406,954.26	-580,521,795.25
Increase in operating payables (deduct: decrease)	12,264,602.13	141,546,97	15,819,629.46
Others	–	–	215,644,21
Net cash flows from operating activities	-10,563,406.95	-7,366,124.45	-579,685,884.89
Cash at end of year	5,009,336.42	2,633,875.55	18,970,785.88
Less: cash at beginning of year	–	–	5,009,336.42
Net increase/(decrease) in cash and cash equivalents	5,009,336.42	2,633,875.55	13,961,449.46

SUMMARY FINANCIAL INFORMATION OF THE GUARANTOR

SUMMARY BALANCE SHEET

	As at 31 December			As at 30 September
	2017	2018	2019	2020
	RMB	*RMB*	*RMB*	*RMB*
	(audited)	*(audited)*	*(audited)*	*(unaudited but reviewed)*
Current assets:				
Monetary fund	9,746,272,191.28	9,258,878,645.50	7,059,173,650.18	5,865,256,339.69
Bills receivable	–	1,100,000.00	10,832,571.99	34,625,067.51
Accounts receivable	1,080,269,621.26	232,060,710.59	288,665,440.01	505,203,028.84
Notes receivable and accounts receivable	1,080,269,621.26	233,160,710.59	299,498,012.00	539,828,096.35
Advance payments	51,033,394.71	21,964,144.63	26,853,458.82	54,654,631.13
Other receivables	5,211,740,989.24	3,567,752,216.11	4,232,506,872.05	4,505,106,797.28
Inventories	26,773,439,571.68	27,801,691,105.06	29,411,939,146.44	30,470,561,630.67
Non-current assets due within one year	–	6,480,572.81	45,259,055.50	62,167,842.78
Other current assets	645,387,489.67	571,326,805.11	614,524,583.00	579,102,793.58
Total current assets	**43,508,143,257.84**	**41,461,254,199.81**	**41,689,754,777.99**	**42,076,678,131.48**
Non-current assets:				
Available-for-sale financial assets	178,358,575.22	178,358,575.22	149,900,000.00	225,000,000.00
Long-term accounts receivable	–	15,361,293.34	256,339,135.02	231,662,667.61
Long-term equity investment	59,127,828.81	–	212,063,295.26	291,815,604.31
Investment real estate	13,458,363.72	12,692,768.18	130,352,683.52	131,730,263.42
Fixed assets	413,638,393.11	326,257,639.22	205,361,553.88	223,469,014.23
Construction in process	27,950,363.58	30,066,315.46	42,646,279.38	88,011,602.65
Intangible assets	41,649,537.48	40,276,521.70	39,144,498.97	64,713,823.46
Long-term deferred expenses	11,742,712.99	1,364,177.22	1,003,151.10	854,672.10
Deferred income tax assets	5,436,715.60	4,253,744.92	4,857,882.80	4,990,152.98
Other non-current assets	994,776,847.36	991,245,535.73	649,261,040.00	649,261,040.00
Total non-current assets	**1,746,139,337.87**	**1,599,876,570.99**	**1,690,929,519.93**	**1,911,508,840.76**
Total assets	**45,254,282,595.71**	**43,061,130,770.80**	**43,380,684,297.92**	**43,988,186,972.24**
Current liabilities:				
Short-term borrowings	953,328,750.00	715,000,000.00	187,000,000.00	1,087,065,000.00
Bills payable	400,000,000.00	500,000,000.00	600,000,000.00	928,300,000.00
Accounts payable	967,203,957.17	461,094,917.72	763,820,938.82	645,957,659.18
Notes payable and accounts payable	1,367,203,957.17	961,094,917.72	1,363,820,938.82	1,574,257,659.18
Advance receipts	360,912,466.86	395,357,948.19	413,389,884.20	412,258,020.73
Employee remuneration payable	1,391,619.56	2,245,547.37	2,522,174.93	1,304,677.31
Taxes payable	217,675,473.56	290,757,801.94	388,103,457.93	538,017,198.47
Other payables	9,651,604,677.29	10,735,468,159.96	6,759,860,965.47	**4,692,144,582.49**
Non-current liabilities due within one year	3,682,807,917.33	1,920,753,868.29	2,556,431,961.67	3,895,516,805.86
Other current liabilities	303,177,815.31	358,746,098.74	436,075,067.62	1,401,314,174.44
Total current liabilities	**16,538,102,677.08**	**15,379,424,342.21**	**12,107,204,450.64**	**13,601,878,118.48**
Non-current liabilities:				
Long-term borrowings	7,888,693,744.04	7,409,005,700.82	6,860,115,145.04	5,929,806,000.00
Bonds payable	4,770,563,970.41	4,387,059,079.28	6,130,868,066.91	6,097,808,725.30
Long-term accounts payable	480,981,016.86	2,480,125,365.10	2,434,519,939.46	2,602,156,109.77
Other non-current liabilities	3,940,182,458.00	210,866,849.87	53,886,958.00	39,097,696.00
Total non-current liabilities	**17,080,421,189.31**	**14,487,056,995.07**	**15,479,390,109.41**	**14,668,868,531.07**
Total liabilities	**33,618,523,866.39**	**29,866,481,337.28**	**27,586,594,560.05**	**28,270,746,649.55**
Owner's equity:				
Paid-in capital	2,072,095,800.00	2,072,095,800.00	5,058,000,000.00	5,058,000,000.00
Capital reserve	7,685,977,670.88	8,986,598,050.51	8,456,150,518.55	8,351,035,358.67
Surplus reserve	253,328,146.41	285,706,106.11	313,146,057.79	313,146,057.79
Undistributed profits	1,467,481,746.94	1,598,684,591.93	1,739,351,714.53	1,899,249,410.58
Total owner's equity attributable to the parent company	**11,478,883,364.23**	**12,943,084,548.55**	**15,566,648,290.87**	**15,621,430,827.04**
Minority shareholder's equity	156,875,365.09	251,564,884.97	227,441,447.00	96,009,495.65
Total owner's equity	**11,635,758,729.32**	**13,194,649,433.52**	**15,794,089,737.87**	**15,717,440,322.69**
Total liabilities and owner's equity	**45,254,282,595.71**	**43,061,130,770.80**	**43,380,684,297.92**	**43,988,186,972.24**

SUMMARY INCOME STATEMENT

	Year ended 31 December			Nine months ended 30 September	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
	(audited)	*(audited)*	*(audited)*	*(unaudited but reviewed)*	*(unaudited but reviewed)*
I. Total operating incomes	**1,372,157,240.45**	**1,248,265,064.22**	**1,360,679,648.04**	**1,101,579,449.73**	**2,649,594,846.23**
Of which: operating incomes	1,372,157,240.45	1,248,265,064.22	1,360,679,648.04	1,101,579,449.73	2,649,594,846.23
II. Total operating costs	**1,279,021,465.56**	**1,146,867,428.37**	**1,285,568,178.53**	**987,344,338.52**	**2,426,839,217.61**
Of which: operating costs	1,102,254,081.19	984,854,577.53	1,166,830,289.61	877,528,957.62	2,335,004,747.39
Taxes and surcharges	36,993,816.19	16,828,520.98	25,860,657.60	17,179,401.82	20,431,447.11
Sales expenses	18,854,499.31	18,806,514.53	11,115,375.31	16,197,665.57	14,059,949.56
Management expenses	51,612,113.76	58,732,582.02	32,788,810.08	23,578,408.11	59,020,517.70
Financial expenses	71,806,084.61	59,202,412.26	48,973,045.93	52,859,905.40	-1,677,444.15
Of which: interest expenses	84,716,121.46	100,000,644.91	53,173,505.13	53,064,730.86	267,402.69
Interest incomes	13,471,112.45	36,459,322.87	4,829,726.72	2,732,964.00	2,234,485.61
Plus: other incomes	111,616,362.40	103,793,675.33	171,989,303.32	32,106.56	587,572.36
Investment incomes (losses marked with "-")	265,596.89	1,593,251.35	-10,517,366.91	1,386,960.30	-12,188,430.82
Of which: investment incomes to associated enterprises and joint ventures	207,596.89	3,050,249.30	-10,568,477.02	1,336,960.30	-14,647,690.95
Asset impairment losses (losses marked with "-")	2,499,129.50	-8,442,821.05	-11,533,411.02	-13,276,804.37	7,158,955.21
Asset disposal revenues (losses marked with "-")	–	–	-9,324.27	-9,194.47	–
III. Operating profits (losses marked with "-")	**205,017,734.18**	**206,784,562.53**	**225,040,670.63**	**102,368,179.23**	**218,313,725.37**
Plus: non-operating incomes	4,970,309.31	4,694,273.75	23,371.13	395,218.78	163,399.06
Less: non-operating expenditures	1,973,444.32	173,847.40	12.10	1,012.10	633,477.71
IV. Total profits (total losses marked with "-")	**208,014,599.17**	**211,304,988.88**	**225,064,029.66**	**102,762,385.91**	**217,843,646.72**
Less: income tax expenses	40,537,407.59	41,196,221.54	49,953,050.77	17,860,161.75	56,701,422.76
V. Net profits (net losses marked with "-")	**167,477,191.58**	**170,108,767.34**	**175,110,978.89**	**84,902,224.16**	**161,142,223.96**
(I) Classified by business continuity:					
1. Net profits from sustainable operation (net losses marked with "-")	167,477,191.58	170,108,767.34	175,110,978.89	84,902,224.16	161,142,223.96
(II) Classified by ownership					
1. Minority shareholders' profits and losses (net losses marked with "-")	7,549,442.55	6,527,962.65	5,803,904.61	-760,746.30	1,244,527.91
2. Net profits attributable to parent company shareholders (net losses marked with "-")	159,927,749.03	163,580,804.69	169,307,074.28	85,662,970.46	159,897,696.05
VI. Total comprehensive incomes	**167,477,191.58**	**170,108,767.34**	**175,110,978.89**	**84,902,224.16**	**161,142,223.96**
Total comprehensive incomes attributable to owners of parent company	159,927,749.03	163,580,804.69	169,307,074.28	85,662,970.46	159,897,696.05
Total comprehensive incomes attributable to the minority shareholders	7,549,442.55	6,527,962.65	5,803,904.61	-760,746.30	1,244,527.91

SUMMARY CASH FLOW STATEMENT

	Year ended 31 December			Nine months ended 30 September	
	2017	**2018**	**2019**	**2019**	**2020**
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
	(audited)	*(audited)*	*(audited)*	*(unaudited but reviewed)*	*(unaudited but reviewed)*
I. Cash flow from operating activities:					
Cash received from selling goods and providing services	1,063,960,093.16	1,986,806,940.40	1,233,919,247.74	907,766,051.76	2,715,891,340.94
Other cash received from operating activities	5,261,972,722.71	4,161,293,592.10	5,164,615,142.57	2,096,503,914.03	2,186,282,722.60
Subtotal cash inflow from operating activities	**6,325,932,815.87**	**6,148,100,532.50**	**6,398,534,390.31**	**3,004,269,965.79**	**4,902,174,063.54**
Cash paid to buy goods and receive labour service	4,322,964,150.02	3,647,991,605.17	2,689,967,981.14	2,381,445,897.75	2,091,732,481.43
Cash paid to and for employees	11,026,547.44	12,867,534.20	16,459,826.91	13,692,239.00	22,249,406.76
Taxes paid	38,538,289.21	15,764,515.62	19,975,040.40	17,054,621.27	52,723,183.29
Other cash paid related to operating activities	5,851,608,499.13	1,656,366,872.72	5,534,478,382.50	7,798,669,645.62	2,055,994,205.57
Subtotal cash outflow from operating activities	**10,224,137,485.80**	**5,332,990,527.71**	**8,260,881,230.95**	**10,210,862,403.64**	**4,222,699,277.05**
Net cash flow from operating activities	**-3,898,204,669.93**	**815,110,004.79**	**-1,862,346,840.64**	**-7,206,592,437.85**	**679,474,786.49**
II. Cash flow from investing activities:					
Cash received from investment withdrawal	263,000,000.00	268,860,421.95	–	–	20,000,000.00
Cash received from investment returns	58,000.00	1,339,166.66	51,110.11	50,000.00	2,459,260.13
Net cash received from disposal of fixed assets, intangible assets and other long-term investments	–	–	380.78	380.58	489.60
Other cash received from investing activities	–	–	–	375,204,371.60	–
Subtotal cash inflow from investing activities	**263,058,000.00**	**270,199,588.61**	**51,490.89**	**375,254,752.18**	**22,459,749.73**
Cash paid for purchasing and constructing fixed assets, intangible assets and other long-term assets	80,237,152.80	50,956,117.14	166,814,007.92	14,957,273.85	103,713,017.22
Cash paid for investment	290,400,000.00	52,007,211.95	386,479,600.00	216,553,600.00	183,300,000.00
Other cash paid related to investing activities	–	306,940,033.89	–	–	–
Subtotal cash outflow from investing activities	**370,637,152.80**	**409,903,362.98**	**553,293,607.92**	**231,510,873.85**	**287,013,017.22**
Net cash flow from investment activities	**-107,579,152.80**	**-139,703,774.37**	**-553,242,117.03**	**143,743,878.33**	**-264,553,267.49**
III. Cash flow from financing activities:					
Cash received from absorbing investments	1,000,000,000.00	1,900,000,000.00	3,030,415,295.43	2,986,901,035.00	34,770,000.00
Cash received from borrowings	14,109,250,528.31	5,240,629,585.30	13,860,806,946.41	8,374,823,398.70	6,696,858,320.79
Cash received from issuing bonds	1,184,693,480.00	338,680,000.00	3,491,784,723.77	–	–
Other cash received from financing activities	607,000,000.00	395,000,000.00	400,000,000.00	400,000,000.00	10,869,963.34
Subtotal of cash inflow from financing activities	**16,900,944,008.31**	**7,874,309,585.30**	**20,783,006,965.61**	**11,761,724,433.70**	**6,742,498,284.13**

	Year ended 31 December			Nine months ended 30 September	
	2017	2018	2019	2019	2020
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
	(audited)	*(audited)*	*(audited)*	*(unaudited but reviewed)*	*(unaudited but reviewed)*
Cash paid for repayment of debt	7,289,942,735.42	5,793,884,175.13	17,434,166,023.71	5,767,739,226.74	6,426,081,544.46
Cash paid for distributing dividends, profits or settling interests	1,592,649,895.23	1,676,986,369.87	2,152,462,804.73	1,597,555,803.96	1,580,900,065.47
Other cash paid related to financing activities	57,276,644.80	345,179,713.67	765,924,583.38	192,800,096.76	1,121,068,826.65
Subtotal cash outflow from financing activities	**8,939,869,275.45**	**7,816,050,258.67**	**20,352,553,411.82**	**7,558,095,127.46**	**9,128,050,436.58**
Net cash flow from financing activities	**7,961,074,732.86**	**58,259,326.63**	**430,453,553.79**	**4,203,629,306.24**	**-2,385,552,152.45**
IV. Influence of exchange rate changes to cash and cash equivalents	**-4,714,919.12**	**4,500,726.58**	**-356,357.20**	**–**	**–**
V. Net increase in cash and cash equivalents	**3,950,575,991.01**	**738,166,283.63**	**-1,985,491,761.08**	**-2,859,219,253.28**	**-1,970,630,633.45**
Plus: opening balance of cash and cash equivalents	3,629,636,459.58	7,580,212,450.59	8,318,378,734.22	8,318,378,734.22	6,332,886,973.14
VI. Closing balance of cash and cash equivalents	**7,580,212,450.59**	**8,318,378,734.22**	**6,332,886,973.14**	**5,459,159,480.94**	**4,362,256,339.69**

THE OFFERING

The following summary 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" and "The Global Certificate" 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" in this Offering Circular.

Issuer	Taizhou Haiminghui Trading Co., Ltd. (泰州市海名薈商貿有限公司)
Guarantor	Taizhou Hailing City Development Group Co., Ltd. (泰州海陵城市發展集團有限公司)
LC Bank	China Zheshang Bank Taizhou Branch
Bonds	U.S.$28,000,000 2.38 per cent. credit enhanced bonds due 2022.
Issue Price	The Bonds will be issued at 100.00 per cent. of their principal amount.
Form and Denomination	The Bonds will be issued in registered form in the 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 the Issue Date at the rate of 2.38 per cent. per annum, payable in arrear on the Maturity Date.
Issue Date	1 February 2021.
Maturity Date	31 January 2022.
Status of the Bonds	The Bonds will constitute direct, unsubordinated, unconditional and (subject to Condition 4(a) (*Negative Pledge*) of the Terms and Conditions) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a) (*Negative Pledge*) of the Terms and Conditions, at all times rank at least equally with all the Issuer's other present and future unsecured and unsubordinated obligations.
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) (*Negative Pledge*) of the Terms and Conditions, at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Guarantor.

Standby Letter of Credit	The Bonds will have the benefit of the Standby Letter of Credit which is issued in favour of the Trustee, on behalf of itself and the holders of the Bonds, by the LC Bank. The Standby Letter of Credit shall be drawable by the Trustee as beneficiary under the Standby Letter of Credit on behalf of itself and the holders of the Bonds upon the presentation of a demand by authenticated SWIFT (or by such method of communication otherwise permitted under the Standby Letter of Credit) sent by the Trustee or an agent of the Trustee to the LC Bank in accordance with the Standby Letter of Credit (the "**Demand**") stating that (i) the Issuer has failed to comply with Condition 3(d) *(Pre-funding)* in relation to pre-funding the amount that is required to be pre-funded under the Terms and Conditions and/or has failed to provide the Required Confirmations (as defined in the Terms and Conditions) in accordance with Condition 3(d) *(Pre-funding)*; or (ii) an Event of Default (as defined in Terms and Conditions) has occurred and the Trustee has given notice to the Issuer and the Guarantor that the Bonds are immediately due and payable in accordance with Condition 9 *(Events of Default)*. Only one drawing under the Standby Letter of Credit is permitted. Such drawing on the Standby Letter of Credit will be payable in U.S. dollars to or to the order of the Trustee at the time and to the account specified in the Demand presented to the LC Bank. Payments received by the Trustee in respect of the Demand will be deposited into the LC Proceeds Account (as defined in the Terms and Conditions). The payment made under the Standby Letter of Credit in respect of any amount payable under the Terms and Conditions or in connection with the Bonds, the Trust Deed, the Deed of Guarantee and/or the Agency Agreement shall, to the extent of the drawing paid to or to the order of the Trustee, satisfy the obligations of the Issuer and the Guarantor in respect of such amount payable under the Terms and Conditions or in connection with the Bonds, the Trust Deed, the Deed of Guarantee and/or the Agency Agreement. The LC Bank's aggregate liability under the Standby Letter of Credit shall be expressed and payable in U.S. dollars and shall not in any circumstances exceed U.S.$29,664,440, representing only (i) the aggregate principal amount of the Bonds plus interest payable for the Interest Period (as defined in the Terms and Conditions) and (ii) U.S.$1,000,000.00 being the maximum amount payable under the Standby Letter of Credit for any fees, costs, expenses, indemnity payments and other amounts which may be incurred by or payable to the Trustee under or in connection with the Bonds, the Trust Deed, the Guarantee, the Standby Letter of Credit and/or the Agency Agreement. The Standby Letter of Credit takes effect from the date thereof and shall remain valid and in full force until 6:00 p.m. (Hong Kong time) on 28 February 2022 and shall expire at the place of the LC Bank. The form of the Standby Letter of Credit is scheduled to this Offering Circular. See "*Appendix A – Form of Irrevocable Standby Letter of Credit*".

Pre-Funding. . . . . In order to provide for the payment of any amount in respect of the Bonds (other than the amounts payable under Condition 6(d) (*Mandatory Redemption upon Pre-funding Failure*) of the Terms and Conditions) (the "**Relevant Amount**") as the same shall become due, the Issuer shall, in accordance with the Agency Agreement, by no later than the Business Day (the "**Pre-funding Date**") falling ten Business Days prior to the due date for such payment:

(i) unconditionally pay or procure to be paid the Relevant Amount into the Pre-funding Account (as defined in the Terms and Conditions); and

(ii) deliver to the Trustee and the Principal Paying Agent by facsimile (X) a Payment and Solvency Certificate (as defined in the Terms and Conditions) signed by any Authorised Signatory (as defined in the Terms and Conditions) of the Issuer, and (Y) a copy of the irrevocable payment instruction from the Issuer to the Pre-funding Account Bank requesting the Pre-funding Account Bank to pay the Relevant Amount which was paid into the Pre-funding Account on the Pre-funding Date in full to the Principal Paying Agent by no later than 10:00 a.m. (Hong Kong time) on the Business Day immediately preceding the due date for such payment (together, the "**Required Confirmations**").

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

(1) as soon as reasonably practicable, and in any event not later than 5:00 p.m. (Hong Kong time) on the Business Day immediately following the Pre-funding Date, notify the LC Bank and the LC Proceeds Account Bank by facsimile of the occurrence of the Pre-funding Failure; and

(2) by no later than 6:00 p.m. (Hong Kong time) on the second Business Day following the Pre-funding Date (X) give notice (the "**Pre-funding Failure Notice**") to the Bondholders of (aa) the Pre-funding Failure and (bb) the redemption of the Bonds in accordance with Condition 6(d) *(Mandatory Redemption upon Pre-funding Failure)* to occur as a result of the Pre-funding Failure and (Y) issue a Demand to the LC Bank for an amount equal to the aggregate principal amount of all of the Bonds then outstanding, together with interest accrued to but excluding the Mandatory Redemption Date (as defined in Condition 6(d) *(Mandatory Redemption upon Pre-funding Failure)*) and all fees, costs, expenses, indemnity payments and other amounts incurred by or payable to the Trustee under or in connection with the Bonds, the Trust Deed, the Guarantee the Standby Letter of Credit and/or, the Agency Agreement,

provided that, subject to and in accordance with the terms of the Standby Letter of Credit, the Trustee need not physically present the Demand to the LC Bank and shall be entitled to submit the Demand by authenticated SWIFT to the LC Bank, or, in the event that the SWIFT system is unavailable for any reason, by way of such other means as permitted under the Standby Letter of Credit.

If the LC Bank receives such Demand on or before 6:00 p.m. (Hong Kong time) on a Business Day, the LC Bank shall by 10:00 a.m. (Hong Kong time) on the fourth Business Day immediately following such Business Day (or, if such Demand is received after 6:00 p.m. (Hong Kong time) on a Business Day, the fifth Business Day immediately following such Business Day) pay to or to the order of the Trustee the amount in U.S. dollars specified in the Demand under the Standby Letter of Credit to the LC Proceeds Account.

"**Business Day**" means a day (other than a Saturday or a Sunday or a public holiday) on which banks and foreign exchange markets are open for business in Hong Kong, Beijing and New York.

Negative pledge . . . . . The Bonds will contain a negative pledge provision as further described in Condition 4(a) (*Negative Pledge*) of the Terms and Conditions.

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 free and clear of, and without set-off or counterclaim and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the PRC or any political subdivision or authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

Where such withholding or deduction is made by the Issuer or, as the case may be, the Guarantor in respect of PRC tax at the rate of up to and including the rate applicable on 27 January 2021 (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 Bondholders equals the amounts which would otherwise have been receivable 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 PRC in excess of the Applicable Rate, then the Issuer or, as the case may be, the Guarantor shall pay such additional amounts ("**Additional Tax Amounts**") as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Tax Amounts shall be payable in respect of any Bond in the circumstances set out in Condition 8 (*Taxation*) of the Terms and Conditions.

Redemption for Tax Reasons	The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice (a "**Tax Redemption Notice**") to the Bondholders (which such notice shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, at their principal amount (together with interest accrued up to but excluding the date fixed for redemption), if the Issuer (or, if the Guarantee was called, the Guarantor) satisfies the Trustee immediately prior to the giving of such notice that: (A) the Issuer (or, if the Guarantee is called, the Guarantor) has or will become obliged to pay Additional Tax Amounts as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 27 January 2021; and (B) 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 Tax Redemption Notice 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 then due.
Redemption for Relevant Events	At any time following the occurrence of a Relevant Event, any Bondholder will have the right, at such holder's option, to require the Issuer to redeem all, but not some only, of such holder's Bonds on the Put Settlement Date at 101 per cent. (in the case of a redemption for a Change of Control) or 100 per cent. (in the case of a redemption for a No Registration Event) of their principal amount, together with accrued interest up to but excluding such Put Settlement Date, as further described in Condition 6(c) (*Redemption for Relevant Events*) of the Terms and Conditions. A "**Change of Control**" occurs when: (i) (x) the Guarantor, and (y) any other PRC Person (as defined in the Terms and Conditions), together cease to directly or indirectly hold or own 99 per cent. or more of the issued share capital of the Issuer; or (ii) (x) State-owned Assets Supervision and Administration Committee of People's Government of Taizhou City (泰州市政府國有資產監督管理委員會), and (y) any other PRC Person, together cease to directly or indirectly hold or own 100 per cent. of the issued share capital of the Guarantor; or

(iii) the Issuer consolidates with or merges into or sells or transfers all or substantially all of its assets to one or more Persons, unless such Person is a PRC Person or is directly or indirectly 100 per cent. held or owned by a PRC Person; or

(iv) the Guarantor consolidates with or merges into or sells or transfers all or substantially all of its assets to one or more Persons, unless such Person is a PRC Person or is directly or indirectly 100 per cent. held or owned by a PRC Person.

A "**No Registration Event**" occurs when the Registration Conditions (as defined in the Terms and Conditions) have not been satisfied in full on or before the Registration Deadline (as defined in the Terms and Conditions). See "*Terms and Conditions of the Bonds – Redemption and Purchase – Redemption for Relevant Events*".

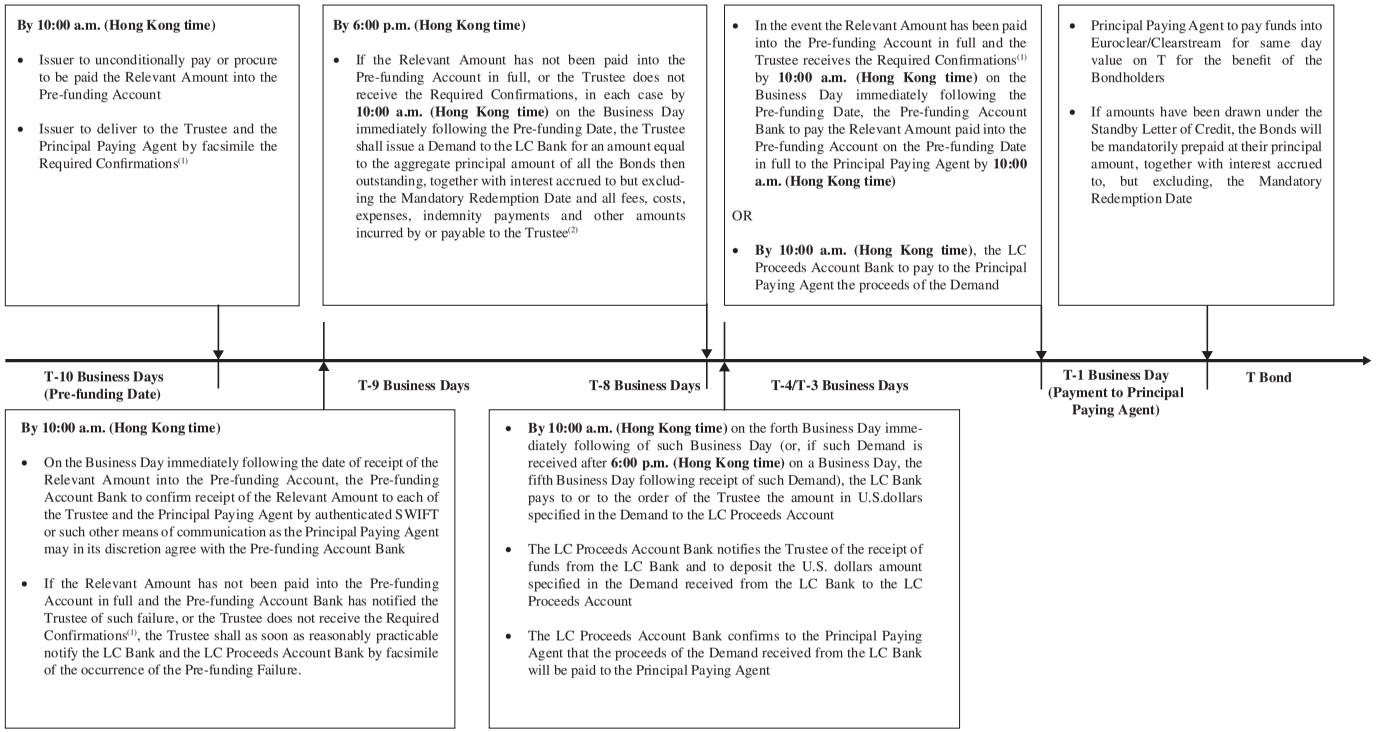
Mandatory Redemption upon Pre-funding Failure . . . . . The Bonds shall be redeemed at their principal amount on the Interest Payment Date immediately falling after the date a Pre-funding Failure Notice is given to the Bondholders in accordance with Condition 3(d) (*Pre-funding*) (the "**Mandatory Redemption Date**"), together with interest accrued to, but excluding, the Mandatory Redemption Date. If any Bondholder shall have exercised its right to require the Issuer to redeem its Bonds in accordance with Condition 6(c) (*Redemption for Relevant Events*) and a Pre-funding Failure Notice is given to the Bondholders in accordance with Condition 3(d) (*Pre-funding*) as a result of a Pre-funding Failure relating to the amount payable pursuant to such redemption, the Bonds shall be redeemed in whole, but not in part, at their principal amount in accordance with Condition 6(d) (*Mandatory Redemption upon Pre-funding Failure)* on the Put Settlement Date, together with interest accrued to, but excluding, the Put Settlement Date, *provided that* if such Pre-funding Failure occurs and a Pre-funding Failure Notice has been given or is given to the Bondholders in respect of a scheduled payment of principal or interest payable under Condition 5 (*Interest*) or Condition 6(a) (*Final Redemption*), the Bonds shall be redeemed in whole, but not in part, on the Mandatory Redemption Date at their principal amount, together with interest accrued to, but excluding, the Mandatory Redemption Date.

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

Cross-default	The Bonds will contain a cross-default provision as further described in Condition 9(a)(iii) (*Cross-Default*) 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 of, and shall be deposited on or about the Issue Date with, a common depositary for Euroclear and Clearstream. Beneficial interests in the Global Certificates will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described herein and in the Global Certificate, certificates for Bonds will not be issued in exchange for beneficial interests in the Global Certificate.
Governing Law and Jurisdiction	English law. Exclusive jurisdiction of the Hong Kong courts.
Trustee	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司)
Registrar and Transfer Agent	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司)
Principal Paying Agent	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司)
Pre-funding Account Bank and LC Proceeds Account Bank	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司)
Further Issues	The Issuer may from time to time, without the consent of the Bondholders create and issue further securities either 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 the Terms and Conditions in relation to the Foreign Debt Registration) and so that such further issue shall be consolidated and form a single series with the outstanding Bonds, as the case may be, as further described in Condition 15 (*Further Issues*) of the Terms and Conditions.
Use of Proceeds	See "*Use of Proceeds*".
The Issuer's Legal Entity Identifier	300300WK4HOY58WYO522
ISIN	XS2275606734
Common Code	227560673
Listing	Application will be made to SEHK for the listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors only.

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

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



Notes:

(1) The Required Confirmations consist of: (a) a Payment and Solvency Certificate signed by any Authorised Signatory of the Issuer, and (Y) a copy of the irrevocable payment instruction from the Issuer to the Pre-funding Account Bank requesting the Pre-funding Account Bank to pay the Relevant Amount which was paid into the Pre-funding Account on the Pre-funding Date in full to the Principal Paying Agent by no later than 10:00 a.m. (Hong Kong time) on the Business Day immediately preceding the due date for such payment.

(2) The Trustee need not physically present the Demand under such Standby Letter of Credit to the LC Bank and shall be entitled to draw on such Standby Letter of Credit by way of a Demand by authenticated SWIFT sent on its behalf, or, in the event that the SWIFT system is unavailable for any reason, via facsimile transmission as contemplated in the Standby Letter of Credit.

RISK FACTORS

Prior to making an investment decision, prospective investors should carefully consider the following risk factors, along with the other matters set out in this Offering Circular. PRC laws and regulations may differ from the laws and regulations in other countries. Additional risks not described below or not currently known to the Issuer or the Guarantor or that it currently deems immaterial may also adversely affect the Group's businesses, financial condition or results of operations or the value of the Bonds. Each of the Issuer and the Guarantor believes that the risk factors described below represent the principal risks inherent in investing in the Bonds, but the inability of the Issuer or the Guarantor to pay interest, principal or other amounts on or in connection with any Bonds or the Guarantee may occur for reasons which may not be considered as significant risks by each of the Issuer and the Guarantor based on information currently available to it or which it may not currently be able to anticipate. All of these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantor is in a position to express a view on the likelihood of any such contingency occurring.

Neither the Issuer nor the Guarantor represents that the statements below regarding the risk factors of holding any Bonds are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.

This Offering Circular also contains forward-looking statements that involve risks and uncertainties. The Group's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Offering Circular.

RISKS RELATING TO THE GROUP'S BUSINESS IN GENERAL

The Group's performance and financial condition are largely dependent on fiscal policies and public spending on infrastructure of the Taizhou government.

The Group mainly operates in Taizhou City, Jiangsu Province and its assets and operations are highly concentrated in Taizhou City. The Group's primary business segments include primary land development, infrastructure construction, project management and sales of affordable housing, which are closely related to the regional and national environment. Since its establishment, the Group has played an important role in implementing the Taizhou government's blueprint for infrastructure construction. Due to the nature of the Group's businesses, its business and financial performance may be materially affected by changes in the budgets of the Taizhou government, especially by any significant reduction in the Taizhou government's spending on infrastructure.

The nature, scale, location and timing of the Taizhou government's investment plans in public infrastructure are affected by a number of factors. These factors include the PRC government's policies and priorities concerning the development of different regions of China and the Taizhou government's fiscal and monetary policies, including the availability of credit and funding for projects. These factors in turn may be directly affected by changes in the economic conditions in the PRC and in Taizhou City particularly 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 Taizhou City will be affected by a slowdown in the growth of the PRC economy, and there is no assurance that the policies and measures issued by the PRC government will be effective in stimulating the recovery of the economy. There can be no assurance that the level of economic development in Taizhou City will continue to be maintained at the past rate of growth, if at all. Any slowdown in the economic development in Taizhou City may decrease the demand for the Group businesses and adversely affect the Group's business, financial condition, results of operations and prospects.

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

The Guarantor is wholly-owned by Taizhou SASAC. Accordingly, the Taizhou government is able to significantly influence the Group's major business decisions and strategies, including the scope of its activities, investment decisions and dividend policy. There can be no assurance that Taizhou SASAC would always take actions that are in the Group's best interests or that aim to maximise the Group's profits. For example, Taizhou SASAC could use its ability to influence the Group's business and strategy in a manner beneficial to Taizhou City as a whole, which may not necessarily be in the Group's best interests. The Taizhou government could also change its policies, plans, preferences, views, expectations, projections, forecasts and opinions, as a result of changes in the PRC's economic, political and social environment, its projections of population and employment growth and any such change may have a material effect on the Group's business and prospects. For instance, the Taizhou government may set the land transfer fees on terms which are less beneficial to the Group than nationwide or market rates, which in turn may have a negative impact on the operation and performance of the Group's primary land development business. Any amendment, modification or repeal of existing policies of the Taizhou government could result in a modification of the existing regulatory regime which in turn could have a material adverse effect on the Group's financial condition and results of operations.

PRC regulations on the administration of fiscal debts of local governments may materially and adversely affect the Group's financing condition, results of operation and business prospect.

The Group's results of operations and financial condition may be affected by changes in the regulation of the PRC government concerning local government debts.

For example, in accordance with the Guidance on Further Strengthening Adjustment of Credit Structure to Promote Fast and Smooth Development of National Economy (Yin Fa [2009] No. 92) (《中國人民銀行、中國銀行業監督管理委員關於進一步加強信貸結構調整促進國民經濟平穩較快發展的指導意見》(銀發[2009]92號)) ("**Circular 92**") issued jointly by PBOC and the China Banking Regulatory Commission (which was merged with the China Insurance Regulatory Commission to form the China Banking and Insurance Regulatory Commission in March 2018) ("**CBRC**") on 18 March 2009, local governments are encouraged to establish financing platforms to issue financing instruments such as enterprise notes and medium-term notes. In order to strengthen the management of financing platforms and effectively prevent fiscal financial risks, the Circular of the State Council on Relevant Issues Concerning Strengthening the Management of Financing Platform Companies of Local Governments (Guo Fa [2019] No. 19) (《國務院關於加強地方政府融資平台公司管理有關問題的通知》 (國發[2010]19號)) ("**Circular 19**") and the Circular of the General Office of NDRC on Relevant Issues Concerning Furthering Regulating the Issuance of Bonds of Local Government Investment and Financing Platform Enterprise (Fa Gai Ban Cai Zi Jin [2010] No. 2881) (《國家發展改革委辦公廳關於進一步規範地方政府投融資平台公司發行債券行為有關問題的通知》(發改辦財經[2010]2881號)) ("**Circular 2881**")) were separately promulgated on 10 June 2010 and 20 November 2010, respectively. In accordance with Circular 19, all levels of local governments shall clear up the debts of their respective financing platform. In accordance with Circular 2881, indebtedness of local governments will impact the financing platform's issuance of enterprise bonds.

On 21 September 2014, State Council released Several Opinions of State Council on Strengthening the Administration of Local Government Debts (Guo Fa [2014] No. 43) (《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**"). In accordance with Circular 43, financing platform companies shall no longer function as a financing vehicle of the local government or incur new government debts. New public interest projects of a local government that are not for profit earning, such as infrastructure construction and primary land development, should not be financed by the investment vehicles of the local government in the form of corporate bond issuances. Instead, local governments should finance the development of such public interest projects by issuance of government bonds. Public interest projects that are profit earning, such as the construction of a non-toll free highway, may be developed either by private investors independently or by a special purpose company jointly set up by the

local government and private investors. Such private investors and special purpose companies shall 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 the special purpose companies shall bear the obligation to repay their debts and the local government shall not be liable for any of the private investors' or the special purpose companies' debts. Circular 43 also sets forth the general principles of dealing with existing debts of financing platforms. Based on the auditing results of such debts run by the local governments, the existing debts that should be repaid by the local governments shall be identified, reported to State Council for approval, and then included in the budget plan of local governments. There are a few stray cases where certain debts of the 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 or not is unclear, and different local governments' interpretation and application of Circular 43 may vary from one another. It is unclear what impact Circular 43 has on the existing government debts of the local financing platforms in the PRC.

In addition, on 23 October 2014, MOF promulgated the Methods to Clear up and Clarify the Existing Fiscal Debt of Local Governments and Integrate it into Budgetary Management (Cai Yu [2014] No. 351) (《地方政府存量債務納入預算管理清理甄別辦法》(財預[2014]351號)) ("**Circular 351**") based on Circular 43. Circular 351 further requires local governments to clear up the existing debts of the financing platforms of the local governments and classify such existing fiscal debts of the local governments into government debts and non-government debts. On 9 November 2016, MOF promulgated the Circular on Local Government General Debt Budget Management (Cai Yu [2016] No. 154) (《地方政府一般債務預算管理辦法》(財預[2016]154號)) ("**Circular 154**") and the Circular on Local Government Special Debt Budget Management (Cai Yu [2016] No. 155) (《地方政府專項債務預算管理辦法》(財預[2016]155號)) ("**Circular 155**"), which aim to realise the monitoring of the entire process of borrowing, using and repaying local governments debts, enhance the transparency of local government debts, and strengthen the supervision of local government debt management by central government. Circular 154 and Circular 155 clarify the upper limit of local government debt, budget preparation and approval process, and provide that debts that are not in the form of government bonds shall be included in budget management.

On 11 May 2015, the Opinion on the Proper Solution of the Follow-up Financing Issues for Projects under Construction of Financing Platform of Local Governments issued jointly by MOF, PBOC and CBRC (Guo Bank Fa [2015] No. 40) (《財政部人民銀行銀監會關於妥善解決地方政府融資平台公司在建項目後續融資問題意見》(國辦發[2015]40號)) ("**Circular 40**") was promulgated by the General Office of State Council. In accordance with Circular 40, local governments at all levels and banking financial institutions shall properly deal with follow-up financing issues for projects under construction of financing platform companies. Projects under construction refer to projects that have started construction upon the completion of examination, approval or filing procedures in accordance with relevant regulations manuscript by competent investment authorities before the date when Circular 43 was promulgated.

In addition, MOF, together with NDRC, PBOC, China Securities Regulatory Commission, CBRC and the Ministry of Justice of the PRC, released the Notice concerning Further Regulation of Local Government Borrowing and Financing Conduct (Cai Yu [2017] No. 50) (《關於進一步規範地方政府舉債融資行為的通知》(財預[2017]50號)) ("**Circular 50**") to emphasise the principles and policies set out in Circular 43 in April 2017.

Also, the PRC government issued the Circular of the Ministry of Finance on Issues relevant to the Regulation on the Financing Activities Conducted by Financial Institutions for Local Governments and State-owned Enterprises (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)》) ("**Circular 23**"), effective on 28 March 2018, which aims to increase the responsibility of the PRC state-owned financial institutions to investigate into the financial independence and liquidity level of the local government financing vehicles that they assist in fundraising. On 11 May 2018, NDRC and MOF jointly released the Notice on Improving the Market Constraint Mechanism and Taking Precautions against Foreign Debt Risks and Local Debt Risks (Fa Gai Wai Zi [2018] No. 706) (《關於完善市場約束機制嚴格防範外債風險和地方債務風險的通知》(發改外資[2018]706

號)) ("**Circular 706**")). Circular 706 reiterates the PRC government's position to isolate the debt of local government financing vehicles from the relevant local government and to control the increase of the local governments' debt. Circular 706 requires companies that plan to borrow medium and long-term foreign debt to establish a sound and standardised corporate governance structure, management decision-making mechanism and financial management system. It further requires that the assets owned by such companies should be of good quality and clear ownership and it is forbidden to include public interest assets in corporate assets. See *"– Risks relating to the Bonds, the Guarantee and the Standby Letter of Credit – Neither the Hailing government, the Taizhou government, nor any other PRC governmental entity is obligated to repay any amount under the Bonds, the Trust Deed or the Deed of Guarantee if the Issuer or the Guarantor fails to meet its obligations thereunder"*.

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. Pursuant to the Guiding Opinions, the average debt ratio of state-owned enterprises shall decrease by approximately 2 percentage points starting from the end of 2017 and by the end of 2020, and thereupon the debt ratio of state-owned enterprises shall be maintained basically at the average level of enterprises of the same size in the same industry. The Guiding Opinions also set forth the basic principles and indicating standards of constraining the debt ratio of state-owned enterprises.

On 6 June 2019, the Notice on Relevant Requirements for Record-filling and Registration of Issuance of Foreign Debts by Local Stated-owned Enterprises (Fa Gai Ban Wai 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**") was promulgated by the General Office of the NDRC and become effective on the same date. Pursuant to Circular 666, local state-owned enterprises shall assume the responsibility of repaying external debts as independent legal persons, while local governments and departments shall not directly repay or undertake to repay the external debts of local state-owned enterprises with fiscal funds, nor shall they provide guarantee for the issuance of external debts by local state-owned enterprises.

The PRC government has released several additional regulations and rules relating to the financing vehicles of local governments in the PRC. The PRC government may also continue to release new policies or amend existing regulations to control the increase in local government debts in the PRC. The implementation and interpretation of the legislations, regulations and rules by the PRC central government and different local governments may vary from one to the other. It is uncertain how they will be implemented and how it will affect the Group's business and financial performance in the future. There is also no assurance that the Group's financing model and business model will not be materially affected by future changes in the regulatory regime concerning local government fiscal debts and the financing platforms of local governments.

Changes in government grants or other incentives currently received by the Group from local governments may adversely affect the Group's business, results of operations and financial conditions.

Certain of the Group's operations projects are currently entitled to government grants or other incentives from local governments. For the years ended 31 December 2017, 2018 and 2019 and the nine months ended 30 September 2020, the Group recorded approximately RMB111.6 million, RMB103.8 million, RMB172.0 million and RMB587,572.36 of government grants and incentives, respectively.

There can be no assurance that such government grants or incentives will not be reduced or revoked, or that these projects of the Group, upon the expiration of the current preferential treatment or grant periods, will be entitled to other government grants or incentives. A reduction or discontinuance of such government subsidies or support may materially and adversely affect the Group's financial condition and results of operations.

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

According to the Circular 2881 and the Circular of the National Development and Reform Commission and the Ministry of Finance on Further Enhancement of Real Economic Capacity of Corporate Bonds Service and Strict Prevention of Local Government Indebtedness Risks (Fa Gai Ban Cai Jin [2018] No. 194)(《國家發展改革委財政部關於進一步增強企業債券服務實體經濟能力嚴格防範地方債務風險的通知》(發改辦財金[2018]194號)), any public assets such as public schools, public hospitals, public cultural facilities, parks, public squares, office buildings of government departments and public institutions, municipal roads, non-toll roads, non-operating water conservancy facilities, no-charge pipe network facilities and other public assets and the usage rights of reserve land (together, "**Public Assets**") cannot be counted towards the Group's assets for the purposes of issuing debts.

As at 30 September 2020, the Group had approximately RMB1.2 billion of assets deemed to be Public Assets under Circular 706, accounting for approximately 3.0 per cent. of the Group's total assets. Prospective investors should not take into account such assets when assessing the Group's business, financial condition, results of operations and prospects, and such assets cannot be utilised to discharge any obligations of the Group, including the repayment of any amount under the Bonds.

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

The Group faces risks associated with contracting with public bodies.

As the Group focuses on, among other things, the construction of infrastructure and primary land development within Taizhou City, the Group collaborates with various governmental authorities and their controlled entities in Taizhou 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's business operations require substantial capital and failure to raise such capital may materially and adversely affect the Group's business, financial conditions, results of operations and prospects.

The Group's business operations and investment plans require substantial capital. A portion of the capital demand of the Group is satisfied with fiscal funding from the Taizhou government. The Group generally formulates and updates its capital expenditure and investment plans on an annual basis and reports its plans to the Taizhou SASAC. The Taizhou government takes into consideration these plans when determining the government budget for the subsequent financial year. There can be no assurance, however, that the capital expenditure and investment plans submitted by the Group will be approved. The Group may need to adjust its plans to align with the overall urban strategies and plans of the Taizhou government. Otherwise, it will need to resort to alternative funding to meet its capital needs.

In addition, the Group's capital expenditure and investment plans are affected by a number of factors, such as the projects' requirements, the Group's ability to generate sufficient cash flows from its operations and the availability and costs of external financing. Any material changes in these factors, which may be out of the Group's control, could lead to a capital shortfall. Delays and cost overruns inherent in the businesses which the Group operates may also cause such a shortfall. In these cases, the Group may increase its reliance on external financing and internal capital resources.

As at 30 September 2020, the Group had total banking facilities of approximately RMB23.6 billion of which approximately RMB3.9 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 economic condition of the PRC, prevailing conditions in capital markets, regulatory requirements and policies, the Group's financial condition, and costs of financing, including changes in interest rates. Some of these factors may be beyond the Group's control. If the Group fails to raise sufficient funds in a timely manner or fails to obtain external financing on commercially acceptable terms, it may not be able to fund in full the capital expenditure necessary to expand its production facilities, upgrade or purchase additional facilities and equipment or implement its business strategies, which may in turn have a material and adverse impact on the Group's business, financial condition, results of operations and prospects.

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

As at 31 December 2017, 2018, 2019 and 30 September 2020, the Group's other receivables amounted to approximately RMB5.2 billion, RMB3.6 billion, RMB4.2 billion and RMB4.5 billion, respectively, representing 11.5 per cent., 8.3 per cent., 9.8 per cent. and 10.0 per cent. of the total assets of the Group respectively. The Group's other receivables primarily comprise of receivables from various government departments in Hailing District and other state-owned enterprises in Taizhou City. There are inherent risks associated with the ability of these government departments and enterprises to make timely payments and any failure to make timely payments could materially and adversely affect the Group's liquidity and in turn affect its business, financial condition or results of operations.

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

The Group's businesses require a large amount of working capital for its primary land development projects. As at 31 December 2017, 2018, 2019 and 30 September 2020, the Group's inventories amounted to approximately RMB26.8 billion, RMB27.8 billion, RMB29.4 billion and RMB30.5 billion, respectively, representing 62.0 per cent., 67.0 per cent., 71.0 per cent. and 72.4 per cent. of the Group's total current assets, respectively. The Group's inventories mainly comprise of land to be developed. As the PRC government may issue more stringent policies with respect to the development of real estate and marketability of land, the value of the Group's inventories could be adversely affected, which, in turn, could materially and adversely affect the Group's business, financial condition, results of operations or prospects.

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

The Group relies on external borrowings to satisfy a portion of its capital requirements and therefore, the Group has significant outstanding indebtedness. As at 30 September 2020, the Group had total long-term indebtedness of approximately RMB5.9 billion, representing 21.0 per cent. of its total liabilities. In the future, the Group may from time to time incur substantial additional indebtedness and contingent liabilities in the ordinary course of business. Substantial indebtedness could significantly impact the Group's businesses. For example, it could:

- require the Group to dedicate part of its operating cash flow to service its indebtedness before it receives the government funding;

- increase the Group's finance costs, thus affecting the overall profitability of the Group;

- limit the Group's ability to satisfy its obligations under its existing indebtedness;
- limit the Group's ability to pay dividends to its shareholders;
- limit the Group's flexibility in planning for or responding to changes in the Group's businesses and the industries in which it operates;
- together with the financial and other restrictive covenants of the Group's indebtedness, among other things, limit the Group's ability to borrow additional funds; and
- increase the Group's vulnerability to adverse general economic and industry conditions.

For the years ended 31 December 2017, 2018 and 2019, the finance costs of the Group, which consist of the Group's interest expenses and capitalised interest, totalled approximately RMB1.6 billion, RMB1.7 billion and RMB2.2 billion, respectively. The Group's borrowings are secured by encumbrances created over a number of its assets such as real estate properties, pledges over the equity stocks of the Group's subsidiaries and certain designated account receivables. As at 30 September 2020, the Group's total secured indebtedness totalled approximately RMB5.0 billion. These third-party security rights may limit the Group's use of these assets and adversely affect its operational efficiency. In the future, as the Group's operations continue to expand and its capital requirements continue to grow, the Group will face increasing pressure to control its borrowing. As a result, the Group may from time to time incur substantial indebtedness, which may, in turn, intensify the risks that the Group faces because of its already significant outstanding indebtedness. In the event that the Group fails to keep its indebtedness under a certain level, the funds available for various other business purposes may be limited, and its business, financial condition and results of operations may be materially and adversely affected.

In addition, the Group enters into guarantee arrangements for the benefit of its subsidiaries and third parties from time to time and incurs contingent liabilities as a result. As at 30 September 2020, the total guaranteed indebtedness for the benefit of the Group's subsidiaries was approximately RMB969.0 million and the total guaranteed indebtedness for the benefit of third parties amounted to approximately RMB4.0 billion. The Group's contingent liabilities may materially and adversely affect the Group's business, financial condition and results of operations if the creditors for a material part of such liabilities demand payment from the Group, which in turn will strain the Group's cash flow and result in a deterioration of the Group's liquidity.

Certain loan agreements to which the Group's subsidiaries are parties to contain restrictive covenants, which prevent or limit such subsidiaries' ability from engaging in certain activities, such as incurring additional indebtedness or declaring and making distributions. A failure by any of the relevant subsidiaries to comply with the restrictions and covenants could lead to a default under the terms of those agreements and financial liabilities. See "– *The Group's business operations are restricted by the terms of other debt arrangements, which could limit the Group's ability to plan for or to react to market conditions or meet its capital needs"*. In addition, some of the Group's loan agreements contain cross-acceleration or cross-default provisions. A default under one loan may cause the acceleration of repayment of other debt, or result in a default under the other loan agreements of the subsidiaries. Certain subsidiaries of the Group have voluntarily scheduled and may in the future voluntarily schedule deferrals or arrangements with creditors with respect to their indebtedness, which deferrals or arrangements may contain additional restrictive covenants, impose more stringent capital and covenant compliance requirements or trigger cross-acceleration or cross-default provisions under other financial agreements. If any of these events occur, there can be no assurance that its assets and cash flow would be sufficient to repay in full all of its indebtedness which has become due and payable, or that it would be able to find alternative financing.

The Group has historically experienced negative net operating cash flows.

For the year ended 31 December 2019, the Group had negative net operating cash flow of -RMB1.86 billion. The Group's negative net operating cash flow was largely attributable to the large amount of capital expenditure relating to the Group's construction projects. Although a number of infrastructure construction projects were launched in Taizhou City in recent years, the Group will only start receiving payments from the government upon the completion of the relevant project and such payment will be made in instalments and may be delayed due to various reasons which are beyond the Group's control. As the Group anticipates continued expansion of its infrastructure construction businesses, it expects to continue to require significant capital expenditure. There can be no assurance that its negative operating cash flow will be resolved soon, if at all. Under such circumstances, the Group will continue to rely on external financing to satisfy its working capital and capital expenditure, which may increase its financial vulnerability and may adversely affect its financial condition and results of operations.

The Group's business operations are restricted by the terms of other debt arrangements, which could limit the Group's ability to plan for or to react to market conditions or meet its capital needs.

The Group's debt documents include a number of significant restrictive covenants. These covenants may restrict, among other things, the Group's ability and the ability of its subsidiaries to:

- incur or guarantee additional indebtedness;
- make investments;
- transfer assets or shares;
- create liens, mortgages, or pledges;
- enter into transactions with shareholders or affiliates; and
- effect a consolidation, merger, restructuring, joint venture, joint operation or listing.

These covenants could limit the Group's ability to plan for or react to market conditions or to meet its capital needs. The Group's ability to comply with these covenants may be affected by events beyond its control, and the Group may have to curtail some of its operations and growth plans to maintain compliance.

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

The Group has significant outstanding indebtedness. The interest of much of the indebtedness accrues based on interest rates that benchmark the one-year lending rate published by the PBOC. Any material fluctuation in the benchmark lending rate could have a material impact on the Group's interest payables under its bank loans and in turn affect its results of operations and financial conditions. In recent years, the PRC government has from time to time adjusted interest rates to control the level of liquidity in the market and the PRC economy. In response to recent economic conditions and the COVID-19 outbreak in the PRC, the PBOC lowered its benchmark 1-year loan prime rate by 10 basis points to 4.05 per cent. on 20 February 2020. There is no assurance, however, that the PRC will not raise the benchmark lending rate going forward, which may increase the Group's financing costs.

There can be no assurance that fluctuations in interest rates will not have an adverse effect on the Group's earnings or cash flows. The Group's interest expenses for the years ended 31 December 2017, 2018 and 2019 and the nine months ended 30 September 2020 were approximately RMB84.7 million, RMB100.0 million, RMB53.2 million and RMB267,402.7, respectively. Any increase could affect the Group's borrowing cost and negatively affect its results of operations.

The Group may not be able to successfully manage its growth.

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

The Group may have difficulties in implementing and monitoring corporate policies across its subsidiaries and affiliated companies.

The Group strives to implement its corporate governance and operational and safety standards across each of its subsidiaries and affiliated companies in a uniform manner. Implementing and monitoring corporate governance and operation and safety standards may prove difficult and a failure to do so may result in violations of local regulations. There can be no assurance that the Group can effectively monitor each subsidiary and affiliated company and prevent non-compliance. This may result in violations that could adversely affect the Group's reputation and business prospects, which could materially and adversely affect its business, financial condition and results of operations.

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 could adversely affect the Group.

The Group's business activities are extensively regulated by laws and regulations of the PRC government at various levels. Primary land development, infrastructure construction and certain other businesses of the Group require approvals, licences and permits from a number of governmental authorities.

In addition, certain subsidiaries of the Group must obtain all necessary capitalisation and shareholding registration certificates relating to its registered capital and shareholder capital contribution to avoid any penalties or interruptions of its operations.

Failure to obtain any of the necessary approvals, licences or permits in a timely manner could result in delay or suspension of the relevant business activities, and operations without these necessary approvals, licences or permits may subject the relevant member companies of the Group to regulatory or administrative penalties. There is no assurance that the Group may be able to obtain all required approvals, licences or permits in a timely manner, or at all, or remain in compliance with relevant laws and regulations at all times. As a result of these lapses or other noncompliance events, the Group may be subject to fines and other penalties, or certain activities currently undertaken by the Group may be suspended by governmental authorities until the relevant non-compliance event is remedied and/or fines as assessed by authorities are paid in full, which may adversely affect the business, financial conditions and results of operations of the relevant member company of the Group.

In addition, the PRC is undergoing rapid economic development, and government regulations and policies are regularly promulgated to address such development. New laws, regulations or policies may come into effect from time to time with respect to the energy industry in general, development plans for any of the specific projects which the Group is undertaking or the particular processes with respect to the granting of approvals, licences or permits. Complying with such laws, regulations or policies may require substantial expense and may delay the completion of the Group's relevant projects. In case of any non-compliance, the Group may have to incur significant expense and divert substantial management time to resolve any deficiencies.

The Group may not be successful in integrating and managing future investments and/or acquisitions.

The Group may from time to time consider investment and acquisition opportunities that may complement its core business portfolio and capabilities, and assist in expanding the market share of its core business operations. The ability of the Group's operations to grow by investments in and/or acquisitions of its target businesses is dependent upon, and may be limited by, the availability of attractive projects, its ability to agree commercial, technical and financing terms to the satisfaction of the Group and to obtain required approvals from relevant regulatory authorities.

Such investments and/or acquisitions may expose the Group to potential difficulties that could prevent it from achieving the strategic objectives for the investments and/or acquisitions or the anticipated levels of profitability from the investments and/or acquisitions. These difficulties include:

- diversion of management's attention from the Group's existing businesses;
- increases in the Group's expenses and working capital requirements, which may reduce its return on invested capital;
- difficulty of expanding into different markets and challenges of operating in markets and industries that the Group does not have substantial experience in;
- increase in debt, which may increase the Group's financing costs as a result of higher interest payments;
- exposure to unanticipated contingent liabilities to acquired businesses; and
- difficulties in integrating acquired businesses or investments into the Group's existing operations, which may prevent it from achieving, or may reduce, the anticipated synergies.

In addition, where the Group invests in joint ventures, such as Jiangsu Aisikou Engineering Technology Co., Ltd. (江蘇艾斯蔻環境工程科技有限公司), it may not have management control over its investments and there can be no assurance that such joint ventures will operate smoothly or successfully, if at all. There can also be no assurance that joint venture partners will act in a way which is consistent with the interests of the Group and be able and willing to fulfil their obligations under the relevant joint venture or other agreements.

The Group depends on key management members and qualified personnel in a competitive market for skilled personnel, and the Group's inability to attract and retain key personnel as well as Taizhou SASAC's approval and removal rights could adversely affect the Group's ability to manage its business.

The Group depends on the expertise of the principal members of its management team. The loss of key management personnel would adversely affect the Group's ability to manage its business. The Group also relies on its ability to identify, hire and retain qualified personnel for its different business lines. For a description of the Group's key supervisors and senior management, see "Directors, Supervisors and Senior Management".

The Group faces intense competition for qualified personnel from large SOEs, private local companies and international companies. While the Group attempts to provide competitive compensation packages to attract and retain key management members and qualified personnel, many of its competitors are likely to have greater resources and more experience than the Group, making it difficult for the Group to compete successfully for personnel retention and new hires. In addition, all key management personnel appointments are subject to approval by Taizhou SASAC, and Taizhou SASAC has the right to remove the Group's key personnel at its discretion.

The Group's failure to retain key management members and qualified personnel and maintain an adequate workforce could materially adversely affect its results of operations and prospects.

The Group may not be able to execute successfully or fully its business strategy with respect to assets, projects or subsidiaries in which the Guarantor has minority interests.

The Group may not be able to execute successfully or fully its business strategy with respect to assets, projects or subsidiaries in which the Guarantor has minority interests. The Group may also fail to manage such assets, projects or subsidiaries successfully. The Group's involvement with such assets, projects and subsidiaries is generally subject to the terms of applicable agreements and arrangements. The Guarantor may not have any board representation, veto power or power to exercise control over the management, policies, business and affairs of certain of its subsidiaries in which the Guarantor does not have majority interests. If any of the other equity owners fails to perform its obligations or otherwise breach the terms and conditions of the Group's shareholding arrangements, or if the Group has different views or strategies with its partners, it could have a material adverse effect on the Group's business, financial condition or results of operations.

If the Group fails to maintain effective internal controls and corporate governance or fails to prevent misconduct committed by its employees, representatives, agents or other third parties, its business, financial condition, results of operations and reputation could be materially and adversely affected.

The Group has implemented various measures to improve and optimise its internal controls and corporate governance. These measures include:

- the Group establishing a supervisory committee, which comprises of non-employees appointed by Taizhou SASAC and employees; and

- the Group establishing an internal system to enhance protection of confidential information and education of employees.

The Audit Office of Hailing District (海陵區審計局) also conduct reviews of the Group's operation from time to time and some of the key factors for consideration include implementation of corporate governance and disciplinary compliance. As at the date of this Offering Circular, the Group has not received any notification of non-compliance following such reviews and, to the Issuer's and the Guarantor's best knowledge, the Group has not received any notification from the Audit Office of Hailing District to the effect that the Group has ineffective internal controls or corporate governance systems.

However, there can be no assurance that all such measures will prove effective in the future or that any existing or potential material deficiencies in the Group's internal controls or any misconduct committed by its employees, representatives, agents or other third parties will not be discovered. The Group's efforts to improve and optimise its internal controls have required, and in the future may require, increased costs and significant management time and commitment. If the Group fails to maintain effective internal controls, its business, financial condition, results of operations or reputation could be materially and adversely affected.

The Group is subject to litigation risks and may face significant liabilities as a result.

The Group may from time to time be involved in disputes with its governmental entities, incumbent residents, contractors, suppliers, employees and other third party service providers during the course of its daily operations. Claims may be brought against the Group companies for defective or incomplete work, personal injuries, damage to or destruction of property, breaches of warranty, delay in delivery and late completion of the project. If the Group companies were found to be liable for any of the project claims against it, its business, financial condition and results of operations could be negatively impacted to the extent the claims were not sufficiently covered by its insurance coverage.

Both claims brought against the Group and by it, if not resolved through negotiation, may be subject to lengthy and expensive litigation or arbitration proceedings. Amounts ultimately realised from claims by the Group could differ materially from the balances included in its financial statements, resulting in a charge against earnings to the extent profit has already been accrued on a project contract. Charges associated with claims brought against the Group and write downs associated with claims brought by the Group could have a material adverse impact on its financial condition, results of operations and cash flow. The Group cannot assure investors that other claims will not arise against or be brought by the Group in future which, if determined adversely against the Group, may have an adverse effect on its financial condition and results of operations.

The Group's insurance coverage may not adequately protect it against all operating risks.

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

- production interruptions caused by operational errors, electricity outages, raw material shortages, equipment failure and other production risks;
- operating limitations imposed by environmental or other regulatory requirements;
- work-related personal injuries;
- on-site production accidents;
- credit risks relating to the performance of customers or other contractual third parties;
- disruptions 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, collapse of mine or other natural disasters.

To manage operating risks, the Group maintains insurance policies that provide different types of risk coverage, which the Group believes are consistent with industry and business practice in the PRC. However, claims under the insurance policies may not be fully or timely honoured, and the insurance coverage may not be sufficient to cover costs associated with accidents incurred in the Group's operations due to the above-mentioned operational risks. To the extent that any of the Group companies suffers loss or damage that is not covered by insurance or that exceeds the limit of its insurance coverage, the Group's results of operations and cash flow may be materially and adversely affected.

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

Following the 18th Chinese Communist Party Congress in 2012 and the wide-reaching anti-corruption campaign in the PRC, the Central Leading Group for Inspection Work (the "**Inspection Leading Group**"), a coordination body set up under the Central Committee of the Chinese Communist Party for the purpose of managing party disciplinary inspections nationwide, has dispatched inspection teams to provinces and central government organs such as ministries and state-owned enterprises, in the PRC to conduct inspection work on party disciplinary enforcement.

While no inspection team had been despatched to the Guarantor by the Inspection Leading Group as at 30 September 2020, there can be no assurance that there will not be any future investigations or actions against the Group or its officers or employees resulting from the findings taken by the Inspection Leading Group or other governmental authorities or that such investigations or actions would not affect the Group as a result.

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

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

In particular, the Group is required to comply with applicable anti-money laundering, anti-terrorism laws and other regulations in the PRC, Hong Kong and other relevant jurisdictions.

The Group's internal control procedures are designed to monitor its operations and ensure overall compliance. In particular, the Group has adopted policies and procedures aimed at detecting and preventing the use of its business platforms to facilitate money laundering activities and terrorist acts. 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. In addition, it is not always possible to detect and prevent fraud and other misconduct, and the precautions undertaken by the Group to prevent and detect such activities may not be effective. There can be 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 and the relevant government agencies may freeze its assets or impose fines or other penalties on the Group. Any of these may materially and adversely affect the Group's reputation, financial condition and results of operations.

The Group may not be able to adequately protect its intellectual property and brand, which could adversely affect its business operations.

The Group relies on a combination of patents, trademarks and contractual rights to protect its intellectual property and brand. There can be no assurance that these measures will be sufficient to prevent any misappropriation of the Group's intellectual property or brand, or that the Group's competitors will not independently develop alternative technology that are equivalent or superior to technology based on the Group's intellectual property. The legal regime governing intellectual property in the PRC is still evolving and the level of protection of intellectual property rights in the PRC differs from those in other jurisdictions. In the event that the steps that the Group has taken and the protection afforded by law do not adequately safeguard its proprietary technology or brand, the Group could suffer losses due to the sales of competing products that exploit its intellectual property or brand. In addition, the Group may experience lapses or other noncompliance events with respect to registration or certification of its intellectual property rights, and any such noncompliance event may materially and adversely affect the Group's business, financial condition and results of operations.

The Group relies on information technology systems for its business and any information technology system limitations or failures could adversely affect its business, financial condition and results of operations.

The Group's business depends on the integrity and performance of its business, accounting and other data processing systems. If the Group's systems cannot cope with increased demand or otherwise fail to perform, the Group could experience unanticipated business disruptions, slower response times and limitation on its ability to monitor and manage data and risk exposure, control financial and operation conditions, and keep accurate records. These consequences could result in operating outages, poor operating performance, financial losses, and potential intervention by regulatory authorities.

Although the Group's systems had not experienced major system failures and delays in the past, there can be no assurance that the Group's systems would not experience future system failures and delays, or that the measures taken by the Group to reduce the risk of system disruptions will be effective or adequate. If internet traffic and communication volume increase unexpectedly or other unanticipated events occur, the Group may need to expand and upgrade the Group's technology, systems and network infrastructure. There can be no assurance that the Group will be able to accurately project the rate, timing or cost of any increases, or expand and upgrade the Group's systems and infrastructure to accommodate any increases in a timely manner.

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

The Group is required to comply with extensive environmental, safety and health regulations in the PRC, including obtaining all required approvals, licences and permits from competent governmental authorities on a timely basis. Failure to comply with such regulations, including failure to obtain any required approvals, licences or permits, may result in project delays, fines or suspension or revocation of the Group's licences or permits to conduct its business. Given the volume and complexity of these regulations, compliance may be difficult or involve significant financial and other resources to establish efficient compliance and monitoring systems. There is no assurance that the Group will be able to comply with all applicable requirements or obtain these approvals and permits on a timely basis or at all. In addition, PRC laws and regulations are constantly evolving. There can be no assurance that the PRC government or the local government will not impose additional or stricter laws or regulations, which may increase compliance costs of the Group.

RISKS RELATING TO THE GROUP'S PRIMARY LAND DEVELOPMENT AND INFRASTRUCTURE CONSTRUCTION BUSINESS

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

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

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

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

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

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

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

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

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

Under applicable PRC laws and regulations, the PRC government may impose an idle land fee equal to 20 per cent. of the land premium or allocation fees if the Group does not commence development on the land held by the Group for more than one year after the date specified in the relevant land use rights grant contract, the Group commences development on an area which is less than one-third of the area granted, or the capital invested in the development is less than one-fourth of the total investment approved for the development, and the development is suspended for more than one year without governmental approval. The PRC government may revoke the land use rights certificate without compensation if the Group does not commence development for more than two years after the date specified in the relevant land use rights grant contract without compelling causes. The State Council issued the Notice on Promoting the Saving and Intensification of Use of Land (Guo Ban [2008] No. 3) (《國務院關於促進節約集約用地的通知》(國辦[2008]3號)) on 3 January 2008 which states, among other things, that the Ministry of Land and Resources and other authorities are required to research and commence the drafting of implementation rules concerning the levy of land appreciation fees on idle land. Furthermore, the former Ministry of Land and Resources issued on 11 August 2009 the Notice on Restricting the Administration of Construction Land and Promoting the Use of Approved Land (Guo Tu Zi Fa [2009] No. 106) (《關於嚴格建設用地管理促進批而未用土地利用的通知》(國土資發[2009]106號)) which reiterates its policy on idle land.

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

The PRC government may adopt measures aimed at slowing down growth in the real estate sector, which in turn may affect the primary land development industry.

Since 2005, the PRC government has from time to time introduced various measures to curtail property speculation in response to concerns over, among other things, the increases in property investments and property prices and the overheating of the property market. For example, according to the Notice of the State Council on Issues Relating to Further Well Managing the Central Control of the Real Estate Market (Guo Ban Fa [2011] No. 1) (《國務院辦公廳關於進一步做好房地產市場調控工作有關問題的通知》(國辦發[2011]1號)) issued by the General Office of the State Council on 26 January 2011 and the Notice of the State Council on Continuity to Well Manage the Central Control Work of the Real Estate Market (Guo Ban Fa [2013] No. 17) (《國務院辦公廳關於繼續做好房地產市場調控工作的通知》 (國辦發[2013]17號)) promulgated by the General Office of the State Council on 26 February 2013, the government will firmly

restrain speculative demands and strengthen market supervision to better control the overheating of the PRC real estate market. Such measures may limit property developers' access to capital resources, reduce market demand for their properties and increase their operating costs in complying with these measures, which in turn could have an adverse impact on the demand for land developed by the Group. There can be no assurance that the PRC government will not adopt additional and more stringent measures to further dampen the growth of the property sector, which could slow down property development in China. This may have a material adverse effect on the Group's business, financial condition and results of operations.

The Group is not insulated from the rising operating costs of construction materials and construction equipment.

As a result of economic growth in the PRC, the prices of construction materials such as steel and building equipment have in many instances experienced substantial increases in recent years. Although the Group has not been impacted by such price increases for the years ended 31 December 2017, 2018 and 2019, the Group may in future bear the risk of fluctuations in prices of construction material and may be exposed to the price volatility of construction equipment used in construction projects. Any increase in the cost of any significant construction materials will adversely impact the Group's overall construction costs, which is generally one of the largest components of the Group's cost of sales for its properties. If the Group is unable to pass on any increase in the cost of construction materials and construction equipment to its customers, its results of operations may be negatively affected. There can be no assurance as to the future movements of the prices of the construction materials required by the Group and any detrimental movements in the future could have a material adverse effect upon its financial condition and results of operations.

The Group depends on third-party subcontractors for its infrastructure development projects.

The Group often engages third-party subcontractors to provide construction services for large infrastructure development projects. The Group maintains relationships with a number of qualified subcontractors. While the Group has established a system with respect to the selection and control of subcontractors, it may not be able to monitor the performance of these subcontractors as directly and efficiently as it does with its own staff. As such, the engagement of subcontractors is subject to certain risks, including difficulties in overseeing the performance of such subcontractors in a direct and effective manner, failure to complete a project where the Group is unable to hire suitable subcontractors, or losses as a result of unexpected subcontracting cost overrun. As subcontractors generally have no direct contractual relationship with the Group's clients, the Group is subject to risks associated with non-performance, late performance or poor performance by its subcontractors. As a result, the Group may experience deterioration in the quality of its projects, incur additional cost, or be exposed to liability in relation to the performance of subcontractors under the relevant contracts, which may have an impact on its profitability, financial condition and reputation, and may result in litigation or damages claims. In addition, qualified subcontractors may not always be readily available when the need for additional services or labour arises. If the Group is unable to hire qualified subcontractors or additional part-time labours, the Group's ability to take on additional projects or complete its current projects on time could be impaired. Furthermore, if the Group needs to terminate the engagement of a contractor, the Group may not be able to find a replacement contractor on suitable terms, if at all, and the timetable for completing projects could be affected. Any such events could have a material adverse effect on the Group's business, financial condition and results of operations.

The relocation of incumbent residents and local businesses on the sites where the Group's infrastructure construction projects are located may result in delays in its development and/or increase its development costs.

Some of the Group's infrastructure construction projects or primary land development projects involve relocation of incumbent residents and local businesses, and the Group believes that similar situations may reoccur when it develops future projects. If any incumbent resident or business is dissatisfied with the relocation compensation and refuses to move, the relevant local government authorities may seek to

resolve the dispute by negotiating with the relevant resident or business to reach a mutually acceptable relocation compensation arrangement, or apply to the relevant land authority for its determination on whether the relocation compensation and timetable are compliant with the PRC law. The relevant land authority will then make a decision as to the proper relocation compensation and timetable. There is no assurance that the relocation of incumbent residents or businesses will proceed smoothly or that the incumbent residents will agree to the compensation package. In addition, the amount of compensation to be paid is subject to PRC governmental regulation and can be changed at any time. Accordingly, any delays in effecting such relocations of these incumbent residents or businesses may result in delays in the Group's development schedules and/or increase its development costs, any of which could have a material adverse effect on its business, financial condition and results of operations.

The Group faces competition with existing and new market participants in the markets it operates.

The Group faces competition in the markets in which it operates. For example, the Group competes with other state-owned enterprises in the PRC with regard to its infrastructure construction business. The Group's competitors include large PRC state-owned enterprises and privately-owned domestic companies. Some of these companies have significant financial resources, marketing and other capabilities. The Group's market position depends on its ability to anticipate and respond to various competitive factors, including pricing strategies adopted by competitors, changes in customer preferences, availability of capital and financing resources and the introduction of new or improved products and services. There is no assurance that the Group's current or potential competitors will not offer services or products comparable or superior to those that the Group offers and at the same or lower prices or adapt more quickly than the Group to evolving industry trends or changing market conditions. The Group may lose its customers to its competitors if, among other things, it fails to keep up with competitive pricing or to sustain and upgrade its capacity and technology. Increased competition may result in price reductions, reduced profit margins and loss of market share.

RISKS RELATING TO THE GROUP'S FINANCIAL STATEMENTS AND THIS OFFERING CIRCULAR

The Group's accounts were audited in accordance with PRC GAAP which may be different from IFRS.

The Issuer's Historical Financial Statements and the Guarantor's Historical Financial Statements were prepared in accordance with the PRC GAAP. Although PRC GAAP are substantively in line with IFRS, PRC GAAP are, to a certain extent, different from IFRS. See "*Summary of Certain Differences between PRC GAAP and IFRS*". There is no guarantee that the PRC GAAP will fully converge with IFRS or there will be no additional differences between the two accounting standards in the future. Prospective investors should consult their own professional advisers for an understanding of any differences that may exist between PRC GAAP and IFRS, and how those differences might affect the financial information included in this Offering Circular.

The Guarantor's unaudited consolidated financial information as at and for the nine months ended 30 September 2019 and 2020 has not been audited by a certified public accountant.

The Guarantor's unaudited but reviewed consolidated financial information as at and for the nine months ended 30 September 2019 and 2020 was prepared in accordance with PRC GAAP but has not been audited by a certified public accountant. Consequently, such consolidated financial statements should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit. Potential investors must exercise caution when using such data to evaluate the financial condition and results of operations of the Issuer, the Guarantor and/or the Group. The Guarantor's Interim Financial Statements should not be taken as an indication of the expected financial condition and results of operations of the Issuer, the Guarantor and/or the Group for the full financial year ending 31 December 2020.

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

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

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

This Offering Circular contains facts and statistics relating to the economy of the PRC, Taizhou City, Jiangsu Province 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 PRC, the Taizhou City, the Jiangsu Province economy 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 Issuer, the Guarantor, the Joint Lead Managers, the Trustee, the Agents or their respective affiliates, directors, officers, employees, representatives, agents and advisers or any person who controls any of them 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.

Public corporate disclosure about the Issuer and the Guarantor may be limited.

As each of the Issuer and the Guarantor is a private company, there may be less publicly available information about the Issuer and the Guarantor than is regularly made available by public companies in certain other countries.

The Guarantor's auditor was subject to administrative sanctions by relevant PRC authorities.

Zhongxinghua, the Guarantor's auditor, is a registered accounting firm in the PRC supervised by relevant PRC regulatory agencies, including CSRC.

Zhongxinghua has previously received several warning letters issued by CSRC and was subject to several administrative penalties by CSRC (the "**Regulatory Matters**"). The Regulatory Matters are mainly focused on the implementation of certain professional ethical standards and auditing guidelines, the adequacy of professional scepticism in the auditing process, and the reasonableness of the judgment made by the auditors with respect to work conducted by Zhongxinghua which were unrelated to the Group. There can be no assurance that Zhongxinghua's involvement in such administrative actions or any negative publicities about Zhongxinghua would not affect investors' confidence in the financial statements contained in this Offering Circular which were audited by it as well as their other procedures performed in relation to the issue and offering of the Bonds.

Zhongxinghua has confirmed to the Joint Lead Managers and the Guarantor that the auditors who participate in the audit or review of the Guarantor's historical financial statements were not the subject of, or involved in, the Regulatory Matters. Zhongxinghua has also confirmed that it is qualified to provide audit services under applicable laws, rules and guidelines. Zhongxinghua has further confirmed that its auditing work for the Guarantor and 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 qualification of the auditors participating in this offering, are not affected by the Regulatory Matters.

Prospective investors should consider the above factors prior to making any investment decision.

RISKS RELATING TO THE PRC

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

Substantially all of the Group's assets are located in the PRC and substantially all of the Group's revenue is sourced from the PRC. Accordingly, the Group's results of operations, financial position and prospects are subject, to a significant degree, to economic, political and legal developments in the PRC. The PRC economy differs from the economies of most developed countries in many respects, including the extent of government involvement, the level of development, growth rate, uniformity in the implementation and enforcement of laws in relation to control of foreign exchange and control over capital investment and allocation of resources.

The PRC economy is in the process of transitioning from a centrally planned economy to a more market-oriented economy. For more than three decades, the PRC government has implemented economic reform measures to utilise market forces in the development of the PRC economy. In addition, the PRC government continues to play a significant role in regulating industries and the economy through policy measures. The Group cannot predict whether changes in the PRC economic, political or social conditions and in the PRC laws, regulations and policies will adversely affect its business, financial condition or results of operations. In addition, many of the economic reforms carried out by the PRC government are unprecedented or experimental and are expected to be refined and improved over time. Other political, economic and social factors may also lead to further adjustments of the reform measures. This refining and adjustment process may not necessarily have a positive effect on the Group's operations and business development.

In May 2017, Moody's downgraded China's sovereign credit rating for the first time since 1989 and changed its outlook to stable from negative, citing concerns on the country's rising levels of debt and expectations of slower economic growth. On 21 September 2017, S&P Global Ratings also downgraded China's sovereign rating from AA-to A+, citing concerns on the economic and financial risks in China after a "prolonged period of strong credit growth". The full impact of the downgrade remains to be seen, but the perceived weaknesses in China's economic development model, if proven and left unchecked, would have profound implications. If China's economic conditions worsen, or if the banking and financial systems experience difficulties from over-indebtedness, businesses in China may face a more challenging operating environment.

The Group's business, financial condition and results of operations may be adversely affected by:

- changes in the PRC political, economic and social conditions;
- changes in policies of the PRC government, including changes in policies in relation to the Group's business segments;
- changes in laws and regulation or the interpretation of laws and regulations;
- measures that may be introduced to control inflation or deflation;
- changes in the rate or method of taxation;
- the imposition of additional restrictions on currency conversion and remittances abroad; and
- a reduction in tariff protection and other important restrictions.

The Group cannot assure investors that the economic growth will be sustained in the future. From time to time, the PRC government has implemented certain measures in order to prevent the PRC economy from experiencing excessive inflation. Such governmental measures may cause a decrease in the level of economic activity and have an adverse impact on economic growth in China. If China's economic growth slows down or if the Chinese economy experiences a recession, the growth of demand for electricity may also decrease. Such events could have a material adverse effect on the Group's business, results of operations and financial condition.

The national and regional economics in the PRC and the Group's prospects may be adversely affected by natural disasters, acts of God and occurrence of epidemics.

The Group's business is subject to general economic and social conditions in the PRC. Natural disasters, epidemics and other acts of God which are beyond the Group's control may adversely affect the economy, infrastructure and livelihood of the people in the PRC. Some regions in China, including the cities where the Group operates, are under the threat of flood, earthquake, fire, drought, or epidemics such as Severe Acute Respiratory Syndrome, or SARS, H5N1 or H7N9 avian flu, the human swine flu, also known as Influenza A (H1N1) the Ebola virus disease or, most recently, the novel coronavirus named COVID-19 by the World Health Organization. Past occurrences of epidemics, depending on their scale, have caused different degrees of damage to the national and local economies in China. Given the high uncertainties associated with the COVID-19 pandemic at the moment, it is difficult to predict how long these conditions will exist and the extent to which the Group may be affected. Should the disruption to the Group's operations extend beyond a specified period, the Group may experience delays in completion and delivery of the projects, which may materially and adversely affect the Group's results of operations and financial condition and may also cause reputation damage.

The COVID-19 pandemic also caused the delay in resumption of local business in the PRC after the Chinese New Year holiday in 2020 and introduced new restrictions on travel to and from affected areas. The COVID-19 pandemic may further create negative economic impact and increase volatility in the PRC and global market. See "– Risks Relating to the PRC – The global economy is facing significant uncertainties and disruptions caused by COVID-19". If the pandemic is not contained in a timely manner, there could be material disruptions to the Group's operations and result in a material adverse effect on its business operations, financial condition and results of operations. A recurrence of SARS or an outbreak of a health epidemic or contagious disease, including, for example, the ongoing COVID-19 epidemic, 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 business.

Moreover, China has experienced natural disasters like earthquakes, floods and droughts in the past few years. For example, in May 2008 and April 2010, China experienced earthquakes in Sichuan Province and Qinghai Province, respectively, resulting in the death of tens of thousands of people. Since the beginning of 2010, there have occurred severe droughts in south-western China, resulting in significant economic losses in these areas. Any future occurrence of severe natural disasters in China may adversely affect its economy and in turn the Group's business.

The global economy is facing significant uncertainties and disruptions caused by COVID-19.

The World Health Organization declared the COVID-19 to be a global epidemic on 11 March 2020. There has been rapid and widespread increase in new infections in the United States, Europe and other parts of the world and increased fatality rates in many countries.

Many countries have declared state of emergency, closed their borders to international travellers, and restricted movements of their citizens with a view to contain the pandemic and there is no assurance that such measures will be effective. There are indications that COVID-19 is continuing to spread across the globe so it is possible that many more countries may be affected.

There is also a disagreement between Saudi Arabia and Russia on their daily production outputs of crude oil. Saudi Arabia has significantly increased its daily output which has led to a significant decline in global crude oil prices.

There has been extreme volatilities in the global markets across all asset classes: stocks, bonds, oil and metals in the recent weeks and these volatilities may continue.

Italy has halted all commercial activities and there are closure of shops, offices and factories in many countries including the United States, Germany, the United Kingdom and many other countries in Europe. Citizens in many affected countries and areas are being advised or required to stay at their homes subject to limited exceptions. The reduced consumption, commercial activities and industrial production will severely disrupt their economies and the global supply chain and may result in recessions in these economies.

Governments and central banks around the globe have introduced or are planning fiscal and monetary stimulus measures including tax cuts, direct subsidies, rates cut, bond repurchase programmes and suspension or relaxation of prudential bank capital requirements. These measures aim to contain the economic impact of the epidemic, stabilise the markets and provide liquidity easing to the markets. There is no assurance that such measures may be introduced in time or will be sufficient or effective in delivering their policy objectives. There is no assurance that these measures will be successful in containing the economic impact of the epidemic or stabilizing the markets.

As a result, the global economy is facing significant uncertainties and the global financial markets are experiencing significant volatilities. Such volatilities may negatively impact the value of the entities in which the Group has equity investments in. Moreover, governments may also impose various monetary and regulatory policies to combat potential economic slowdowns. If the global financial markets continue to experience volatility or if the PRC economy slows down, the Group's business, financial condition and outlook, and the value of the Bonds may be adversely affected.

The global financial markets, including the financial markets in the PRC, have experienced significant slowdown and volatility during the past few years and any continued deterioration may adversely affect the Group's business and results of operations.

The global credit markets have experienced significant volatility, such as those caused in recent years by the global financial and economic crisis, including the European debt crisis, the potential withdrawal of countries from the Euro-zone and volatility in the PRC stock market, which have led to less favourable financial and economic conditions. See "– Risks Relating to the PRC – The global economy is facing significant uncertainties and disruptions caused by COVID-19". There has also been significant volatility in the PRC stock markets during the second half of 2015 and the PRC government taking unprecedented steps to support the markets. Ongoing trade tensions between the PRC and the United States that began in 2018 have also resulted in volatility in major financial markets around the world. In Europe, since the United Kingdom notified the European Council of its intention to withdraw from the European Union in accordance with Article 50(2) of the Treaty on European Union on March 29, 2017 ("**Brexit**"), there has been substantial uncertainty about the future relationship between the United Kingdom and the European Union. On January 31, 2020, the United Kingdom officially exited the European Union, following a UK-EU Withdrawal Agreement signed in October 2019. The United Kingdom and the European Union signed the Brexit trade deal on 30 December 2020 and the United Kingdom completed its separation from the European Union with effect from 1 January 2021. While the United Kingdom and the European Union 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. Any volatility or deterioration in the economic conditions in the United States, the United Kingdom, the European Union, the PRC or elsewhere may have and may adversely affect the Group's business, financial condition and the results of its operations and its ability to access the capital markets. The slowdown in the economies of the United States, the European Union and certain Asian countries with which the PRC has important trade relationships or any future calamities may materially and adversely affect the economic growth of the PRC.

On the other hand, rapid economic growth can lead to growth in money supply and inflation. In Asia and other emerging markets, some countries are expecting increasing inflationary pressure as a consequence of liberal monetary policy or excessive foreign fund inflow, or both. To control inflation in the past, the PRC government has imposed control on bank credits, limits on loans for fixed assets and restrictions on state bank lending. Such austerity measures can lead to a slowdown in the economic growth. Recently,

there have been growing concerns about the volatility of the economy and the adjustments of fiscal policies in the PRC. For example, after a rapid surge from the second half of 2014 to early June 2015, the Chinese domestic equity markets experienced sharp declines and severe volatility beginning from June 13, 2015. The PRC government has taken monetary and regulatory measures to stabilise the market, including measures affecting market liquidity, new equity offering pipelines and trading activities of certain market participants. Any further tightening of liquidity in the global financial markets may in the future negatively affect the Group's liquidity. If the global economic slowdown and financial crisis continue or become more severe than currently anticipated, or if the PRC economy continues to slow down, the Group's business, results of operations, financial condition and prospects could be materially and adversely affected.

Uncertainty with respect to the PRC legal system could have a material adverse effect on 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 the PRC laws and regulations. The PRC legal system is based on written statutes while prior court decisions can only be cited as 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, China has not developed a fully integrated legal system and recently enacted laws and regulations that may not sufficiently cover all aspects of economic activities. In addition, the PRC legal system is based, in part, on government policies and internal rules (some of which are not published on a timely basis or at all) that may have a retroactive effect. As a result, the Group may not be aware of the Group's violation of these policies and rules until sometime after the violation. In addition, any litigation in the PRC may be protracted and result in substantial costs and diversion of resources and management's attention.

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

The Guarantor and its subsidiaries and affiliated companies are incorporated in the PRC. Substantially all of the Group's assets are located in the PRC. In addition, most of the Group's directors, supervisors and executive officers reside within the PRC and the assets of the Group's directors and officers may be located within the PRC. As a result, it may not be possible to effect service of process outside the PRC upon most of the Group's directors, supervisors and senior management, including for matters arising under applicable securities law. A judgment of a court of another jurisdiction may be reciprocally recognised or enforced if the jurisdiction has a treaty with the PRC or if judgments of the PRC courts have been recognised before in that jurisdiction, subject to the satisfaction of other requirements. However, China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with many countries, including the United States and the United Kingdom. Therefore, it may be difficult for investors to enforce any judgments obtained from foreign courts against the Guarantor, its subsidiaries, any of their respective directors, supervisors or senior management in the PRC.

The PRC government's control of currency conversion may adversely affect the value of investors' investments.

Most of the Group's revenue is denominated in Renminbi, which is also the reporting currency of the Group. 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. The PRC government may restrict future access to foreign currencies for current account transactions at its discretion. Foreign exchange transactions under capital account in the PRC may continue to be not 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. In addition, significant future cash flows in Renminbi may limit the Group's ability to purchase goods outside the PRC or fund business activities outside the PRC.

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

Facts, forecasts and other statistics in this offering relating to the PRC, its economy or the industries 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 Group, the Joint Lead Managers, the Trustee, the Agents or any of its or their respective affiliates, employees, officers, representatives, directors, agents or advisers, or any person who controls any of them, and, therefore, the Issuer, the Group, the Joint Lead Managers, the Trustee, the Agents or any of its or their respective affiliates, employees, officers, representatives, directors, agents or advisers, or any person who controls any of them makes no representation as to the completeness, accuracy or fairness of such facts, forecasts 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, forecasts or other statistics.

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

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

The enforcement of the Labour Contract Law and other labour-related regulations in the PRC may adversely affect the Group's business and results of operations.

On 29 June 2007, the Standing Committee of the National People's Congress of the PRC enacted the Labour Contract Law(《勞動合同法》), which became effective on 1 January 2008 and later amended on 28 December 2012. The Labour Contract Law establishes additional restrictions and increases the cost to employers upon termination of employees, including specific provisions related to fixed-term employment contracts, temporary employment, probation, consultation with the labour union and employee general assembly, employment without a contract, dismissal of employees, compensation upon termination and overtime work, and collective bargaining. According to the Labour Contract Law, an employer is obligated to sign an unlimited term labour contract with an employee if the employer continues to employ the employee after two consecutive fixed term labour contracts. The employer must also pay compensation to employees if the employer terminates an unlimited term labour contract. Unless an employee refuses to extend the labour contract with the employee under the same terms or better terms than those in the original contract. Further, 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 served more than one year with an employer are entitled to a paid vacation ranging from five to 15 days, depending on their length of service. Employees who waive such vacation time at the request of employers shall be compensated at three times their normal salaries for each waived vacation day. As a result of these protective labour measures or any additional future measures, the Group's labour costs may increase. There can be no assurance that any disputes, work stoppages or strikes will not arise in the future.

The Issuer may be treated as a PRC enterprise for PRC tax purposes, which may subject the Issuer to the PRC income taxes on its worldwide income and interest payable by the Issuer to foreign investors and gain on the sale of the Bonds may be subject to withholding taxes under the PRC tax law.

Under the PRC Enterprise Income Tax Law(《企業所得税法》)(the "**EIT Law**"), which took effect on 1 January 2008 and was respectively amended on 24 February 2017 and 29 December 2018, and its implementation regulations, enterprises lawfully incorporated in the PRC or lawfully incorporated pursuant to the laws of a foreign country (region) but where "de facto management bodies" are located in the PRC are considered as "resident enterprises" for PRC tax purposes. The implementation regulations define the term "de facto management body" as a management body that exercises substantive and comprehensive management and control over the production, business, personnel, accounts and properties etc. of an enterprise.

As the Issuer is considered as a PRC tax resident enterprise for the purpose of the EIT Law, it shall be subject to the PRC enterprise income tax at the rate of 25% on its worldwide taxable income. Furthermore, the Issuer shall be obligated to withhold the PRC income tax of up to 7% on payments of interest and certain other amounts on the Bonds to investors that are Hong Kong resident enterprises or 10% on payments of interest and other amounts on the Bonds to investors that are "non-resident enterprises" as defined under the EIT Law or 20% for non-resident individuals, who are also not Hong Kong resident enterprises, provided that there are no tax treaties between China and those countries which exempt or reduce such withholding tax, because the interest and other amounts may be regarded as being derived from sources within the PRC. In addition, if the Issuer fails to do so, it may be subject to fines and other penalties. Similarly, any gain realised by such non-resident enterprise investors from the transfer of the Bonds may be regarded as being derived from sources within the PRC and may accordingly be subject to a 10% PRC withholding tax provided that there are no tax treaties between China and those countries which exempt or reduce such withholding tax. Moreover, as the Issuer is deemed to be a PRC resident enterprise for EIT purposes, the non-resident individual holders of the Bonds shall be subject to the PRC withholding tax applicable to payment of interest and other amounts on the Bonds and any gains realised from transfer of the Bonds at the rate of 20% for non-resident individuals and 10% for non-resident enterprises.

As the Issuer is required under the EIT Law to withhold PRC income tax from interest payments made to the Issuer's foreign investors who are "non-resident enterprises", the Issuer shall be required to pay such additional amounts as will result in receipt by a holder of the Bonds of such amounts as would have been received by the holder had no such withholding been required. The requirement to pay additional amounts will increase the cost of servicing interest payments on the Bonds, and could have a material adverse effect on the ability of the Issuer to pay interest on, and repay the principal amount of, the Bonds, as well as their profitability and cash flow. In addition, if holders of Bonds are required to pay the PRC income tax on the transfer of the Bonds, the value of investments in the Bonds may be materially and adversely affected. It is unclear whether, if the Issuer is considered a PRC "resident enterprise", the holders of the Bonds might be able to claim the benefit of income tax treaties or agreements entered into between China and other countries or areas.

Under Circular on Comprehensively Promoting the Pilot Program of the Collection of Value-added Tax in Lieu of Business Tax (Cai Shui [2016] 36) (《關於全面推開營業税改增值税試點的通知(財税[2016]36號)》) ("**Circular 36**") which introduced a new VAT from 1 May 2016 to replace business tax, VAT is applicable where the entities or individuals provide services within the PRC. The revenues generated from the provision of taxable sale of services by entities and individuals, such as financial services, shall be subject to PRC VAT if the seller or buyer of the services is within PRC. In the event that foreign entities or individuals do not have a business establishment in the PRC, the purchaser of services shall act as the withholding agent. According to the Explanatory Notes to Sale of Services, Intangible Assets and Real Property attached to Circular 36, financial services refer to the business activities of financial and insurance operation, including loan processing services, financial services of direct charges, insurance services and the transfer of financial instruments, and the VAT rate is 6%. Accordingly, the interest and other interest like earnings received by a non-PRC resident Bondholder from the Guarantor will be subject

to PRC VAT at the rate of 6% in the event that the Guarantor is required to discharge its obligations under the Guarantee of the Bonds. The Guarantor will be obligated to withhold VAT of 6% and certain surcharges on payments of interest and certain other amounts on the Bonds paid by the Guarantor to Bondholders that are non-resident enterprises or individuals.

Circular 36 and laws and regulations pertaining to VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties, and the above statement may be subject to further change upon the issuance of further clarification rules and/or different interpretation by the competent tax authority. There is uncertainty as to the application of Circular 36.

RISKS RELATING TO THE BONDS, THE GUARANTEE AND THE STANDBY LETTER OF CREDIT

Neither the Hailing government, the Taizhou government, nor any other PRC governmental entity is obligated to repay any amount under the Bonds, the Trust Deed or the Deed of Guarantee if the Issuer or the Guarantor fails to meet its obligations thereunder and state ownership or control over the Issuer or the Guarantor does not provide assurance of the Issuer's or the Guarantor's financial condition.

The Issuer is beneficially controlled and owned by the Guarantor, and the Guarantor is beneficially controlled and owned by the Taizhou SASAC. Similar to other companies beneficially controlled by the PRC government, the Issuer and the Guarantor may be generally perceived to have access to liquidity support from their beneficial controlling shareholders in light of their ownership structures and the nature of their beneficial controlling shareholders, particularly in the event that the Issuer or the Guarantor becomes financially distressed. However, none of the Hailing government, the Taizhou government or any other PRC governmental entity is under any obligation to pay any amount under the Bonds, the Guarantee or the Trust Deed if the Issuer or the Guarantor fails to meet its obligations thereunder. This position has been reinforced by Circular 23 and Circular 706. None of the Hailing government, the Taizhou government or any other PRC governmental entity has any obligation to pay any amount under the Bonds. Investments in the Bonds are relying on the credit risk of the Issuer and the Guarantor. As a result, no financial support from the Hailing government, the Taizhou government nor any other the PRC governmental entity may materialise. The Bonds are to be repaid solely by the Issuer or, as the case may be, the Guarantor, and the obligations of the Issuer and the Guarantor under the Bonds, the Guarantee or the Trust Deed shall solely be fulfilled by the Issuer and the Guarantor as independent legal persons. If the Issuer or the Guarantor does not fulfil its obligations under the Bonds, the Guarantee and the Trust Deed, the Bondholders will only have recourse against the Issuer or, as the case may be, the Guarantor, and not the Hailing government, the Taizhou government or any other PRC governmental entity. In addition, the fact that the Issuer is beneficially controlled and owned by the Guarantor, which is beneficially controlled and owned by the Taizhou SASAC, is not an assurance of the Issuer's or the Guarantor's financial condition. Investors should base their investment decision on the financial conditions of the Issuer and the Guarantor and any perceived credit risk associated with an investment in the Bonds based on the Issuer's and the Guarantor's own financial information reflected in their financial statements.

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

In accordance with the Administrative Measures for Foreign Debt Registration (《外債登記管理辦法》) (the "**Foreign Debt Registration Measures**") and its operating guidelines, issued by the SAFE on 28 April 2013, effective as of 13 May 2013 and amended on 4 May 2015, the Issuer shall complete Foreign Debt Registration in respect of the issue of the Bonds with the local branches of SAFE in accordance with laws and regulations. According to the Operation Guidelines for Administration of Foreign Debt Registration (《外債登記管理操作指引》) promulgated together with the Foreign Debt Registration Measures, the Issuer is required to register the Bonds within the prescribed time period after the Issue Date and to use its best endeavours to complete such registration in accordance with the Foreign Debt Registration Measures on or before the Registration Deadline. Before such registration of the Bonds is

completed, it is uncertain whether the Bonds are enforceable as a matter of PRC law and it may be difficult for Bondholders to recover amounts due from the Issuer, and the Issuer may not be able to remit the proceeds of the offering into the PRC or remit money out of the PRC in order to meet its payment obligations under the Bonds. Pursuant to Article 27(5) of the Foreign Debt Registration Measures, a failure to comply with registration requirements may result in a warning and fine as set forth under Article 48 of the Foreign Exchange Administrative Regulations (《外匯管理條例》) promulgated by the State Council in 2008. However, pursuant to Article 40 of the Foreign Debt Administration Provisional Rules (《外債管理暫行辦法》) promulgated by MOF, NDRC and SAFE, a failure by a domestic entity to register a foreign debt contract will render the contract not legally binding and unenforceable. Under the Terms and Conditions, the Issuer has undertaken to use its best endeavours, and it intends, to complete the registration of the Bonds with SAFE before the Registration Deadline. If the Issuer is unable to complete the registration with the local branches of SAFE, the Issuer may have difficulty in remitting funds offshore to service payments in respect of the Bonds and investors may encounter difficulties in enforcing judgments obtained in the Hong Kong courts with respect to the Bonds and the Trust Deed in the PRC. In such circumstances, the value and secondary market price of the Bonds may also be materially and adversely affected.

The Bonds and the Guarantee are unsecured obligations.

As the Bonds and the Guarantee are unsecured obligations of each of the Issuer and the Guarantor, the repayment of the Bonds and the Guarantee may be compromised 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 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 and any amounts received from the sale of such assets may not be sufficient to pay amounts due on the Bonds.

Additional procedures may be required to be taken to bring English law governed matters or disputes to the Hong Kong courts and the Bondholders would need to be subject to the exclusive jurisdiction of the Hong Kong courts. There is also no assurance that the PRC courts will recognise and enforce judgments of the Hong Kong courts in respect of English law governed matters or disputes.

The Terms and Conditions, the Deed of Guarantee, the Standby Letter of Credit, the Trust Deed and the Agency Agreement are governed by English law, whereas parties to these documents have submitted to the exclusive jurisdiction of the Hong Kong courts. In order to hear English law governed matters or disputes, Hong Kong courts may require certain additional procedures to be taken. 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 "**Reciprocal 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 meets other circumstances specified by the Reciprocal Arrangement. While it is expected that the PRC courts will recognise and enforce a judgment given by Hong Kong courts governed by English law, there can be no assurance that the PRC courts will do so for all such judgments as there is no established practice in this area. Compared to other similar debt securities issuances in the international capital markets where

the relevant holders of the debt securities would not typically be required to submit to an exclusive jurisdiction, the Bondholders will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts, and thus the holders' ability to initiate a claim outside of Hong Kong will be limited.

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

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

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

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

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds;

- understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and

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

An active trading market for the Bonds may not develop.

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

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

Group have 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 turnover, earnings and cash flows, proposals for new investments, strategic alliances and/or acquisitions, changes in interest rates, fluctuations in price for comparable companies, changes in government regulations and changes in general economic conditions nationally or internationally could cause the price of the Bonds to change. Any such developments may result in large and sudden changes in the trading volume and price of the Bonds. There is no assurance that these developments will not occur in the future.

Developments in other markets may adversely affect the market price of the Bonds.

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

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

Following the occurrence of a Relevant Event, the Issuer may, at the option of any Bondholder, be required to redeem all, but not some only, of such Holder'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. 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 if the Guarantee is called. The ability to redeem the Bonds in such event may also be limited by the terms of other debt instruments. The Issuer's (or, under the Guarantee if it is called, 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 other indebtedness of the Group.

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

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

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

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

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

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

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

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

If the Issuer or the Guarantor (as the case may be) is unable to comply with the restrictions and covenants in its debt agreements (if any), or the Bonds, there could be a default under the terms of these agreements, or the Bonds, which could cause repayment of the Issuer's or the Guarantor's debt to be accelerated.

If the Issuer or the Guarantor (as the case may be) is unable to comply with the restrictions and covenants in the Bonds, or current or future debt obligations and other agreements (if any), there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to the Issuer or the Guarantor (as the case may be), accelerate repayment of the debt, declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Furthermore, some of the debt agreements of the Issuer or the Guarantor (as the case may be), contain cross acceleration or cross default provisions. As a result, the default by the Issuer or the Guarantor (as the case may be) 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 Issuer's or the Guarantor's assets and cash flows would be sufficient to repay all of the Issuer's or the Guarantor's indebtedness in full, or that it would be able to find alternative financing. Even if the Issuer or the Guarantor (as the case may be) could obtain alternative financing, there can be no assurance that it would be on terms that are favourable or acceptable to the Issuer or the Guarantor (as the case may be).

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

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 to English law or administrative practice after the date of issue of the Bonds.

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

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

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

In addition, the Trustee may (but shall not be obliged to), without the consent of the holders of the Bonds, authorise or waive any proposed breach or breach of the Bonds, the Trust Deed, the Deed of Guarantee, the Standby Letter of Credit or the Agency Agreement (other than a proposed breach, or a breach relating to the subject of certain reserved matters) if the interests of the holders of the Bonds will not be materially prejudiced thereby.

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

In certain circumstances (including without limitation the giving of notice to the Issuer pursuant to Condition 9 (*Events of Default*) of the Terms and Conditions and the taking of steps and/or actions and/or the instituting of proceedings against the Issuer, the Guarantor and/or the LC Bank pursuant to Condition 13 (*Enforcement*) of the Terms and Conditions), the Trustee may (at its sole discretion) request Bondholders to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes actions and/or steps and/or institutes proceedings on behalf of Bondholders. The Trustee shall not be obliged to take any such actions and/or steps and/or institute such proceedings if not indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such actions and/or steps can be taken and/or such proceedings can be instituted. The Trustee may not be able to take actions and/or steps and/or institute proceedings, notwithstanding the provision of an indemnity or security 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, it will be for the holders of the Bonds to take such actions and/or steps and/or institute such proceedings directly.

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

Under the Enterprise Income Tax Law of the PRC (《企業所得税法》) (the "**EIT Law**") which took effect on 1 January 2008, and was respectively amended on 24 February 2017 and 29 December 2018, and its implementation regulations, any gains realised on the transfer of the Bonds by holders who are deemed under the EIT Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as income derived from sources within the PRC. Under the EIT Law, a "non-resident enterprise" means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained income derived from sources within the PRC. There remains uncertainty as to whether the gains realised on the transfer of the Bonds by enterprise holders would be treated as incomes derived from sources within the PRC and be subject to PRC enterprise income tax. In addition, there is uncertainty as to whether gains realised on the transfer of the Bonds by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax. If such gains are regarded as derived from sources within the PRC, such gains may also be 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 (《中國內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》) (the "**Arrangement**") which was promulgated on 21 August 2006, Bondholders who are Hong Kong residents, including both enterprise holders and individual holders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of the Bonds if such capital gains are not connected with an office or establishment that the Bondholders have in the PRC and all the other relevant conditions are satisfied.

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

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

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

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

The Issuer may issue additional Bonds in the future.

The Issuer may, from time to time, and without prior consultation of the Bondholders, create and issue further securities having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date, the first payment of interest on them and the timing for complying with the requirements set out in the Terms and Conditions in relation to the Foreign Debt Registration) (see "*Terms and Conditions of the Bonds – Further Issues*") or otherwise raise additional capital through such means and in such manner as it may consider necessary. There can be no assurance that such future issuance or capital raising activity will not adversely affect the market price of the Bonds.

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

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

While the Bonds are represented by the Global Certificate, the Issuer, or failing which, the Guarantor, will discharge its payment obligations under the Bonds by making payments to the relevant Clearing System for distribution to their accountholders. A holder of a beneficial interest in a Global Certificate must rely on the procedures of the relevant Clearing System to receive payments under the Bonds. Neither the Issuer nor the Guarantor has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

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

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

Changes in market interest rates may adversely affect the value of the Bonds and the Standby Letter of Credit.

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.

The PRC government has gradually liberalised its regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. In addition, the interest rate for Renminbi in markets outside the PRC may significantly deviate from the interest rate for Renminbi in the PRC as a result of foreign exchange controls imposed by PRC laws and regulations and prevailing market conditions.

As the Bonds will carry a fixed interest rate. Consequently, investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds and the Standby Letter of Credit. If the Bondholders propose to sell their Bonds before their maturity, they may receive an offer lower than the amount they have invested.

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

The Terms and Conditions provide for a demand to be made under the Standby Letter of Credit in the event the Issuer fails to pre-fund principal and/or interest payment due on the Bonds or upon the occurrence of an Event of Default under the Bonds. Such demand will be made in respect of the full amount of the outstanding principal due and interest accrued on the Bonds (together with all fees, costs, expenses, indemnity payments and other amounts of the Trustee then outstanding), and thereafter the Bonds will be mandatorily redeemed in accordance with Condition 6(d) *(Mandatory Redemption upon Pre-funding Failure)*. Bondholders will not be able to hold their Bonds to maturity should such mandatory redemption occur.

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

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

- *Impaired loans and advances*: China Zheshang Bank's results of operations have been and will continue to be negatively affected by its impaired loans. If China Zheshang Bank is unable to effectively control and reduce the level of impaired loans and advances in its current loan portfolio and in new loans China Zheshang Bank extends in the future, or China Zheshang Bank's allowance for impairment losses on loans and advances is insufficient to cover actual loan losses, China Zheshang Bank's financial condition could be materially and adversely affected.

- *Collateral and guarantees:* A substantial portion of China Zheshang Bank's loans is secured by collateral and pledges. In addition, a substantial portion of its PRC loans and advances is backed by guarantees. If China Zheshang Bank is unable to realise the collateral, pledges or guarantees securing its loans to cover the outstanding principal and interest balance of such loans due to various factors, China Zheshang Bank's financial condition could be materially and adversely affected.

- *Loans and advances to customers of particular industries and government financing platforms:* A majority of China Zheshang Bank's corporate loans and advances to customers primarily comprises loans and advances to the manufacturing, transportation, logistics and postal services, production and supply of power, heat gas and water, leasing and commercial services and real estate industries; while a majority of China Zheshang Bank's personal loans and advances to customers primarily comprise residential mortgages. As such, the repayment of such loans and advances to customers is affected by the market performance and conditions of the aforementioned industries which may be affected by many factors, including, without limitation, cyclical economic volatility and economic downturns. In addition, the PRC government has in recent years imposed macroeconomic control measures that are aimed at preventing the real estate market from over-heating. Such factors may adversely affect the growth and quality of its loans and advances to the real estate industry and, consequently, China Zheshang Bank's financial condition and results of operations. Loans to government financing platforms are a part of the loan portfolio of China Zheshang Bank. Revenues of the PRC government are primarily derived from taxes and land premiums. Therefore, economic cycles and fluctuations in the real estate market may also adversely affect the quality of such loans.

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

The Bonds will be mandatorily redeemed upon a single drawing under the Standby Letter of Credit.

Under the Standby Letter of Credit, only one drawing is permitted. Therefore, in the event of a drawing under the Standby Letter of Credit, the Bonds will be mandatorily redeemed at their principal amount, together with interest accrued up to but excluding the date of redemption. Bondholders will not be able to hold their Bonds to maturity and receive the expected stream of income from holding the Bonds should such mandatory redemption occur. An investor of the Bonds may not be able to reinvest the redemption proceeds in comparable securities at an effective interest rate at the same level as that of the Bonds.

The Standby Letter of Credit is subject to a maximum limit and may not be sufficient to satisfy all payments due under the Standby Letter of Credit.

Payments of principal and interest in respect of the Bonds and the fees and expenses and other amounts in connection with the Bonds and the Trust Deed will have the benefit of the Standby Letter of Credit up to a maximum limit of U.S.$29,664,440, representing only (i) the aggregate principal amount of the Bonds plus interest payable for the Interest Period (as defined in the Terms and Conditions) and (ii) U.S.$1,000,000.0 being the maximum amount payable under the Standby Letter of Credit for any fees, costs, expenses, indemnity payments and other amounts which may be incurred by or payable to the Trustee under or in connection with the Bonds, the Trust Deed, the Guarantee, the Standby Letter of Credit and/or, the Agency Agreement. There can be no assurance that such maximum limit is sufficient to fully satisfy the aforementioned payments.

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

The Standby Letter of Credit will expire after 6:00 p.m. (Hong Kong time) on 28 February 2022. In the event that the Trustee does not enforce the Standby Letter of Credit by this expiration time, the Bondholders and the Trustee will not be able to benefit from the credit protection provided by the LC Bank. Furthermore, in the event that any payment from the Issuer to the Trustee is avoided by virtue of any laws relating to bankruptcy, insolvency, liquidation or similar laws of general application for the time being in force and a written notice claiming such avoided payment under the Standby Letter of Credit was not given to the LC Bank on or before the expiry time of the Standby Letter of Credit, the Bondholders and the Trustee will not be able to recover such avoided payment from the LC Bank under the Standby Letter of Credit.

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 evidencing the Bonds:

The issue of U.S.$28,000,000 in aggregate principal amount of 2.38 per cent. credit enhanced bonds due 2022 (the "**Bonds**", which term shall include, unless the context requires otherwise, any additional bonds issued in accordance with Condition 15 and consolidated and forming a single series therewith) was authorised by a written resolution of the board of directors of Taizhou Haiminghui Trading Co., Ltd. (泰州市海名薈商貿有限公司) (the "**Issuer**") passed on 8 July 2020, and authorised by a written resolution of the shareholders of the Issuer passed on 8 July 2020. The Bonds are guaranteed by Taizhou Hailing City Development Group Co., Ltd. (泰州海陵城市發展集團有限公司) (the "**Guarantor**"). The giving of the Guarantee (as defined in Condition 3(b)) was authorised by a written resolution of the board of directors of the Guarantor on 18 August 2020. The Bonds are constituted by a trust deed (as amended, supplemented, restated and/or replaced from time to time, the "**Trust Deed**") dated 1 February 2021 (the "**Issue Date**") among the Issuer, the Guarantor and China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) (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) as trustee for itself and the holders of the Bonds. The Bonds have the benefit of an irrevocable Standby Letter of Credit (the "**Standby Letter of Credit**") dated on or about 1 February 2021 issued by China Zheshang Bank Taizhou Branch (the "**LC Bank**") in favour of the Trustee on behalf of itself and the holders of the Bonds.

These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the certificates evidencing the Bonds. The Bonds also have the benefit of a deed of guarantee dated 1 February 2021 (as amended, supplemented, restated and/or replaced from time to time, the "**Deed of Guarantee**") entered into by the Guarantor and the Trustee relating to the Bonds. An agency agreement dated 1 February 2021 (as amended, supplemented, restated and/or replaced from time to time, the "**Agency Agreement**") relating to the Bonds has been entered into among the Issuer, the Guarantor, the Trustee, China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) as principal paying agent (the "**Principal Paying Agent**", which expression shall include any successor principal paying agent appointed from time to time in connection with the Bonds), as registrar (in such capacity, the "**Registrar**", which expression shall include its successor(s)), as transfer agent (in such capacity, the "**Transfer Agent**", which expression shall include any other transfer agent appointed in connection with the Bonds), as the bank holding the Pre-funding Account (as defined below) and the LC Proceeds Account (as defined below) (in such capacities, the "**Pre-funding Account Bank**" and the "**LC Proceeds Account Bank**", respectively, each of which expressions shall include any successor), and any other agents named in it.

Copies of the Trust Deed, the Deed of Guarantee, the Agency Agreement and the Standby Letter of Credit are available for inspection upon prior written request and satisfactory proof of holding at all reasonable times during usual business hours (being between 9:00 a.m. to 3:00 p.m. (Hong Kong time) from Monday to Friday (other than public holidays)) at the principal place of business in Hong Kong of the Trustee (being at the Issue Date at 20/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong) and at the specified office of the Principal Paying Agent from time to time. Reference herein to "**Agents**" means the Principal Paying Agent, the Registrar, the Transfer Agent and any other agent or agents appointed from time to time with respect to the Bonds, and the "**Paying Agents**" include the Principal Paying Agent. 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 and the Standby Letter of Credit.

All capitalised terms that are not defined in these terms and conditions (these "**Conditions**") will have the meanings given to them in the Trust Deed.

1 FORM, DENOMINATION AND TITLE

The Bonds are issued in registered form in the 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, 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 required by law, the holder (as defined below) of any Bond shall be deemed to be and shall 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 alleged destruction, theft or loss of such Certificate and no person shall be liable for so treating the holder.

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

*Upon issue, the Bonds will be initially 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 and Clearstream Banking S.A., and will be exchangeable for definitive Certificates only in the circumstances set out therein. These 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.

2 TRANSFERS OF BONDS

(a) **Transfer**: A holding of Bonds may, subject to the Agency Agreement and Conditions 2(d) and 2(e), be transferred in whole or in part upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate(s) representing such Bonds to be transferred (which shall be in a Specified Denomination), 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 such 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 evidenced 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 any Bonds pursuant to Condition 2(a) shall be available for delivery within seven business days (as defined below) of receipt by the Transfer Agent or the Registrar of a duly completed and signed form of transfer and surrender of the existing Certificate(s) and such evidence as the Registrar or Transfer Agent may require. The form of transfer is available at the specified offices of each

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

(c) **Transfer or Exercise Free of Charge**: Certificates, on transfer, exercise of an option or redemption of the Bonds, shall be issued and registered without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent, but upon (i) payment by the relevant Bondholder of any tax, duty or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or pre-funding as the Registrar or the relevant Transfer Agent may require); (ii) the Registrar or the relevant Transfer Agent (as the case may be) being satisfied in its absolute discretion with the documents of title or identity of the person making the application; and (iii) the Registrar or the relevant Transfer Agent being satisfied that the Regulations (as defined in Condition 2(e)) 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 (as defined in Condition 6(c)) is deposited in accordance with Condition 6(c), (iii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(a)(ii)), or (iv) during the period of 15 days to (and including) any date on which Bonds may be called for redemption by the Issuer pursuant to Condition 6(b).

(e) **Regulations**: All transfers of Bonds and entries on the Register will be made in accordance with the detailed regulations concerning transfer and registration of Bonds (the "**Regulations**"), the initial form of which is scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee, or by the Registrar, with the prior written approval of the Trustee. A copy of the current Regulations will be made available (free of charge to the Bondholder and at the Issuer's expense) by the Registrar to any Bondholder upon prior written request and satisfactory proof of holding and identity.

3 STATUS, GUARANTEE, STANDBY LETTER OF CREDIT AND PRE-FUNDING

(a) **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.

(b) **Guarantee**: The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Bonds and the Trust Deed. The Guarantor's obligations in respect of the Bonds and the Trust Deed (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 other present and future unsecured and unsubordinated obligations of the Guarantor.

(c) **Standby Letter of Credit**: The Bonds will have the benefit of the Standby Letter of Credit which is issued in favour of the Trustee, on behalf of itself and the holders of the Bonds, by the LC Bank. The Standby Letter of Credit shall be drawable by the Trustee as beneficiary under the Standby Letter of Credit on behalf of itself and the holders of the Bonds upon the presentation of a demand by authenticated SWIFT (or by such method of communication otherwise permitted under the Standby Letter of Credit) sent by the Trustee or an agent of the Trustee to the LC Bank in accordance with the Standby Letter of Credit (the "**Demand**") stating that (i) the Issuer has failed to comply with Condition 3(d) in relation to pre-funding the amount that is required to be pre-funded under these Conditions and/or has failed to provide the Required Confirmations (as defined in Condition 3(d)) in accordance with Condition 3(d); or (ii) an Event of Default (as defined in Condition 9) has occurred and the Trustee has given notice to the Issuer and the Guarantor that the Bonds are immediately due and payable in accordance with Condition 9.

Only one drawing under the Standby Letter of Credit is permitted. Such drawing on the Standby Letter of Credit will be payable in U.S. dollars to or to the order of the Trustee at the time and to the account specified in the Demand presented to the LC Bank. Payments received by the Trustee in respect of the Demand will be deposited into the LC Proceeds Account.

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

The LC Bank's aggregate liability under the Standby Letter of Credit shall be expressed and payable in U.S. dollars and shall not in any circumstances exceed U.S.$29,664,440, representing only (i) the aggregate principal amount of the Bonds plus interest payable for the Interest Period (as defined below) and (ii) U.S.$1,000,000.00 being the maximum amount payable under the Standby Letter of Credit for any fees, costs, expenses, indemnity payments and other amounts which may be incurred by or payable to the Trustee under or in connection with the Bonds, the Trust Deed, the Guarantee, the Standby Letter of Credit and/or the Agency Agreement. The Standby Letter of Credit takes effect from the date thereof and shall remain valid and in full force until 6:00 p.m. (Hong Kong time) on 28 February 2022 and shall expire at the place of the LC Bank.

See "Appendix A – Form of Irrevocable Standby Letter of Credit" in the Offering Circular for the form of the Standby Letter of Credit.

(d) **Pre-Funding**

In order to provide for the payment of any amount in respect of the Bonds (other than the amounts payable under Condition 6(d)) (the "**Relevant Amount**") as the same shall become due, the Issuer shall, in accordance with the Agency Agreement, by no later than the Business Day (the "**Pre-funding Date**") falling ten Business Days prior to the due date for such payment:

(i) unconditionally pay or procure to be paid the Relevant Amount into the Pre-funding Account; and

(ii) deliver to the Trustee and the Principal Paying Agent by facsimile (X) a Payment and Solvency Certificate signed by any Authorised Signatory of the Issuer (as defined in the Trust Deed), and (Y) a copy of the irrevocable payment instruction from the Issuer to the Pre-funding Account Bank requesting the Pre-funding Account Bank to pay the Relevant

Amount which was paid into the Pre-funding Account on the Pre-funding Date in full to the Principal Paying Agent by no later than 10:00 a.m. (Hong Kong time) on the Business Day immediately preceding the due date for such payment (together, the "**Required Confirmations**").

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

(i) as soon as reasonably practicable, and in any event not later than 5:00 p.m. (Hong Kong time) on the Business Day immediately following the Pre-funding Date, notify the LC Bank and the LC Proceeds Account Bank by facsimile of the occurrence of the Pre-funding Failure; and

(ii) by no later than 6:00 pm (Hong Kong time) on the second Business Day following the Pre-funding Date (X) give notice (the "**Pre-funding Failure Notice**") to the Bondholders of (aa) the Pre-funding Failure and (bb) the redemption of the Bonds in accordance with Condition 6(d) to occur as a result of the Pre-funding Failure and (Y) issue a Demand to the LC Bank for an amount equal to the aggregate principal amount of all of the Bonds then outstanding, together with interest accrued to but excluding the Mandatory Redemption Date (as defined in Condition 6(d)) and all fees, costs, expenses, indemnity payments and other amounts incurred by or payable to the Trustee under or in connection with the Bonds, the Trust Deed, the Guarantee, the Standby Letter of Credit and/or the Agency Agreement, *provided that*, subject to and in accordance with the terms of the Standby Letter of Credit, the Trustee need not physically present the Demand under the Standby Letter of Credit to the LC Bank and shall be entitled to submit the Demand by authenticated SWIFT to the LC Bank or, in the event that the SWIFT system is unavailable for any reason, by way of such other means as permitted under the Standby Letter of Credit.

If the LC Bank receives such Demand on or before 6:00 p.m. (Hong Kong time) on a Business Day, the LC Bank shall by 10:00 a.m. (Hong Kong time) on the fourth Business Day immediately following such Business Day (or, if such Demand is received after 6:00 p.m. (Hong Kong time) on a Business Day, the fifth Business Day immediately following such Business Day) pay to or to the order of the Trustee the amount in U.S. dollars specified in the Demand to the LC Proceeds Account.

(e) **Definitions**

In these Conditions:

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

"**LC Proceeds Account**" means a non-interest bearing U.S. dollar account established in the name of the Trustee with the LC Proceeds Account Bank;

"**Payment and Solvency Certificate**" means a certificate in substantially the form set forth in the Agency Agreement stating the Relevant Amount due on the relevant due date in respect of the Bonds and confirming that (A) a payment for the Relevant Amount has been made by the Issuer to the Pre-funding Account in accordance with Condition 3(d) and (B) the Issuer is solvent; and

"**Pre-funding Account**" means a non-interest bearing U.S. dollar account established in the name of the Issuer with the Pre-funding Account Bank.

4 COVENANTS

(a) **Negative Pledge**: So long as any Bond remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Guarantor shall, and each of the Issuer and the Guarantor shall procure that none of their respective Subsidiaries will, create or permit to subsist or have outstanding any mortgage, charge, lien, pledge or other security interest upon the whole or any part of its present or future undertaking, assets or revenues to secure (aa) any Relevant Indebtedness outside the PRC or (bb) any guarantee or indemnity in respect of any Relevant Indebtedness outside the PRC without (i) at the same time or prior thereto securing the Bonds or guaranteeing or indemnifying the Bondholders equally and rateably therewith or (ii) providing such other security for the Bonds as may be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

(b) **Financial Information**: For so long as any Bond remains outstanding (as defined in the Trust Deed), each of the Issuer and the Guarantor will furnish the Trustee with:

(A) a Compliance Certificate in English (on which the Trustee may rely conclusively as to such compliance and shall not be liable to any Bondholders or any other person for such reliance) within 14 days from a written request by the Trustee and at the same time of the provision of the Issuer Audited Financial Reports or the Guarantor Audited Financial Reports (as the case may be);

(B) a copy of the Issuer Audited Financial Reports and the Guarantor Audited Financial Reports, respectively, within 150 calendar days of the end of each Relevant Period prepared in accordance with the Accounting Standards for Business Enterprises in the PRC ("**PRC GAAP**") (audited by a nationally or internationally recognised firm of independent accountants (which may be the auditor of the Issuer or the Guarantor as at the Issue Date, as the case may be)) and if such statements shall be in the Chinese language, together with an English translation of the same translated by (aa) a nationally or internationally recognised firm of accountants (which may be the auditor of the Issuer or the Guarantor as at the Issue Date, as the case may be) or (bb) a professional translation services provider, together with a certificate signed by an Authorised Signatory of the Issuer or the Guarantor, as the case may be, certifying that such translation is complete and accurate; and

(C) a copy of the Issuer Unaudited Financial Reports and the Guarantor Unaudited Financial Reports, respectively, within 90 calendar days of the end of each Relevant Period prepared on a basis consistent with the Issuer Audited Financial Reports and the Guarantor Audited Financial Reports, as the case may be, and if such statements shall be in the Chinese language, together with an English translation of the same and translated by (aa) a nationally or internationally recognised firm of accountants (which may be the auditor of the Issuer or the Guarantor as at the Issue Date, as the case may be) or (bb) a professional translation service provider, together with a certificate signed by an Authorised Signatory of the Issuer or the Guarantor, as the case may be, certifying that such translation is complete and accurate.

(c) **Undertaking relating to Foreign Debt Registration**: The Issuer undertakes that it will (i) within 15 PRC Business Days after the Issue Date, register or cause to be registered with State Administration of Foreign Exchange or its local branch ("**SAFE**") the Bonds pursuant to the Administrative Measures for Foreign Debt Registration (《外債登記管理辦法》) and its operating guidelines, effective as of 13 May 2013 and amended on 4 May 2015 (the "**Foreign Debt Registration**"), (ii) use its best endeavours to complete the Foreign Debt Registration and obtain a registration record from SAFE on or before the Registration Deadline, (iii) if applicable, as soon as possible, and in any case as soon as required or requested to do so by any relevant government authority, file or cause to be filed with SAFE the Bonds pursuant to the Circular of the People's Bank of China on Implementing Overall Macro Prudential Management System for Nationwide Cross-border Financing (《中國人民銀行關於全口徑跨境

融資宏觀審慎管理有關事宜的通知》) (the "**Cross Border Financing Circular**") and (iv) comply with all applicable PRC laws and regulations in relation to the Bonds, including but not limited to, if applicable, the Cross Border Financing Circular and any implementing measures promulgated thereunder from time to time.

(d) **Notification of Completion of the Foreign Debt Registration**: The Issuer shall within 15 PRC Business Days after receipt of the registration form or filing evidence from SAFE (or any other document evidencing the completion of registration issued by SAFE), provide the Trustee with (i) a certificate in English (substantially in the form scheduled to the Trust Deed) signed by an Authorised Signatory of the Issuer confirming (A) the completion of the Foreign Debt Registration and (B) no Change of Control, Event of Default or Potential Event of Default (as defined below) has occurred; and (ii) copies of the relevant documents evidencing the Foreign Debt Registration, each certified in English as true and complete copies of the originals by an Authorised Signatory of the Issuer (the items specified in (i) and (ii) together, the "**Registration Documents**"). In addition, the Issuer shall, within 15 PRC Business Days after the documents comprising the Registration Documents are delivered to the Trustee, give notice to the Bondholders (in accordance with Condition 16) confirming completion of the Foreign Debt Registration.

The Trustee and the Agents may rely conclusively on the Registration Documents and shall have no obligation or duty to monitor or ensure or assist with the Foreign Debt Registration on or before the Registration Deadline or to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with the Foreign Debt Registration and/or the Registration Documents or any documents relating thereto or to translate or procure any translation thereof or to give notice to the Bondholders confirming the completion of the Foreign Debt Registration, and shall not be liable to Bondholders or any other person for not doing so.

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

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

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

(i) no Event of Default (as defined in Condition 9) or Potential Event of Default had occurred since the Certification Date of the last such certificate or (if none) the date of the Trust Deed or, if such an event had occurred, giving details of it; and

(ii) each of the Issuer and the Guarantor (as the case may be) has complied with all its obligations under the Trust Deed, the Deed of Guarantee and the Bonds, or, if non-compliance had occurred, giving details of it;

"**Guarantor Audited Financial Reports**" means the annual audited consolidated financial statements of the Guarantor, which comprise the consolidated balance sheet, the consolidated income statement, the consolidated cashflow statement and the consolidated statement of changes in owners' equity of the Guarantor together with the auditors' audit report and notes to the financial statements;

"**Guarantor Unaudited Financial Reports**" means the semi-annual unaudited consolidated financial statements of the Guarantor, which comprise the consolidated balance sheet, the consolidated income statement and the consolidated cashflow statement of the Guarantor (as the case may be);

"**Issuer Audited Financial Reports**" means the annual audited financial statements of the Issuer, which comprise the balance sheet, the income statement, the cashflow statement and the statement of changes in owners' equity of the Issuer together with the auditors' audit report and notes to the financial statements;

"**Issuer Unaudited Financial Reports**" means the semi-annual unaudited financial statements of the Issuer, which comprise the balance sheet, the income statement and the cashflow statement of the Issuer;

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

"**PRC**" means the People's Republic of China which, for the purposes of these Conditions, shall not include the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC 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 Taizhou, Jiangsu Province;

"**PRC GAAP**" means the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC from time to time;

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

"**Relevant Indebtedness**" means any present or future indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, or other securities which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market) (which for the avoidance of doubt does not include bi-lateral loans, syndicated loans or club deal loans);

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

a "**Subsidiary**" of any person means (a) 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 (b) any company or other business entity which at any time has its accounts consolidated with those of that person or which, under the law, 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 2.38 per cent. per annum, payable in arrear on the Maturity Date (as defined below) (the "**Interest Payment Date**").

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

If interest is required to be calculated for a period of less than a complete Interest Period (as defined below), the relevant day-count fraction will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the Interest Payment Date is called an "**Interest Period**".

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

6 REDEMPTION AND PURCHASE

(a) **Final Redemption**: Unless previously redeemed or purchased and cancelled, the Bonds will be redeemed at their principal amount on 31 January 2022 (the "**Maturity Date**"). The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition 6.

(b) **Redemption for Tax Reasons**: The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice (a "**Tax Redemption Notice**") to the Bondholders in accordance with Condition 16 (which such notice shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, at their principal amount, (together with interest accrued up to but excluding the date fixed for redemption), if the Issuer (or, if the Guarantee was called, the Guarantor) satisfies the Trustee immediately prior to the giving of such notice that (i) it has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 27 January 2021, 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 Tax Redemption Notice 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 then due.

Prior to the giving of any Tax Redemption Notice pursuant to this Condition 6(b), the Issuer (or the Guarantor, as the case may be) shall deliver to the Trustee (aa) a certificate in English signed by any Authorised Signatory of the Issuer (or of the Guarantor, as the case may be)

stating that the obligation referred to in Condition 6(b)(i) above cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it and (bb) an opinion, addressed to and in form and substance satisfactory to the Trustee, of independent legal counsel or a tax consultant, in either case, of recognised standing, stating 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 referred to above of this Condition 6(b). The Trustee shall be entitled (but shall not be obliged to) to accept and rely conclusively upon such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out in Condition 6(b) above, in which event they shall be conclusive and binding on the Bondholders. The Trustee shall be protected and shall have no liability to any Bondholder or any other person for so accepting and relying on such certificate or opinion.

(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 such holder's Bonds on the Put Settlement Date at 101 per cent. (in the case of a redemption for a Change of Control) or 100 per cent. (in the case of a redemption for a No Registration Event) of their principal amount, together with accrued interest up to but excluding such Put Settlement Date. To exercise such right, the holder of the relevant Bond must deposit at the specified office of the Principal Paying Agent or any other Paying Agent a duly completed and signed notice of redemption, in the form set out in the Agency Agreement, obtainable from the specified office of the Principal Paying Agent or any other Paying Agent (a "**Put Exercise Notice**"), together with the Certificate evidencing the Bonds to be redeemed, by not later than 30 days following a Relevant Event, or, if later, 30 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 16.

The "**Put Settlement Date**" shall be the fourteenth day (in the case of a redemption for a Change of Control) or the tenth day (in the case of a redemption for a No Registration Event) after the expiry of such period of 30 days as referred to above in this Condition 6(c).

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

The Issuer shall give notice to Bondholders (in accordance with Condition 16) and to the Trustee and the Principal Paying Agent in writing by not later than 14 PRC Business Days (in the case of a redemption for a Change of Control) or five PRC Business Days (in the case of a redemption for a No Registration Event) 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).

Unless it has received notice pursuant to this Condition 6(c), the Trustee shall be entitled to assume that no Relevant Event has occurred. Neither the Trustee nor the Agents shall be required to monitor whether a Relevant Event or any event which could lead to the occurrence of a Relevant Event has occurred and shall not be liable to Bondholders, the Issuer, the Guarantor or any other person for not doing so.

For the purposes of these Conditions:

a "**Change of Control**" occurs when:

(i) (x) the Guarantor, and (y) any other PRC Person, together cease to directly or indirectly hold or own 99 per cent. or more of the issued share capital of the Issuer; or

(ii) (x) State-owned Assets Supervision and Administration Committee of Government of Taizhou City (泰州市政府國有資產監督管理委員會), and (y) any other PRC Person, together cease to directly or indirectly hold or own 100 per cent. of the issued share capital of the Guarantor; or

(iii) the Issuer consolidates with or merges into or sells or transfers all or substantially all of its assets to one or more Persons, unless such Person is a PRC Person or is directly or indirectly 100 per cent. held or owned by a PRC Person; or

(iv) the Guarantor consolidates with or merges into or sells or transfers all or substantially all of its assets to one or more Persons, unless such Person is a PRC Person or is directly or indirectly 100 per cent. held or owned by a PRC Person;

"**control**" means (i) the ownership, acquisition or control of more than 50 per cent. of the voting rights of the issued share capital of the relevant person or (ii) the right to appoint and/or remove the majority of the members of the relevant person's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise or (iii) the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of such person; 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;

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

"**PRC Government**" means the central government of the PRC and its provincial, municipal and local counterparts;

"**PRC Person**" means the person directly or indirectly controlled by the PRC Government;

"**Registration Conditions**" means the receipt by the Trustee of the Registration Documents as set forth in Condition 4(d); and

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

The Trustee and the Agents shall not be required to monitor or to take any steps to ascertain whether a Relevant Event has occurred and shall not be responsible or liable to Bondholders, the Issuer, the Guarantor or any other person for any loss or liability arising from any failure to do so. The Trustee shall not be required to investigate or verify the accuracy, content, completeness or genuineness of any document provided to it by the Issuer or the Guarantor or any other person as part of or in connection with or to enable satisfaction of the Registration Conditions, and may rely conclusively on any such document, and shall not be responsible or liable to Bondholders, the Issuer, the Guarantor or any other person for any loss or liability arising from so doing.

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

The Bonds shall be redeemed at their principal amount on the Interest Payment Date immediately falling after the date a Pre-funding Failure Notice is given to the Bondholders in accordance with Condition 3(d) (the "**Mandatory Redemption Date**"), together with interest accrued to, but excluding, the Mandatory Redemption Date.

If any Bondholder shall have exercised its right to require the Issuer to redeem its Bonds in accordance with Condition 6(c) and a Pre-funding Failure Notice is given to the Bondholders in accordance with Condition 3(d) as a result of the Pre-funding Failure relating to the amount payable pursuant to such redemption, the Bonds shall be redeemed in whole, but not in part, at their principal amount in accordance with this Condition 6(d) on the Put Settlement Date, together with interest accrued to, but excluding, the Put Settlement Date, *provided that* if such Pre-funding Failure occurs and a Pre-funding Failure Notice has been given or is given to the Bondholders in respect of a scheduled payment of principal or interest payable under Condition 5 or Condition 6(a), the Bonds shall be redeemed in whole, but not in part, on the Mandatory Redemption Date at their principal amount, together with interest accrued to, but excluding, the Mandatory Redemption Date.

(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 the purposes of, among other things, calculating quorums at meetings of the Bondholders or for the purposes of Conditions 9, 12(a) and 13.

(f) **Cancellation**: All Certificates representing Bonds which are (i) redeemed or (ii) purchased by or on behalf of the Issuer, the Guarantor or 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.

(g) **Notice of redemption**: All Bonds in respect of which any notice of redemption is given under this Condition 6 shall be redeemed on the date specified in such notice in accordance with this Condition 6. If there is more than one notice of redemption given in respect of any Bonds (which shall include any notice given by the Issuer pursuant to Condition 6(b) and any 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. Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying any calculations of any amounts payable under any notice of redemption, and none of them shall be liable to Holders, the Issuer, the Guarantor or any other person for not doing so.

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 Paying 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 to the person shown on the Register at the close of business on the fifth 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 an account in U.S. dollars maintained by or on behalf of such holder with a bank, details of which appear in the Register at the close of business on the Record Date. In this Condition 7(a)(ii), "**business day**" means a day, other than a Saturday or Sunday, on which the Registrar is open for business in the place of its specified office.

(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 Bank SA/NV, Clearstream Banking S.A. 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 December 25 and January 1.*

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

(c) **Payment Initiation**: Payment instructions (for value on the due date or, if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated on the due date for payment (or if that date is not a Payment Business Day, on the first following day which is a Payment Business Day), or, in the case of payments of principal and premium (if any) where the relevant Certificate has not been surrendered at the specified office of any Transfer Agent or of the Registrar, on the first Payment Business Day on which the 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 Agents and to appoint additional or other Agents, provided that the Issuer shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar with a specified office outside the United Kingdom, (iii) a Transfer Agent and (iv) such other agents as may be required by the other 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 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, Sunday or public holiday) on which commercial banks and foreign exchange markets are generally open for business and settlement of U.S. dollars payments in New York City, Hong Kong, the place in which the specified office of the Principal Paying Agent is located and (if surrender of the relevant Certificate is required) the relevant place of presentation.

8 TAXATION

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

Where such withholding or deduction is made by the Issuer or, as the case may be, the Guarantor in respect of PRC tax at the rate of up to and including the rate applicable on 27 January 2021 (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 Bondholders equals the amounts which would otherwise have been receivable 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 PRC in excess of the Applicable Rate, then the Issuer or, as the case may be, the Guarantor shall pay such additional amounts ("**Additional Tax Amounts**") as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Tax Amounts shall be payable in respect of any Bond:

(a) **Other connection**: to a holder (or to a third party on behalf of a holder) who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the PRC other than the mere holding of the Bond; or

(b) **Surrender more than 30 days after the Relevant Date**: in respect of which the Certificate representing it is presented (where presentation is required) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such Additional Tax Amounts on surrendering the Certificate representing such Bond for payment on the last day of such period of 30 days.

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

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

Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, assessments, charges, withholding or other payment referred to in this Condition 8 or otherwise in connection with the Bonds or for determining whether such amounts are payable or the amount thereof, and shall not be responsible or liable for any failure by the Issuer, the Guarantor or the Bondholders or any other person to pay such tax, duty, assessments, charges, withholding or other payment or be responsible to provide any notice or information in relation to the Bonds in connection with payment of such tax, duty, assessments, charges, withholding or other payment in any jurisdiction (including any notice of information that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Bonds without deduction or withholding for or on account of any tax, duty, assessments, charges, withholdings or other payments imposed by or in any jurisdiction).

9 EVENTS OF DEFAULT

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

(a) With respect to the Issuer and the Guarantor

(i) **Non-Payment**: there has been a failure to pay (i) the principal of or any premium (if any) on any of the Bonds when due; or (ii) any interest on the Bonds when due and such failure to pay interest continues for a period of 7 calendar days; or

(ii) **Breach of Other Obligations**: the Issuer or the Guarantor does not perform or comply with any of its other obligations under or in respect of the Bonds, the Deed of Guarantee, the Trust Deed, (other than those referred to in Condition 9(a)(i) or where such default gives rise to a redemption pursuant to Condition 6(c)) which default (i) is in the opinion of the Trustee incapable of remedy, or (ii) being a default which is in the opinion of the Trustee capable of remedy, remains unremedied for 30 calendar days after written notice of such default is given to the Issuer and the Guarantor (as the case may be) by the Trustee; *provided that* any non-compliance with Condition 3(d) does not constitute an Event of Default under this Condition 9(a)(ii) unless and until an Event of Default has occurred under Condition 9(a)(i); or

(iii) **Cross-Default**: (i) any other present or future indebtedness of the Issuer, the Guarantor or any of their respective Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Issuer, 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 (as extended by any originally applicable grace period), provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 9(a)(iii) have occurred in aggregate equals or exceeds U.S.$20,000,000 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(a)(iii) operates); or

(iv) **Enforcement Proceedings**: a distress, attachment, execution or other legal process is levied, enforced or sued out on or against a material part of the property, assets or revenues of the Issuer, the Guarantor or any Principal Subsidiary, and is not discharged or stayed within 45 calendar days; or

(v) **Security Enforced**: any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer, the Guarantor or any Principal Subsidiary in respect of all or a material part of its assets becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person, and is not discharged or stayed within 45 calendar days); or

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

(vii) **Winding-up**: an order of any court of competent jurisdiction is made or an effective resolution passed for the winding-up or dissolution of the Issuer, the Guarantor or any Principal Subsidiary, or the Issuer, the Guarantor or any Principal Subsidiary ceases or threatens to cease to carry on all or substantially all of its business or operations, except (i) for the purpose of and followed by a winding-up, dissolution, reconstruction, amalgamation, reorganisation, merger or consolidation (A) on terms approved by an Extraordinary Resolution of the Bondholders, or (B) in the case of any Principal Subsidiary, whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer or the Guarantor (as the case may be) or another of their respective Subsidiaries or (ii) a voluntary solvent winding-up, liquidation or dissolution of any Principal Subsidiary other than the Issuer or the Guarantor or (iii) a disposal of a Principal Subsidiary on an arm's length basis where the proceeds resulting from such disposal are transferred to or vested in the Issuer or the Guarantor (as the case may be) and/or any of its respective Subsidiaries; or

(viii) **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 assets of the Issuer, the Guarantor or any Principal Subsidiary; or

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

(x) **Illegality**: it is or will become unlawful for any of the Issuer and the Guarantor to perform or comply with any one or more of their respective obligations under any of the Bonds, the Deed of Guarantee and the Trust Deed; or

(xi) **Unenforceability of Guarantee**: except as permitted under the Deed of Guarantee, any part of the Guarantee is unenforceable or invalid 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 Issuer or the Guarantor; or

(xii) **Standby Letter of Credit**: the Standby Letter of Credit is not (or is claimed by the LC Bank not to be) enforceable, valid or in full force and effect or the Standby Letter of Credit is modified, amended or terminated without approval by an Extraordinary Resolution of the Bondholders; or

(xiii) **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 Conditions 9(a)(iv) to 9(a)(viii) (both inclusive).

In this Condition 9(a), "**Principal Subsidiary**" means any Subsidiary of the Guarantor:

(A) whose gross revenue (consolidated in the case of a Subsidiary which itself has consolidated Subsidiaries), whose net profit (consolidated in the case of a Subsidiary which itself has consolidated Subsidiaries) or whose gross assets (consolidated in the case of a Subsidiary which itself has consolidated Subsidiaries) represent not less than five per cent. of the consolidated gross revenue, consolidated net profit or, as the case may be, the consolidated gross assets of the Guarantor and its Subsidiaries taken as a whole, all as calculated respectively by reference to the latest audited financial statements (consolidated or, as the case may be, unconsolidated) of the Subsidiary and the then latest audited consolidated financial statement of the Guarantor, provided that:

(i) in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated financial statements of the Guarantor relate for the purpose of applying each of the foregoing tests, the reference to the Guarantor's latest audited consolidated financial statements shall be deemed to be a reference to such audited financial statements as if such Subsidiary had been shown therein by reference to its then latest relevant audited financial statements, adjusted as deemed appropriate by the auditor for the time being, after consultation with the Guarantor;

(ii) if at any relevant time in relation to the Guarantor or any Subsidiary no financial statements are prepared and audited, its gross revenue, net profit and gross assets (consolidated, if applicable) shall be determined on the basis of pro forma financial statements (consolidated, if applicable) prepared for this purpose; and

(iii) if the financial statements of any Subsidiary (not being a Subsidiary referred to in proviso (i) above 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 financial statements (consolidated, if appropriate) with the consolidated financial statements (determined on the basis of the foregoing) of the Guarantor; or

(B) to which is transferred all or substantially all of the business, undertaking and assets of another Subsidiary which immediately prior to such transfer is a Principal Subsidiary, whereupon (i) in the case of a transfer by a Principal Subsidiary, the transferor Principal Subsidiary shall immediately cease to be a Principal Subsidiary; and (ii) the transferee Subsidiary shall immediately become a Principal Subsidiary, provided that on or after the date on which the relevant audited financial statements for the financial period current at the date of such transfer are published, whether such transferor Subsidiary or such transferee Subsidiary is or is not a Principal Subsidiary shall be determined pursuant to the provisions of sub-paragraph (a) above of this definition.

For the avoidance of any doubts, Taizhou Haicheng Financial Guarantee Co., Ltd. (泰州市海誠融資擔保有限公司) shall not be deemed as a Principal Subsidiary. A statement in writing signed by any Authorised Signatory of the Guarantor that in its opinion (making such adjustments (if any) as he or she shall deem appropriate) a Subsidiary is or is not or was or was not at any particular time or during any particular period a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Issuer, the Guarantor, the Trustee, the Agents and the Bondholders.

(b) With respect to the LC Bank

(i) **Cross-Default**: any other present or future Public External Indebtedness of the LC Bank or any LC Bank Subsidiary becomes due and payable prior to its stated maturity by reason of any default, event of default or the like (howsoever described) in respect of the terms thereof, or any such Public External Indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, *provided that* the aggregate amount of the relevant Public External Indebtedness in respect of which one or more of the events mentioned above in this Condition 9(b)(i) have occurred equals or exceeds U.S.$30,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this Condition 9(b)(i) operates); or

(ii) **Insolvency**: the LC Bank or any Material Subsidiary is insolvent or bankrupt or unable to pay its debts as and when such debts fall due; stops or suspends payment of all or a material part of its debts; proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of its debts; proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of all or a material part of its debts; or a moratorium is agreed or declared in respect of or affecting all or a material part of the debts of the LC Bank or any Material Subsidiary; or

(iii) **Winding-up**: an order of any court of competent jurisdiction is made or an effective resolution is passed for the winding-up or dissolution of the LC Bank or any Material Subsidiary (except for any voluntary solvent winding-up of any Material Subsidiary), or the LC Bank ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a solvent winding-up, dissolution, reconstruction, amalgamation, reorganisation, merger or consolidation (X) on terms approved by the Trustee acting on an Extraordinary Resolution of the Bondholders, or (Y) in the case of a Material Subsidiary, whereby the undertaking and assets of such Material Subsidiary are transferred to or otherwise vested in the LC Bank or an LC Bank Subsidiary; or

(iv) **Illegality**: it is or will become unlawful for the LC Bank to perform or comply with any one or more of its obligations under the Standby Letter of Credit, and the LC Bank fails to obtain the necessary waiver or approval or complete such other necessary remedial action within 30 calendar days such that the LC Bank may lawfully perform such obligations; or

(v) **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 Conditions 9(b)(ii) or 9(b)(iii).

In this Condition 9(b):

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

"**Material Subsidiary**" means an LC Bank Subsidiary whose total assets or total revenue (consolidated in the case of an LC Bank Subsidiary which itself has subsidiaries) as at the date at which its latest audited financial statements were prepared or, as the case may be, for the financial period to which those audited financial statements relate, account for five per cent.

or more of the consolidated assets or consolidated revenue of the LC Bank as at such date or for such period. If a Material Subsidiary transfers all of its assets and business to an LC Bank Subsidiary, the transferee shall become a Material Subsidiary and the transferor shall cease to be a Material Subsidiary on completion of such transfer; and

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

The Trustee shall not be obliged to take any steps to ascertain whether an Event of Default or Potential Event of Default has occurred or to monitor the occurrence of any Event of Default or Potential Event of Default, and shall not be liable to the Bondholders or any other person for not doing so.

10 PRESCRIPTION

Claims against the Issuer and/or the Guarantor for payment in respect of the Bonds shall be prescribed and become void unless made within 10 years (in the case of principal or premium (if any)) or five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8) in respect of them.

11 REPLACEMENT OF CERTIFICATES

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority regulations, at the specified office of the Registrar or any Transfer Agent, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, pre-funding, 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 the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed, the Agency Agreement, the Deed of Guarantee or the Standby Letter of Credit. 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 to do so by Bondholders holding not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding and subject to it being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing a 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 in respect 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, (v) to

modify or release the Standby Letter of Credit (other than an amendment or supplement to, or a replacement of, the Standby Letter of Credit in connection with a further issue of securities pursuant to Condition 15 or modification pursuant to Condition 12(b), or (vi) to cancel or amend the Deed of Guarantee (other than as provided in 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. A resolution passed in writing or by Electronic Consent will be binding on all Bondholders whether or not they participated in such resolution.

So long as the Bonds are represented by the Global Certificate, Extraordinary Resolution includes a consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of all the Bondholders of not less than 90 per cent. in aggregate principal amount of the Bonds for the time being outstanding.

(b) **Modification of Agreements, Deeds and Standby Letter of Credit**: 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, the Deed of Guarantee or the Standby Letter of Credit that is in its opinion of a formal, minor or technical nature or is made to correct a manifest error or is to comply with any mandatory provision of applicable law, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement, the Deed of Guarantee and/or the Standby Letter of Credit that is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders. Any such modification, authorisation or waiver shall be binding on the Bondholders and, unless the Trustee otherwise agrees, such modification, authorisation or waiver shall be notified by the Issuer, failing whom the Guarantor, to the Bondholders as soon as practicable thereafter.

(c) **Entitlement of the Trustee**: In connection with the exercise of its functions, rights, powers 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 consequences of such exercise for individual Bondholders, and the Trustee shall not be entitled to require on behalf of any Bondholders, 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

The Trustee may, at its discretion and without further notice, take such actions and/or steps and/or institute such proceedings against the Issuer, the Guarantor and/or the LC Bank as it may think fit to enforce the terms of the Trust Deed, the Agency Agreement, the Bonds and/or the Deed of Guarantee and, where appropriate, to draw down on and enforce the Standby Letter of Credit, but it need not take any such actions and/or steps and/or institute 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)

other than in the case of making of a drawing under the Standby Letter of Credit, it shall first have been indemnified and/or secured and/or pre-funded to its satisfaction. No Bondholder may proceed directly against the Issuer, the Guarantor or the LC Bank unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

14 INDEMNIFICATION OF THE TRUSTEE AND THE AGENTS

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking steps and/or actions and/or instituting proceedings to enforce its rights under the Bonds, 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 other actions, steps 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, indemnity payments, other amounts and any liabilities incurred by it in priority to the claims of Bondholders. The Trustee and its affiliates are entitled to enter into business transactions with the Issuer, the Guarantor, the LC Bank, and/or any entity related (directly or indirectly) to the Issuer, the Guarantor or the LC Bank without accounting for any profit.

None of the Trustee or any of the Agents shall be responsible for the performance by the Issuer, the Guarantor, the LC Bank and/or any other person appointed by the Issuer, the Guarantor and/or the LC Bank in relation to the Bonds of the duties and obligations on their part expressed in respect of the same and, unless it has express written notice from the Issuer, the Guarantor or the LC Bank to the contrary, the Trustee and each Agent shall be entitled to assume that the same are being duly performed.

None of the Trustee or any Agent shall be liable to any Bondholder, the Issuer, the Guarantor, the LC Bank 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 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. Whenever the Trustee is required or entitled by the terms of the Bonds, the Trust Deed, the Agency Agreement, the Deed of Guarantee, the Standby Letter of Credit or these Conditions to exercise any discretion or power, take or refrain from taking any action, make any decision or give any direction other than in the case of the making of a drawing under the Standby Letter of Credit, the Trustee is entitled, prior to its exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction to seek directions or clarification of directions from the Bondholders by way of an Extraordinary Resolution, and the Trustee is not responsible for any loss or liability incurred by the Issuer, the Guarantor, the Bondholders, the LC Bank or any other person as a result of any delay in it exercising such discretion or power, taking or refraining from taking such action, making such decision, or giving such direction where the Trustee is seeking such directions or clarification of directions from the Bondholders or in the event that no such directions or clarifications are received.

The Trustee and the Agents shall not be under any obligation to monitor compliance by the Issuer, the Guarantor or the LC Bank with the provisions of the Trust Deed, the Agency Agreement, the Deed of Guarantee, the Standby Letter of Credit or these Conditions or take any steps to ascertain whether an Event of Default, a Potential Event of Default or a Pre-funding Failure has occurred and shall not be liable to the Bondholders or any other person for not doing so.

The Trustee and the Agents may rely conclusively and without liability to Bondholders, the Issuer, the Guarantor, the LC Bank or any other person on any report, confirmation or certificate or any opinion or advice of any legal advisers, accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The

Trustee may accept and shall be entitled to rely on any such report, confirmation, certificate, opinion or advice and, in such event, such report, confirmation, certificate, opinion or advice shall be binding on the Issuer, the Guarantor, the LC Bank and the Bondholders. The Trustee shall not be responsible or liable to the Issuer, the Guarantor, the LC Bank, 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.

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/or the LC Bank 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 securities either 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 Foreign Debt Registration) and so that such further issue shall be consolidated and form a single series with the outstanding Bonds. References in these Conditions to the Bonds include (unless the context requires otherwise) any such other securities issued pursuant to this Condition 15. However, such further bonds may only be issued if a further or supplemental or replacement standby letter of credit is issued by the LC Bank (or an amendment is made to the Standby Letter of Credit) on terms that are substantially similar to the Standby Letter of Credit (including that the stated amount of such further or supplemental standby letter of credit represents an increase at least equal to the principal of and one interest payment due on such further bonds and any fees, costs, expenses, indemnity payments and all other amounts in connection with such issue) and such supplemental documents are executed and further opinions are obtained as the Trustee may require, as further set out in the Trust Deed. References to the Standby Letter of Credit shall thereafter include such further, supplemental, replacement or amended standby letter of credit. 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 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 Global Certificate is held on behalf of Euroclear Bank SA/NV and Clearstream Banking S.A., any notice to the holders of the Bonds shall be validly given by the delivery of the relevant notice to Euroclear Bank SA/NV or Clearstream Banking S.A. 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 (RIGHT OF THIRD PARTIES) ACT 1999

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

18 GOVERNING LAW AND JURISDICTION

(a) **Governing Law**: The Trust Deed, the Agency Agreement, the Deed of Guarantee, the Standby Letter of Credit and the Bonds and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with English law.

(b) **Jurisdiction**: The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds, the Deed of Guarantee, the Standby Letter of Credit, 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 Standby Letter of Credit, the Trust Deed or the Agency Agreement ("**Proceedings**") may be brought in the courts of Hong Kong. Each of the Issuer and the Guarantor has irrevocably submitted to the jurisdiction of the courts of Hong Kong.

(c) **Agent for Service of Process**: Each of the Issuer and the Guarantor has irrevocably appointed Cogency Global (HK) Limited of Unit B, 1/F, Lippo Leighton Tower, 103 Leighton Road, Causeway Bay, Hong Kong in Hong Kong as its authorised agent to receive service of process in Hong Kong. If for any reason such authorised agent shall cease to be such agent for service of process, the Issuer and the Guarantor shall promptly appoint a new agent for service of process in Hong Kong and shall deliver to the Trustee a copy of the new 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 confirm that it is a separate legal and independent entity organised under the company law of the PRC; it is an enterprise undertaking commercial activities independent from the PRC government with ownership of its assets and the capacity independently to assume civil liabilities.

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

SUMMARY OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM

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

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

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

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

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

The Issuer will cause sufficient individual definitive Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant holders of the Bonds. A person with an interest in the Bonds in respect of which the Global Certificate is issued must provide the Registrar not less than 30 days' notice at its specified office of such holder's intention to effect such exchange and a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual definitive Certificates. In addition, the Global Certificate will contain provisions which modify the Terms and Conditions of the Bonds as they apply to the Bonds evidenced by the Global Certificate. The following is a summary of certain of those provisions:

PAYMENT

So long as the Bonds are represented by the Global Certificate, each payment in respect of the Global Certificate will be made to, or to the order of, the person shown as the holder of the Bonds in the Register at the close of business (of the relevant clearing system) on the Clearing System Business Day immediately prior to the due date for such payments, where "Clearing System Business Day" means Monday to Friday, inclusive except 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 Conditions, save that the calculation is made in respect of the total aggregate amount of the Bonds represented by such Global Certificate.

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.

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 Bonds for which the Global Certificate is issued.

AUTHENTICATION

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

BONDHOLDER'S REDEMPTION

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

ISSUER'S REDEMPTION

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

TRANSFERS

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

CANCELLATION

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

TRUSTEE'S POWERS

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

USE OF PROCEEDS

The gross proceeds from the offering of the Bonds will be U.S.$28,000,000. After deducting the fees and commissions and other estimated expenses payable in connection with the offering of the Bonds, the net proceeds from the offering of the Bonds will be used for general corporate purposes.

EXCHANGE RATES

The PBOC sets and publishes daily a base exchange rate with reference primarily to the supply and demand of Renminbi against a basket of currencies in the market during the prior day. The PBOC also takes into account other factors, such as the general conditions existing in the international foreign exchange markets. On 21 July 2005, the PRC Government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On the same day, the value of the Renminbi appreciated by 2.0 per cent. against the 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, the PBOC enlarged, effective on 21 May 2007, the floating band for the trading prices in the inter-bank spot exchange market of Renminbi against the U.S. dollar from 0.3 per cent. to 0.5 per cent. around the central parity rate. This allows the Renminbi to fluctuate against the U.S. dollar by up to 0.5 per cent. above or below the central parity rate published by the PBOC. The floating band was further widened to 1.0 per cent. on 16 April 2012. These changes in currency policy resulted in the Renminbi appreciating against the U.S. dollar by approximately 26.9 per cent. from 21 July 2005 to 31 December 2013. On 14 March 2014, the PBOC further widened the floating band against the U.S. dollar to 2.0 per cent. On 11 August 2015, the PBOC announced to improve the central parity quotations of Renminbi against the U.S. dollar by authorizing 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 the PBOC on 11 August 2015, Renminbi depreciated significantly against the U.S. dollar. On 11 December 2015, CFETS, a sub-institutional organisation of the PBOC, published the CFETS Renminbi exchange rate index for the first time which weighs the Renminbi based on 13 currencies, to guide the market in order to measure the Renminbi exchange rate from a new perspective. In January and February 2016, Renminbi experienced further fluctuations in value against the U.S. dollar. The PRC government may adopt further reforms of its exchange rate system, including making the Renminbi freely convertible in the future. The International Monetary Fund announced on 30 September 2016 that, effective on 1 October 2016, the Renminbi was added to its Special Drawing Rights currency basket. The PRC government has since made and in the future may make future adjustments to the exchange rate system.

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

	Renminbi per U.S. Dollar Noon Buying Rate[1]			
Period	**Period end**	**Average[2]**	**Low**	**High**
	(RMB per U.S.$1.00)			
2013	6.0537	6.1412	6.0537	6.2438
2014	6.2046	6.1704	6.0402	6.2591
2015	6.4778	6.2869	6.1870	6.4896
2016	6.9430	6.6549	6.4480	6.9580
2017	6.5063	6.7350	6.4773	6.9575
2018	6.8755	6.6292	6.2649	6.9737
2019	6.9618	6.9014	6.6822	7.1786
2020				
July	6.9744	7.0041	6.9744	7.0703
August	6.8474	6.9270	6.8474	6.9799
September	6.7896	6.8106	6.7529	6.8474
October	6.6919	6.7254	6.6503	6.7898
November	6.5760	6.6029	6.5556	6.6899
December	6.5250	6.5393	6.5208	6.5705
2021				
January (through 15 January 2021)	6.4800	6.4690	6.4550	6.4800

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 are calculated from month-end rate. Monthly averages are calculated using the average of the daily rates during the relevant period.

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 Guarantor as at 30 September 2020 on an (i) actual basis and (ii) 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:

	As at 30 September 2020			
	Actual		As adjusted	
	(RMB)	*(US$)*[1]	*(RMB)*	*(US$)*[1]
Current Indebtedness				
Short-term loans	1,087,065,000.00	160,107,370.10	1,087,065,000.00	160,107,370.10
Long-term loans due within one year	3,895,516,805.86	573,747,614.86	3,895,516,805.86	573,747,614.86
Bills payable	928,300,000.00	136,723,812.89	928,300,000.00	136,723,812.89
Total Current Indebtedness	5,910,881,805.86	870,578,797.85	5,910,881,805.86	870,578,797.85
Non-Current Indebtedness				
Long-term loans	5,929,806,000.00	873,366,030.40	5,929,806,000.00	873,366,030.40
Bonds payable	6,097,808,725.30	898,110,157.49	6,097,808,725.30	898,110,157.49
Bonds to be issued	(–)	(–)	190,108,800.00	28,000,000.00
Total Non-Current Indebtedness	12,027,614,725.30	1,771,476,187.89	12,217,723,525.30	1,799,476,187.89
Total Indebtedness[2]	17,938,496,531.16	2,642,054,985.74	18,128,605,331.16	2,670,054,985.74
Total Owner's Equity	15,717,440,322.69	2,314,928,762.03	15,717,440,322.69	2,314,928,762.03
Total Capitalisation[3]	33,655,936,853.85	4,956,983,747.77	33,846,045,653.85	4,984,983,747.77

Notes:

(1) For convenience only, all translation from Renminbi to U.S. dollars are made at the rate of RMB6.7896 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 September 2020.

(2) Total indebtedness equals the sum of total current indebtedness and total non-current indebtedness.

(3) Total Capitalisation equals the sum of total indebtedness and total owner's equity.

In September 2020 and November 2020, the Guarantor issued two tranches of bonds in the PRC domestic market, one in the aggregate principal amount of RMB500.0 million and the other in the aggregate principal amount of RMB1.1 billion. Except as otherwise disclosed above, there has been no material change in the consolidated capitalisation and indebtedness of the Guarantor since 30 September 2020.

DESCRIPTION OF THE ISSUER

OVERVIEW

The Issuer is a state-owned limited liability company incorporated in the PRC on 10 June 2019 under the laws of the PRC. The Issuer's registered address is Room 46, No. 50 Fuqian Road, Hailing District, Taizhou City.

Pursuant to the Approval of the District State-owned Assets Supervision and Administration Office on the Establishment of Taizhou Haifa Trading Limited Company issued by the State-owned Assets Supervision and Administration Office of People's Government of Hailing District of Taizhou City ([2019] No. 3) (泰州市海陵區人民政府國有資產監督管理辦公室[2019]13號文《區國資辦關於同意出資組建泰州市海發商貿有限公司的批覆》), the Issuer was jointly established by Taizhou Huitai Construction Development Co., Ltd. (泰州市惠泰建設發展有限公司) ("**Huitai Construction**"), a wholly-owned subsidiary of the Guarantor, Taizhou Haotian New Energy Industry Development Co., Ltd. (泰州昊天新能源產業發展有限公司) ("**Haotian New Energy**"), Taizhou Gangyang Technology Industrial Park Development Co., Ltd. (泰州市罡揚科技工業園區發展有限公司) ("**Gangyang Technology**"), Taizhou Sucheng Investment Development Co., Ltd. (泰州蘇城投資發展有限公司) ("**Sucheng Investment**") and Taizhou Haitong Asset Management Co., Ltd. (泰州市海通資產管理有限公司). At the time of the Issuer's establishment, it had a registered capital of RMB20 million and the Guarantor (through Huitai Construction) contributed RMB10.2 million towards the Issuer's registered capital and held a 51 per cent. shareholding in the Issuer.

In March 2020, the shareholders of the Issuer passed a resolution pursuant to which the shares in the Issuer held by Taizhou Haitong Asset Management Co., Ltd. was transferred to Huitai Construction, with the effect that the contribution of Huitai Construction towards the Issuer's registered capital has been increased to RMB17 million.

In July 2020, pursuant to the shareholders' resolutions of the Issuer and in accordance with the amended articles of association of the Issuer, the Issuer's registered capital was increased by RMB563.0 million to RMB583.0 million. The Guarantor, through its wholly-owned subsidiary Huitai Construction, increased its capital subscription in the Issuer to RMB580.0 million and held 99.49 per cent. of the registered capital of the Issuer. Each of Haotian New Energy, Gangyang Technology and Sucheng Investment holds 0.17 per cent. of the issued share capital of the Issuer.

In November 2020, pursuant to the shareholders' resolutions of the Issuer, each of Haotian New Energy, Gangyang Technology and Sucheng Investment transferred to Huitai Construction its entire holding in the Issuer (each being 0.17 per cent. of the issued share capital of the Issuer), for a consideration of RMB1 million each. As at the date of this Offering Circular, the Issuer is wholly owned by Huitai Construction and is an indirect wholly-owned subsidiary of the Guarantor.

BUSINESS ACTIVITY

The Issuer operates a commodity trading business with a focus on trading metallic materials, general merchandise (including home and office appliances), fruits, tobacco and spirits.

The Issuer purchases home electrical appliances from Suning (蘇寧), being one of the largest retailers in China, and Shengshi Xinxing Gree Trade Co., Ltd., being the distributor for a Chinese major appliance manufacturer, Gree Electric (格力), and on-sells to companies, local banks, firms and real estate developers in Taizhou City. The Issuer also purchases office appliances from one of the largest office solution providers, Deli Office (得利) and on-sells to various companies and institutions. One of the Issuer's major trade products is aluminium ingots, which it purchases from third-party suppliers in Shanghai and on-sells to enterprises in the aluminium processing industry in the Hailing District. By purchasing the aluminium ingots from the Issuer, these enterprises are able to obtain a lower price than if they sourced the aluminium ingots directly. The Issuer also cooperates with local supermarkets, fruits shops, paper factories and water plants in order to provide fruits, bottled water and spirits to local banks, firm and companies in Taizhou City.

The Issuer aims to first meet the commodity demands of the relevant enterprises within the Hailing District before expanding its business outside the district.

As at 30 September 2020, the Issuer had total assets of RMB637,976,752.18. For the year ended 31 December 2019 and the nine months ended 30 September 2020, the Issuer reported total revenue of RMB6,449,398.13 and RMB197,057,580.29, respectively and net profit of RMB37,608.46 and RMB39,267.92, respectively.

DIRECTORS

As at the date of this Offering Circular, the directors of the Issuer are Ms. Jiang Juan (姜娟), Mr. Xia Wei (夏偉) and Mr. Cao Jun (曹駿).

Ms. Jiang Juan (姜娟), aged 50, is the chairman of the board of directors of the Issuer. She concurrently serves as a director and general manager of the Guarantor. For details regarding Ms. Jiang, see "*– Directors, Supervisor and Senior Management – Directors*".

Mr. Xia Wei (夏偉), aged 34, is a director and the general manager of the Issuer. He has a bachelor degree. Prior to joining the Issuer, he served as the vice president of Gulou Sub-branch of Bank of Jiangsu, the general manager of the investment department of Guofu Fund and the general manager of the business management department of East China regional risk assessment department of Hanhua Financial Holding Company.

Mr. Cao Jun (曹駿), aged 35, is a director and the head of the material business department of the Issuer. He has a bachelor degree. Prior to joining the Issuer, he worked at Taizhou Haiyang Water Supply and Drainage Management Co., Ltd..

SUPERVISOR

As at the date of this Offering Circular, Ms. Huang Xiaofeng (黃曉鳳) is the supervisor of the Issuer.

Ms. Huang Xiaofeng (黃曉鳳), aged 32, is the only supervisor of the Issuer. She has a bachelor degree. Prior to joining the Issuer, she was a teacher at Chengdong Primary School in Taizhou City. She had also served as the assistant to the office chief of the Issuer.

REGISTERED CAPITAL

As at the date of this Offering Circular, the Issuer has a registered capital of RMB583.0 million. None of the equity securities of the Issuer is listed or dealt in on any stock exchange and no listing or permission to deal in such securities is being or is proposed to be sought as at the date of this Offering Circular.

DESCRIPTION OF THE GROUP

OVERVIEW

The Group is a state-owned enterprise located in Taizhou City. The Group operates as one of the Taizhou government's key investment and financing platform and urban infrastructure construction body in the Hailing District and Taizhou City. Founded in 2006, the Group carries out the Taizhou government's blueprint for infrastructure construction and municipal development. Leveraging on its strategic location and strong government support, the Group has established itself as a well-known state-owned investment and financing platform in Taizhou City and Jiangsu Province, and plays an important role in the urban development of Taizhou City, particularly the Hailing District.

The Group undertakes various infrastructure construction and municipal development projects according to the Taizhou government's plans and has developed a diversified business portfolio over the years. The Group primarily operates in four principal business segments, namely, (i) primary land development; (ii) sales of affordable housing; (iii) infrastructure construction and (iv) other principal businesses. Set forth below is an overview of the main business segments of the Group:

- ***Primary land development.*** Primary land development is one of the Group's core businesses. The Group undertakes primary land development work, including land expropriation, removal and resettlement, land levelling and development of infrastructure systems and public utilities. The Group conducts these projects at its own costs and upon completion of the development work, the Group transfers the land to the Hailing government. It receives a transfer price representing the development costs and an agreed-upon profit. For the years ended 31 December 2017, 2018 and 2019 and the nine months ended 30 September 2020, operating revenue generated from the Group's primary land development business was RMB444.9 million, RMB626.9 million, RMB917.6 million and RMB1.5 billion, respectively, representing 32.42 per cent., 50.22 per cent., 67.4 per cent. and 57.3 per cent., respectively, of the Group's total operating revenue for the same periods.

- ***Sales of affordable housing.*** The Group undertakes affordable housing construction projects and arranges for the subsequent sale of the completed affordable housing units. This business segment compliments the Group's primary land development work by offering affordable housing units to persons who may be affected by the removal and resettlement work. For the years ended 31 December 2017, 2018 and 2019 and the nine months ended 30 September 2020, the Group's operating revenue generated from the sales of affordable housing was RMB375.0 million, RMB222.7 million, RMB202.5 million and RMB684.6 million, respectively, representing 27.3 per cent., 17.8 per cent., 14.9 per cent. and 25.8 per cent., respectively, of the Group's total operating revenue for the same periods.

- ***Infrastructure construction.*** The Group has also been appointed by the Taizhou government to undertake the construction of district-level infrastructure projects delegated by the Hailing government and the city-level infrastructure projects designated by the Taizhou government. For the years ended 31 December 2017, 2018 and 2019 and the nine months ended 30 September 2020, the Group's operating revenue generated from its agent construction business was RMB408.5 million, RMB241.7 million, RMB123.1 million and RMB77.4 million, respectively, representing 29.8 per cent., 19.4 per cent., 9.0 per cent. and 2.9 per cent., respectively, of the Group's total operating revenue for the same periods. For the years ended 31 December 2017, 2018 and 2019 and the nine months ended 30 September 2020, the Group's operating revenue generated from its infrastructure project management business was RMB103.8 million, RMB122.3 million, RMB63.2 million and RMB32.4 million, representing 7.6 per cent., 9.8 per cent., 4.6 per cent., and 1.2 per cent., respectively of the Group's total operating revenue for the same periods.

HISTORY AND DEVELOPMENT

The Guarantor was established jointly by Taizhou Hailing District Housing System Reform Office (泰州市住房制度改革辦公室) and Taizhou Traffic Light Control Office (泰州市路燈管理處) on 11 April 2006 as Taizhou Hailing Asset Management Co., Ltd. (泰州市海陵資產經營有限公司) in accordance with the Meeting Minutes of the 24th Joint Meeting of Taizhou Government on Taizhou City Planning Construction Management (2006) (《泰州市人民政府<市區規劃建設管理工作第二十四次聯席會議紀要>》(2006年) and the Meeting Minutes of Hailing Government on the Establishment of Taizhou Hailing Asset Management Co., Ltd. (2006) (《泰州市海陵區人民政府<關於組建泰州市海陵資產經營有限公司的會議紀要>》(2006年)). The Guarantor's registered capital was RMB100.0 million at the time of establishment.

Set out below is a summary of the key corporate development events of the Guarantor:

2006 . . . . . On 11 April 2006, the Issuer was established as Taizhou Hailing Asset Management Co., Ltd. (泰州市海陵資產經營有限公司) by Taizhou Hailing District Housing System Reform Office (泰州市住房制度改革辦公室) and Taizhou Traffic Light Control Office (泰州市路燈管理處).

2007 . . . . . On 14 January 2007, the Guarantor's registered capital was increased to RMB200.0 million, of which Taizhou Hailing District Housing System Reform Office (泰州市住房制度改革辦公室) contributed RMB190.0 million and Taizhou Traffic Light Control Office (泰州市路燈管理處) contributed RMB10.0 million.

On 31 March 2007, by way of shareholders' resolutions, the Guarantor's registered capital was increased to RMB304.0 million, of which Taizhou Hailing District Housing System Reform Office (泰州市住房制度改革辦公室) contributed RMB294.0 million and Taizhou Traffic Light Control Office (泰州市路燈管理處) contributed RMB10.0 million.

2008 . . . . . On 3 August 2008, by way of shareholders' resolutions, the Guarantor's registered capital was further increased to approximately RMB442.1 million with a new shareholder, Jiangsu Taizhou Community Service Centre (江蘇泰州市海陵區社區服務中心), subscribing for all of its capital increase.

2010 . . . . . On 21 October 2010, in accordance with the Notice of the Hailing Government in relation to the Management of the State-owned Equity Interest of Taizhou Hailing Asset Management Co., Ltd. (Tai Hai Zheng Fa [2010] No. 149) (《區政府關於規範管理海陵資產公司國有股權的通知》(泰海政發[2010]149號)), all of the equity interests held by Jiangsu Taizhou Community Service Centre (江蘇泰州市海陵區社區服務中心), Taizhou Hailing District Housing System Reform Office (泰州市住房制度改革辦公室) and Taizhou Traffic Light Control Office (泰州市路燈管理處) in the Guarantor were transferred to the Finance Bureau of Hailing District.

2011 . . . . . On 24 June 2011, by way of shareholders' resolutions, the Guarantor's registered capital was further increased to approximately RMB642.1 million through a cash injection by the Finance Bureau of Hailing District.

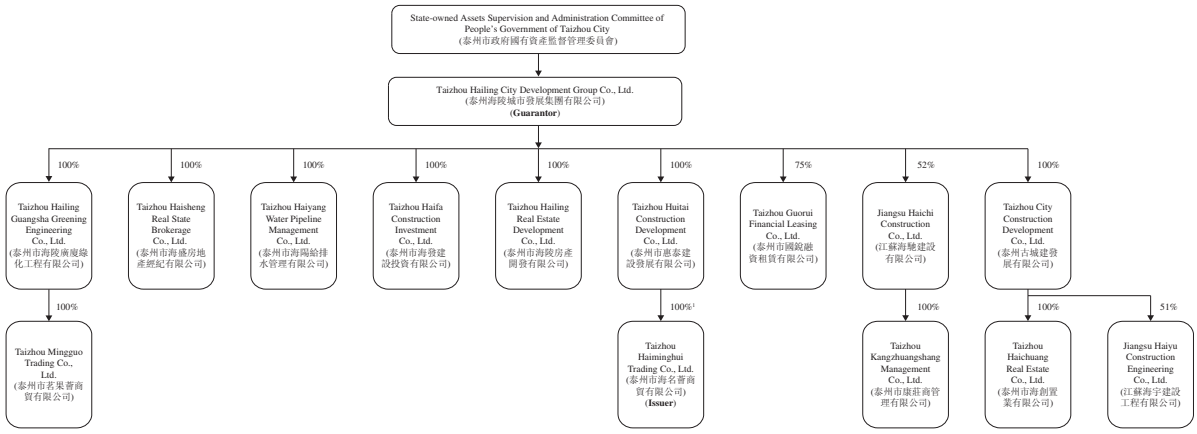
2014 . . . . . On 21 October 2014, in accordance to the Approval on Increasing the Investment in Taizhou Hailing Asset Management Co., Ltd. (Tail Hai Zheng Fu [2014] No. 28) (《區政府關於增加泰州市海陵資產經營有限公司投資的批覆》(泰海政覆[2014]28號) issued by the Hailing government, the Finance Bureau of Hailing District injected RMB430.0 million in cash into the Guarantor and the Guarantor's registered capital was increased to approximately RMB1.1 billion.

2015 . . . . . On 31 December 2015, by way of shareholders' resolutions, the Guarantor's registered capital was further increased to approximately RMB2.1 billion through a cash injection by the Finance Bureau of Hailing District.

2019	On 11 April 2019, the Guarantor changed its name to Taizhou Hailing City Development Group Co., Ltd. and increased its registered capital to approximately RMB3.7 billion through a cash injection by the Finance Bureau of Hailing District. On 30 May 2019, Hailing SASAC became the sole shareholder of the Guarantor. On 28 June 2019, by way of shareholders' resolutions, the Guarantor's registered capital was increased to approximately RMB5.1 billion through a cash injection by Hailing SASAC.
2020	On 19 June 2020, by way of shareholders' resolutions, 100 per cent. of the equity interest in the Guarantor was transferred by Hailing SASAC to Taizhou SASAC.

CORPORATE STRUCTURE

The following chart illustrates the Group's simplified structure as at the date of this Offering Circular:



Note:

1. In November 2020, pursuant to the shareholders' resolutions of the Issuer, each of Haotian New Energy, Gangyang Technology and Sucheng Investment transferred to Huitai Construction its entire holding in the Issuer (each being 0.17 per cent. of the issued share capital of the Issuer). As at the date of this Offering Circular, the Issuer is wholly owned by Huitai Construction and is an indirect wholly-owned subsidiary of the Guarantor. See "*Description of the Issuer*" for further details.

RELATIONSHIP WITH TAIZHOU SASAC, THE SOLE SHAREHOLDER OF THE GUARANTOR

As of the date of this Offering Circular, the Guarantor is wholly-owned by Taizhou SASAC, which, as the Guarantor's sole capital contributor (出資人), is authorised to exercise certain powers over the Guarantor, including but not limited to:

- determining the Group's business strategies and investment plan;
- appointing or replacing the Guarantor's directors or supervisors who are not employee representatives and designating the chairman of the board of directors or supervisors, as well as deciding directors' remuneration and approving the reports of the board of directors and the board of supervisors;
- inspecting the minutes of board meetings and the Guarantor's financial and accounting reports;
- approving the Guarantor's annual financial budget and profit distribution and loss compensation plans; and
- deciding the Group's material investments, financing, borrowings, guarantees, asset disposals and connected transactions.

Although 100 per cent. of the equity interest in the Group was transferred by Hailing SASAC to Taizhou SASAC in June 2020, Hailing SASAC continues to have an impact on the Group as the Group continues to cooperate with Hailing SASAC in infrastructure construction.

Notwithstanding the extensive relationship between the Group and each of Taizhou SASAC, Hailing SASAC, the Hailing government and the Taizhou government, the Group is independent from such government bodies in terms of assets, personnel, organisation, financials and business operation. The Guarantor's functions and departments are separate from those of the Hailing government and the Taizhou government and does not share any premises with such government departments. Although certain members of the board of directors and the management team of the Guarantor are appointed by the Hailing government, such persons are not government officers and do not have any ongoing employment with the government outside of the Group. The Group has a budget and financial reporting system and assets and liabilities separate from those of the Hailing government and the Taizhou government.

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

COMPETITIVE STRENGTHS

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

Well-positioned to leverage on the rapid economic growth in Taizhou City and the steady development of the local economy in Hailing District

The Group is located in Taizhou City, which in turn is located in the central region of Jiangsu Province and on the northern bank of the Yangtze River. Taizhou City is one of the major cities in the Yangtze River Delta. Relying on its advantageous geographical location, Taizhou City has long served as the channel linking the southern and northern parts of the province. With the Xinyi-Chang Railway (新長鐵路), Nanjing-Qidong Railway (寧啟鐵路), Beijing-Shanghai Highway (京滬高速) and Yancheng-Jingjiang Highway (鹽靖高速) passing through it, Taizhou City is a crucial transportation hub which connects Jiangsu Province with neighbouring cities and provinces. Taizhou City has jurisdiction over three county-level municipalities, namely, Jingjiang (靖江), Taixing (泰興) and Xinghua (興化), three districts, namely, Hailing (海陵), Gaogang (高港) and Jiangyan (姜堰) and the Taizhou Medicine High-tech Zone (泰州醫藥高新區).

Relying on its geographical advantages, the economy of Taizhou City and Hailing District has developed at a steady pace in recent years and it has continued to experience financial growth. In 2019, Taizhou City ranked ninth in Jiangsu Province in terms of regional gross domestic product. According to the Statistics Bureau of Taizhou City, in 2017, 2018 and 2019, the gross regional production for Taizhou City was approximately RMB474.4 billion, RMB510.8 billion and RMB513.3 billion, respectively, representing an annual growth rate of 8.2 per cent., 7.7 per cent. and 0.5 per cent., respectively. For the same periods,

Hailing District's gross regional product amounted to RMB59.7 billion, RMB62.2 billion and RMB59.6 billion, respectively, representing an annual growth rate of 8.2 per cent., 4.2 per cent. and -4.2 per cent., respectively. In addition, the volume of fixed asset investment in Taizhou City for the years ended 2017, 2018 and 2019 reflected an annual growth rate of 14.5 per cent., 9.2 per cent. and 6.0 per cent., respectively.

As the Group focuses on primary land development and infrastructure construction in Hailing District and Taizhou City, it is well positioned to leverage on Taizhou City's strategic location as well as the economic growth and development in Hailing District and Taizhou City.

Strong financial and operational support from the Taizhou government and Hailing government and strong relationship with governmental departments

The Guarantor is wholly-owned by Taizhou SASAC. The Taizhou government and the Hailing government provide continuous support to the Group by way of financial assistance and preferential policy treatment. This in turn allows the Group to perform its functions of managing state-owned assets and to contribute towards the urban and economic development in Taizhou City. Taizhou government prioritises the Group when selecting contractors for concessionary projects based on services that private enterprises could provide. The Group is also responsible for the infrastructure construction projects arranged by the Hailing government.

For the years ended 31 December 2017, 2018 and 2019, the Group received from the Finance Bureau of Hailing District infrastructure construction subsidies of approximately RMB109.0 million, RMB100.0 million and RMB166.0 million, respectively. In 2019, as the then-sole shareholder of the Guarantor, the Hailing SASAC made a capital injection of approximately RMB2.99 billion into the Guarantor.

The Group also benefits from strong relationships with government departments, with a number of its management personnel having previously served in related government departments. For further details, please see "*– Competitive Strengths – Extensive industry experience and management expertise*" and "*Management of the Group*".

Diversified and sustainable business as the key investment and construction platform in Hailing District and Taizhou City

The Group is a key investment and financing platform and urban infrastructure construction body in Hailing District and Taizhou City. As such, the Group benefits from a dominant market position across Hailing District's infrastructure construction and land development industry. By leading the development of major infrastructure construction and land development projects in Hailing District and Taizhou City, the Group has not only accumulated experience in the development and management of large-scale projects, but it has also consolidated its position as a key entity in implementing the local government's blueprint for developing Taizhou City and, in particular, Hailing District.

As at 30 September 2020, the Group's completed agent construction projects which are ready to be repurchased amounted to approximately RMB1.6 billion. For the Group's major affordable housing projects which were on sale, a total saleable area of 450,812.51 square metres was yet to be sold as at 30 September 2020. In relation to the Group's primary land development business, the book value of the consolidated land parcels which were ready to be sold and transferred was approximately RMB15.5 billion. As these inventories are put to sale and/or repurchase, they are expected to be able to generate sustainable revenue for the Group in the future.

Apart from its major businesses in the infrastructure construction and primary land development, the Group also generates revenue from other businesses such as the provision of guarantees, property rental and financial leasing. These business segments enables the Group to further diversify its income portfolio. For further details, please see "*The Group's Business – Other Principal Businesses*".

Extensive industry experience and management expertise

Since its establishment in 2006, the Group has accumulated over 14 years of extensive experience in primary land development and infrastructure construction projects. Through focused growth and development in the industry in Hailing District and Taizhou City, the Group has been able to leverage on its extensive experience to further expand its principal businesses and develop its presence in the market. In recent years, the Group has completed a number of infrastructure and affordable housing construction projects in Hailing District. For further details, please see "– *Construction and Sales of Affordable Housing*" and "– *Infrastructure Construction*".

The Group has a strong management team and operational staff who are experienced in managing and operating the Group's business in the land development and infrastructure construction sectors. The Group's management team has over five years of experience in each relevant industry. The Group believes that the team's industry knowledge and technical expertise enables the Group to compete effectively and expand its market share in the industry. As at the date of this Offering Circular, the Group has approximately 483 employees, approximately 92.5 per cent. have obtained a qualification of college education or above.

Good financing capabilities and diversified funding channels with good banking relationships

The Group generates considerable investment income and returns from its numerous construction projects, which offer the Group stable long-term cash flow and liquidity for its operations. With respect to external financing, the Group funds its business operations and working capital requirements through a variety of funding channels including bank loans and corporate bonds.

The Group possesses strong financing capabilities given its strong business reputation and abundant financing experience in the onshore debt capital market. In 2019, the Guarantor received from CSCI Pengyuan Credit Rating Co., Ltd. a corporate rating of AA+ with a stable outlook, which made the Guarantor the first district-level state-owned enterprise to receive an AA+ level rating in Taizhou City. In addition, the Group has developed strong relationships with major financial institutions in the PRC including policy banks such as China Development and Agricultural Development of China, state-owned banks such as Bank of China, Agricultural Bank of China and Bank of Communications and commercial banks such as CITIC, Bank of Jiangsu and Bank of Nanjing. As at 30 September 2020, the Group has obtained a credit line of up to RMB23.6 billion from a number of commercial banks including, among others, Bank of Communications, Industrial Bank Co., Ltd., Huaxia Bank, Bank of Jiangsu and CITIC, of which RMB3.9 billion had not been utilised.

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

STRATEGIES

Further diversifying and enhancing its businesses and operations to support the economic growth and urban development of Hailing District and Taizhou City

Hailing District is a major district of Taizhou City. The continued growth of Hailing District and the development of new towns in the northern part of Taizhou City is expected to drive the overall development within the city. In this respect, the Group aims to dedicate its efforts in fostering the urbanisation of the new town area in the north part of Taizhou City as well as Jiulong Town (九龍鎮) and Suchen Town (蘇陳鎮), both of which are located in Hailing District. The Group aims to promote the development of the new town area by playing an important role in the infrastructure development. The Group will participate in the development of the old east railway station area, Xieqiao block, Yangqiao block and the new west railway station area and the renovation of dilapidated houses. The Group will also

be in charge of river improvement and building of San He Park in order to build a eco-friendly community with comprehensive public services. In accordance with the demands of the Taizhou government, the Group is expected to enhance its operations in the following ways:

- attracting new business opportunities as Taizhou City continues to develop and improve its infrastructure;
- continuing to develop and expand its market share in the primary land development business;
- optimising its use of funds, which includes ensuring stringent supervision on the use of funds in construction projects;
- expanding its funding channels; and
- strengthening its internal controls and management.

Cooperating with foreign enterprises, absorbing new technologies and expanding business operations outside Hailing District and Taizhou City

In June 2020, the Guarantor and a Danish company, EjlskovA/S, officially established a joint venture, namely, Jiangsu Aisikou Environmental Engineering Technology Co., Ltd. (江蘇艾斯蔻環境工程科技有限公司) ("**Jiangsu Aisikou**"). This is the first Sino-foreign equity joint venture between Taizhou City and Northern Europe, and the first state-controlled Sino-foreign equity joint venture in Taizhou City. Jiangsu Aisikou is expected to focus on environmental protection and soil remediation projects in the PRC, as well as implementing soil and groundwater demonstration projects.

Going forward, the Group is committed to working with world-class environmental protection companies and taking advantage of advanced soil microbial technology from the Nordic region, with the aim of enhancing the quality of soil remediation in the PRC. As at the date of this Offering Circular, Jiangsu Aisikou has agreed to undertake two soil remediation projects in Liaoning and Gansu Provinces, which started in June 2020 and July 2020, respectively. Jiangsu Aisikou has also accepted two other projects in the Hailing District which have entered their implementation stage in September 2020.

RECENT DEVELOPMENT

Recent Outbreak of COVID-19

Since December 2019, the COVID-19 outbreak has caused substantial disruption in the PRC economics and market, which later spread to the international markets. In March 2020, the World Health Organisation declared COVID-19 as a global pandemic. In the PRC, COVID-19 has resulted in continued business suspensions, widespread traffic disruptions, travel and other restrictions and quarantines in different places, which further led to economic slowdown, labour shortages, supply or delivery chain constraints, price drops and counterparty defaults. Many countries have also implemented drastic measures, including travel bans and close of borders to help contain the spread of COVID-19. The accelerated spread of COVID-19 has also caused extreme volatility in the global financial markets.

The Group will continue closely monitor the global development and make assessment of the impacts of COVID-19 and actively respond to its impact on the Group's financial conditions and results of operations.

Establishment of Jiangsu Aisikou

In June 2020, the Guarantor and EjlskovA/S, officially established Jiangsu Aisikou as a joint venture. See "*Strategies – Cooperating with foreign enterprises, absorbing new technologies and expanding business operations outside Hailing District and Taizhou City*" for further details. As at the date of this Offering Circular, the registered capital of Jiangsu Aisikou is RMB10 million, of which RMB5.1 million was contributed by the Guarantor. As at the date of this Offering Circular, the Guarantor holds 51 per cent. interest in Jiangsu Aisikou.

THE GROUP'S BUSINESS

The Group's principal business segments include (i) primary land development, (ii) sale of affordable housing, (iii) infrastructure construction and (iv) other principal businesses.

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

	Year ended 31 December						Nine months ended 30 September	
Business Segment/Nature of Income	**2017**		**2018**		**2019**		**2020**	
	Amount (RMB) (Audited)	*% of total*	*Amount (RMB) (Audited)*	*% of total*	*Amount (RMB) (Audited)*	*% of total*	*Amount (RMB) (Audited)*	*% of total*
Principal Businesses								
Primary Land Development	444,909,575.20	32.4	626,873,860.44	50.2	917,557,680.49	67.4	1,519,135,347.35	57.3
Sales of Affordable Housing	374,957,282.56	27.3	222,711,882.29	17.8	202,474,005.40	14.9	684,600,838.74	25.8
Infrastructure Construction								
Including:								
Agent Construction	408,507,570.17	29.8	241,691,483.38	19.4	123,117,176.67	9.0	77,405,769.30	2.9
Management Fees	103,841,830.70	7.6	122,347,830.97	9.8	63,235,147.90	4.6	32,393,236.64	1.2
Other Principal Businesses								
Including:								
Financial Lease Interest	–	–	3,926,589.31	0.3	21,357,948.70	1.6	36,554,779.78	1.4
Guarantee Fees	18,424,103.62	1.3	16,344,432.00	1.3	14,823,194.44	1.1	3,734,946.24	0.1
Rental Income	3,558,023.28	0.3	8,005,534.26	0.6	2,539,507.82	0.2	4,827,291.55	0.2
Other Businesses								
Rental Income	9,263,157.68	0.7	–	–	–	–	–	–
Engineering Construction	–	–	–	–	311,560.94	0.02	44,984,858.91	1.7
Commodity Sales	–	–	–	–	4,687,155.86	0.3	226,695,970.45	8.6
Real Estate Agency	–	–	–	–	95,240.59	0.01	–	–
Entrusted Loan Interest	7,037,171.88	0.5	2,389,685.85	0.2	–	–	–	–
Capital Lending Interest	1,149,417.81	0.1	77,539.30	0.01	8,688,576.40	0.6	17,615,369.80	0.7
Inter-enterprise Guarantee	509,107.55	0.04	3,896,226.42	0.3	1,792,452.83	0.1	–	–
Total	**1,372,157,240.45**	**100.0**	**1,248,265,064.22**	**100.0**	**1,360,679,648.04**	**100.0**	**2,649,594,846.23**	**100.0**

Primary Land Development

The Group's primary land development business is primarily conducted by the Guarantor itself and is a core business of the Group. For the years ended 31 December 2017, 2018 and 2019 and the nine months ended 30 September 2020, operating revenue generated from the Group's primary land development business was RMB444.9 million, RMB626.9 million, RMB917.6 million and RMB1.5 billion, respectively, representing 32.4 per cent., 50.2 per cent, 67.4 per cent. and 57.3 per cent., respectively, of the Group's total operating revenue for the same periods.

Primary land development projects in Taizhou City are arranged by the Taizhou government in accordance with local land regulation requirements, which sets out the permitted function, above-ground height restrictions and underground infrastructure of the land. The Taizhou government entrusts the Group to coordinate the land development process. The Group conducts these projects at its own cost and arranges for compensation payments for land expropriation, removal and resettlement and land levelling. Upon completion of the development work, the Group will then transfer the land to the Hailing government.

The Group primarily conducts its land development projects on parcels of lands in the old township area of Taizhou City, which have either been designated for demolition and relocation work or expropriated by the Taizhou government.

Profit model and timing of settlement

Prior to 2019, the Guarantor relied on the following settlement arrangement:

1. Upon completion of a land development project, the Hailing government will arrange for the land to be publicly listed for sale in the land market.

2. An eligible enterprise or developer may then procure the land from the land market.

3. The enterprise or developer who has procured the land will sign a sales contract for the land and pay for the land purchase price.

4. The total amount to be remitted to the Guarantor will be the full land purchase price (subject to the deduction of administrative fees by the relevant municipal and provincial governments).

5. The land purchase price is normally settled and remitted to the Guarantor as soon as the net income from the land is received in full by the Finance Bureau of Hailing District.

Since 2016, a series of laws and regulations have been promulgated by the State Council, MOF and MONR to regulate the participation of private capitals in the primary land development in order to manage local government debt, including the Notice on the Issues Concerning the Regulation of Land Reserve and Capital Management (Cai Zong [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**"), Notice on Speeding up the Construction of Sample Projects and Announcement of the Third Batch of PPP Projects (Cai Jin [2016] No. 91) (《關於聯合公佈第三批政府和社會資本合作示範專案加快推動示範項目建設的通知》(財金[2016]91號)) ("**Circular 91**") and Notice on Resolutely Curbing the Illegal Financing of the Local Governments in the Name of Government Procurement of Services (Cai Yu [2017] No. 87) (《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》(財預[2017]87號)) ("**Circular 87**"). According to these Circulars, the contracting party shall obtain their compensation in accordance with the relevant agreement with the government and the compensation arrangement cannot be linked to the purchase price of the land use right.

Against this background, the Guarantor entered into a primary land development supplemental agreement with the Hailing government on 15 January 2019. In accordance with the supplemental agreement, once the Guarantor has completed the land development of a piece of land, the Finance Bureau of Hailing District will arrange for the land to be repurchased from the Guarantor at a price equal to the costs and expenses incurred by the Guarantor in developing the land together with a 15.0 per cent. mark-up. The Finance Bureau of Hailing District will subsequently arrange for the land to be publicly listed for sale in the land market and the purchase price will be paid to the Finance Bureau of Hailing District. As a result, the compensation to the Guarantor is no longer linked to the purchase price of the relevant land sold.

Completion status of the land development projects

For the years ended 31 December 2017, 2018 and 2019 and the nine months ended 30 September 2020, the Group has completed and sold the land development projects as set forth in the following table.

No.	Project	Return of Investment	Area	Price	Recognised Costs	Recognised Revenue
			(Mu)	*(RMB '0000)*	*(RMB '0000)*	*(RMB '0000)*
1	Land parcel located to the south of Nantong Road and on the east side of Laodong River; land parcel located to the south of Nantong Road and on the west side of Laodong Road (海陵區南通路南側、老東河東側;海陵區南通路南側、老東河西側)	2020	193.31	142,200	70,399.01	77,103.68
2	Land parcel located to the north of Yinchun East Road and on the east side of Taihe Road; land parcel located to the north side of Yinchun East Road and on the east side of Chunlan Road (海陵區迎春東路北側、泰和路東側、海陵區迎春東路北側、春蘭路東側)	2020	232.66	137,000	68,304.65	74,809.85
3	Land parcel located on the north side of Haiyang East Road and on the west side of Dongfeng North Road (海陽東路北側 東風北路西側土地)	2019	183.59	129,938		
4	Land parcel located on the west side of Gulou Road and on the north side of Yunhe Road, land parcel located 30 meters to the west of Zhibao Road and on the north side of Yunhui Road, land parcel located on the north side of Nantong Road and east side of Old Donghe Road, land parcel located 60 metres to the east of Gulou Road and on the north side of Yunhe Road (海陵區鼓樓路西側、運河路北側;海陵區規劃智堡路西側約30米、運輝路北側;海陵區南通路北側、老東河路東側;海陵區鼓樓路東側約60米、運河路北側)	2019	71.97	22,300	83,777.01	91,755.77
5	Land parcel located on the east side of Dongfeng North Road and on the north side of Senyuan Road (東風北路東側、森園路北側)	2018	169.09	120,100	50,948.56	62,687.39
6	Land parcel located 60 meters to the north of Nantong Road and on the east side of Hailing North Road (南通路北側約60米、海陵北路東側)	2017	143.29	47,200	29,976.88	44,490.96
7	Land parcel located on the east side of Hailing North Road and on the south side of Senyuan Road (海陵北路東側、森園路南側)	2017	48.18	14,700		

As at 30 September 2020, the Group had completed development of the land parcels as set forth in the table below. These land parcels were available for sale with a total book value of approximately RMB18.5 billion as at 30 September 2020.

(RMB'0000)

Project Name	Book Value
Land parcel located to the east side of Minxing School and to the south side of 328 road 民興中學東側、328國道南側地塊	131,515.89
Land parcel No. 1 located to the north side of Xintongyang Canal 新通揚運河北側一號地塊	104,631
East side of Chunlan Road 春蘭路東側地塊	100,231.4

Project Name	Book Value
Shanty Town (North of Taizhou City) Phase II 城北棚戶區二期地塊	43,931.55
Jingtai Road South Phase II 京泰路南延二期地塊	81,488.31
Ancient Ginkgo Garden 古銀杏遊園地塊	65,570.28
Dongfeng North Road 東風北路地塊	62,679.51
Senyuan Road 森園路地塊	59,791.49
Yimiao Street 邑廟街地塊	57,708.07
Laodong Station Phase II 老東站二期地塊	44,132.09
Senyuan Town 森園社區地塊	54,817.67
231 Provincial Highway Ramp 231省道匝道兩側地塊	49,740.94
Xieqiao Block 斜橋街區地塊	49,480.57
Xieqiao Xilidi 斜橋西裡地塊	43,819.26
Gulou Road North 鼓樓路北延地塊	41,279.52
Meilanchun Liquor Factory 梅蘭春酒廠周邊地塊	36,079.52
Cheliang Factory 車輛廠周邊地塊	33,535.77
East Fenghuang Road 鳳凰路東延地塊	35,833.26
Taijiu Road 泰九路地塊	32,684.81
Jiangzhou Flat West 江州公寓西側地塊	25,190.79
Chunlan College North 春蘭學院南側地塊	24,297.14
Yangguang New Town North 陽光新城北側地塊	24,286.61
Rice Mill Area 米廠周邊地塊	21,363.97
Jiangzhou North Road 江洲北路地塊	21,911.75
Former Chunlan Factory Area 原春蘭公司土地	18,997.34
Chunhui Road North 春暉路北延地塊	19,132.43
Suzhong Wood Industry 蘇中木業地塊	16,900.69
Meilan Group San Zong Area 梅蘭集團三宗地地塊	15,545.47
Jichuan Road East 濟川路東延地塊	14,467.49
Beicang Road North 北倉路北延地塊	14,744.12
Handong Area 涵東地塊	13,938
Yunhe Road 運河路地塊	13,224.44
People's Hospital North Yard West 人民醫院南院西側地塊	11,824.23
Yuanhe South 元河南側地塊	11,659.89
Fish Net Factory Area 漁網廠周邊地塊	11,144.92
Fuqian Road North 府前路北側地塊	10,805.76
Baoba Phase I and Phase II 鮑壩一、二期地塊	10,481.21
Xingye Estate 興業社區地塊	10,447.53
Chengdong Police Station 城東派出所北側地塊	10,697.86

Project Name	Book Value
Yunhe Road (City North) and Steel Factory Area 運河路周邊(城北段)鋼廠周邊地塊	13,940.37
Senyuan Road South, Chunlan Road West 森園路南側、春蘭路西側地塊	10,741.3
Country Garden Project 碧桂園專案地塊	9,682.76
Yuanye Qunlou 原野裙樓土地	9,851.1
Wuling Road Community 吳陵路(頭營)社區地塊	10,089.21
Gongshi Estate 宮氏住宅地塊	9,270.69
Sewage Pipeline Project 污水管網工程地塊	7,282.64
Heyuan Clothing Factory 海源服裝(原小電機廠)地塊	6,491.99
Dongfeng Road North Phase II 東風路二期北延地塊	5,894.13
City North Sewage Factory 城南污水廠二期地塊	6,159.19
West Station Area 西站片區地塊	5,679.15
Xieqiao Settlement Area Phase II 斜橋安置區二期地塊	5,492.15
People's Road North, Biyinglou 人民東路南延、筆穎樓地塊	5,463.36
Others	289,190.76
Total	**1,845,241.35**

As at 30 September 2020, the Group was developing land parcels with a total book value of approximately RMB3.3 billion, the details of which are set forth in the table below.

Project Name	Development Schedule	Book Value
		(RMB'0000)
Land parcel located on the south side of Yinchun North Road (迎春路南側(含化肥廠)周邊地塊)	2016-2021	67,029.46
Renovation and Extension of S354 Taizhou Section (S354泰州段改擴建工程徵地專案)	2018-2021	27,516.59
Land parcel located on Qingnian North Road Roulian section (青年北路肉聯地塊)	2017-2021	38,057.95
Land parcel located on Qingnian North Road Xiaozhuang section (青年北路曉莊地塊)	2017-2021	30,058.2
Non-residential land parcel located on Qingnian North Road (青年北路非住宅區地塊)	2017-2021	29,214.24
Land parcel on the both sides of Yangzhou West Road (揚州西路兩側地塊)	2017-2022	29,022.82
Zhibao Houhe land parcel (智堡後河地塊)	2018-2021	27,211.91
Zhao Gong land parcel (趙公地塊)	2018-2021	30,659.96
Land parcel located on Qingnian North Road Chaoyang section (青年北路朝陽地塊)	2017-2022	20,183.74
Land parcel located around Qingnian North Road and north side of Luting River (青年北路周邊、鹵汀河北側地塊)	2017-2021	13,359.37
Laodong River land parcel (老東河地塊)	2018-2021	8,694.64
Ba Zi Community land parcel (八字社區地塊)	2018-2021	9,880.38
Total		**330,889.26**

Sales of Affordable Housing

The Group undertakes affordable housing construction projects and arranges for the subsequent sale of the completed affordable housing units. This business segment compliments the Group's primary land development work by offering affordable housing units to persons who may be affected by the removal and resettlement work. The Group conducts its affordable housing sales business primarily through its wholly-owned subsidiary, Taizhou Hailing Real Estate Development Co., Ltd. (泰州海陵房產開發有限公司) ("**Hailing Real Estate**"). Hailing Real Estate possesses level two qualification in real estate development and is the only entity responsible for the development of affordable housing in Hailing District.

Business Model

In accordance with the Hailing government's overall urban planning for Hailing District, Hailing Real Estate is responsible for (1) the investment and financing of affordable housing projects, (2) the construction of affordable housing units and (3) the sale of affordable housing units to designated parties.

The Group's affordable housing projects are initiated and devised by the Hailing government according to the social welfare needs within the Hailing District. The Group invests in and finances each of its affordable housing projects. Upon completion of an affordable housing project, the Group will directly sell the units at a price fixed by the Hailing government to designated individuals who are qualified to purchase the units.

Although the Group is able to generate a steady source of revenue from this business segment, its profitability is relatively low. The Group's gross profit margin is affected by a number of variables including the price fixed by the Hailing government and the costs incurred, which may be re-evaluated when the final costs are calculated at the conclusion of each such project.

For the years ended 31 December 2017, 2018 and 2019 and the nine months ended 30 September 2020, the Group's operating revenue generated from the sales of affordable housing was RMB375.0 million, RMB222.7 million, RMB202.5 million and RMB684.6 million, respectively, representing 27.3 per cent., 17.8 per cent., 14.9 per cent., and 25.8 per cent., respectively, of the Group's total operating revenue of the same periods.

Affordable Housing Units on Sale

As at 30 September 2020, the following major affordable housing projects of the Group were on sale:

Project Name	**Total Investment**	**Total Saleable Area**	**Area Sold**	**Remaining Saleable Area**
	(RMB'00,000,000)	*(square metres)*	*(square metres)*	*(square metres)*
Haishu Yiyuan (海曙頤園)	9.25	223,834.83	178,452.59	45,382.24
Sansen Settlement Area (三森安置區)	2.61	110,009.14	94,861.08	15,148.06
Xingye Zizhu Garden Phase 2 (興業紫竹園二期)	1.78	83,218.14	79,776.95	3,441.19
Zhibao Settlement Area (智堡安置區)	2.05	45,086.24	25,350.62	19,735.62
Zhibao Settlement Area (Phase Two) 智堡安置區(二期)	1.92	35,889.65	34,155.77	1,733.88
Xinye Phase Five (Zizhu Garden) (興業五期(紫竹園))	1.1	58,669.39	35,841.57	22,827.82
Xieqiao Settlement Area (斜橋安置區)	0.76	31,432.42	24,502.67	6,929.75
Baoba Settlement Area (Dongyuan Apartment) (鮑壩安置區(東苑公寓))	1.24	55,701.92	51,465.19	4,236.73

Project Name	Total Investment	Total Saleable Area	Area Sold	Remaining Saleable Area
	(RMB'00,000,000)	*(square metres)*	*(square metres)*	*(square metres)*
Meiyuan Apartment (Baoba Phase Two) (梅苑公寓(鮑壩二期))	0.8	42,234.15	40,680.98	1,553.17
Zhibao Settlement Area Phase Three (智堡安置區(三期))	7.8	201,176.44	31,954.99	169,221.45
Xieqiao Garden Phase Two (斜橋花園二期)	1.14	13,293.11	3,622.00	9,671.11
Tianyun Garden (天韻景園)	15.72	270,127.99	119,196.50	150,931.49
Total	**46.17**	**1,170,673.42**	**719,860.91**	**450,812.51**

Affordable Housing Units under Construction

As at 30 September 2020, the following affordable housing projects of the Group were under construction:

Project Name	Total Investment	Investment amount injected by the Group as at 30 September 2020
	(RMB'000)	*(RMB'000)*
Settlement Area on the north side of Senyuan Road Settlement Area (森園路北側地塊安置區)	705,988	5,990.72
Settlement Area on the south side of Zhibao School (智堡學校南側地塊安置區)	553,850	8,090.19
Total	**1,259,838**	**14,080.91**

Infrastructure Construction and Project Management

With the aim of fostering the urban development in Hailing District and Taizhou City, the Group has been appointed by the Taizhou government to undertake various infrastructure construction projects. The Group conducts its infrastructure construction business primarily through the Guarantor itself.

Business Model

The Group undertakes two main types of infrastructure construction projects, namely, (i) district-level infrastructure projects delegated by the Hailing government, and (ii) city-level infrastructure projects designated by the Taizhou government. For both district-level and city-level infrastructure projects, the Group adopts an agent construction model. For each project, the Group enters into a construction agency contract with the Hailing government prior to undertaking the construction of the project.

(i) District-level Infrastructure Projects

The Group is responsible for implementing various stages of each infrastructure project, including obtaining project approval, construction plan approval, land use planning permit, land use right certificate, engineering design and approval, project planning permit, construction permit, as well as carrying out land demolition, construction and installation of facilities, incurring costs throughout the process. The Group self-funds the total costs of each construction project, either relying on its own resources or on external financing. The Group's investment amount includes the expenditure used for land demolition and resettlement of residents, construction and installation expenses, and any financing expenses which the Group may incur from external financing. Such financing expenses will be borne by the Hailing government after verification and auditing.

At the completion of a district-level infrastructure project, the Hailing government will carry out acceptance inspection protocols in accordance with the relevant laws, regulations and industrial protocols. Once the project has passed the inspection test, the Hailing government will then be responsible for completion acceptance.

At the end of each year, the Group is required to report to the Finance Bureau of Hailing District the actual sum it has paid for the settlement of project expenditure (including the relevant financing expenses) for that year. After the reported amount has been audited and confirmed, the Finance Bureau of Hailing District will then agree with the Group a repayment amount equal to the Group's costs plus 20 per cent. (before tax), which will be recognised by the Group as revenue under its agent construction business (after deducting withholding tax).

(ii) City-level Infrastructure Projects

The Taizhou government has authorised the Hailing government to implement infrastructure development plans including the reformation of shanty towns, the construction of roads and bridges, the construction of water conservancy infrastructure and landscape engineering. With respect to these city-level construction projects, the Group is responsible for providing labour services in the preliminary stages of these projects where any relocation works involve the Hailing District. The Taizhou government undertakes to prepay an amount to the Group representing the relocation funds and the Hailing government authorises the Finance Bureau of Hailing District to pay the Group a project management fee which amounts to 8 per cent. of the relocation funds.

For the years ended 31 December 2017, 2018 and 2019 and the nine months ended 30 September 2020, the Group's operating revenue generated from its agent construction projects was RMB408.5 million, RMB241.7 million, RMB123.1 million and RMB77.4 million, respectively, representing 29.8 per cent., 19.4 per cent., 9.0 per cent., and 2.9 per cent., respectively of the Group's total operating revenue for the same periods. For the years ended 31 December 2017, 2018 and 2019 and the nine months ended 30 September 2020, the Group received agent construction management fees of RMB103.8 million, RMB122.3 million, RMB63.2 million and RMB32.4 million, respectively, representing 7.6 per cent., 9.8 per cent., 4.6 per cent., and 1.2 per cent., respectively of the Group's total operating revenue for the same periods.

Revenue Generated from Infrastructure Projects

The following tables set out the revenue generated by the Group's infrastructure projects for the years ended 31 December 2017, 2018 and 2019 and the nine months ended 30 September 2020:

2017

Project Name	**Revenue generated (before tax)**	**Revenue Recognition Model**
	(RMB)	
Reformation of shanty town on both sides of Senyuan Road (森園路兩側棚改區)	5,464,183.42	Agent construction
Yingchun Road Eastern Extension 3-7 (迎春路東延三七)	-23,256.00*	Agent construction
Qingfeng River Remediation Project (慶豐河整治工程)	15,617,317.85	Agent construction
Jingdongsan Road (經東三路)	417,318.89	Agent construction
Garden Farmers Market (花園農貿市場)	348,084.24	Agent construction
Baoma River Improvement Project (鮑馬河整治工程)	68,379.70	Agent construction
Power Supply Project of Leye Photovoltaic Technology Company (樂葉光伏科技公司供電工程)	2,513,908.86	Agent construction
Chenguang Road (晨光路)	775,425.76	Agent construction
Expansion of Dongfeng Road (東風路拓寬)	491,720.29	Agent construction
Xinhong Culture, Fire Station (鑫鴻文化、消防站)	7,653,511.01	Agent construction
Tomb Relocation Project of Laodong River Cemetery on Yunhe East Road (運河東路老東河墓園遷墳工程)	683,796.96	Agent construction
Yunhe Road Perforation (Jingtai Road Section) (運河路貫通(京泰路段))	239,056.79	Agent construction
Chengxi Park (城西公園)	7,368,032.15	Agent construction
Senyuan Road Western Extension (森園路西延)	1,107.42	Agent construction
Dongfeng Road Northern Extension (東風路北延)	22,802,578.18	Agent construction
Zhanqian Road – Yuxing Community (站前路-漁行社區)	8,355,586.99	Agent construction
Shen Family River Recreational Park (沈家河遊園)	8,799,117.05	Agent construction
Qilin Avenue (麒麟大道)	960,967.80	Agent construction
Xieqiao Settlement Area Construction (斜橋安置區續建工程)	23,262,141.88	Agent construction

Project Name	Revenue generated (before tax)	Revenue Recognition Model
	(RMB)	
Senyuan Road Expansion and Reformation (森園路拓寬改造)	323,133,969.46	Agent construction
Total	**428,932,948.70**	
West Station Area (西站片區)	7,318,128.24	Agent construction management fees
Yangzhou Road (揚州路)	8,243.28	Agent construction management fees
Haiyang East Road Project (海陽東路項目)	611,627.54	Agent construction management fees
Qingnian South Road Xingaoqiao Community (青年南路新高橋社區)	1,250,510.35	Agent construction management fees
South side of Pastoral Courtyard (牧院南側)	1,145,471.21	Agent construction management fees
Chunlan North Road Southern Extension, Yingbin Road, Yingchun Road (春蘭北路南延、迎賓路、迎春路)	1,307,509.76	Agent construction management fees
Low-lying land on the south side of Haiyang Road (海陽路南側低窪地)	215,058.15	Agent construction management fees
Gulou Road Northern Extension (鼓樓路北延)	4,631,207.76	Agent construction management fees
Yongding Road West Section (永定路西段快速化)	53,756.32	Agent construction management fees
Youth North Road Chaoyang Land Parcel (青年北路朝陽地塊)	12,044,039.56	Agent construction management fees
Youth North Road Roulian Land Parcel (青年北路肉聯地塊)	22,670,266.36	Agent construction management fees
(青年北路非住宅區)	4,025,637.17	Agent construction management fees
Youth North Road Xiaozhuang Land Parcel (青年北路曉莊地塊)	17,990,274.26	Agent construction management fees
Fenghuang Road Eastern Extension (鳳凰路東延)	19,911,063.92	Agent construction management fees
Gong Family Residence (宮氏住宅)	5,142,467.33	Agent construction management fees
Kaifa Road and Tianyun Road Northern Extension (開發路、天韻路北廷)	11,747,079.33	Agent construction management fees
Total	**110,072,340.54**	

2018

Project Name	Revenue recognised (before tax)	Revenue Recognition Model
	(RMB)	
Zhanqian Road, Tinghe Xiba Bridge (站前路汀河西壩大橋)	5,009,515.30	Agent Construction
Yongding Road Western Extension Thruway (永定路西段快速化)	977,146.80	Agent Construction
Reformation of shanty town on both sides of Senyuan Road (森園路兩側棚改區)	270,764.14	Agent Construction
Qingfeng River Treatment Project (慶豐河整治工程)	52,413.16	Agent Construction
Garden Farmers Market (花園農貿市場)	419,084.92	Agent Construction
Power Supply Project of Leye Photovoltaic Technology Company (樂葉光伏科技公司供電工程)	1,805,150.62	Agent Construction
Tomb Relocation Project of Laodong River Cemetery on Yunhe East Road (運河東路老東河墓園遷墳工程)	1,708,200.00	Agent Construction
Jingtai Road Southern Extension, Meilan Road Eastern Extension (京泰路南延、梅蘭路東沿)	22,507,731.61	Agent Construction
Yunhe Road Perforation (Jingtai Road Section) (運河路貫通(京泰路段))	11,193,529.99	Agent Construction
Haijiang Avenue Node (海姜大道節點)	1,352,750.14	Agent Construction
Zhanqian Road – Yuxing Community (站前路-漁行社區)	2,805,866.43	Agent Construction
Shenjiahe Amusement Park (沈家河遊園)	659,015.66	Agent Construction
Senyuan Road Expansion and Reformation (森園路拓寬改造)	233,221.32	Agent Construction
Tongyang Line Channel (通楊線航道)	169,186,422.47	Agent Construction
Biying Building (筆穎樓)	22,518,232.43	Agent Construction

Project Name	Revenue recognised (before tax)	Revenue Recognition Model
	(RMB)	
Chengdong Primary School (城東小學)	4,137,541.64	Agent Construction
Botanical Garden (植物園)	8,939,470.92	Agent Construction
Total	**253,776,057.55**	
West Station Zone (西站片區)	1,402,665.21	Agent construction management fees
Yangzhou Road (揚州路)	1,907.84	Agent construction management fees
Haiyang East Road Project (海陽東路項目)	727,552.95	Agent construction management fees
Youth South Road Xingao Bridge (青年南路新高橋)	1,195,882.91	Agent construction management fees
Muyuan South Side (牧院南側)	-417,806.15*	Agent construction management fees
Chunlan North Road Southern Extension, Yingbin Road, Yingchun Road (春蘭北路南延、迎賓路、迎春路)	-1,307,509.76*	Agent construction management fees
Gulou Road North Extension (鼓樓路北延)	5,078,161.41	Agent construction management fees
Youth North Road Chaoyang Plot (青年北路朝陽地塊)	1,570,365.33	Agent construction management fees
Youth North Road Roulian Plot (青年北路肉聯地塊)	2,952,450.29	Agent construction management fees
Youth North Road Non-residential Plot (青年北路非住宅地塊)	6,782,143.90	Agent construction management fees
Youth North Road Surroundings Xiaozhuang Plot (青年北路周邊曉莊地塊)	2,262,362.11	Agent construction management fees
Phoenix Road Eastern Extension (鳳凰路東延)	2,751,063.84	Agent construction management fees
Gongshi Residence (宮氏住宅)	829,569.67	Agent construction management fees
Development Road, Tianyun Road Northern Extension (Jiangzhou Apartment West Side) (開發路、天韻路北延(江州公寓西側))	-6,303,469.61*	Agent construction management fees
Jingguang Road (Jiangzhou Apartment West Side) (景光路(江州公寓西側))	8,972,058.48	Agent construction management fees
Chengdong Police Station North Side (城東派出所北側)	5,196,353.77	Agent construction management fees
Handong Plot (涵東地塊)	5,825,535.25	Agent construction management fees
Zhibao River North Side (智堡河北側)	2,133,171.91	Agent construction management fees
Shenyi Middle School North Side (沈毅中學北側)	1,713,529.75	Agent construction management fees
Yangqiao Primary School Surroundings (楊橋小學周邊)	3,648,758.99	Agent construction management fees
Suzhong Wood Industry (蘇中木業)	10,783,803.65	Agent construction management fees
Senyuan Road North Side (森園路北側)	844,899.80	Agent construction management fees
Beihui Garden (北薈園)	1,880,046.48	Agent construction management fees
West Side of South Branch of People's Hospital (人民醫院南院西側)	7,166,730.85	Agent construction management fees
Sunshine New Town North Side (陽光新城北側)	15,966,868.15	Agent construction management fees
Both Sides of Yangzhou West Road (揚州西路兩側)	36,117,933.26	Agent construction management fees
Sunshine Ruicheng (陽光瑞城)	444,313.33	Agent construction management fees
Nantong Road (南通路)	307,465.04	Agent construction management fees
Liufang Tea House (留芳茶社)	16,829.98	Agent construction management fees
S231 Provincial Road Thruway (S231省道快速化)	1,339,505.85	Agent construction management fees
Zhanqian Road (站前路)	8,460,870.48	Agent construction management fees
Ningqi Railway (寧啟鐵路)	1,768.72	Agent construction management fees

Project Name	Revenue recognised (before tax)	Revenue Recognition Model
	(RMB)	
Youth Road North Extension (Central) (青年路北延(城中))	644,808.08	Agent construction management fees
Intersection of Jingtai Road and Yingchun Road (京泰路迎春路交叉路口)	698,109.07	Agent construction management fees
Total	**129,688,700.83**	

2019

Project Name	Revenue recognised (before tax)	Revenue Recognition Model
	(RMB)	
Yongding Road Western Extension Thruway (永定路西段快速化)	1,708,773.08	Agent Construction
Reformation of shanty town on both sides of Senyuan Road (森園路兩側棚改區)	130,487.95	Agent Construction
Garden Farmers Market (花園農貿市場)	12,349,748.44	Agent Construction
Chenguang Road (晨光路)	1,101,228.40	Agent Construction
Jingtai Road Southern Extension, Meilan Road Eastern Extension (京泰路南延、梅蘭路東沿)	39,974,284.38	Agent Construction
Yunhe Road Perforation (Jingtai Road Section) (運河路貫通(京泰路段))	4,350,032.46	Agent Construction
Zhanqian Road – Yuxing Community (站前路-漁行社區)	1,451,205.06	Agent Construction
Tongyang Line Channel (通楊線航道)	19,031,088.46	Agent Construction
Chengdong Primary School (城東小學)	290,972.26	Agent Construction
Botanical Garden (植物園)	262,204.98	Agent Construction
Sewage Treatment Village Construction Office (污水治理村鎮建設辦公室)	21,610,226.69	Agent Construction
Old Community Treatment Project (老小區治理專案)	27,012,783.35	Agent Construction
Total	**129,273,035.51**	
West Station Zone (西站片區)	522,352.12	Agent construction management fees
Muyuan South Side (牧院南側)	13,397.14	Agent construction management fees
Gulou Road Norther Extension (鼓樓路北延)	4,588,560.83	Agent construction management fees
Youth North Road Chaoyang Plot (青年北路朝陽地塊)	1,724,706.32	Agent construction management fees
Youth North Road Roulian Plot (青年北路肉聯地塊)	3,262,697.04	Agent construction management fees
Youth North Road Non-residential Plot (青年北路非住宅地塊)	11,790,137.19	Agent construction management fees
Youth North Road Surroundings Xiaozhuang Plot (青年北路周邊曉莊地塊)	2,609,762.28	Agent construction management fees
Phoenix Road Eastern Extension (鳳凰路東延)	2,993,952.34	Agent construction management fees
Gongshi Residence (宮氏住宅)	821,795.77	Agent construction management fees
Development Road, Tianyun Road Northern Extension (Jiangzhou Apartment West Side) (開發路、天韻路北延(江州公寓西側))	2,757,239.76	Agent construction management fees
Chengdong Police Station North Side (城東派出所北側)	2,670,518.34	Agent construction management fees
Handong Plot (涵東地塊)	8,411,055.45	Agent construction management fees
Zhibao River North Side (智堡河北側)	422,965.73	Agent construction management fees
Shenyi Middle School North Side (沈毅中學北側)	233,137.65	Agent construction management fees
Yangqiao Primary School Surroundings (楊橋小學周邊)	1,110,420.41	Agent construction management fees
Suzhong Wood Industry (蘇中木業)	1,696,486.59	Agent construction management fees
Senyuan Road North Side (森園路北側)	297,886.40	Agent construction management fees

Project Name	Revenue recognised (before tax)	Revenue Recognition Model
	(RMB)	
Beihui Garden (北薈園)	265,608.78	Agent construction management fees
West Side of South Branch of People's Hospital (人民醫院南院西側)	1,731,757.55	Agent construction management fees
Sunshine New Town North Side (陽光新城北側)	2,236,559.06	Agent construction management fees
Both Sides of Yangzhou West Road (揚州西路兩側)	8,213,236.31	Agent construction management fees
Senyuan Road North Side, Golden Garden Bathroom on West Side of Gulou Road (森園路北側、鼓樓路西側金花園浴室)	2,629.25	Agent construction management fees
Sunshine Ruicheng West Side (陽光瑞城西側)	67,481.36	Agent construction management fees
Nantong Road (南通路)	62,753.80	Agent construction management fees
Laodong River Dilapidated House Renovation (老東河危房解危)	1,588.94	Agent construction management fees
Infrastructure Upgrade (基礎設施轉型升級)	8,535.30	Agent construction management fees
Liufang Tea House (留芳茶社)	2,112.71	Agent construction management fees
S231 Provincial Road Thruway (S231省道快速化)	200,852.67	Agent construction management fees
Jingguang Road (Jiangzhou Apartment West Side) (景光路(江州公寓西側))	1,612,413.97	Agent construction management fees
Zhanqian Road (站前路)	6,527,853.75	Agent construction management fees
Ningqi Railway (寧啟鐵路)	222.03	Agent construction management fees
Youth Road North Extension (Central) (青年路北延(城中))	80,944.46	Agent construction management fees
Intersection of Jingtai Road and Yingchun Road (京泰路迎春路交叉路口)	87,635.47	Agent construction management fees
Total	**67,029,256.77**	

For the nine months ended 30 September 2020

Project Name	Revenue generated (before tax)	Revenue Recognition Model
	(RMB)	
Expressway to the west side of Yongding Road (永定路西段快速化)	1,404,206.03	Agent Construction
Haishu Road (Baoma River) (海曙路(鮑馬河))	247,480.00	Agent Construction
Shanty town renovation on both sides of Senyuan Road (森園路兩側棚改區)	6,436.81	Agent Construction
Qingfeng river improvement project (慶豐河整治工程)	23,184.00	Agent Construction
Huayuan Market (花園農貿市場)	6,495,712.02	Agent Construction
Chenguang Road (晨光路)	110,995.05	Agent Construction
Project on the north side of Jintai Road and the east side of Meilan Road (京泰路南延、梅蘭路東延)	19,742,747.23	Agent Construction
Yunhe Road (Jingtai section) (運河路貫通(京泰路段))	1,662,581.69	Agent Construction
Zhanqian Road (Yuxing Community) (站前路-漁行社區)	127,782.71	Agent Construction
Shenjiahe Garden (沈家河遊園)	325,701.71	Agent Construction
Yanghang channel (通楊線航道)	1,314,424.09	Agent Construction
Chengdong Primary School (城東小學)	14,924.73	Agent Construction
Botanical Garden (植物園)	43,531,080.58	Agent Construction
Sewage treatment village construction office (污水治理村鎮建設辦公室)	1,066,005.61	Agent Construction
Old community governance project (老小區治理專案)	1,332,507.02	Agent Construction
Total	**77,405,769.30**	
West station area (西站片區)	222,294.70	Agent construction management fees
Yangzhou Road (揚州路)	23,733.89	Agent construction management fees
Haiyang East Road (海陽東路項目)	253,224.15	Agent construction management fees

Project Name	Revenue generated (before tax)	Revenue Recognition Model
	(RMB)	
Xingao bridge, Qingnian South Road (青年南路新高橋)	38,721.36	Agent construction management fees
North side of Muyuan (牧院南側)	139,584.53	Agent construction management fees
North extension of Jiangzhou Road (江洲路北延)	2,620.09	Agent construction management fees
North extension of Gulou Road (鼓樓路北延)	1,768,102.49	Agent construction management fees
Chaoyang section of Qingnian North Road (青年北路朝陽地塊)	801,636.42	Agent construction management fees
Roulian section of Qingnian North Road (青年北路肉聯地塊)	1,433,107.08	Agent construction management fees
Non-residential section of Qingnian North Road (青年北路非住宅地塊)	1,246,202.72	Agent construction management fees
Xiaozhuang section of Qingnian North Road (青年北路周邊曉莊地塊)	1,117,134.32	Agent construction management fees
East extension of Fenghuang Road (鳳凰路東延)	2,840,123.15	Agent construction management fees
Gongshi Residence (宮氏住宅)	587,470.46	Agent construction management fees
Kaifa Road, north extension of Tianyun Road) (west side of Jiangzhou Residence (開發路、天韻路北延(江州公寓西側)	401,160.56	Agent construction management fees
North side of Chengdong Police Station (城東派出所北側)	652,282.28	Agent construction management fees
Handong Section (涵東地塊)	862,083.44	Agent construction management fees
North side of Zhibao River (智堡河北側)	209,353.38	Agent construction management fees
North side of Shenyi Middle School (沈毅中學北側)	113,720.40	Agent construction management fees
Areas around Yangqiao Primary School (楊橋小學周邊)	285,379.60	Agent construction management fees
Suzhong Wood (蘇中木業)	981,378.43	Agent construction management fees
North side of Senyuan Road (森園路北側)	138,054.22	Agent construction management fees
Beihui Garden (北薈園)	11,663,509.05	Agent construction management fees
West side of the south side of Renmin Hospital (人民醫院南院西側)	529,149.94	Agent construction management fees
North side of Yangguang New City (陽光新城北側)	1,156,472.53	Agent construction management fees
Both sides of Yangzhou West Road (揚州西路兩側)	2,723,666.75	Agent construction management fees
Golden Garden Bathroom on the north side of Senyuan Road and the west side of Gulou Road (森園路北側、鼓樓路西側金花園浴室)	451.01	Agent construction management fees
West side of Yangguang Ruicheng (陽光瑞城西側)	34,064.63	Agent construction management fees
Nantong Road (南通路)	24,155.25	Agent construction management fees
Renovation of Dilapidated House alongside Laodong River (老東河危房解危)	696.13	Agent construction management fees
Infrastructure upgrade (基礎設施轉型升級)	80,943.19	Agent construction management fees
Liufang Tea Room (留芳茶社)	925.60	Agent construction management fees
Expressway of S321 (S231省道快速化)	87,342.61	Agent construction management fees
Jingguang Road (west side of Jiangzhou Residence) (景光路(江州公寓西側))	888,754.08	Agent construction management fees
Zhanqian Road (站前路)	966,762.23	Agent construction management fees
Ningqi Railway (寧啟鐵路)	7,289.85	Agent construction management fees
North extension of Qingnian Road (Middle Town area) ((青年路北延(城中))	41,593.86	Agent construction management fees
Intersection of Jingtai Road and Yingchun Road (京泰路迎春路交叉路口)	70,092.25	Agent construction management fees
Total	**32,393,236.63**	

Note:* The negative revenue generated was due to accounting adjustment.

Other Principal Businesses

Apart from its major businesses in land development, affordable housing sales and infrastructure construction, the Group also generates income from its ancillary businesses including financial leasing and rental income.

The Group's financial lease business is operated by its subsidiary, Taizhou Guorui Financial Leasing Co., Ltd. (泰州國銳融資租賃有限公司) ("**Guorui Financial Leasing**"). As at 30 September 2020, Guorui Financial Leasing had granted loans of approximately RMB346.0 million and its major client include Zhuji Land Environmental Protection Engineering Co., Ltd. (諸暨藍德環保工程有限公司), Xinyu City Land Environmental Protection Technology Co., Ltd. (新余市藍德環保科技有限公司) and Nanning Land Environmental Protection Technology Co., Ltd. (南寧藍德環保科技有限公司).

INSURANCE

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

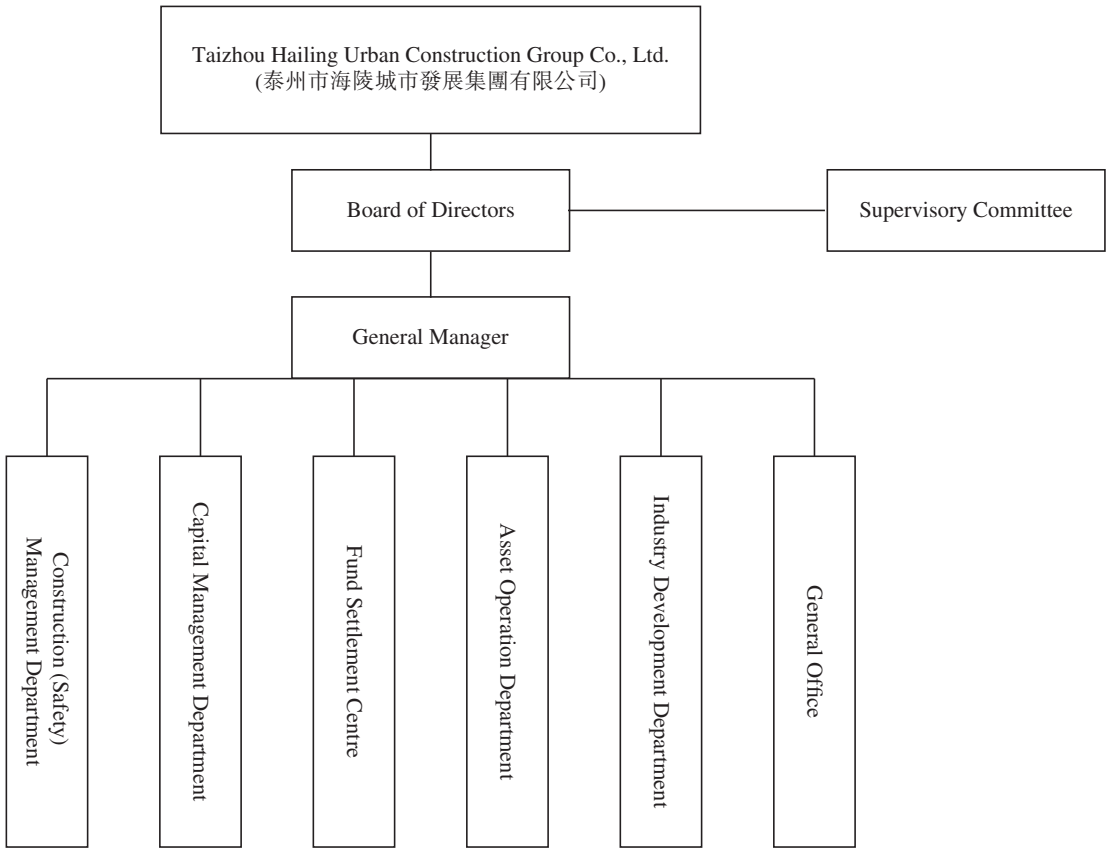
EMPLOYEES

As at 30 September 2020, the Group had approximately 483 employees. The Group believes that its employees are critical to its success and is committed to investing in the development of its employees through continuing education and training, as well as the creation of opportunities for career growth. The Group considers its relationship with its workforce to be good and the Group has not experienced a work stoppage or strike. In accordance with regulations applicable to enterprises and the relevant requirements of various local governments in areas in which the Group operates, the Group makes contributions to the pension contribution plan, employees' medical insurance, unemployment insurance, maternity insurance and workers' compensation injury insurance. 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.

LITIGATION

From time to time, the Group may be involved in legal proceedings or other disputes in the ordinary course of its business. See "*Risk Factors – Risks Relating to the Group's Business – The Group is subject to litigation risks and may face significant liabilities as a result*". As at the date of this Offering Circular, to the best of its knowledge, the Group is not aware of any material legal proceedings, investigations, claims, disputes, penalties or liabilities currently existing or pending against it that may have a material adverse impact on its business, financial condition or results of operations.

The Guarantor has set up a board of directors (the "**Board of Directors**") and a supervisory committee and appointed general managers to oversee the management of the Group. The following chart sets out the simplified organisational structure for the Group as at the date of this Offering Circular:



1. General Office: the General Office primarily assumes the overall daily management responsibility of the Guarantor. It manages internal reporting of information, employee performance, company seal and business license and documents. It is responsible for the Guarantor's legal and human resources affairs.

2. Industry Development Department: the Industry Development Department is in charge of the Guarantor's medium to long term development plans, supervises its subsidiaries' business strategies and is responsible for overseeing the tender and bidding process.

3. Asset Operation Department: the Asset Operation Department is responsible for asset investment and operation plans, fixed assets investment and planning and land management.

4. Fund Settlement Centre: the Fund Settlement Centre is responsible for fund settlement and management and internal audit work.

5. Capital Management Department: the Capital Management Department is responsible for the cost budgeting of its finance projects and implementing finance plans.

6. Construction (Safety) Management Department: the Construction (Safety) Management Department is responsible for project construction and safety management. It sets out safety management measures, implements safety checks and undertakes construction projects entrusted by relevant governmental departments.

BOARD OF DIRECTORS

The table below sets forth the members of the board of directors of the Guarantor as at the date of this Offering Circular:

Name	Age	Position
You Haorun (遊浩潤)	45	Chairman of the Board of Directors
Liu Feng (劉峰)	44	Director and General Manager
Jiang Juan (姜娟)	51	Director and Deputy General Manager
Luo Zhijun (羅志俊)	32	Director and Deputy Head of the Finance Department
Chu Xinyi (儲新易)	31	Director

Mr. You Haorun (遊浩潤), aged 45, is the Chairman of the Board of Directors of the Guarantor. Mr. You graduated from Taizhou Communist Party School with a an associate degree in economic management. Prior to joining the Group, Mr. You served as an officer and the deputy head of Sixiang Land Resources Office, the deputy head of City District Land Resources Office, the responsible person for the Hailing Industrial Park office of Taizhou Land Resources Bureau, the head of Taidong Land Resources office, the responsible person for the Planning Department of Taizhou Land Resources Bureau Hailing Branch, the head of Taizhou Land Resources Bureau No. 1 Land Resources Centre and the deputy head of Taizhou Land Resources Bureau Hailing Branch and Taizhou Land Resources Bureau Agriculture Development District Branch.

Mr. Liu Feng (劉峰), aged 44, is a director and general manager of the Guarantor. Mr. Liu has a bachelor's degree. Prior to joining the Guarantor, Mr. Liu served as an officer, the deputy section chief, the section chief and the deputy head of the Finance Bureau of Hailing District and the deputy head of the district committee of the Hailing District.

Ms. Jiang Juan (姜娟), aged 51, is a director and general manager of the Guarantor. Ms. Jiang has an associate degree. Prior to joining the Guarantor, Ms. Jiang worked in Taizhou Sugar Tobacco and Liquor Company and Taizhou Hailing Real Estate Development Company.

Mr. Luo Zhijun (羅志俊), aged 32, is a director of the Guarantor. Mr. Luo holds a bachelor's degree in materials from Nanjing Forestry University and a bachelor's degree in accounting from Renmin University of China Online Education School. He serves as the head in the finance department of the Guarantor.

Ms. Chu Xinyi (儲新易), aged 31, is a director of the Guarantor. Ms. Chu holds a bachelor's degree. Ms. Chu worked as an assistant to the general manager of the asset department of the Guarantor and an officer in the general office of the Guarantor.

SUPERVISORY COMMITTEE

The table below sets forth the members of the Supervisory Committee of the Guarantor as at the date of this Offering Circular:

Name	Age	Position
Zhang Ying (張瑩)	36	Supervisor
Meng Erliang (孟爾良)	55	Supervisor
Zhang Yong (張勇)	45	Supervisor
Zhu Dan (朱丹)	32	Supervisor
Song Qihua (宋奇華)	50	Supervisor

Ms Zhang Ying (張瑩), aged 36, is a supervisor of the Guarantor. Ms Zhang holds a bachelor's degree. Prior to joining the Guarantor, Ms. Zhang served as the deputy head of the Party Office of Jiangsu Haiyu Construction Engineering Co., Ltd. and the deputy head of the Party Office of Taizhou Haifa Construction Investment Co., Ltd.

Mr Meng Erliang (孟爾良), aged 55, is a supervisor of the Guarantor. Mr. Meng graduated from Jiangsu Communist Party School with an associate degree in business management. Prior to joining the Guarantor, Mr. Meng served as officer in the finance department of Taizhou Fishing Net Factory, an accountant in Taizhou Tianchi Motor Equipment Co., Ltd. and the chief financial officer in Taizhou Jinying Auto Parts Company.

Mr. Zhang Yong (張勇), aged 45, is a supervisor of the Guarantor. Mr. Zhang graduated from Suzhou University with a bachelor's degree in law. Prior to joining the Guarantor, Mr. Zhang worked as an associate in Taizhou Haixin Law Firm, an associate in Jiangsu Huitianyuan Law Firm Taizhou Office and an associate and deputy head in Jiangsu Bihong Law Firm.

Mr. Zhu Dan (朱丹), aged 32, is a supervisor of the Guarantor. Mr. Zhu graduated from Beijing Foreign Language Studies University with a bachelor's degree in accounting. Prior to joining the Guarantor, Mr. Zhu worded as a manager in Taizhou Xinghui Public Accountants LLP and Taizhou Zhiheng Public Accountants LLP.

Ms. Song Qihua (宋奇華), aged 50, is a supervisor of the Guarantor. Mr. Song holds a bachelor's degree in economic management from Central Party School of the Communist Party of China. Prior to joining the Guarantor, Mr. Song served in Taizhou People Printing Factory and Zhong Bai Commercial Shopping Centre.

SENIOR MANAGEMENT

The table sets forth the senior management members of the Guarantor as at the date of this Offering Circular:

Name	Age	Position(s)
You Haorun (游浩潤)	45	Chairman of the Board of Directors
Liu Feng (劉峰)	44	Director and General Manager

For details regarding Mr. You Haorun (游浩潤), see "– *Directors"* above.

For details regarding Mr. Liu Feng (劉峰), see "– *Directors*" above.

DESCRIPTION OF THE LC BANK

The information included below is for information purposes only and is based on, or derived or extracted from, among other sources, publicly available information. The Issuer, the Guarantor and the Company has taken reasonable care in the compilation and reproduction of the information. None of the Issuer, the Guarantor, the Company, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives, advisers or any person who controls any of them has independently verified such information. No representation or warranty, express or implied, is made or given by the Issuer, the Guarantor, the Company, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, agents, representatives, advisers or any person who controls any of them as to the accuracy, completeness or sufficiency of such information. Accordingly, such information should not be unduly relied upon.

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

OVERVIEW

China Zheshang Bank is a national joint-stock commercial bank established on 26 July 2004 with the approval from the China Banking Regulatory Commission (which was renamed the China Banking and Insurance Regulatory Commission in 2018) ("**CBIRC**"). China Zheshang Bank holds a Finance License (No. B0010H133010001) with the approval from the CBIRC.

China Zheshang Bank was listed on the SEHK on 30 March 2016 (stock code: 02016) and on the Shanghai Stock Exchange on 26 November 2019 (stock code: 601916).

As at 30 June 2020, China Zheshang Bank has established 260 branch outlets in 19 provinces (including municipalities) and in Hong Kong. This includes 63 branches (27 of which are tier-one branches), one branch-level specialised institution and 196 sub-branches. In 2018, China Zheshang Bank established its Hong Kong branch, which is its first overseas branch. As a fully licensed bank, the Hong Kong Branch can operate a full range of commercial banking services and is particularly focused on the wholesale business.

China Zheshang Bank has received a number of awards, recognitions and honours for its business performance and management capabilities, including:

- Blockchain Best Practice Award, awarded by Securities Daily;
- Bank of Competitiveness and Brand-Building Excellence, awarded China Business Journal;
- Social Responsibility Star, awarded by The Economic Observer;
- National Commercial Bank Brand Award, awarded by JRJ.com;
- Best Poverty Alleviation Bank of the Year, awarded by Financial Times;
- Best Mobile Banking Interactive Experience Award and Best Smart Financial Platform Award, awarded by China Financial Certification Authority;
- Technology Innovation Bank of the Year, awarded by hexun.com; and
- CGMA 2019 China Award "Best Shared Service Center of the Year", awarded by CGMA (Chartered Global Management Accountant).

PRINCIPAL BUSINESS ACTIVITIES

The principal activities of China Zheshang Bank include corporate and personal deposits, loans and advances, clearing and settlement service, treasury business, and other banking service as approved by the CBIRC. China Zheshang Bank is primarily engaged in the corporate banking business, the investment banking and financial market business, the small enterprise business and the retail banking business.

China Zheshang Bank is focused on developing the platform-based service strategy with the aim of creating a comprehensive "Technology + Finance + Industry + Customer" service platform. This is achieved by innovating a new bank-enterprise cooperation model, integrating banking business and service into corporate production, operation and fund management activities, as well as helping enterprises to activate their assets and resources and from the supply chain, to regulate internal supply and demand and to construct a good supply chain ecosystem.

Corporate Banking Business

Corporate Business

China Zheshang Bank focuses platform-based services and international businesses.

Platform-based Service Bank

China Zheshang Bank relies on its basic business platforms including pooled financing, Yiqiyin (易企銀) and accounts receivable services:

- *Pooled financing platform:* The pooled financing models of "Yongjin" (湧金) series including Bill Pool (票據池), Export Pool (出口池) and Asset Pool (資產池) are collectively referred to as the pooled financing platform. The pooled financing platform integrates asset and liability business, product and service with operation and management, through which China Zheshang Bank provides corporate customers with comprehensive services for various financial assets, including pooling services, custody services, settlement services, value-added services and pledged financing services, enabling corporate customers to pool assets at any time and handle financing business online whenever necessary.

- *Yiqiyin platform:* Yiqiyin (易企銀) platform is an innovative and comprehensive financial service platform through which China Zheshang Bank applies the "Internet + Real-Economy Enterprise + Financial Service" philosophy, and integrates professional technologies such as settlement, credit and financing. Through this platform, China Zheshang Bank also provides a cooperation model between enterprise groups, core supply chain enterprises and internet transaction platform, so as to provide cost-reducing, efficiency-increasing, safe and efficient services for its group members, upstream and downstream enterprises and member units.

- *Accounts receivable chain platform:* The accounts receivable chain platform is an innovative enterprise-bank business cooperation platform developed by utilising cutting-edge financial technologies such as blockchain, through which China Zheshang Bank provides corporate customers with various services such as the issuance, acceptance, confirmation, repayment, transfer, pledge and honoring of blockchain receivables, so as to help corporate customers to reduce liabilities and costs and increase efficiency.

Since 2017 China Zheshang Bank has strengthened the innovative application of financial technology such as blockchain with a focus on the service demands of supply chains and industrial chains. China Zheshang Bank has successively offered creative solutions including Order Connect (訂單通), Manifest Connect (倉單通), Bank-leasing Connect (銀租通), Distribution Connect (分銷通), Instalment Connect (分期通) and a series of creative credit modes to provide enterprises with customised financial services.

International Business

China Zheshang Bank has actively implemented the "six-stability" (ensuring stability in employment, financial operations, foreign trade, foreign investment, domestic investment and expectations), the "six-security" (ensuring security in employment, basic living needs, operations of market entities, food and energy security, stable industrial and supply chains and normal functioning of primary-level governments) and "supporting the real economy" policies. China Zheshang Bank has also strengthened the innovative application of platform-based operation philosophy in foreign trade, and promoted such platform-based service models as Yongjin Export Pool (湧金出口池), Export Pooled Chain Connect (出口池鏈通), Import Pooled Financing Connect (進口池融通), Integrated Foreign Trade Platform Service (外綜平台服務) as well as such big data credit models as Export Exchange Collection Loan (出口收匯貸), Export Financing Easy Loan (出口融易貸) and Export Tax Rebate Loan (出口退税貸), so as to help stabilize foreign trade and supply chain, and increase financial support for the real economy.

China Zheshang Bank has continuously enriched "Zheshang Huiliying (浙商匯利盈)", a product providing agency services for foreign exchange transactions, and continuously optimised "Zheshang Trading Treasure (浙商交易寶)", a multi-functional comprehensive foreign exchange trading platform, and promoted many innovative mechanisms, such as initial security deposit waiver in respect of quality clients to help foreign trade enterprises to respond to exchange rate fluctuation risks effectively.

China Zheshang Bank has promoted capital project businesses such as cross-border investment and financing, cross-border guarantee and centralised operation of cross-border capital, and coordinated domestic and overseas market resources to enable enterprises to expand financing channels, reduce capital costs and secure diversified business growth points.

Investment Banking and Financial Market Business

Leveraging on its unique advantages of being customer-oriented and having familiarity with the market, China Zheshang Bank maintains flexible and innovative service features. China Zheshang Bank closely follows the pace of economic and financial reforms and analyzes the investment and financing needs of the real economy. China Zheshang Bank adapts its financial market, capital market, investment banking, financial institution, asset management and asset custodian businesses, and accelerates its business model innovation based on platform-based service strategies to enhance its comprehensive financial service capabilities.

Financial market business

China Zheshang Bank continues to build a comprehensive FICC trading platform which integrates proprietary investment and financing, proprietary trading and trading agency service. China Zheshang Bank also continues to strengthen its capabilities of innovating cross-border businesses and businesses between markets and asset classes, its abilities to serve customers, and its ability to actively promote business development. China Zheshang Bank is licensed to cover domestic and foreign markets including for fixed income, foreign exchange, precious metals, commodities and other products. China Zheshang Bank also provides relevant agency and commissioned services for customers, such as Bond Trading Connect (債券通), agency in bond bidding, foreign exchange transaction agency (代客外匯), precious metal transaction agency and commissioned interest rate derivatives transaction. China Zheshang Bank is a gold futures market maker and silver futures market maker of the Shanghai Futures Exchange.

In 2019, China Zheshang Bank was granted awards such as "Core Trader of Inter-bank Local Currency Markets (銀行間市場本幣市場核心交易商)", "Excellent Trader of Bond Markets (優秀債券市場交易商)", "Excellent Trader of Currency Markets (優秀貨幣市場交易商)", "Most Potential Member for Spot Market-making in the Inter-bank Foreign Exchange Market (銀行間外匯市場即期最具做市潛力會員)", "Best Spot Member (最佳即期會員)", "Best Foreign Currency Repurchase Member (最佳外幣回購會員)", "Best Institution for Technical Service Support (最佳技術服務支持機構)", Third Prize of Financial Outstanding Member (金融類優秀會員三等獎)", "Best Bidding Trading Member of the Year (年度最佳競價交易會員)", "Best Proprietary Bidding Trading Member of the Year (年度最佳競價交易自營會員)" and "International Business Special Contribution Member of the Year (年度國際業務特別貢獻會員)" of the Shanghai Gold Exchange, as well as the "Excellent Member Silver Award (優秀會員銀獎)", "Market Progress Award (市場進步獎)" and "Gold Industry Service Award (黃金產業服務獎)" of the Shanghai Futures Exchange.

Capital market business

China Zheshang Bank actively focuses on the transformation and upgrading of local industries, deepening the investment cooperation with key emerging industry enterprises and quality backbone enterprises, strengthening support for such major fields as talent bank, intelligent manufacturing and mixed reform of provincial state-owned enterprises, and expanding comprehensive service models. China Zheshang Bank has also developed a market-oriented debt-to-equity swap business. It assists central enterprises, state-owned enterprises, quality private enterprises and their subsidiaries to improve their financial structure by using the central bank's cut reserve fund, special bonds and debt-to-equity funds.

Financial Institutional Business

China Zheshang Bank is focused on the "two most" (being the most competitive nationwide joint-stock commercial bank and Zhejiang's most important financial platform) overall goal and the platform-based service strategy. China Zheshang Bank is emphasising the "going back to basics, deepening transformation, serving the general public and lawful operation" development direction and taking advantage of the channels and platforms by relying on the financial institution customers, with a view to promoting asset sales, fund collection and service output.

Through technological means, including the internet and blockchain, and with the "inter-bank asset pools" as the core carrier, China Zheshang Bank created a "comprehensive service cloud platform accessible to small and medium financial institutions". Relying on the "one-click credit (一鍵式授信)" philosophy, China Zheshang Bank strengthened the "one-stop service" function to provide financial institution customers with a comprehensive financial service solution integrating overall financial asset management, liquidity service, transaction and circulation, and credit enhancement agency, help customers keep a dynamic balance between liquidity and efficiency, ease tensions in inter-bank lending markets, further deepen its services to corporate clients and establish a virtuous cooperation ecosphere for financial institutions. Through its platform-based bill and bill brokerage services, China Zheshang Bank provides corporate customers with the whole process online and whole-market inquiries matching bill services to help customers solve their financing problems.

Asset Management Business

China Zheshang Bank's asset management business is focused on serving customers professionally. It aims to build a professional platform with a higher professional efficiency than its peers that is equipped with cross-market and multi-tool applications in order to provide one-stop solutions to fulfil customers' investment and financing needs. China Zheshang Bank actively adapts to market and policy changes, actively explores and promotes netting transformation, thoroughly implements platform-based service strategies, continuously enriches its product system, makes full efforts to satisfy various investment and financing demands of customers, and strives to build a respected asset management business brand focused on "professional management, customer first, differentiated competition and leading efficiency".

Investment Banking Business

China Zheshang Bank actively implements its platform-based service strategies and continues to improve its market competitiveness and influence through its business model and channel innovation, and maintains a strong development momentum to serve the real economy in a sustainable way.

In respect of its bond underwriting business, China Zheshang Bank underwrites various direct financial instruments such as financial bonds, corporate bonds and asset-backed securities. China Zheshang Bank makes full use of the advantages of its investment banking business to serve the real economy and ranked first in terms of the volume of bond-financing support instrument for private enterprises in the inter-bank market according to the data from WIND.

In respect of its syndicated loan and M&A loan business, China Zheshang Bank proactively developed businesses to provide indirect financing service related to investment banking to its customers.

Asset Custodian Business

China Zheshang Bank's asset custodian business has implemented the platform-based service strategies under the "two most" overall goal and adhered to the comprehensive and coordinated development of efficiency, quality and scale. China Zheshang Bank has continued to enhance marketing efforts for its custodian business to licensed financial institutions including funds, securities, insurance, futures, trusts, urban and rural commercial banks. China Zheshang Bank continues to closely follow market conditions and innovative hotspots with a focus on the public funds custodian business. China Zheshang Bank continues to leverage its custodian business as a platform to connect the asset side with the liability side, whilst integrating various resources to provide various licensed financial institutions with high-quality custodian services with distinctive characteristics, efficient operation and controllable risks.

Small Enterprise Business

China Zheshang Bank is focused on enhancing innovations, advancing the transformation and upgrading of small and micro financial businesses, helping small and micro enterprises with the resumption of work and production and assisting them to overcome difficulties. During the COVID-19 pandemic, China Zheshang Bank was the first in the industry to launch "six measures" to provide financial supports to small and micro enterprises, including increasing credit supply, temporary extension of principal and interest payment, loan renewal, automatic credit enhancement, opening green channels and interest and fee reductions. China Zheshang Bank has also conducted targeted research to adjust and improve its financial services to small and micro enterprises.

China Zheshang Bank is focused on innovation and transformation to expand its customer base. China Zheshang Bank has promoted its supply chain financing business, improved the innovative application of platform-based services and provided better financial services to small and micro enterprises along the upstream and downstream industrial chain for good-quality enterprises. It has also enhanced its the financial services offerings for small and micro enterprises in industrial parks through the flexible use of "Standard Plant Loan" (標準廠房貸) and promotion of comprehensive service model of "head office to head office" (總對總) and "regional head office to regional head office" (區域總對總).

China Zheshang Bank continues to upgrade its online applications to improve its online service capability. In order to satisfy its "One-Off" (最多跑一次) handling requirement, China Zheshang Bank has launched an online real estate mortgage registration service to minimise offline contact.

Retail Banking Business

China Zheshang Bank has persisted in the bank-wide "two most" (兩最) overall strategic objective for the retail banking business. With a focus on customers, China Zheshang Bank has intensified business innovation efforts through its "scenario + verticality + credibility" approach. China Zheshang Bank has also applied innovative financial technologies, established "e-banking" into a comprehensive financial service platform and e-mall platform, continuously improved its customer service capabilities and developed distinctive advantages and new growth drivers to establish itself into a "platform-based wealth management bank".

Personal deposits and loans

China Zheshang Bank supports the reasonable housing demand of residents. In strict compliance with the national macro-control policies, China Zheshang Bank has implemented differentiated a loan management system, developed a personal housing loans business in a stable and healthy manner and intensified management over the intended usage of loans. By developing a consumer loans business through platform-based customer acquisition, online operation and intelligent risk control, China Zheshang Bank has committed to the establishment of "e-banking" as an asset pool platform with a focus on the "asset pool of individuals, family members and friends", and continuous innovation of the "e-banking" platform to improve its customer service capability.

Wealth management

With the goal of establishing itself as a "platform-based wealth management bank" and by consolidating both internal and external resources, China Zheshang Bank has launched many net-value wealth management products, including "Shengxin Win" (升鑫贏), "Juxin Win" (聚鑫贏), "Yongxin Zengli Anxiang" (湧薪增利安享) and "Yongxin Zengli Zunxiang" (湧薪增利尊享). It has also diversified the consigned wealth management products and optimised "Zengjin Smart Investment" (增金智投), a fund portfolio investment service to meet the demand of individual customers for comprehensive financial services.

China Zheshang Bank continues to innovate marketing approaches and leverages upon its diversified and effective socialised marketing and fission marketing model to acquire new customers in order to gradually build up its platform-based, digitalised and socialised innovative marketing ability and customer service capability. China Zheshang Bank has also proactively established a personal customer loyalty management and equity incentive framework based on its "points reward system/e-mall platform" and uses its retailing comprehensive financial service platform to acquire and maintain customers.

Private banking

China Zheshang Bank's private banking business adheres to the philosophy of "passing of wealth and wisdom for sustainable development". China Zheshang Bank continues to develop its core competitiveness and improve its ability to serve customers, manage wealth and allocate assets by improving three main systems, namely product, featured value-added service and professional team. Through the expansion of its exclusive portfolio of investment and wealth management products for private banking customers, China Zheshang Bank strongly promotes its family trusts and insurance trust business to cater for the wealth continuity needs of private banking customers. China Zheshang Bank also makes continuous efforts to develop distinctive value-added services including "airport and highspeed rail 7×24 car pickup", airport VIP lounge and customized activities for ultra-high net worth customers.

Credit card business

Making full use of internet and financial technologies, the credit card business of China Zheshang Bank follows the concept of "platform-based and online" development to gradually form distinctive competitive edges. With continuous efforts in the research and development of credit card products, China Zheshang Bank has diversified its offerings by launching credit card products such as CZBANK Online Card (浙銀在線卡) and CZBANK & Jingdong Co-Branded Credit Card (京東金融聯名卡). Depending on various consumption scenarios and in order to provide comprehensive financial services to customers, China Zheshang Bank has further developed scenario-based instalment services such as optimising existing instalments products for parking spaces, home decoration and MBA tuition fee and launching the "instalments for adding an elevator to an existing home". China Zheshang Bank has continued to improve customer experience and expand its customer base through simplified procedures, automatic approval and batch credit grants. To improve customer retention and brand recognition, China Zheshang Bank makes continuous efforts in developing brand themes, for example, organising a series of events themed "Fun Life" (趣生活) for UnionPay Card holders.

E-finance Channels

Electronic Banking

China Zheshang Bank has formed a complete electronic banking service system consisting of online banking, mobile banking, telephone banking, WeChat banking and self-service banking.

BOARD OF DIRECTORS

As at 30 June 2020, the board of directors of China Zheshang Bank comprised of 15 directors. This includes two executive Directors, namely Mr. Shen Renkang and Mr. Xu Renyan, six non-executive Directors, namely Mr. Huang Zhiming, Mr. Wei Dongliang, Ms. Gao Qinhong, Mr. Hu Tiangao, Mr. Zhu Weiming and Ms. Lou Ting, and seven independent non-executive Directors, namely Mr. Tong Benli, Mr. Yuan Fang, Mr. Dai Deming, Mr. Liu Pak Wai, Mr. Zheng Jindu, Mr. Zhou Zhifang and Mr. Wang Guocai.

SHAREHOLDERS

As at 30 June 2020, China Zheshang Bank had a total of 448,325 shareholders for its ordinary shares, including 448,201 A Shares shareholders and 124 H Shares shareholders. As at 30 June 2020, Zhejiang Provincial Financial Holdings Co., Ltd. held 12.49 per cent. of China Zheshang Bank's shares and was China Zheshang Bank's largest shareholder of ordinary shares.

GENERAL INFORMATION

China Zheshang Bank is domiciled at No. 1788, Hongning Road, Xiaoshan District, Hangzhou, Zhejiang Province, the PRC. Its website address is http://www.czbank.com. Information contained on China Zheshang Bank's website is subject to change from time to time and does not form part of this Offering Circular.

No representation is made by the Issuer, the Guarantor, the Company, the Trustee or any Agent or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them, and none of the Issuer, the Guarantor, the Company, the Trustee or any Agent or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them, take any responsibility for any information contained on China Zheshang Bank's website.

Copies of the latest interim and annual reports of China Zheshang Bank, as well as its public filings, can be downloaded free of charge from the website of the SEHK. Information contained in such filings does not form part of this Offering Circular.

THE PRC LEGAL SYSTEM

The PRC Legal System is based on the Constitution of the PRC (《中華人民共和國憲法》), which was implemented on 4 December 1982 and amended on 12 April 1988, 29 March 1993, 15 March 1999, 14 March 2004 and 11 March 2018, and is made up of written laws, regulations, directives and local laws, laws of Special Administrative Regions and laws resulting from international treaties entered into by the PRC government. In general, PRC court judgments do not constitute legally binding precedents, although they are used for the judicial reference and guidance.

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

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

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

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

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

THE PRC JUDICIAL SYSTEM

Under the PRC Constitution and the Law on Organisation of the People's Courts of the PRC (《人民法院組織法》) (promulgated on 5 July 1979 and respectively amended on 2 September 1983, 2 December 1986, 31 October 2006 and 26 October 2018), the judicial system consists of the Supreme People's Court, the local courts, military courts and other special courts.

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

The courts employ a "second instance as final" appellate system. A party may appeal against a judgment or ruling of a local court to the court at the next higher level. Second judgments or rulings given at the next higher level and the first judgments or rulings given by the Supreme People's Court are final. First judgments or rulings of the Supreme People's Court are also final. If, however, the Supreme People's Court or a court at a higher level finds an error in a legally effective judgment which has been given by any court at a lower level, or the president of a court finds an error in a legally effective judgment which has been given in the court over which he presides, the case may then be retried in accordance with the judicial supervision procedures. The Civil Procedure Law of the PRC (《民事訴訟法》), which was adopted on 9 April 1991 and amended on 28 October 2007, 31 August 2012 and 27 June 2017, respectively, sets forth the criteria for instituting a civil action, the jurisdiction of the courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or ruling. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a jurisdiction where civil actions may be brought, provided that the jurisdiction is either the plaintiff's or the defendant's place of residence, the place of execution or implementation of the contract or the place of the object of the contract. However, such selection cannot violate the stipulations of grade jurisdiction and exclusive jurisdiction in any case.

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

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

LAWS AND REGULATIONS RELATING TO THE GROUP'S BUSINESS

On 2 February 2016, Circular 4 was promulgated by the MOF, MONR, PBOC and CBRC. Pursuant to the Circular 4, (i) Since 1 January 2016, local governments are not allowed to borrow land reserve loans from banking financial institutions and shall reasonably arrange the annual issuance scale and maturity of bonds for the purpose of land reserve within the approved debts limit in light of the revenue from local government funds relating to land reserve and the risk of local government debt; (ii) the land reserve funds shall be mainly used for land reserve expenses such as expropriation, acquisition, preferential purchase, land recovery and pre-development of reserved land before supply; (iii) the contracting party shall strictly perform its contractual obligations and obtain compensation in the amount as agreed in the contract, which shall neither be linked to the income of land transfer nor financing in name of the land involved in the project. Any violations shall be punished in accordance with the Budget Law (《預算法》), the Government Procurement Law (《政府採購法》), the Regulations for Implementation of the Government Procurement Law (《政府採購法實施條例》) and the Administrative Measures of Government Purchase of Services (《政府購買服務管理辦法》).

Pursuant to Circular 91, in addition to obtaining legitimate land rights and interests through standardized land markets, the subjects of PPP projects or other social capital shall not illegally obtain unsupplied land use rights or gain land benefits in a disguised way, participate in land acquisition and storage and early-stage development as the subjects of projects, or borrow unsupplied land for financing. The source of funds for PPP projects shall be from the future earnings and liquidation liabilities but not be linked to the revenue from land transfer.

Pursuant to the Circular 87, local government is prohibited to treat railway, highway, airport, telecommunication, water and electricity gas as well as the infrastructure construction in the fields of education, science and technology, health care, culture, sports, etc. as the government purchase services.

On 1 February 2018, the Notice on Announcement of Fourth Batch of PPP Sample Projects List (Cai Jin [2018] No. 8) (《關於公佈第四批政府和社會資本合作示範項目名單的通知》(財金[2018]8號)) ("**Circular 8**") which was promulgated by the MOF. Pursuant to the Circular 8, the project land shall conform to the general plan and annul plan of land utilization, and shall neither be directly packaged into parcels to supply land nor directly provided to the social capital parties in accordance with the PPP project cooperation agreements.

LAWS AND REGULATIONS RELATING TO ENVIRONMENTAL PROTECTION

Pursuant to the Environmental Protection Law of the PRC (《環境保護法》) (promulgated on 26 December 1989 and amended on 24 April 2014), the Prevention and Control of Atmospheric Pollution Law of the PRC (《大氣污染防治法》) (promulgated on 5 September 1987 and respectively amended on 29 August 1995, 29 April 2000, 29 August 2015 and 26 October 2018), the Prevention and Control of Water Pollution Law of the PRC (《水污染防治法》) (promulgated on 11 May 1984 and respectively amended on 15 May 1996, 28 February 2008 and 27 June 2018), the Law on Prevention and Control of Environmental Pollution of Solid Waste of the PRC (《固體廢物污染環境防治法》) (promulgated on 30 October 1995 and respectively amended on 29 December 2004, 29 June 2013 and 7 November 2016), the Law on Prevention and Control of Soil Pollution of the PRC (《土壤污染防治法》) (promulgated on 31 August 2018), Construction Law of the PRC (《建築法》) (promulgated on 1 November 1997 and respectively amended on 22 April 2011 and 23 April 2019), Environmental Impact Evaluation Law of the PRC (《環境影響評價法》) (promulgated on 28 October 2002 and respectively amended on 2 July 2016 and 29 December 2018) and the Administrative Regulations on Environmental Protection for Construction Projects (《建設項目環境保護管理條例》) (promulgated on 29 November 1998 and amended on 16 July 2017) and the Administrative Measures on the Inspection and Acceptance of the Environmental Protection Work Upon Completion of Construction Projects (《建設項目竣工環境保護驗收管理辦法》) (promulgated on 27 December 2001 and amended on 22 December 2010) and other relevant laws and regulations, a construction enterprise shall adopt measures to control environmental pollution and damage caused by dust, waste gas, sewage, solid waste, noise and vibration at the construction site in accordance with the laws and regulations on environmental protection and work safety.

The PRC implements an environmental impact evaluation system for construction projects. The enterprise that develops the project shall prior to the commencement of construction of the construction project; submit the environmental impact report, environmental impact statement or environmental impact record of the construction project for approval. The competent administrative authorities for environmental protection shall respond and inform the enterprise in writing within 60 days from the date of receipt of the environmental impact report, 30 days from the date of receipt of the environmental impact statement and 15 days from the date of receipt of the environmental impact record, respectively. Supporting facilities for environmental protection required by a construction project shall be designed, constructed and put into operation simultaneously with the main utilities. Upon completion of the main utilities of the construction project, if a trial production is needed, the supporting facilities for environmental protection shall be put into trial operation simultaneously. During the trial production period of the construction project, the enterprise shall oversee the operation of the environmental protection facilities and monitor the environmental impact of the construction project. Upon completion of the construction project, the enterprise shall submit application to the competent administrative authorities for environmental protection for the inspection and acceptance of the environment being protected upon completion of the construction project.

LAWS AND REGULATIONS RELATING TO LABOUR PROTECTION

Labour laws and regulations of the PRC mainly include the Labour Law of the PRC (《勞動法》), promulgated on 5 July 1994, and respectively amended on 27 August 2009 and 29 December 2018, the Labour Contract Law of the PRC (《勞動合同法》), promulgated on 29 June 2007 and amended on 28 December 2012, and the Implementation Regulations for the Labour Contract Law (《勞動合同法實施條例》) promulgated on 18 September 2008. The above-mentioned laws and regulations regulate the labour relationship established between the employers and employees, the formation, performance, termination and amendments of labour contracts, confirm the rights and obligations of both parties to the labour contract and protect the legal interest of the employees.

Pursuant to the Social Insurance Law (《社會保險法》) of the PRC promulgated on 28 October 2010 and amended on 29 December 2018, enterprises shall enter into labour contracts with employees and maintain employees' social insurance in compliance with the law, including basic retirement insurance, basic medical insurance, occupational injury insurance, unemployment insurance and maternity insurance.

In accordance with the requirements of the Regulations for Administration of Housing Provident Fund (《住房公積金管理條例》) promulgated on 3 April 1999, and respectively amended on 24 March 2002 and 23 March 2019, enterprises shall make Housing Provident Fund contributions for their employees timely with sufficient amounts, and the contribution ratio must not be lower than 5% of the average monthly salary of an employee in the previous year.

LAWS AND REGULATIONS ON FISCAL DEBTS OF LOCAL GOVERNMENTS

In accordance with Guidance on Further Strengthening Adjustment of Credit Structure to Promote Fast and Smooth Development of National Economy (Yin Fa [2009] No. 92) (《中國人民銀行、中國銀行業監督管理委員會關於進一步加強信貸結構調整促進國民經濟平穩較快發展的指導意見(銀發[2009]92號)》) issued jointly by the PBOC and the former CBRC in March 2009, local governments are encouraged to establish financing platforms to issue financing instruments such as enterprise bonds and medium-term notes. In order to strengthen the management of financing platforms and effectively prevent fiscal financial risks, Circular 19 and Circular 2881 were separately promulgated in June 2010 and November 2010, respectively. In accordance with Circular 19, all levels of local governments shall clear up the debts of their respective financing platform. In accordance with Circular 2881, indebtedness of local governments will impact financing platform's issuance of enterprise bonds.

On 21 September 2014, State Council released Several Opinions of State Council on Strengthening the Administration of Local Government Debts (Guo Fa [2014] No. 43) (《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**"). Circular 43 aims at regulating financing system of local government and the three channels are presented. In accordance with Circular 43, financing platforms shall no longer serve the fiscal financing functions nor incur new government debts, and new public interest projects of a local government that are not for profit earning, such as infrastructure construction and primary land development, should not be financed by the investment vehicles of the local government in the form of corporate bond issuances. Instead, local governments should finance the development of such public interest projects by issuance of government bonds.

On 26 April 2017, MOF, together with NDRC, PBOC, China Securities Regulatory Commission, CBRC and the Ministry of Justice of the PRC, released the Notice concerning Further Regulation of Local Government Borrowing and Financing Conduct (Cai Yu [2017] No. 50) (《關於進一步規範地方政府舉債融資行為的通知(財預[2017]50號)》) ("**Circular 50**") to emphasise the principles and policies set out in Circular 43 in April 2017. Pursuant to the Circular 50, local governments shall have debts by uniformly adopting the mode of the issuance of local government bonds within the quota approved by the State Council and otherwise local governments and their departments shall not be burdened with any debts by any other means; local governments and their departments shall not require or order enterprises to have debts or have debts in disguise on behalf of the governments by way of documents, minutes and instructions from the leadership.

Public interest projects may be funded by the government through issuing government bonds, since the Budget Law of the PRC (《預算法》) (the "**Budget Law**"), which took effect on 1 January 2015, empowers local governments to issue government bonds, and public interest projects with income generated, such as city infrastructure construction, may be operated independently by social investors or jointly by the government and social investors through the establishment of special purpose companies. Social investors or such special purpose companies shall invest in accordance with market – oriented principles and may be funded by, among other market-oriented approaches, bank loans, enterprise bonds, project revenue bonds and asset-backed securitisation. Social investors or the special purpose companies shall bear the obligation to pay off such debts and the government shall not be liable for any of the social investors' or special purpose companies' debts. Circular 43 also sets forth the general principles of dealing with existing debts of financing platforms. Based on the auditing results of such debts run by the local governments, the existing debts that should be repaid by the local governments shall be identified, reported to State Council for approval, and then included in the budget plan of local governments.

On 11 May 2015, Opinion on the Proper Solution of the Follow-up Financing Issues for Projects under Construction of Financing Platform of Local Governments issued jointly by the Ministry of Finance of the PRC, the PBOC and the former CBRC (Guo Ban Fa [2015] No. 40) (《財政部人民銀行銀監會關於妥善解決地方政府融資平台公司在建項目後續融資問題意見(國辦發[2015]40號)》) ("**Circular 40**") was promulgated by the General Office of the State Council of the PRC. In accordance with Circular 40, local governments at all levels and banking financial institutions shall properly deal with follow-up financing issues for projects under construction of financing platform companies. Projects under construction refer to projects that have started construction upon the completion of examination, approval or filing procedures in accordance with relevant regulations manuscript by competent investment authorities before the date when Circular 43 was promulgated.

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

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

- *Regulate increment financing for projects under construction*. Local governments at all levels shall pay close attention to the increment financing needs which are expected to be given fiscal support for the projects under construction of the financing platform companies, and shall, under the premise of compliance with laws and regulations and standard administration, make overall arrangements for various kinds of capitals such as fiscal capital and social capital and ensure the continuation and completion of projects under construction. For the projects under construction of financing platform companies for which the loan amount in the contracts that have been signed fails to meet the construction needs, if it is suitable for them to adopt government and social capital cooperation mode, they shall prioritise such mode to make up the needs. And if they are in compliance with the relevant state provisions without any other funding sources for construction, but temporarily the government and social capital cooperation mode is not suitable, the increment financing needs shall be incorporated into government budget management and solved through issuing government bonds by local governments as required by laws and relevant regulations.

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

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

SAFE ADMINISTRATION ON THE ISSUANCE OF FOREIGN BONDS

In accordance with the Administrative Measures for Foreign Debt Registration (《外債登記管理辦法》) (the "**Foreign Debt Registration Measures**") and its operating guidelines, issued by the SAFE on 28 April 2013, effective as of 13 May 2013 and amended on 4 May 2015, the Issuer shall complete Foreign Debt Registration in respect of the issue of the Bonds with the local branches of SAFE in accordance with laws and regulations. According to the Operation Guidelines for Administration of Foreign Debt Registration (《外債登記管理操作指引》) promulgated together with the Foreign Debt Registration Measures, the Issuer is required to register the Bonds within 15 business days after the Issue Date and to use its best endeavours to complete such registration in accordance with the Foreign Debt Registration Measures on or before the Registration Deadline. Before such registration of the Bonds is completed, it is uncertain whether the Bonds are enforceable as a matter of PRC law and it may be difficult for Bondholders to recover amounts due from the Issuer, and the Issuer may not be able to remit the proceeds of the offering into the PRC or remit money out of the PRC in order to meet its payment obligations under the Bonds. Pursuant to Article 27(5) of the Foreign Debt Registration Measures, a failure to comply with registration requirements may result in a warning and fine as set forth under Article 48 of the Foreign Exchange Administrative Regulations (《外匯管理條例》) promulgated by the State Council in 2008. However, pursuant to Article 40 of the Foreign Debt Administration Provisional Rules (《外債管理暫行辦法》) promulgated by MOF, NDRC and SAFE, a failure by a domestic entity to register a foreign debt contract will render the contract not legally binding and unenforceable. Under the Terms and Conditions, the Issuer has undertaken to use its best endeavours, and it intends, to complete the registration of the Bonds with SAFE before the Registration Deadline. If the Issuer is unable to complete the registration with the local branches of SAFE, the Issuer may have difficulty in remitting funds offshore to service payments in respect of the Bonds and investors may encounter difficulties in enforcing judgments obtained in the Hong Kong courts with respect to the Bonds and the Trust Deed in the PRC. In such circumstances, the value and secondary market price of the Bonds may also be materially and adversely affected.

On 12 January 2017, the PBOC issued the Circular of the PBOC on Implementing Overall Macro Prudential Management System for Nationwide Cross-border Financing (Yin Fa [2017] No. 9) (《中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知(銀發[2017]9號)》) (the "**Cross-Border Financing Circular**"), which came into effect on the same date. The Cross-Border Financing Circular established a mechanism aimed at regulating cross border financing activities based on the capital or net asset of the borrowing entities using a prudent management principle on a macro nationwide scale.

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

The following summary accurately describes the principal PRC tax consequences of ownership of the Bonds by beneficial owners who, or which, are not residents of mainland China for PRC tax purposes. These beneficial owners are referred to as non-PRC Bondholders in this "Taxation-PRC" section. In considering whether to invest in the Bonds, investors should consult their individual tax 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 ("EIT") and Individual Income Tax ("IIT")

Pursuant to the Enterprise Income Tax Law of the PRC (《企業所得税法》) (the "**EIT Law**"), which took effect on 1 January 2008 and was respectively amended on 24 February 2017 and 29 December 2018, and its implementation regulations and Individual Income Tax Law of the PRC (《個人所得税法》) (the "**IIT Law**"), which was latterly amended on 31 August 2018 and took effective on 1 January 2019, and its implementation regulations, an income tax is imposed on payment of interest by way of withholding in respect of debt securities, issued by PRC enterprises to non-PRC Bondholders, including non-PRC resident enterprises and non-PRC resident individuals. The current rates of such income tax are 10 per cent. for non-PRC resident enterprises and 20 per cent. for non-PRC resident individuals.

Such income tax shall be withheld by the Issuer that is acting as the obligatory withholder and such PRC enterprise shall withhold the tax amount from each payment or payment due. To the extent that the PRC has entered into arrangements relating to the avoidance of double taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of withholding tax, such lower rate may apply to qualified non-PRC resident enterprise Bondholders. The tax so charged on interests paid on the Bonds to non-PRC Bondholders who, or which are residents of Hong Kong (including enterprise holders and individual holders) as defined in the Arrangement will be 7 per cent. of the gross amount of the interest pursuant to the Arrangement and relevant interpretation of the Arrangement formulated by the State Administration of Taxation of China. To enjoy this preferential tax rate of 7 per cent., the Issuer could apply, on behalf of the Bondholders, to the State Administration of Taxation of the PRC for the application of the tax rate of 7 per cent. in accordance with the Arrangement on the interest payable in respect of the Bonds.

Under the EIT Law and its implementation rules, any gains realised on the transfer of the Bonds by holders who are deemed under the EIT Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as income derived from sources within the PRC. Under the EIT Law, a "non-resident enterprise" means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained income derived from sources within the PRC. There remains uncertainty as to whether the gains realised

on the transfer of the Bonds by enterprise holders would be treated as incomes derived from sources within the PRC and be subject to PRC enterprise income tax. In addition, under the IIT Law, any individual who has no domicile and does not live within the territory of the PRC or who has no domicile but has lived within the territory of China for less than 183 days 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, 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.

Value-add Tax ("VAT")

Under Circular on Comprehensively Promoting the Pilot Program of the Collection of Value-added Tax in Lieu of Business Tax (Cai Shui [2016] 36) (《關於全面推開營業税改增值税試點的通知(財税[2016]36號)》) ("**Circular 36**") which introduced a new VAT from 1 May 2016 to replace business tax, VAT is applicable where the entities or individuals provide services within the PRC. The revenues generated from the provision of taxable sale of services by entities and individuals, such as financial services, shall be subject to PRC VAT if the seller or buyer of the services is within PRC. In the event that foreign entities or individuals do not have a business establishment in the PRC, the purchaser of services shall act as the withholding agent. According to the Explanatory Notes to Sale of Services, Intangible Assets and Real Property attached to Circular 36, financial services refer to the business activities of financial and insurance operation, including loan processing services, financial services of direct charges, insurance services and the transfer of financial instruments, and the VAT rate is 6%. Accordingly, the interest and other interest like earnings received by a non-PRC resident Bondholder from the Guarantor will be subject to PRC VAT at the rate of 6% in the event that the Guarantor is required to discharge its obligations under the Guarantee of the Bonds. The Guarantor will be obligated to withhold VAT of 6% and certain surcharges on payments of interest and certain other amounts on the Bonds paid by the Guarantor to Bondholders that are non-resident enterprises or individuals.

HONG KONG

Withholding tax

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

Profits tax

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

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

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

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

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

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

Sums 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 corporation, 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.

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

Stamp duty

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

FATCA

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

SUMMARY OF CERTAIN DIFFERENCES BETWEEN PRC GAAP AND IFRS

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

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.

REVERSAL OF IMPAIRMENT LOSS

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

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.

SUBSCRIPTION AND SALE

The Issuer and the Guarantor have entered into a subscription agreement with the Joint Lead Managers dated 27 January 2021 (the "**Subscription Agreement**"), pursuant to which and subject to certain conditions contained therein, the Issuer and the Guarantor have agreed to sell to the Joint Lead Managers, and the Joint Lead Managers have agreed to, severally but not jointly, subscribe and pay for, or to procure subscribers to subscribe and pay for, the aggregate principal amount of the Bonds indicated in the following table:

	Principal amount of the Bonds to be subscribed
	U.S.$
Zhongtai International Securities Limited	22,000,000
Central Wealth Securities Investment Limited	2,000,000
Guoyuan Capital (Hong Kong) Limited	2,000,000
Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch	2,000,000
Total	28,000,000

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

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

In connection with the offering of the Bonds, the Joint Lead Managers and/or their respective affiliate(s) may act as an investor for its own account and may take up a material portion of the Bonds in the offering and in that capacity may retain, purchase or sell for its own account such securities and any securities of the Issuer and may offer or sell such securities or other investments otherwise than in connection with the offering. Accordingly, references herein to the Bonds being offered should be read as including any offering of the Bonds to the Joint Lead Managers and/or their respective affiliates acting in such capacity. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so. Furthermore, it is possible that only a limited number of investors may subscribe for a significant proportion of the Bonds. If this is the case, liquidity of trading in the Bonds may be constrained (see "*Risk Factors – Risks relating to the Bonds, the Guarantee and the Standby Letter of Credit – An active trading market for the Bonds may not develop*"). 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 ours or our subsidiaries or associates at the same time as the offer and sale of the Bonds or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Bonds to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Bonds).

In connection with the issue of the Bonds, the Stabilising Manager or any person acting on behalf of the Stabilising Manager may, to the extent permitted by applicable laws and directives, over-allot the Bonds or effect transactions with a view to supporting the price of the Bonds at a level higher than that which might otherwise prevail, but in so doing, the Stabilising Manager or any person acting on behalf of the Stabilising Manager shall act as principal and not as agent of the Issuer and the Guarantor and any loss resulting from overallotment and stabilisation will be borne, and any profit arising from them shall be beneficially retained, by the Joint Lead Managers in the manner agreed by them. However, there is no assurance that the Stabilising Manager or any person acting on behalf of the Stabilising Manager will undertake stabilisation action.

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 Guarantor 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 Guarantor or the Joint Lead Managers, in or from any country or jurisdiction, except in circumstances which will result in compliance with all applicable rules and regulations of any such country or jurisdiction and will not impose any obligations on the Issuer, the Guarantor 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 Guarantor in such jurisdiction.

UNITED STATES

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 pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Bonds are being offered and sold outside of the United States in reliance on Regulation S.

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

UNITED KINGDOM

Prohibition of sales to UK Retail Investors

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

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

    (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or

(ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or

(iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA; and

(b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds.

Other regulatory restrictions

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

(i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Bonds other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Bonds would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(ii) 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 FSMA) received by it in connection with the issue or sale of any Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

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

HONG KONG

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

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws 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

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

THE PEOPLE'S REPUBLIC OF CHINA

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

SINGAPORE

Each of the 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 agreed that it has not offered or sold any Bonds or caused such Bonds to be made the subject of an invitation for subscription or purchase, and will not offer or sell such Bonds or cause such Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Bonds, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA, as modified or amended from time to time including by any subsidiary legislation as may be applicable at the relevant time), 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:

(i) 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

(ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

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

(i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

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

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

JAPAN

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

GENERAL INFORMATION

1. **Clearing Systems:** The Bonds have been accepted for clearance through Euroclear and Clearstream. The securities codes for the Bonds are as follows:

   Common Code: 227560673

   ISIN: XS2275606734

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 and the entry into the transaction documents in connection with the Bonds were authorised by resolutions of the Board of Directors of the Issuer on 8 July 2020 and by resolutions of the shareholders of the Issuer on 8 July 2020. The Guarantor has obtained all necessary consents, approvals and authorisations in connection with the provision of the Guarantee and the entry into the transaction documents in connection with the Bonds (including the Deed of Guarantee), which were authorised by resolutions of the Board of Directors of the Guarantor on 18 August 2020.

3. **No Material Adverse Change:** There has been no material adverse change, or any development reasonably likely to involve an adverse change, in the financial or trading position, prospects or results of operations of the Issuer, the Guarantor or Group since 30 September 2020.

4. **Litigation:** None of the Issuer, the Guarantor or any member of the Group is involved in any litigation or arbitration proceedings which could have a material and adverse effect on the condition (financial or other), prospects, results of operations or general affairs of the Issuer, the Guarantor or Group nor is the Issuer or the Guarantor aware that any such proceedings are pending or threatened.

5. **Available Documents:** Copies of the Issuer's Historical Financial Statements will be available for inspection from the Issue Date by any Bondholder at the registered office of the Issuer, being at the date of this Offering Circular at Room 46, No. 50 Fuqian Road, Hailing District, Taizhou City, People's Republic of China. Copies of the Guarantor's Historical Financial Statements will be available for inspection from the Issue Date by any Bondholder at the registered office of the Guarantor, being at the date of this Offering Circular at Building No. 2, No. 3, Fuqian Road, Hailing District, Taizhou, People's Republic of China. For so long as any Bond is outstanding, copies of the Trust Deed, the Deed of Guarantee, the Standby Letter of Credit and the Agency Agreement relating to the Bonds will be available for inspection at all reasonable times during usual business hours (being between 9:00 a.m. to 3:00 p.m. at the principal office of the Trustee, being at the date of this Offering Circular at 20/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong, and at the specified office of the Principal Paying Agent from time to time, in each case following prior written request and proof of holding and identity to the satisfaction of the Trustee or, as the case may be, the Principal Paying Agent.

6. **The Bank's Financial Statements:** Copies of the latest annual reports and interim reports of China Zheshang Bank, as well as its public filings, can be downloaded free of charge from the websites of China Zheshang Bank and the Hong Kong Stock Exchange at http://www.czbank.com/en/and www.hkexnews.hk, respectively. No representation, express or implied, is made by the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them, and none of them takes any responsibility, for the accuracy, completeness or sufficiency of any information available on such website.

7. **Legal Entity Identifier:** The Issuer's Legal Entity Identifier is 300300WK4HOY58WYO522.

8. **Listing:** Application will be made to SEHK 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 2 February 2021.

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The Whole Stockholders of Taizhou Haiminghui TradingCo.,Ltd.

AUDITORS' REPORT

TRAEA(2020) NO.171

Tai Zhou Xingrui Certified Public Accountants Co.,Ltd

Add: Youth Road 25th Tai Zhou

Tell: 0523--86227663

Fax: 0523-86227663

TAIZHOU XINGRUI CERTIFIED PUBLIC ACCOUNTANTS
Youth Road 25th Tai Zhou Tell：0523-86220455、86220477、86224773
Zip code：225300 Fax：0523-86227663

AUDITORS' REPORT

TRAEA(2020) NO.171

The Whole Stockholders of Taizhou Haiminghui TradingCo.,Ltd.:

1.Auditing opinion

We have audited the enclosed financial statements of Taizhou Haiminghui TradingCo.,Ltd. (hereinafter called "the company"), including balancesheet as at 30 September 2020, the related profit statement, the cash flow statement, the changes in owners' equity statement and annotations on the accounting statements as at 30 September 2020 accounting year.

In our opinion, the above-mentioned financial statements of Taizhou Haiminghui TradingCo.,Ltd. Havebeencompiled in accordance with the relevant requirements of the Accounting Standards for Business Enterprises and the Accounting regulations for Business Enterprises issued by the Ministry of Finance of the People's Republic of China and present fairly, in all material respects, thefinancial position of the company from 1 January to 30 September 2020 and the results of operations and cash flows of the company for the year then ended.

2. Form the basis of audit opinion

We conducted our audit in accordance with the Chinese Certified Public Accountants Auditing Standards. The Audit Accountants'

Responsibility for Audit of Financial Statements in the audit report further elaborates on our responsibilities under these standards. Pursuant to the CPA Code of Practices of CPA, we are independent of Taizhou Haiminghui TradingCo.,Ltd. and perform other responsibilities in ethics. The audit standards require us to abide by the Code ofEthics, plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. We believe the audit evidence we have obtained is sufficient and appropriate to provide the basis for our audit opinion.

3.Management and Governance Responsibility for Financial Statements

Taizhou Haiminghui TradingCo.,Ltd. The management is responsible for preparing the financial statements in accordance with the provisions of the Accounting Standards for Business Enterprises so as to achieve a fair presentation and to design, implement and maintain the necessary internal control so as to prevent the financial statements from being caused by fraud or error Material misstatement.

In preparing the financial statements, management is responsible for assessing the going concern capacity of Taizhou Haiminghui TradingCo.,Ltd. disclosing the issues related to going concern and using the going concern assumption unless the management plans to liquidate

Taizhou Haiminghui TradingCo.,Ltd. terminating Operate or have no other realistic choice.

The management is responsible for overseeing the financial reporting process of Taizhou Haiminghui TradingCo.,Ltd..

4.Certified Public Accountants audit responsibility for the financial statements

Our objective is to obtain reasonable assurance as to whether the financial statements as a whole are free from material errors resulting from fraud or misstatement and to issue audit reports that contain audit opinions. Reasonable assurance is a high level of assurance, but there is no guarantee that audits performed in accordance with the auditing standards will always be discoverable on a material misstatement. Misstatements can be caused by fraud or error. Misjudgment is generally considered to be material if it is reasonable to expect misstatements, individually or collectively, that could affect the financial decision-making by the users of the financial statements based on the economic decisions made by the demobilization statements.

In performing the audit in accordance with the auditing standards, we apply professional judgment and maintain professional suspicion. At the same time, we also perform the following tasks:

(1) Identify and assess the risks of material misstatement of the

financial statements due to fraud or error, design and implement audit procedures to address these risks and obtain adequate and appropriate audit evidence as a basis for the publication of audit opinions. As fraud may involve collusion, forgery, omission, misrepresentation or overriding internal control, the risk of not discovering a material misstatement due to fraud is higher than the risk of not discovering a material misstatement resulting from a mistake.

(2)Understand the internal controls related to the audit to design the appropriate audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

(3)Appraise the appropriateness of the accounting policies selected by management and the reasonableness of making accounting estimates and related disclosures.

(4)Conclude on the management's appropriateness to using the going concern assumption. At the same time, based on the audit evidence obtained, it concludes with respect to whether there is any material uncertainty about the material misstatement or the material misstatement of the continuous operation capability of Taizhou Haiminghui Trading Co.,Ltd. If we conclude that there is a significant uncertainty, the auditing standards require us to draw the attention of the users of the report to the relevant disclosures in the financial statements in the audit

report. If the disclosure is inadequate, we should make a unqualified opinion. Our conclusion is based on the information available up to the date of the audit report. However, future events or circumstances may cause Taizhou Haiminghui Trading Co.,Ltd. Can'tbe sustainable.

(5)The overall presentation, structure and content (including disclosure) of the financial statements are reviewed and the financial statements are assessed as to whether the transactions and events are fairly reflected.

We communicated with the governance team on such issues as the scope of the audit of the plan, timing and major audit findings, including communicating the notable deficiencies in internal control that we identified in the audit.

TAIZHOU XINGRUI CERTIFIED PUBLIC ACCOUNTANTS
Youth Road 25th Tai Zhou Tell：0523-86220455、86220477、86224773
Zip code：225300 Fax：0523-86227663

Tai Zhou Xingrui Certified Public Accountants Affairs Co.,Ltd

Republic of China

Tai Zhou, Jiangsu, China

Certified Public Accountants Registered in the People's

CPA: Zhu Lai-ling

CPA: Liu Zhengxiang

Date: Nov 27,2020

The audited entity：Taizhou Haiminghui Trading Co.,Ltd.

The borad of Directors of Taizhou Haiminghui Trading Co.,Ltd.

BALANCE SHEET(Non-financial enterprise)
for the year ended Sep.30,2020

MONETARY UNIT: RMB

ITEMS	CURRENT YEAR CUMULATUVE	LAST YEAR CUMULATUVE
CURRENT ASSETS		
cash	18,970,785.88	5,009,336.42
Short-term investments		
Notes receivable	11,719,935.99	832,571.99
Dividends receivable		
Interest receivable		
Accounts receivable	12,883,088.23	4,052,053.39
Other receivable	564,065,493.71	102,901.00
Advanced to suppliers	12,008,664.77	15,167,861.07
Subsidy receivable		
Inventories	17,959,766.21	2,710,230.09
Prepaied expenses		
Long-term debt investment within one year		
Other current assets		
TOTAL CURRENT ASSETS	637,607,734	27,874,953.96
LONG-TERM INVESTMENTS		
Long-term equity investments	100,000.00	
LONG-TERM DEBT INVESTMENTS		
Equity investment difference		
TOTAL LONG-TERM INVESTMENTS	100,000.00	
FIXED ASSETS		
Fixed assets original cost		
Less:Accumulated depreciation		
Fixed assets- -net value	269,017.39	27,256.63
Less:Fixed assets impairn		
Fixed assets- -net book value	269,017.39	27,256.63
Construction supplies		
Construction in process		
Fixed assets pending disposal		
TOTAL FIXED ASSETS	269,017.39	27,256.63
INTANGIBLE ASSETS AND OTHERS		
Intangibel assets		
Long-term prepaid assets		
Other long -term assets		
Including:Exchange loss to be written off		
TOTAL INTANGIBLE&.OTHER ASSETS	269,017.39	27,256.63
Deferred taxes		
Deferred taxe debi		
TOTAL ASSETS	637,976,752.18	27,902,210.59

税务师事务所有限公司 附件专用章

The borad of Directors of Taizhou Haiminghui Trading Co.,Ltd.

BALANCE SHEET(Non-financial enterprise)
for the year ended Sep.30,2020

MONETARY UNIT: RMB

ITMES	CURRENT YEAR CUMULATUVE	LAST YEAR CUMULATUVE
CURRENT LIABILITIES		
Short-term loans	20,000,000.00	-
Notes payable		
Accounts payable	7,831,693.78	2,183,378.75
Accounts advanced from customers		
Accrued payroll	19,678,697.94	10,402,528.54
Welfare benefits payable	-	1,206.00
Dividends payable		
Taxes payable	-2,132,820.93	-323,349.66
Other levies payable		
Other payables	2,706,660.80	838.50
Accrued expenses		
Provisions for foreseeable liabilities		
Deferred revenue		
Long-term liabilities maturing within one year		
Other current liabilities		
TOTAL CURRENT LIABILITIES	48,084,2[illegible]	12,264,602.13
LONG-TERM LIABILITIES		
Long-trem loans	20,000,000.00	-
Debentures payable		
Payables due after one year		
Government grants payable		
Other long-term payables	281,624.76	
Including:Exchange loss to be charged		
TOTAL LONG-TERM LIABILITIES		
Deferred taxes		
Deferred taxes credits		
Other non current liabilities	-65,921.75	-
Total Non-current Liabilities	20,215,703.01	-
TOTAL LIABILITIES	68,299,934.60	12,264,602.13
Minority interest		
OWNERS'(OWNER'S)/SHAREHOLDERS EQUITY		
Registered capital	569,600,000.00	15,600,000.00
Chinese investment(not-RMB balance amount at the end of this	569,600,000.00	15,600,000.00
Foreign investment(not-RMB balance at the end of this period		
Less:Returned investment		
Registered capital--net book value	569,600,000.00	15,600,000.00
Capital surplus		
Surplus reserve		
Including:Statutory accumulation reserve		
statutory welfare reserve		
discretionary accumulation		
Reserved funds		
Enterprise expension funds		
Profits capitalised on return of return of investment loss		
Annual profits		
Uncertained investained investment loss		
Undistributed profit	76,817.58	37,608.46
Current exchange difference		
TOTAL OWNERS' EQUIT	569,676,817.58	15,637,608.46
TOTAL LIABILITIES&.OWNERS EQUIT	637,976,752.18	27,902,210.59

The borad of Directors of Taizhou Haimirghui Trading Co.,Ltd.

INCOME STATEMENT(Non-financial enterprise)

for the year ended Sep.30,2020

MONETARY UNIT: RMB

ITEMS	CURRENT YEAR CUMULATUVE	LAST YEAR CUMULATUVE
I.SALES OF MAIN OPERATOIN	197,057,580.29	440,886.88
Including: Export sales		
less:Rebate and discoun		
Including: Export products (goods) Cost of sale		
Principal place of business taxes and surcharges		
NET SALES	197,057,580.29	440,886.88
Less:cost of main operations	194,962,893.07	425,001.12
Including: Cost of export sales		
Sales tax and additions	61,283.29	116.30
GROSS PROFIT	2,033,404.02	15,769.46
Add: Income from other operation		
Less: Selling expenses	31,299.06	1,400.00
General and administrative expenses	1,994,673.18	[illegible]
Financial expenses	-38,503.49	[illegible]
Including: interest expense(less interest income)		
Exchange loss(less exchang gain)		
OPERATING INCOME	45,935.27	4,936.35
Add: Investment income(Loss expressed with "-")	-	
Subsidiary revenue		
Non-operating income	-	3,283.36
Less:Non-operating expenses		
INCOME BEFORE TAX(LOSS EXPRESSED WITH"-")	45,935.27	8,219.71
Less:Income tax	6,667.35	-
Minority interest		
Uncertained investment loss		
NET INCOME(LOSS EXPRESSED WITH "-")	39,267.92	8,219.71
Add: Undistributed profits at beginning		
Other turned in		
PROFIT AVAILABLE FOR DISTUBUTION	39,267.92	8,219.71

The borad of Directors of Taizhou Haiminghui Trading Co.,Ltd.

CASH FLOW STATEMENT
for the year ended Sep.30,2020

MONETARY UNIT: RMB

ITEMS	CURRENT YEAR CUMULATUVE	LAST YEAR CUMULATUVE
CASH FLOWS FORM OPERATING ACTIVITIES		
Cash received from sale of goods or rendering of services	212,187,707.65	262,354.00
Refund of tax and levies		
Other cash received relating to operating activities	2,705,822.30	3,283.36
Sub-total of cash inflows	214,893,529.95	265,637.36
Cash paid for goods and services	228,710,655.03	7,524,628.04
Cash paid to and on behalf of employees	512,209.31	30.00
Payments off types of taxes	144,041.45	116.30
Other cash paid relating to operating activities	565,212,509.05	106,987.47
Sub-total of cash outflows	794,579,414.84	7,631,761.81
Net cash flows from operating activities	-579,685,884.89	-7,366,124.45
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received from disposal of investments		
Cash received from returns on investments		
Net cash received from disposal of fixed assets,intangible assets and other long-term assets		
Other cash received relating to investing activities		
Sub-total of cash inflows	-	
Cash paid to acquire fixed assets,intangible assets and other	252,665.65	-
Cash paid to acquire investments	100,000.00	-
Other cash payments relating to investing activities		
Sub-total of cash outflows	352,665.65	-
Net cash flows from investing activities	-352,665.65	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from capital contribution	554,000,000.00	10,000,000.00
Cash reveived from borrowings	40,000,000.00	-
Other cash payments relating to financing activities	-	-
Sub-total of cash inflows	594,000,000.00	10,000,000.00
Cash repayments of amounts borrowed		
Cash payments for interest expenses and distribution of dicidends or profit		
Other cash payments relating to financing activities		
Sub-total of cash outflows		
Net cash flows froms from financing activities	594,000,000.00	10,000,000.00
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH		
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	13,961,449.46	2,633,875.55

The borad of Directors of Taizhou Haiminghui Trading Co.,Ltd.

CASH FLOW STATEMENT
for the year ended Sep.30,2020

MONETARY UNIT: RMB

ITMES	CURRENT YEAR CUMULATUVE	LAST YEAR CUMULATUVE
Reconciliation of net profit/(loss) to cash flows from operating activities		
Net profit	39,267.92	8,219.71
Add:Provsion for asset impairment		
Depreciation of fixed assets	10,904.89	-
Amortisation of intangible assets		
Amortisation of Long-trem prepaid expenses		
Decrease in prepaid expenses(deduct:increase)		
Increase in accraed expenses(deduct:decrease)		
Losses on disposal of fixed assets and other long-assets(deduct:gains)		
Losses on disposal of fixed assets		
Financial expenses		
Losses arising from investments(deduct:gsains)		
Deferred tax credit(deduct:debit)		
Decrease in inventories(deduce:increase)	-15,249,536.12	-108,936.87
Decrease in operating receivables(deduct:increase)	-580,521,795.25	-7,406,954.26
Increare in operating payables(deduct:decrease)	15,819,629.46	141,546.97
Others	215,644.21	-
Net cash flows from from operating activities	-579,685,884.89	-7,366,124.45
Investing and financing activities that do not involve cash receipts and payments		
Conversion of debt into captical		
Reclassification of convertible bonds expiring within one year as current liability		
Fixed assets acquired under finance leases		
Net-increase/(decrease) in cash and cash equivalents		
Cash at end of year	18,970,785.88	2,633,875.55
Less:cash at beginning of year	5,009,336.42	-
Plus:Cash equivalents at end of year		
Less:Cash equivacents at beginning of year		
Net increase (decrease) incash and cash equivalents	13,961,449.46	2,633,875.55

泰州兴瑞会计师事务所有限公司 附件专用章

The borad of Directors of Taizhou Haiminghui Trading Co.,Ltd.

Statement of Changes in Owners' Equity

for the year ended Sep.30.2020

MONETARY UNIT: RMB

ITEMS	The amount of current year							The amount of prior year						
	Registered capital(or stock)	Capital surplus	Less: Treasury stock	Other comprehensive income	Surplus reserve	Undistributed profit	Total owner's equit	Registered capital(or stock)	Capital surplus	Less: Treasury stock	Other comprehensive	Surplus reserve	Undistributed profit	Total owner's equit
Closing balance of prior year	15,600,000.00	-	-	-	-	37,608.46	15,637,608.46	-	-	-	-	-	-	-
Add: Accounting policy changes							-							-
Prior errors' correction							-							-
Balance at the beginning of current year	15,600,000.00	-	-	-	-	37,608.46	15,637,608.46	-	-	-	-	-	-	-
Increases/ decreases in current year (fill "-" for decreases)	554,000,000.00	-	-	-	-	39,209.12	554,039,209.12	15,600,000.00	-	-	-	-	37,608.46	15,637,608.46
Total comprehensive income							-							-
Capital contributed by owners and capital decreases	554,000,000.00	-	-	-	-	-	554,000,000.00	15,600,000.00	-	-	-	-	-	15,600,000.00
1.Common stocks invested by owners	554,000,000.00						554,000,000.00	15,600,000.00						15,600,000.00
2.The amount of share-based payments recorded in owners' equity							-							-
3.Others							-							-
Profit distribution	-	-	-	-	-	39,209.12	39,209.12	-	-	-	-	-	37,608.46	37,608.46
1.Appropriation of surplus reserve							-							-
2.Profit distributed to owners (or stockholders)							-							-
3.Others						39,209.12	39,209.12						37,608.46	37,608.46
Transfers within the owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.Capital (or stock) transferred from capital							-							-
2.Capital (or stock) transferred from surplus							-							-
3.Recovery of losses by surplus reserve							-							-
4.Others							-							-
Balance at the end of current	569,600,000.00	-	-	-	-	76,817.58	569,676,817.58	15,600,000.00	-	-	-	-	37,608.46	15,637,608.46

TAIZHOU XINGRUI CERTIFIED PUBLIC ACCOUNTANTS
Youth Road 25th Tai Zhou Tell: 0523-86220455、86220477、86224773
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Appendix II

Taizhou Haiminghui TradingCo.,Ltd.

Annotations on

泰州兴瑞会计师事务所有限公司 附件专用章

Accounting Statements as at 30 September 2020

1. Company status:

Taizhou Haiminghui TradingCo.,Ltd. was limited company jointly invested by Taizhou Huitai Construction Development Co., Ltd.、Taizhou Gangyang Industrial Park Development Co., Ltd.、Taizhou Sucheng Investment Development Co., Ltd. and Taizhou Haotian New Energy Industry Development Co., Ltd.,the registered capital 583million, the company on August 20, 2020 received Taizhou Hailing District administrative examination and approval Bureau issued a business license, Unified social credit code: 91321202MA1YHLHF0E.

The original place of registration: No.14-1 Dongfeng North Road, Hailing District, Taizhou City.

The original legal representative: Xia Wei.

Company Business:daily necessities, handicrafts, household appliances, sporting goods, electronic products, metal materials, metal products, fruits, refrigeration equipment, rubber and plastic products, glass products, needle textiles, leather products, bags, clothing, shoes and hats, cosmetics, office supplies, computers, software and auxiliary

equipment, hardware products, sanitary ware, general labor protection products, electricity Sales of cable, anti-corrosion and waterproof materials, building materials (not warehousing), decoration materials (excluding paint), pipe materials; production and installation of metal doors and windows, food business (Sales) (according to the items listed in the food business license); retail of cigarettes and cigars; installation and maintenance of household appliances, refrigeration equipment and heating equipment; general business information consultation; enterprise management Consultation. (for projects that need to be approved according to law, business activities can only be carried out after being approved by relevant departments)

Licensed projects: import and export of goods; import and export of technology; various engineering construction activities (for projects that need to be approved according to law, business activities can only be carried out after the approval of relevant departments, and the specific business projects shall be subject to the approval results)

General items: auto parts retail; new car sales; auto parts wholesale; crop cultivation services; fruit planting; grain planting; beans planting; oil planting; potato planting; cotton planting; hemp planting (excluding hemp); sugar crops planting; vegetable planting; edible fungi planting; spice crops planting; domestic trade agency (except for legal

requirements) Except for the approved projects, the business activities shall be carried out independently with the business licen

泰州兴瑞会计师事务所有限公司
内外专用章

2. Significant Accounting Policies

(1) Accounting Policies implemented by the company:

The company implements the Accounting Standards for Business Enterprises issued by MOFof PRC.

(2) Accounting period:

The accounting period of the company is from 1st January to 31st December, in the Gregorian calendar.

(3) Basis of preparation and measurement

The financial statements of the company have been prepared on an accrual basis. Unless otherwise stated, the measurement basis used is historical cost.

(4) Reporting standard money and conversion method for foreign currency.

The reporting standard money is RMB. Foreign currency transactions are translated into RMB at the exchange rates quoted by the People's Bank of China the day on which the transaction takes place. The balances of ending foreign currency monetary assets and the liability account denominated in foreign currencies, to be translated into RMB at the exchange rates quoted by the People's Bank of China, are ruled at the

balance sheet date.

(5) Accounting method for the loss ofbad debts

Accounting method for the loss of bad debts adoptsallowance for bad debts. Provision is withheld at the rate of 5% of the balance of the account receivable at the end of the year.

Bad debt losses are accounted for using the allowance method. At the end of the year, the amount of provision for bad debts is determined by the management according to the recoverability of the receivables.

(6) Inventories

① Inventoriesinclude goodsinstock, packaging and low value consumables, etc.

② Using theactual costmethodof inventoryaccounting,whenthe actual costof raw materialstoobtain. Stockissuedby the weightedaverage method.Consumablesaccounted forone-off basiswhenrecipients.

③Recognitionstandard and accrual method of inventory depreciation reserve:at the end of the period, the Company adopts the lower of cost and net realizable value. When the cost is lower than the net realizable value, the provision for inventory depreciation is made according to the difference between them.For the large quantity and low price of inventory, the inventory depreciation reserve shall be accrued according to the inventory category. Net realizable value is determined by the estimated

selling price of inventories minus the estimated costs to be incurred at the time of completion, the estimated selling expenses and the relevant taxes and charges.

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[illegible]件专用章

④Company inventory with perpetual inventory system.

(7) Accounting method for fixed assets

Fixed assets, according to the actual cost.

Fixed assetsestimated useful lives, residual rateand annual depreciationrates were:

Item	Depreciation life(year)	Residuals rate(%)	Depreciation rate (%)
Plant and buildings	20	5	4.75
Electronic equipment	3	5	31.67
Machineryand equipment	10	5	9.50
Transport machine	5	5	19.00
Appliances and other tools	5	5	19.00

(8)Construction in progress

Construction in progressfor the constructionor repairof fixedassetscarried outtheconstructionand installationworks, includingfixed assets,actual expendituresnew construction,renovation and expansion project, engineeringoverhauloccurred, as well asexpansionprojectstransferred tofixed assetsnet. Interest on borrowingsandotherrelated coststothe borrowerworkscarried outoccurredbeforethe fixedassets reachtheir intended useare recorded tocost of construction. Whenthe construction reachesits intended useas ade factoacknowledgmentof fixed assets.

(9)Accounting method for intangible assets

Measurement of intangible assets: Intangible assets are measured at actual cost when acquired by. Purchased intangible assets, the actual purchase price of the actual cost; invested into intangible assets, (for the first time offering to accept invested into intangible assets by value investing parties acknowledged the actual cost, according to the invisible the book value of the assets in the investment side of the actual cost); self-developed intangible asset and shall apply for the proceedings, the registration fee occurs when you press the legally obtained, lawyer fees, the actual cost of intangible assets; the company purchased land use rights, or to pay for the land use rights acquired land transfer, according to the actual payment of the actual cost.

Amortization of intangible assets: Intangible assets three years effective from the month of acquisition according to the estimated useful life, contracted beneficial period and the law in the shortest are amortized through profit or loss. If there is no contract and the law, not to exceed 10 years amortization period.

(10)Revenue recognition

Revenue from selling goodsmeet the followingconditionswill be confirmed:

① the enterprischastransferredthe significant risks

andrewardsofownership of the goodsto the buyer;

②the enterprise retains neithernormallyassociated with ownershipof thecontinuous management right, norhadeffective control over the goods sold;

③Amountof revenue can bemeasured reliably;

④the relevant economicbenefits are likely toflow to the enterprise;

⑤costshave beenincurred orto be incurredcan be measuredreliably.

The right to usethe incomefrom transferring assetsto beacquiredwhen the followingconditions areconfirmed: A, the economic benefitsassociated with the transactionwill flow tothe enterprise; B, the relevantrevenue and costs canbe measured reliably.

(11)Tax

Main tax items of the company

Tax item	Tax rate (%)
Income tax	25
Value added tax	13

3. Items of Accounting statements and explanation(unit: RMBYuan)

(1) Currency assets

Item	Balance at EOY	Balance at BOY
Cash in bank	18, 970, 785. 88	5, 009, 336. 42
Total	18, 970, 785. 88	5, 009, 336. 42

(2)Notes receivable

Item	Balance at EOY	Balance at BOY
Bank acceptance bill	11, 719, 935. 99	
Total	11, 719, 935. 99	

专用章

(3)Account receivables

①Age structure

Age structure	Balance at EOY		Balance at BOY	
	Book balance	Rate	Book balance	Rate
Within 1 year (including 1 year)	12, 883, 088. 23	100. 00%	4, 052, 053. 39	100. 00%
Total	12, 883, 088. 23	100. 00%	4, 052, 053. 39	100. 00%

②The main relative parties are as follows

Name of the unit	Book balance	Aging
Taizhou daoen Trading Co., Ltd.	7, 474, 014. 41	Within 1 year
Jiangsu baichi Construction Co., Ltd.	2, 760, 605. 87	Within 1 year
JiangsujianghaihangxiaoGreen Building Technology Co., Ltd.	1, 736, 676. 67	Within 1 year
Taizhou Hailing Feipeng material Trade Co., Ltd.	421, 166. 58	Within 1 year

(4) Advanced to suppliers

①Age structure

Age structure	Balance at EOY		Balance at BOY	
	Book balance	Rate	Book balance	Rate
Within 1 year (including 1 year)	12, 008, 664. 77	100. 00%	15, 167, 861. 07	100. 00%
Total	12, 008, 664. 77	100. 00%	15, 167, 861. 07	100. 00%

②The main relative parties are as follows

Name of the unit	Book balance	Aging
Yunnan Kato Trading Co., Ltd.	7,000,000.00	Within 1 year
Pu'er Runyuan Agriculture Co., Ltd.	2,250,000.00	Within 1 year
Taizhou Haitong Energy Saving Technology Co., Ltd.	2,038,520.00	Within 1 year
Taizhou Borui Intelligent Engineering Co., Ltd.	612,073.00	Within 1 year

(5)Other receivables

①Age structure

Age structure	Balance at EOY		Balance at BOY	
	Book balance	Rate	Book	Rate
Within 1 year (including 1 year)	564,065,493.71	100.00%	102,901.00	100.00%
Total	564,065,493.71	100.00%	102,901.00	100.00%

②The main relative parties are as follows

Name of the unit	Book balance	Aging
Taizhou Hailing City Development Group Co.,	563,521,370.00563,521,370.00	Within 1 year
Taizhou Newco Trading Co., Ltd.	400,000.00	Within 1 year

(6) Inventories

Item	Balance at EOY	Balance at BOY
Goods in stock	17,950,197.40	2,707,226.76
Packaging	9,568.81	3,003.33
Total	17,959,766.21	2,710,230.09

(7) Long term equity investment

Item	Balance at EOY	Provision for impairment	Value at EOY
Long term equity investment under equity method	100,000.00	0.00	100,000.00
Total	100,000.00	0.00	100,000.00

(8)Fixed assets and accumulated depreciation

①The original value of fixed assets

Item	Balance at BOY	Add this year	Less this year	Balance at EOY
Electronic equipment	0.00	36,962.64	0.00	36,962.64
Transport machine	0.00	215,703.01	0.00	215,703.01
Electronicequipment and other	27,256.63	0.00	0.00	27,256.63
Total	27,256.63	252,665.65	0.00	279,922.28

附件专用章

②Accumulated depreciation

Item	Balance at BOY	Add this year	Less this year	Balance at
Electronic equipment	0.00	3,605.62	0.00	3,605.62
Transport machine	0.00	3,415.23	0.00	3,415.23
Electronicequipment and other	0.00	3,884.04	0.00	3,884.04
Total	0.00	10,904.89	0.00	10,904.89

③Net value of fixed assets

Item	Balance at BOY	Add this year	Less this year	Balance at EOY
Electronic	0.00	36,962.64	3,605.62	33,357.02
Transport machine	0.00	215,703.01	3,415.23	212,287.78
Electronic quipment and other	27,256.63	0.00	3,884.04	23,372.59
Total	27,256.63	252,665.65	10,904.89	269,017.39

(9) Short term loan

Item	Balance at EOY	Balance at BOY
Bank of Beijing Co., Ltd.	10,000,000.00	0.00
Bank of Jiangsu Co., Ltd.	10,000,000.00	0.00
Total	20,000,000.00	0.00

(10)Accounts payable

①Age structure

Age structure	Balance at EOY		Balance at BOY	
	Book balance	Rate	Book balance	Rate
Within 1 year (including 1 year)	7, 831, 693. 78	100. 00%	2, 183, 378. 75	100. 00%
Total	7, 831, 693. 78	100. 00%	2, 183, 378. 75	100. 00%

②The main relative parties are as follows

Name of the unit	Book balance	Aging
Mingyi Industrial Co., Ltd.	7, 792, 176. 60	Within 1 year
Wuxi jindonghao Cable Co., Ltd.	28, 344. 00	Within 1 year

(11)Accounts received in advance

①Age structure

Age structure	Balance at EOY		Balance at BOY	
	Book balance	Rate	Book balance	Rate
Within 1 year (including 1 year)	19, 678, 697. 94	100. 00%	10, 402, 528. 54	100. 00%
Total	19, 678, 697. 94	100. 00%	10, 402, 528. 54	100. 00%

②The main relative parties are as follows

Name of the unit	Book balance	Aging
Zhangjiagang Free Trade Zone Yongsheng International Trade Co., Ltd.	7, 148, 924. 68	Within 1 year
Jiangsu xinmeide Investment Co., Ltd.	5, 949, 723. 00	Within 1 year
Shanghai mailong Trading Co., Ltd.	3, 910, 000. 00	Within 1 year
Shanghai parallel Automobile Trade Co., Ltd.	1, 543, 800. 00	Within 1 year

(12)Employee benefits payable

Item	Balance at BOY	Add this year	Less this year	Balance at EOY
Payroll to workers	0.00	356,470.00	356,470.00	0.00
Basic endowment insurance	720.00	6,275.84	6,995.84	0.00
Basic medical insurance	405.00	7,256.44	7,661.44	0.00
Unemployment insurance	22.50	196.12	218.62	0.00
Employment injury insurance	22.50	196.12	218.62	0.00
Housing Provident Fund	0.00	13035.00	13035.00	0.00
Supplementary medical insurance	36.00	941.37	977.37	0.00
Total	1,206.00	384,370.89	385,576.89	0.00

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(13)Unpaid tax

Item	Balance at BOY	Add this year	Less this year	Balance at EOY
VAT payable	0.00	74,522.50	74,522.50	0.00
Urban construction tax	-324,918.06	25,572,356.80	27,380,259.67	-2,132,820.93
Corporate income tax	1,568.40	0.00	1,568.40	0.00
Total	-323,349.66	25,646,879.30	27,456,350.57	-2,132,820.93

(14) Other accounts payable

①Age structure

Age structure	Balance at EOY		Balance at BOY	
	Book balance	Rate	Book balance	Rate
Within 1 year (including 1 year)	2,706,660.80	100.00%	838.50	100.00%
Total	2,706,660.80	100.00%	838.50	100.00%

The audited entity: Taizhou Haiminghui Trading Co.,Ltd.

⑤The main relative parties are as follows

Name of the unit	Book balance	
Taizhou Hailing Feipeng material Trade Co., Ltd.	500,000.00	Within 1 year

(15)Lhort term loan

Item	Balance at EOY	Balance at BOY
Hua Xia Bank Co., Ltd.	20,000,000.00	0.00
Total	20,000,000.00	0.00

(16)Long term accounts payable

Item	Balance at EOY	Balance at BOY
Financial leasing fixed assets-car	281,624.76	0.00
Total	281,624.76	0.00

(17)Paid-in capital

Investor name	Balance at BOY		Balance at EOY	
	Investment amount	Rate	Investment amount	Rate
Taizhou Huitai Construction Development Co., Ltd.	10,200,000.00	65.38%	566,600,000.00	99.49%
Taizhou Gangyang Industrial Park Development Co., Ltd.	1,000,000.00	6.41%	1,000,000.00	0.17%
Taizhou Suchong nvestment Development Co.,	500,000.00	3.21%	1,000,000.00	0.17%
Taizhou Haotian New Energy ndustry Development Co., Ltd.	500,000.00	3.21%	1,000,000.00	0.17%
Taizhou Haitong Asset Management Co., Ltd.	3,400,000.00	21.79%	0.00	0.00%
Total	15,600,000.00	100.00%	569,600,000.00	100.00

Note:

Taizhou Fangcheng Certified Public Accountants (general partnership)

The audited entity: Taizhou Haimenghui Trading Co.,Ltd.

issued the capital verification report of fchyz (2020) A-024 on July 8, 2020. After the change, the cumulative amount of monetary contribution of all shareholders totaled RMB 56,910,000.00 yuan.

泰州兴瑞会计师事务所有限公司
附件专用章

Your company recorded the investment amount of 500,000.00 yuan from Taizhou Haotian New Energy Industry Development Co., Ltd. on July2020 and bookkeeping voucher No.23.

(18)Undistributed Profit

Item	The current year's amount	The amount of the previous
Net profit	39, 267. 92	37, 608. 46
Plus:undistributed profit at the beginning of the year	37, 608. 46	0. 00
other into	0. 00	0. 00
Minus: other transfer out	58. 80	0. 00
For the distribution of profits	76, 817. 58	37, 608. 46
Minus:appropriation of statutory surplus reserve	0. 00	0. 00
extract any surplus reserve	0. 00	0. 00
Profit distributable to investors	76, 817. 58	37, 608. 46
Minus:profit payable	0. 00	0. 00
Undistributed profits	76, 817. 58	37, 608. 46

(19) Sales revenue of main operation/Cost of main operation

Item	Amount of current year		Amount of last year	
	Income	Cost	Income	Cost
Subtotal of main business	197, 357, 580. 29	194, 962, 893. 07	440, 886. 88	425, 00:. 12
Total	197, 357, 580. 29	194, 962, 893. 07	440, 886. 88	425, 00:. 12

The audited entity: Taizhou Haiminghui Trading Co.,Ltd.

(20) The main business tax and surcharges

Item	Amount of current year	Amount of last year
Urban construction tax	3,345.07	0.00
Education surcharges	2,389.33	0.00
Stamp duty	55,548.80	116.30
Total	61,283.20	116.30

泰州兴瑞会计师事务所有限公司
附件专用章

(21)Selling expenses

Item	Amount of current year	Amount of last year
Transportation costs	7,872.57	1,000.00
Advertising expenses	10,939.14	0.00
Others	12,487.35	400.00
Total	31,299.06	1,400.00

(22)Administrative expenses

Item	Amount of current year	Amount of last year
Wages	421,770.00	0.00
Welfare fee	19,033.10	0.00
Education funding	0.00	30.00
Business hospitality	10,593.00	0.00
Depreciation charge	10,904.89	0.00
Office expenses	1,273,557.41	998.50
Endowment insurance	30,010.21	0.00
Housing provident fund	40,190.00	0.00
Amortization of low value consumables	6,565.49	2,553.34
Rental fee	165,137.62	0.00
Communication fee	481.25	24.00
Car cost	10,547.99	0.00
Travel expenses	5,882.22	1,042.85
Consulting fees	0.00	9,400.00
Total	1,994,673.18	14,048.69

The audited entity: Taizhou Haiminghui Trading Co.,Ltd.

(23)Financial expenses

Item	Amount of current year	Amount of last year
1,Interest expenses	0.00	0.00
Less:interest income	50,321.35	5,008.21
2,Exchange loss	0.00	0.00
Less:exchange gains	0.00	0.00
3,Handling fee	11,817.86	392.63
Total	-38,503.49	-4,615.58

(24)Nonbusiness income

Item	Amount of current year	Amount of last year
Government subsidy income	0.00	3,283.36
Total	0.00	3,283.36

(25)Income tax costs

Item	Amount of current year	Amount of last year
Income tax costs	6,667.35	0.00

(26)Other major matters to be explained:None

统一社会信用代码

91321202469034021E (1/1)

营业执照

(副本)

编号 321202665201908060149

扫描二维码登录"国家企业信用信息公示系统"了解更多登记、备案、许可、监管信息。

名　　称　泰州兴瑞会计师事务所有限公司

类　　型　有限责任公司

法定代表人　朱来玲

经营范围　固定资产、流动资产、无形资产、递延资产、国有土地使用权价值、国有房产价值评估，审查企业会计报表，出具审计报告，验证企业资本，出具验资报告，办理企业合并、分立、清算事宜中的审计业务，出具有关的报告，办理出境、行政法规规定的其它审计业务，出具相应的审计报告，提供会计顾问、提供会计、财务、税务和经营管理咨询服务。（依法须经批准的项目，经相关部门批准后方可开展经营活动）

注册资本　120万元整

成立日期　2000年01月17日

营业期限　2000年01月17日至2030年01月16日

住　　所　泰州市青年路25号

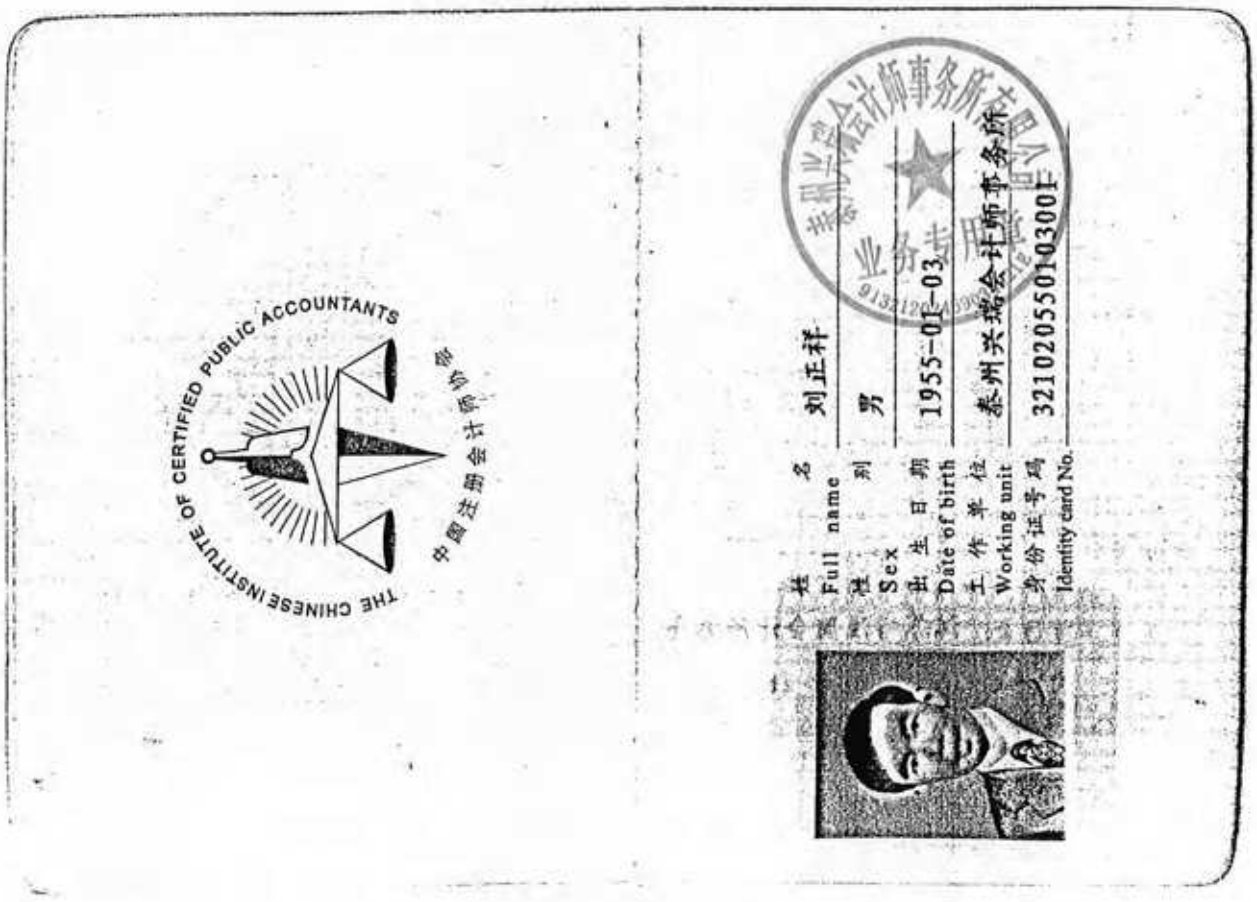
登记机关

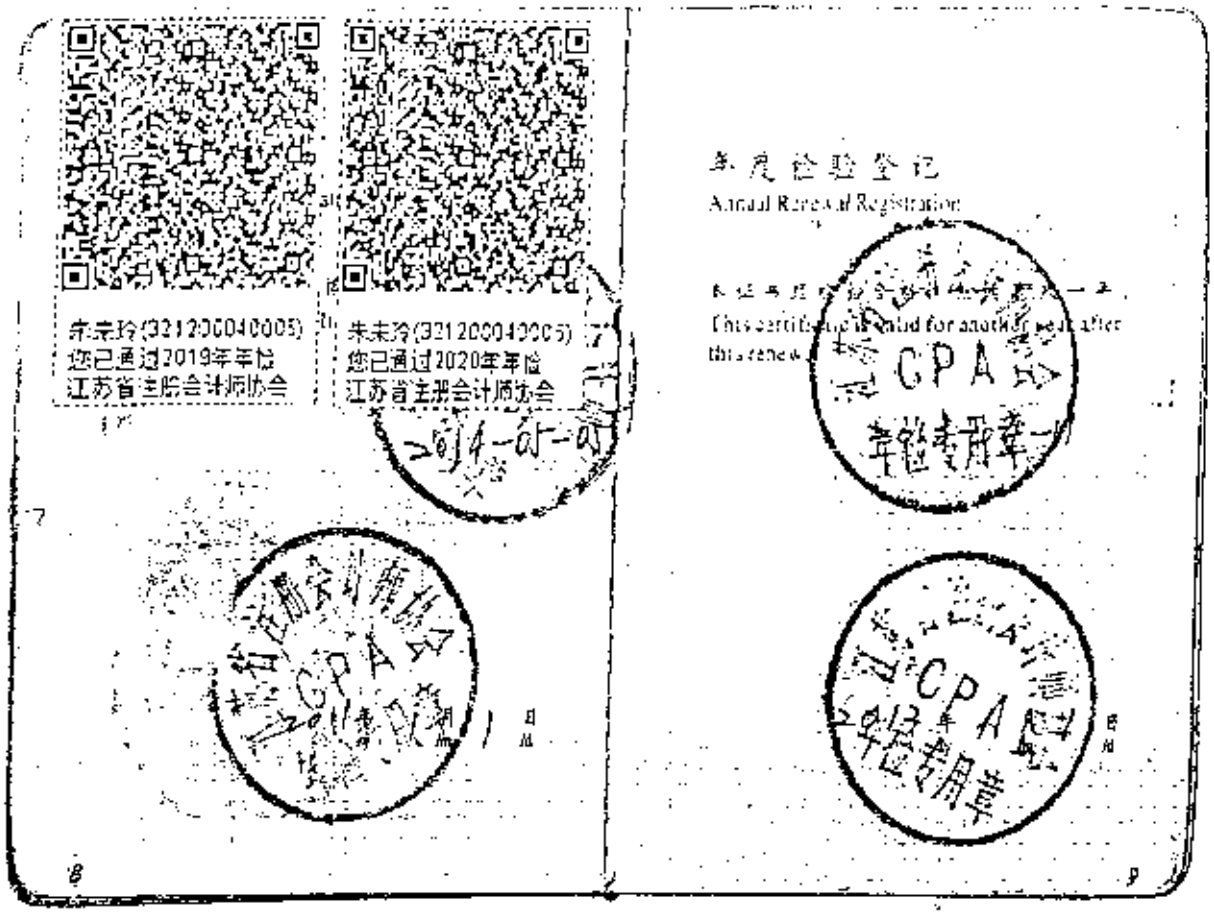
2019 年 08 月 06 日

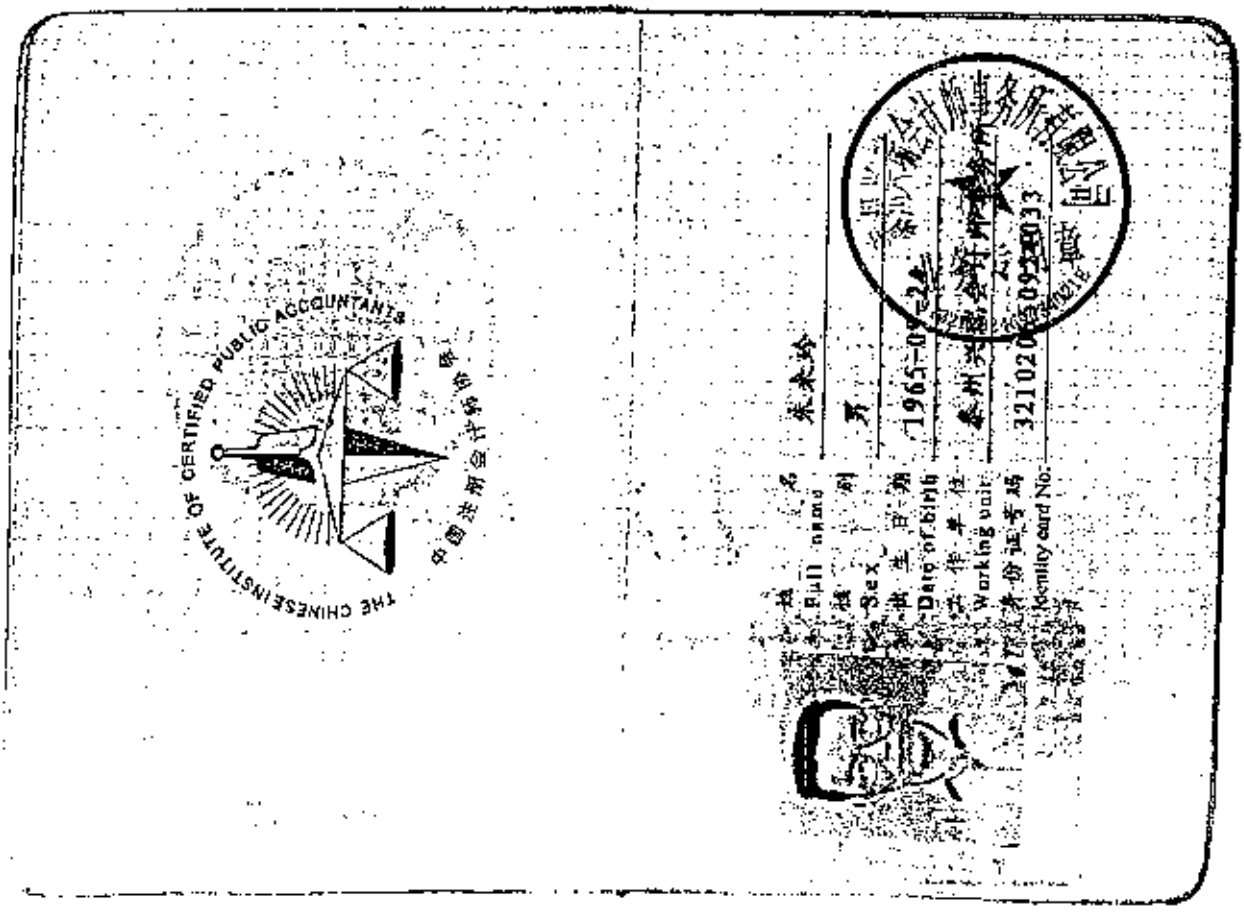
国家企业信用信息公示系统网址：http://www.gsxt.gov.cn

市场主体应当于每年1月1日至6月30日通过国家企业信用信息公示系统报送公示年度报告。


年度检验登记
Annual Renewal Registration
This certificate is valid for another year after this renewal.
刘正祥(321200040004)
您已通过2020年年检
江苏省注册会计师协会
刘正祥(321200040004)
您已通过2015年年检
江苏省注册会计师协会
刘正祥(321200040004)
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江苏省注册会计师协会
CPA
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9


THE CHINESE INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
中国注册会计师协会
姓名 Full name 刘正祥
性别 Sex 男
出生日期 Date of birth 1955-01-03
工作单位 Working unit 泰州兴瑞会计师事务所
身份证号码 Identity card No. 321020550103001


朱未玲(321200040005)
您已通过2019年年检
江苏省注册会计师协会
朱未玲(321200040005)
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江苏省注册会计师协会
年度检验登记
Annual Renewal Registration
CPA


THE CHINESE INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
中国注册会计师协会
朱未玲
女
1965-07-24
321020



会计师事务所
执业证书

名　　称：泰州兴瑞会计师事务所有限公司

首席合伙人：

主任会计师：

经营场所：朱来玲
泰州市青年路25号

组织形式：有限责任

执业证书编号：32120004

批准执业文号：苏财协[1999]380号

批准执业日期：1999年12月30日

证书序号：0012158

说　明

1、《会计师事务所执业证书》是证明持有人经财政部门依法审批，准予执行注册会计师法定业务的凭证。

2、《会计师事务所执业证书》记载事项发生变动的，应当向财政部门申请换发。

3、《会计师事务所执业证书》不得伪造、涂改、出租、出借、转让。

4、会计师事务所终止或执业许可注销的，应当向财政部门交回《会计师事务所执业证书》。

发证机关：
江苏省财政厅

二〇二〇　年　四　月　11

中华人民共和国财政部制

Taizhou Haiminghui Trading Co.,Ltd.

AUDITORS' REPORT

TRAEA(2020) NO. 97

TAIZHOU XINGRUI CERTIFIED PUBLIC ACCOUNTANTS

ADD: Youth Road 25th Tai Zhou

Tell: : 0523-86227663

Fax: 0523-86227663

泰州兴瑞会计师事务所有限公司
财务报表审计报告

报 告 文 号：泰瑞会内审字[2020]097号
客 户 名 称：泰州市海名荟商贸有限公司
报 备 时 间：2020-05-07 10:49:54
签字注册会计师：刘正琴
朱荣玲

05232D2006G001059813
报告文号：泰瑞会内审字[2020]097号

泰州市海名荟商贸有限公司
财务报表审计报告

事务所名称： 泰州兴瑞会计师事务所有限公司
事务所电话： 13951161020
传 真： 0523-89993506
通 讯 地 址： 泰州市青年北路25号
电 子 邮 件： tzxrkjs@163.com
事务所网址： http://www.tzxrkjs.com/

如对上述报备资料有疑问的，请与江苏省注册会计师协会联系。

防伪查询网址：http://fwgl.jicpa.org.cn/jsicpa/common/content.do?method=index

TAIZHOU XINGRUI CERTIFIED PUBLIC ACCOUNTANTS
Youth Road 25th Tai Zhou Tell：0523-86220455、86220477、86224773
Zip code：225300 Fax：0523-86227663

AUDITORS' REPORT

TRAEA(2020)NO. 97

The Whole Stockholders of Taizhou Haiminghui Trading Co.,Ltd.:

1.Auditing opinion

We have audited the enclosed financial statements of Taizhou Haiminghui Trading Co.,Ltd. (hereinafter called "the company"), including balancesheet as at 31 December 2019, the related profit statement, the cash flow statement for the year then ended, the changes in owners' equity statement and annotations on the accounting statements of 2019 accounting year after acceptance of your entrustment.

In our opinion, the above-mentioned financial statements of Taizhou Haiminghui Trading Co.,Ltd. have been compiled in accordance with the relevant requirements of the Accounting Standards for Business Enterprises and the Accounting regulations for Business Enterprises issued by the Ministry of Finance of the People's Republic of China and present fairly, in all principal respects, thefinancial position of the company as at 31 December 2019 and the results of operations and cash flows of the company for the year then ended.

2. Form the basis of audit opinion

We conducted our audit in accordance with the Chinese Certified Public Accountants Auditing Standards. The Audit Accountants' Responsibility for Audit of Financial Statements in the audit report further elaborates on our responsibilities under these standards. Pursuant to the CPA Code of Practices of CPA, we are independent of Taizhou Haiminghui Trading Co.,Ltd. and perform other responsibilities in ethics. The audit standards require us to abide by the Code ofEthics, plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. We believe the audit evidence we have obtained is sufficient and appropriate to provide

the basis for our audit opinion.

3. Responsibilities of Management and Those Charged with Governance for the Financial Stasements.

The Management of Taizhou Haiminghui Trading Co.,Ltd. is responsible for preparing the financial statements in accordance with the provisions of the Accounting Standards for Business Enterprises so as to achieve a fair presentation and to design, implement and maintain the necessary internal control so as to prevent the financial statements from being caused by fraud or error Material misstatement.

In preparing the financial statements, management is responsible for assessing the ability of going concern capacity of Taizhou Haiminghui Trading Co.,Ltd. disclosing the issues related to going concern and using the going concern assumption unless the management either plans to liquidate Taizhou Haiminghui Trading Co.,Ltd. terminating Operate or have no other realistic choice.

Those charged with governance is responsible for overseeing the financial reporting process of Taizhou Haiminghui Trading Co.,Ltd..

4.Certified Public Accountants audit responsibility for the financial statements

Our objective are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement from fraud or error and to issue audit reports that contain audit opinions. Reasonable assurance is a high level of assurance, but there is no guarantee that audits performed in accordance with the auditing standards will always be discoverable on a material misstatement. Misstatements can be caused by fraud or error. Misjudgment is generally considered to be material if it is reasonable to expect misstatements, individually or collectively, that could affect the financial decision-making by the users of the financial statements based on the economic decisions made by the demobilization statements.

In performing the audit in accordance with the auditing standards, we apply professional judgment and maintain professional suspicion. At the same time, we also perform the following tasks:

(1) Identify and assess the risks of material misstatement of the financial statements due to fraud or error, design and implement audit procedures to address these risks and obtain adequate and appropriate audit evidence as a basis for the publication of audit opinions. As fraud may involve collusion, forgery, omission, misrepresentation or overriding internal control, the risk of not discovering a material misstatement due to fraud is higher than the risk of not discovering a material misstatement resulting from a mistake.

(2)Understand the internal controls related to the audit to design the appropriate audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

(3)Appraise the appropriateness of the accounting policies selected by management and the reasonableness of making accounting estimates and related disclosures.

(4)Conclude on the management's appropriateness to using the going concern assumption. At the same time, based on the audit evidence obtained, it concludes with respect to whether there is any material uncertainty about the material misstatement or the material misstatement of the ability of going concern of Taizhou Haiminghui Trading Co.,Ltd. If we conclude that there is a significant uncertainty, the auditing standards require us to draw the attention of the users of the report to the relevant disclosures in the financial statements in the audit report. If the disclosure is inadequate, we should make a unqualified opinion. Our conclusion is based on the information available up to the date of the audit report. However, future events or circumstances may cause Taizhou Haiminghui Trading Co.,Ltd. to cease to continue as a going concern.

(5)The overall presentation, structure and content (including disclosure) of the financial statements are reviewed and the financial statements are assessed as to whether the transactions and events are fairly reflected.

We communicated with those charged with governance on such issues as the scope of the audit of the plan, timing and major audit findings, including communicating the notable deficiencies in internal control that we identified in the audit.

Tai Zhou Xingrui Certified Public Accountants Affairs Co.,Ltd
Republic of China
Tai Zhou, Jiangsu, China

Certified Public Accountants Registered in the People's

CPA: Zhu Lai-ling

CPA: Liu Zheng-xiang

Date: May 7, 2020

The borad of Directors of Taizhou Haiminghui Trading Co.,Ltd.

BALANCE SHEET(Non-financial enterprise)

for the year ended in12-31-2019 MONETARY UNIT: RMB

ITEMS	CURRENT YEAR CUMULATUVE
CURRENT ASSETS	
cash	5,009,336.42
Short-term investments	
Notes receivable	
Dividends receivable	
Interest receivable	
Accounts receivable	4,052,053.39
Other receivable	102,901.00
Advanced to suppliers	15,167,861.07
Subsidy receivable	
Inventories	2,710,230.09
Prepaied expenses	
Long-term debt investment within one year	
Other current assets	
TOTAL CURRENT ASSETS	27,874,953.96
LONG-TERM INVESTMENTS	
Long-term equity investments	
LONG-TERM DEBT INVESTMENTS	
Equity investment difference	
TOTAL LONG-TERM INVESTMENTS	
FIXED ASSETS	
Fixed assets original cost	
Less:Accumulated depreciation	
Fixed assets- -net value	27,256.63
Less:Fixed assets impairm	
Fixed assets- -net book value	27,256.63
Construction supplies	
Construction in process	
Fixed assets pending disposal	
TOTAL FIXED ASSETS	27,256.63
INTANGIBLE ASSETS AND OTHERS	
Intangibel assets	
Long-term prepaid assets	
Other long -term assets	
Including:Exchange loss to be written off	
TOTAL INTANGIBLE&.OTHER ASSETS	27,256.63
Deferred taxes	
Deferred taxe debi	
TOTAL ASSETS	27,902,210.59

The borad of Directors of Taizhou Haiminghui Trading Co.,Ltd.

BALANCE SHEET(Non-financial enterprise)

for the year ended in12-31-2019 MONETARY UNIT: RMB

ITMES	CURRENT YEAR CUMULATUVE
CURRENT LIABILITIES	
Short-term loans	
Notes payable	
Accounts payable	2,183,378.75
Accounts advanced from customers	10,402,328.54
Accrued payroll	1,206.00
Welfare benefits payable	
Dividends payable	
Taxes payable	-323,349.66
Other levies payable	
Other payables	838.50
Accrued expenses	
Provisions for foreseeable liabilities	
Deferred revenue	
Long-term liabilities maturing within one year	
Other current liabilities	
TOTAL CURRENT LIABILITIES	12,264,602.13
LONG-TERM LIABILITIES	
Long-trem loans	
Debentures payable	
Payables due after one year	
Government grants payable	
Other long-term payables	
Including:Exchange loss to be charged	
TOTAL LONG-TERM LIABILITIES	
Deferred taxes	
Deferred taxes credits	
TOTAL LIABILITIES	12,264,602.13
Minority interest	
OWNERS'(OWNER'S)/SHAREHOLDERS EQUITY	
Registered capital	15,600,000.00
Chinese investment(not-RMB balance amount at the end of this	
Foreign investment(not-RMB balance at the end of this period	
Less:Returned investment	
Registered capital--net book value	15,600,000.00
Capital surplus	
Surplus reserve	
Including:Statutory accumulation reserve	
statutory welfare reserve	
discretionary accumulation	
Reserved funds	
Enterprise expension funds	
Profits capitalised on return of return of investment loss	
Annual profits	
Uncertained investained investment loss	
Undistributed profit	37,608.46
Current exchange difference	
TOTAL OWNERS' EQUIT	15,637,608.46
TOTAL LIABILITIES&.OWNERS EQUIT	27,902,210.59

The borad of Directors of Taizhou Haimnghui Trading Co.,Ltd.

INCOME STATEMENT(Non-financial enterprise)

for the year 2019 MONETARY UNIT: RMB

ITEMS	CURRENT YEAR CUMULATIVE
1.SALES OF MAIN OPERATOIN	6,449,398.13
Including: Export sales	
less:Rebate and discount	
Including: Export products (goods) Cost of sale	
Principal place of business taxes and surcharges	
NET SALES	6,449,398.13
Less:cost of main operations	6,263,021.80
Including: Cost of export sales	
Sales tax and additions	2,956.10
GROSS PROFIT	183,420.23
Add: Income from other operation	
Less: Selling expenses	2,969.03
General and administrative expenses	149,711.93
Financial expenses	-5,565.22
Including: interest expense(less interest income)	
Exchange loss(less exchang gain)	
OPERATING INCOME	36,304.49
Add: Investment income(loss expressed with "-")	3,283.36
Subsidiary revenue	
Non-operating income	
Less:Non-operating expenses	
INCOME BEFORE TAX(LOSS EXPRESSED WITH"-")	39,587.85
Less:Income tax	1,979.39
Minority interest	
Uncertained incestment loss	
NET INCOME(LOSS EXPRESSED WITH "-")	37,608.46
Add: Undistributed profits at beginning	
Other turned in	
PROFIT AVAILABLE FOR DISTUBUTION	37,608.46

The borad of Directors of Taizhou Haiminghui Trading Co.,Ltd.

CASH FLOW STATEMENT

for the year 2019 MONETARY UNIT: RMB

ITEMS	CURRENT YEAR CUMULATIVE
CASH FLOWS FORM OPERATING ACTIVITIES	
Cash received from sale of goods or rendering of services	12,697,539.82
Refund of tax and levies	
Other cash received relating to operating activities	4,121.86
Sub-total of cash inflows	12,701,661.68
Cash paid for goods and services	23,012,890.80
Cash paid to and on behalf of employees	117,452.06
Payments off types of taxes	3,367.09
Other cash paid relating to operating activities	131,358.68
Sub-total of cash outflows	23,265,068.63
Net cash flows from operating activities	-10,563,406.95
CASH FLOWS FROM INVESTING ACTIVITIES	
Cash received from disposal of investments	
Cash received from returns on investments	
Net cash received from disposal of fixed assets,intangible assets and other long-term assets	
Other cash received relating to investing activities	
Sub-total of cash inflows	
Cash paid to acquire fixed assets,intangible assets and other	27,256.63
Cash paid to acquire investments	
Other cash payments relating to investing activities	
Sub-total of cash outflows	27,256.63
Net cash flows from investing activities	-27,256.63
CASH FLOWS FROM FINANCING ACTIVITIES	
Cash received from capital contribution	15,600,000.00
Cash received from borrowings	
Other cash payments relating to financing activities	
Sub-total of cash inflows	15,600,000.00
Cash repayments of amounts borrowed	
Cash payments for interest expenses and distribution of dicidends or profit	
Other cash payments relating to financing activities	
Sub-total of cash outflows	0.00
Net cash flows froms from financing activities	15,600,000.00
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH	
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	5,009,336.42

The borad of Directors of Taizhou Haimingbui Trading Co.,Ltd.

CASH FLOW STATEMENT

for the year ended in12-31-2019 MONETARY UNIT: RMB

ITMES	CURRENT YEAR CUMULATUVE
Reconciliation of net profit/(loss) to cash flows from operating activities	
Net profit	[illegible]
Add:Provsion for asset impairment	
Depreciation of fixed assets	
Amortisation of intangible assets	
Amortisation of Long-trem prepaid expenses	
Decrease in prepaid expenses(deduct:increase)	
Increase in accrued expenses(deduct:decrease)	
Losses on disposal of fixed assets and other long-assets(deduct:gains)	
Losses on disposal of fixed assets	
Financial expenses	
Losses arising from investments(deduct:gsains)	
Deferred tax credit(deduct:debit)	
Decrease in inventories(deduce:increase)	-2,710,230.09
Decrease in operating receivables(deduct:increase)	-20,155,387.45
Increare in operating payables(deduct:decrease)	12,264,602.13
Others	
Net cash flows from from operating activities	-10,563,406.95
Investing and financing activities that do not involve cash receipts and payments	
Conversion of debt into captical	
Reclassification of convertible bonds expiring within one year as cuurent liabilit	
Fixed assets acquired under finance leases	
Net-increase/(decrease) in cash and cash equivalents	
Cash at end of year	5,009,336.42
Less:cash at beginning of year	0.00
Plus:Cash equivalents at end of year	
Less:Cash equivacents at beginning of year	
Net increase/(decrease) incash and cash equivalents	5,009,336.42

The borad of Directors of Taizhou Haiminghui Trading Co.,Ltd.

Statement of Changes in Owners' Equity

for the year ended in12-31-2019

MONETARY UNIT: RMB

ITEMS	The amount of current year							The amount of prior year						
	Registered capital(or stock)	Capital surplus	Less: Treasury stock	Other comprehensive income	Surplus reserve	Undistributed profit	Total owner's equit	Registered capital(or stock)	Capital surplus	Less: Treasury stock	Other comprehensive	Surplus reserve	Undistributed profit	Total owner's equit
Closing balance of prior year							0.00							
Add: Accounting policy changes							0.00							
Prior errors' correction							0.00							
Balance at the beginning of current year							0.00							
Increases/ decreases in current year (fill "-" for decreases)	15,600,000.00					37,608.46	15,637,608.46							
Total comprehensive income							0.00							
Capital contributed by owners and capital decreases	15,600,000.00						15,600,000.00							
1.Common stocks invested by owners	15,600,000.00						15,600,000.00							
2.The amount of share-based payments recorded in owners' equity							0.00							
3.Others							0.00							
Profit distribution						37,608.46	37,608.46							
1.Appropriation of surplus reserve							0.00							
2.Profit distributed to owners (or stockholders)						37,608.46	37,608.46							
3.Others							0.00							
Transfers within the owners' equity							0.00							
1.Capital (or stock) transferred from capital							0.00							
2.Capital (or stock) transferred from surplus							0.00							
3.Recovery of losses by surplus reserve							0.00							
4.Others							0.00							
Balance at the end of current year	15,600,000.00					37,608.46	15,637,608.46							

TAIZHOU XINGRUI CERTIFIED PUBLIC ACCOUNTANTS
Youth Road 25th Tai Zhou Tell: 0523-86220455、86220477、86224773
Zip code: 225300 Fax: 0523-86227663

Appendix II

Taizhou Haiminghui Trading Co.,Ltd.

Annotations on

Accounting Statements of 2019 Accounting Year

1. Company status:

Taizhou Haiminghui Trading Co.,Ltd. was limited company jointly invested by Taizhou Haotian New Energy Industry Development Co., Ltd.、Taizhou Gangyang Industrial Park Development Co., Ltd.、Taizhou Sucheng Investment Development Co., Ltd.、Taizhou Haitong Asset Management Co., Ltd. and Taizhou Huitai Construction Development Co., Ltd., the registered capital 20million, the company on August 10, 2019 received Taizhou Hailing District administrative examination and approval Bureau issued a business license, Unified social credit code: 91321202MA1YHLHF0E. The original place of registration: No.14-1 Dongfeng North Road, Hailing District, Taizhou City. The original legal representative: Xia Wei. Company Business: daily necessities, handicrafts, household appliances, sporting goods, electronic products, metal materials, metal products, fruits, refrigeration equipment, rubber and plastic products, glass products, needle textiles, leather products, bags, clothing, shoes and hats, cosmetics, office supplies, computers, software and auxiliary equipment, hardware products, sanitary ware, general labor

protection products, electricity Sales of cable, anti-corrosion and waterproof, building materials (not warehousing), decoration materials (excluding paint), pipe materials; metal doors and windows production and installation, food business (Sales) (according to the items listed in the food business license); retail of cigarettes and cigars; installation and maintenance of household appliances, refrigeration equipment and heating equipment; general business information consultation; enterprise management consultation Inquiry. (for projects that need to be approved according to law, business activities can only be carried out after being approved by relevant departments)

2. Significant Accounting Policies

(1) Accounting Policies implemented by the company:

The company implements the Accounting Standards for Business Enterprises issued by MOFof PRC.

(2) Accounting period:

The accounting period of the company is from 1st January to 31st December, in the Gregorian calendar.

(3) Basis of preparation and measurement

The financial statements of the company have been prepared on an accrual basis. Unless otherwise stated, the measurement basis used is historical cost.

(4) Reporting standard money and conversion method for foreign currency.

The reporting standard money is RMB. Foreign currency transactions are translated into RMB at the exchange rates quoted by the People's Bank of China the day on which the transaction takes place. The balances of ending foreign currency monetary assets and the liability account denominated in foreign currencies, to be translated into RMB at the exchange rates quoted by the People's Bank of China, are ruled at the balance sheet date.

(5) Accounting method for the loss ofbad debts

Accounting method for the loss of bad debts adopts allowance for bad debts. Provision is withheld at the rate of 5% of the balance of the account receivable at the end of the year.

Bad debt losses are accounted for using the allowance method. At the end of the year, the amount of provision for bad debts is determined by the management according to the recoverability of the receivables.

(6) Inventories

①Inventoriesinclude raw materials,finished products, finished goods andconsumables, etc.

② Using theactual costmethodof inventoryaccounting,whenthe actual costof raw materialstoobtain. Stockissuedby the weightedaverage

method.Consumablesaccounted foronc-off basiswhenrecipients.

③Recognitionstandard and accrual method of inventory depreciation reserve:at the end of the period, the Company adopts the lower of cost and net realizable value. When the cost is lower than the net realizable value, the provision for inventory depreciation is made according to the difference between them.For the large quantity and low price of inventory, the inventory depreciation reserve shall be accrued according to the inventory category. Net realizable value is determined by the estimated selling price of inventories minus the estimated costs to be incurred at the time of completion, the estimated selling expenses and the amount of the relevant taxes and charges.

④Company inventory with perpetual inventory system.

(7) Accounting method for fixed assets

Fixed assets, according to the actual cost.

Fixed assetsestimated useful lives, residual rateand annual depreciationrates were:

Item	Depreciation life(year)	Residuals rate(%)	Depreciation rate (%)
Plant and buildings	20	5	4.75
Electronic equipment	3	5	31.67
Machineryand equipment	10	5	9.50
Transport machine	4	5	23.75
Appliances and other tools	5	5	19.00

(8)Construction in progress

Construction in progressfor the constructionor repairof

fixedassetscarried outtheconstructionand installationworks, includingfixed assets,actual expendituresnew construction,renovation and expansion project, engineeringoverhauloccurred, as well asexpansionprojectstransferred tofixed assetsnet. Interest on borrowingsandotherrelated coststothe borrowerworkscarried outoccurredbeforethe fixedassets reachtheir intended useare recorded tocost of construction. Whenthe construction reachesits intended useas ade factoacknowledgmentof fixed assets.

(9)Accounting method for intangible assets

Measurement of intangible assets: Intangible assets are measured at actual cost when acquired by. Purchased intangible assets, the actual purchase price of the actual cost; invested into intangible assets, (for the first time offering to accept invested into intangible assets by value investing parties acknowledged the actual cost, according to the invisible the book value of the assets in the investment side of the actual cost); self-developed intangible asset and shall apply for the proceedings, the registration fee occurs when you press the legally obtained, lawyer fees, the actual cost of intangible assets; the company purchased land use rights, or to pay for the land use rights acquired land transfer, according to the actual payment of the actual cost.

Amortization of intangible assets: Intangible assets three years

effective from the month of acquisition according to the estimated useful life, contracted beneficial period and the law in the shortest are amortized through profit or loss. If there is no contract and the law, not to exceed 10 years amortization period.

(10)Revenue recognition

Revenue from selling goodsmeet the followingconditionswill be confirmed:

① the enterprisehastransferredthe significant risks andrewardsofownership of the goodsto the buyer;

②the enterprise retains neithernormallyassociated with ownershipof thecontinuous management right, norhadeffective controlover the goods sold;

③Amountof revenue can bemeasured reliably;

④the relevant economicbenefits are likely toflow to the enterprise;

⑤costshave beenincurred orto be incurredcan be measuredreliably.

The right to usethe incomefrom transferring assetsto beacquiredwhen the followingconditions areconfirmed: A, the economic benefitsassociated with the transactionwill flow tothe enterprise; B, the relevantrevenue and costs canbe measured reliably.

(11)Tax

Main tax items of the company

Tax item	Tax rate (%)
Income tax	25
Value added tax	13

3. Items of Accounting statements and explanation(unit: RMBYuan)

(1) Currency assets

Item	Balance at EOY	Balance at BOY
Cash in bank	5,009,336.42	0.00
Total	5,009,336.42	0.00

(2)Notes receivable

Item	Balance at EOY	Balance at BOY
Bank acceptance bill	832,571.99	0.00
Total	832,571.99	0.00

(3)Account receivables

①Age structure

Age structure	Balance at EOY		Balance at BOY	
	Book balance	Rate	Book	Rate
Within 1 year (including 1 year)	4,052,053.39	100.00%	0.00	0.00%
Total	4,052,053.39	100.00%	0.00	0.00%

②The main relative parties are as follows

Name of the unit	Book balance	Aging
Jiangsu Haicai Construction Co., Ltd.	2,863,385.19	Within 1 year
Hailing Branch of Taizhou Public Security Bureau	195,456.00	Within 1 year

Taizhou Fourth People's Hospital	131, 328. 00	Within 1 year
Chengdong sub district office of Taizhou District People's Government of Taizhou City	93, 440. 00	Within 1 year
Taizhou Haifing District market supervision and Administration Bureau	77, 312. 00	Within 1 year
Jingai road sub district office of Haifing District People's Government of Taizhou City	70, 800. 00	Within 1 year
Taizhou Haifing District Urban Administration Bureau	70, 016. 00	Within 1 year

(4) Advanced to suppliers

①Age structure

Age structure	Balance at EOY		Balance at BOY	
	Book balance	Rate	Book	Rate
Within 1 year (including 1 year)	15, 167, 861. 07	100. 00%	0. 00	0. 00%
Total	15, 167, 861. 07	100. 00%	0. 00	0. 00%

②The main relative parties are as follows

Name of the unit	Book balance	Aging
Shanghai Mingzhi International Trade Co., Ltd.	9, 840, 000. 00	Within 1 year
Taizhou Haitong Energy saving Technology Co., Ltd.	3, 363, 358. 00	Within 1 year
Jiangsu Huida Trading Co., Ltd.	492, 483. 00	Within 1 year
Taizhou Yishu Trading Co., Ltd.	489, 259. 75	Within 1 year
Taizhou Xiran Trading Co., Ltd.	379, 523. 32	Within 1 year
Liangbi digital technology Jiangsu Co., Ltd.	300, 000. 00	Within 1 year

(5)Other receivables

①Age structure

Age structure	Balance at EOY		Balance at BOY	
	Book balance	Rate	Book	Rate
Within 1 year (including 1 year)	102, 901. 00	100. 00%	0. 00	0. 00%
Total	102, 901. 00	100. 00%	0. 00	0. 00%

②The main relative parties are as follows

Name of the unit	Book balance	Aging
Taizhou Tianyang Construction Development Co., Ltd.	32, 901. 00	Within 1 year
Guizhou Xijiu Sales Co., Ltd.	30, 000. 00	Within 1 year
Shao Yana	20, 000. 00	Within 1 year
Jiangsu juntong Construction Project Management Consulting Co., Ltd.	10, 000. 00	Within 1 year

(6) Inventories

Item	Balance at EOY	Balance at BOY
Goods in stock	2, 707, 226. 76	0. 00
Packaging	3, 003. 33	0. 00
Total	2, 710, 230. 09	0. 00

(7) Fixed assets and accumulated depreciation

①The original value of fixed assets

Item	Balance at BOY	Add this year	Less this year	Balance at EOY
Electronic equipment and other	0. 00	27, 256. 63	0. 00	27, 256. 63
Total	0. 00	27, 256. 63	0. 00	27, 256. 63

②Accumulated depreciation

Item	Balance at BOY	Add this year	Less this year	Balance at EOY
Electronic equipment and other	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00

③Net value of fixed assets

Item	Balance at BOY	Add this year	Less this year	Balance at EOY
Electronic quipment and other	0.00	27,256.63	0.00	27,256.63
Total	0.00	27,256.63	0.00	27,256.63

(8) Accounts payable

①Age structure

Age structure	Balance at EOY		Balance at BOY	
	Book balance	Rate	Book balance	Rate
Within 1 year (including 1 year)	2,183,378.75	100.00%	0.00	0.00%
Total	2,183,378.75	100.00%	0.00	0.00%

②The main relative parties are as follows

Name of the unit	Book balance	Aging
Changwu Zhaoren Tongda Fruit Cooperative	912,128.00	Within 1 year
Changwu Wujia Fruit Farmers' Professional Cooperative	903,552.00	Within 1 year
Changwu Tianfeng Fruit and Vegetable Professional Cooperative	367,232.00	Within 1 year

(9) Accounts received in advance

①Age structure

Age structure	Balance at EOY		Balance at BOY	
	Book balance	Rate	Book balance	Rate
Within 1 year (including 1 year)	10, 402, 528. 54	100. 00%	0. 00	0. 00%
Total	10, 402, 528. 54	100. 00%	0. 00	0. 00%

②The main relative parties are as follows

Name of the unit	Book balance	Aging
Taizhou Hailing Feipeng Material Trade Co., Ltd.	10, 039, 753. 96	Within 1 year
Jia Deshun	120, 144. 00	Within 1 year
Wang Junming	60, 000. 00	Within 1 year
Jiangsu Meihao Construction Engineering Co., Ltd.	50, 000. 00	Within 1 year

(10)Employee benefits payable

Item	Balance at BOY	Add this year	Less this year	Balance at EOY
Payroll to workers	0. 00	82, 000. 00	82, 000. 00	0. 00
Basic endowment insurance	0. 00	13, 111. 68	12, 391. 68	720. 00
Basic medical insurance	0. 00	7, 375. 32	6, 970. 32	405. 00
Unemployment insurance	0. 00	409. 74	387. 24	22. 50
Employment injury insurance	0. 00	409. 74	387. 24	22. 50
Housing Provident Fund	0. 00	9, 650. 00	9, 650. 00	0. 00
Supplementary medical insurance	0. 00	655. 58	619. 58	36. 00
Total	0. 00	113, 612. 06	112, 406. 06	1, 206. 00

(11)Unpaid tax

Item	Balance at BOY	Add this year	Less this year	Balance at EOY
VAT payable	0.00	730,238.53	1,055,156.59	-324,918.06
Urban construction tax	0.30	1,568.40	0.00	1,568.40
Total	0.00	731,806.93	1,055,156.59	-323,349.66

(12) Paid-in capital

Investor name	Balance at BOY		Add this year	Less this year	Balance at EOY	
	Investment amount	Rate			Investment amount	Rate
Taizhou Hainan New Energy Industry Development Co., Ltd.	0.00	0.00%	500,000.00	0.00	500,000.00	3.21%
Taizhou Gangyang Industrial Park Development Co., Ltd.	0.00	0.00%	1,000,000.00	0.00	1,000,000.00	6.41%
Taizhou Sicheng Investment Development Co., Ltd	0.00	0.00%	500,000.00	0.00	500,000.00	3.21%
Taizhou Haitong Asset Management Co., Ltd.	0.00	0.00%	3,400,000.00	0.00	3,400,000.00	21.79%
Taizhou Huitai Construction Development Co., Ltd	0.00	0.00%	10,200,000.00	0.00	10,200,000.00	65.38%
Total	0.00	0.00%	15,600,000.00	0.00	15,600,000.00	100.00%

Note:

Your company recorded the investment amount of 5,100,000.00 yuan from Taizhou Huitai Construction Development Co., Ltd. in the bookkeeping voucher No.1 on July 2019, your company recorded the investment amount of 5,100,000.00 yuan from Taizhou Huitai

Construction Development Co., Ltd. in the bookkeeping voucher No.13 on December 2019, and the total investment amount of Taizhou Huitai Construction Development Co., Ltd. was 10,200,000.00 yuan;

Your company recorded the investment amount of 3,400,000.00 yuan from Taizhou Haitong Asset Management Co., Ltd. in the bookkeeping voucher No.2 on July 2019;

Your company recorded the investment amount of 500,000.00 yuan from Taizhou Gangyang Industrial Park Development Co., Ltd. in the bookkeeping voucher No.3 on July 2019, your company recorded the investment amount of 500,000.00 yuan from Taizhou Gangyang Industrial Park Development Co., Ltd. in the bookkeeping voucher No.62 on December 2019, and the total investment amount of Taizhou Gangyang Science and Technology Industrial Park Development Co., Ltd. was 1,000,000.00 yuan;

Your company recorded the investment amount of 500,000.00 yuan from Taizhou Haotian New Energy Industry Development Co., Ltd. in the bookkeeping voucher No.4 on July 2019;

Your company recorded the investment amount of 500,000.00 yuan from Taizhou Sucheng Investment Development Co., Ltd. in the bookkeeping voucher No.6 on August 2019.

(13)Undistributed Profit

Item	The current year's amount	The amount of the previous year
Net profit	37,608.46	0.00
Plus:undistributed profit at the beginning of the year	0.00	0.00
other into	0.00	0.00
Minus: other transfer out	0.00	0.00
For the distribution of profits	37,608.46	0.00
Minus:appropriation of statutory surplus reserve	0.00	0.00
extract any surplus reserve	0.00	0.00
Profit distributable to investors	37,608.46	0.00
Minus:profit payable	0.00	0.00
Undistributed profits	37,608.46	0.00

(14) Sales revenue of main operation/Cost of main operation

Item	Amount of current year		Amount incurred in the previous year	
	Income	Cost	Income	Cost
Subtotal of main business	6,449,398.13	6,263,021.80	0.00	0.00
Other business subtotal total	0.00	0.00	0.00	0.00
Total	6,449,398.13	6,263,021.80	0.00	0.00

(15) The main business tax and surcharges

Item	Amount of current year	Amount incurred in the previous year
Stamp duty	2,956.10	0.00
Total	2,956.10	0.00

The audited entity: Taizhou Haiminghui Trading Co.,Ltd.

(16)Selling expenses

Item	Amount of current year	Amount incurred in the previous year
Transportation costs	2,500.00	0.00
Others	469.03	0.00
Total	2,969.03	0.00

(17)Administrative expenses

Item	Amount of current year	Amount incurred in the previous year
Wages	82,000.00	0.00
Welfare fee	5,016.00	0.00
Education funding	30.00	0.00
Business hospitality	690.00	0.00
Office expenses	9,284.87	0.00
Basic endowment insurance	13,111.68	0.00
Unemployment insurance	409.74	0.00
Basic medical insurance	7,375.32	0.00
Employment injury insurance	409.74	0.00
Supplementary medical insurance	655.58	0.00
Housing provident fund	9,650.00	0.00
Amortization of low value consumables	3,003.34	0.00
Travel expenses	8,343.66	0.00
Consultant fees	9,400.00	0.00
Total	149,711.93	0.00

(18)Financial expenses

Item	Amount of current year	Amount incurred in the previous year
1.Interest expenses	0.00	0.00
Less:interest income	5,461.02	0.00
2,Exchange loss	0.00	0.00
Less:exchange gains	0.00	0.00
3,Handling fee	895.82	0.00
4, Discount expenses	0.00	0.00
POS testing fee	-0.02	0.00
Total	-5,565.22	0.00

(19)Income tax costs

Item	Amount of current year	Amount incurred in the previous year
Income tax costs	1,979.39	0.00

(20) Other major matters to be explained:None

统一社会信用代码

91321202469034021E (1/1)

营业执照

(副本)

编号 321202666201908060149

扫描二维码登录"国家企业信用信息公示系统"了解更多登记、备案、许可、监管信息。

名　　称　泰州兴瑞会计师事务所有限公司

类　　型　有限责任公司

法定代表人　朱来玲

经营范围　固定资产、流动资产、无形资产、其他资产、国有土地使用权价值、国有房产价值评估，审查企业会计报表、出具审计报告，验证企业资本、出具验资报告，办理企业合并、分立、清算事宜中的审计业务、出具有关的报告，办理法律、行政法规规定的其它审计业务、出具相应的审计报告，担任会计顾问，提供会计、财务、税务和其他经济管理咨询服务。（依法须经批准的项目，经相关部门批准后方可开展经营活动）

注册资本　120万元整

成立日期　2000年01月17日

营业期限　2000年01月17日至2030年01月16日

住　　所　泰州市青年路25号

登记机关

2019 年 08 月 06 日

国家企业信用信息公示系统网址：http://www.gsxt.gov.cn

市场主体应当于每年1月1日至6月30日通过国家企业信用信息公示系统报送公示年度报告。

国家市场监督管理总局监制

年度检验登记
Annual Renewal Registration
This certificate is valid for another year after this renewal.
CPA
THE CHINESE INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
中国注册会计师协会
姓名 Full name 朱未玲
性别 Sex 男
出生日期 Date of birth 1965-09-24
工作单位 Working unit 泰州兴瑞会计师事务所
身份证号码 Identity card No. 321020650924033
朱未玲(321200040005)
已通过2019年年检
江苏省注册会计师协会
业务专用章
91321202469034021E

年度检验登记
Annual Renewal Registration
本证书经检查合格，继续有效一年。
This certificate is valid for another year after this renewal.
浏正祥(32120004004)
您已通过2015年年检
江苏省注册会计师协会
年度检验登记
Annual Renewal Registration
本证书经检查合格，继续有效一年。
This certificate is valid for another year after this renewal.
浏正祥(32120004004)
您已通过2019年年检
江苏省注册会计师协会
姓名 Full name 刘正祥
性别 Sex 男
出生日期 Date of birth 1955-01-03
工作单位 Working unit 泰州兴瑞会计师事务所
身份证号码 Identity card No. 321020550103001
泰州兴瑞会计师事务所有限公司
业务专用章
91321202469034021E
THE CHINESE INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
中国注册会计师



会计师事务所
执业证书

名　　称：泰州兴瑞会计师事务所有限公司

首席合伙人：朱来玲

主任会计师：

经营场所：泰州市青年路25号

组织形式：有限责任

执业证书编号：32120004

批准执业文号：苏财协[1999]380号

批准执业日期：1999年12月30日

证书序号：0012158

说　明

1、《会计师事务所执业证书》是证明持有人经财政部门依法审批，准予执行注册会计师法定业务的凭证。

2、《会计师事务所执业证书》记载事项发生变动的，应当向财政部门申请换发。

3、《会计师事务所执业证书》不得伪造、涂改、出租、出借、转让。

4、会计师事务所终止或执业许可注销的，应当向财政部门交回《会计师事务所执业证书》。

发证机关：江苏省财政厅

二〇二〇年四月二日

中华人民共和国财政部制

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III. Audit Report Annex

1. Zhongxinghua Certified Public Accountants LLP Business License Copy

2. Zhongxinghua Certified Public Accountants LLP Practice Certificate Copy

3. Certified Public Accountants Practice Certificate Copy

ZHONGXINGHUA CERTIFIED PUBLIC ACCOUNTANTS LLP

Location: 20/F, Tower B, Lize SOHO, 20 Lize Road, Fengtai District, Beijing PR China

Review Report

Zhongxinghua Review (2020) No. 020020

All shareholders of Taizhou Hailing Urban Development Group Co., Ltd.:

We have reviewed the attached financial statements of Taizhou Hailing Urban Development Group Co., Ltd. (hereinafter referred to as "Taizhou Haifa Group"), including Consolidated Balance Sheet as of September 30, 2020, Consolidated Income Statement, Consolidated Cash Flow Statement, Consolidated Owner's Equity Change Statement and Financial Statement Notes in January-September 2020. Preparation of these financial statements is the responsibilities for the management level of Taizhou Haifa Group, and our responsibility is to issue review report on the financial statements based on implementation of review work.

We have executed reviewing works in accordance with provisions of the Chinese CPA Standards on Review Engagements No. 2101 - Engagements to Review Financial Statements. It is required by the Standards that we should plan and execute reviewing works so as to obtain reasonable assurance to financial statements free from material misstatement. The review is mainly limited to making inquiries of relevant personnel of the company, and applying analytical procedures on financial data, and the review is substantially less in scope than an audit conducted. We did not conduct audit, and thus audit opinions are not provided.

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared in accordance with the requirement in Accounting Standards for Business Enterprises, or not fairly reflecting the financial performance as well as financial position and cash flows.

ZHONGXINGHUA CERTIFIED PUBLIC ACCOUNTANTS LLP
Beijing·China

Chinese CPA:

Chinese CPA:

November 25, 2020

Consolidated Balance Sheet

September 30, 2020

Prepared by: Taizhou Haiting Urban Development Group Co., Ltd. **Amount Unit: RMB yuan**

Item	Note	Closing balance	Opening balance
Current assets:			
Monetary fund	VI (1)	5,865,256,339.69	7,059,173,650.18
Financial assets measured at fair value with changes charged to current profits and losses			
Derivative financial assets			
Bills receivable	VI (2)	34,625,067.81	10,832,571.99
Accounts receivable	VI (3)	505,203,028.84	288,665,440.01
Advance payments	VI (4)	54,654,631.13	26,853,458.82
Other receivables	VI (5)	4,505,106,797.28	4,232,506,872.05
Inventories	VI (6)	30,470,561,630.67	29,411,939,146.44
Held-for-sale assets			
Non-current assets due within one year	VI (7)	62,167,842.78	45,259,055.50
Other current assets	VI (8)	579,102,793.58	614,524,583.00
Total current assets		42,076,678,131.48	41,689,754,777.99
Non-current assets:			
Available-for-sale financial assets	VI (9)	225,000,000.00	149,900,000.00
Held-to-maturity investments			
Long-term accounts receivable	VI (10)	231,662,667.61	256,339,135.02
Long-term equity investment	VI (11)	291,815,604.31	212,063,295.26
Investment real estate	VI (12)	131,730,263.42	130,352,683.52
Fixed assets	VI (13)	223,469,014.23	205,361,553.88
Construction in process	VI (14)	88,011,602.65	42,646,279.38
Productive biological assets			
Oil and gas assets			
Intangible assets	VI (15)	64,713,823.46	39,144,498.97
Development expenditures			
Goodwill			
Long-term deferred expenses	VI (16)	854,672.10	1,003,151.10
Deferred income tax assets	VI (17)	4,990,152.98	4,857,882.80
Other non-current assets	VI (18)	649,261,040.00	649,261,040.00
Total non-current assets		**1,911,508,840.76**	**1,690,929,519.93**
Total assets		**43,988,186,972.24**	**43,380,684,297.92**

(The attached Notes to Financial Statements is an integral part of the financial statements)

Legal representative: [signature] **Accounting director:** [signature] **Accounting firm director:** [signature]

Consolidated Balance Sheet (Continued)

September 30, 2020

Prepared by: Taizhou Haijing Urban Development Group Co., Ltd. Amount Unit: RMB yuan

Item	Note	Closing balance	Opening balance
Current liabilities:			
Short-term borrowings	VI (19)	1,087,065,000.00	187,000,000.00
Financial liabilities measured at fair value with changes charged to current profits and losses			
Derivative financial liabilities			
Bills payable	VI (20)	928,300,000.00	600,000,000.00
Accounts payable	VI (21)	645,957,659.18	763,820,938.82
Advance receipts	VI (22)	412,258,020.73	413,389,884.20
Employee remuneration payable	VI (23)	1,304,677.31	2,522,174.93
Taxes payable	VI (24)	538,017,198.47	388,103,457.93
Other payables	VI (25)	4,692,144,582.49	6,759,860,965.47
Held-for-sale liabilities			
Non-current liabilities due within one year	VI (26)	3,895,516,805.86	2,556,431,961.67
Other current liabilities	VI (27)	1,401,314,174.44	436,075,067.62
Total current liabilities		**13,601,878,118.48**	**12,107,204,450.64**
Non-current liabilities:			
Long-term borrowings	VI (28)	5,929,806,000.00	6,860,115,145.04
Bonds payable	VI (29)	6,097,808,725.30	6,130,868,066.91
Of which: preferred stock			
Perpetual debt			
Long-term accounts payable	VI (30)	2,602,156,109.77	2,434,519,939.46
Long-term employee remuneration payable			
Estimated liabilities			
Deferred incomes			
Deferred income tax liabilities			
Other non-current liabilities	VI (31)	39,097,696.00	53,886,958.00
Total non-current liabilities		**14,668,868,531.07**	**15,479,390,109.41**
Total liabilities		**28,270,746,649.55**	**27,586,594,560.05**
Owner's equity:			
Paid-in capital	VI (32)	5,058,000,000.00	5,058,000,000.00
Other equity instruments			
Of which: preferred stock			
Perpetual debt			
Capital reserve	VI (33)	8,351,035,358.67	8,456,150,518.55
Less: treasury stock			
Other comprehensive incomes			
Special reserve			
Surplus reserve	VI (34)	313,146,057.79	313,146,057.79
General risk reserve			
Undistributed profits	VI (35)	1,899,249,410.58	1,739,351,714.53
Total owner's equity attributable to the parent		**15,621,430,827.04**	**15,566,648,290.87**
Minority shareholder's equity		96,009,495.65	227,441,447.00
Total owner's equity		**15,717,440,322.69**	**15,794,089,737.87**
Total liabilities and owner's equity		**43,988,186,972.24**	**43,380,684,297.92**

(The attached Notes to Financial Statements is an integral part of the financial statements)

Legal representative: [signature] Accounting director: [signature] Accounting firm director: [signature]

Consolidated Income Statement

January to September 2020

Prepared by: Taizhou Haijing Urban Development Group Co., Ltd. Amount Unit: RMB yuan

Item	Note	Amount of this period	Amount of last period
I. Total operating incomes		**2,649,594,846.23**	**1,101,579,449.73**
Of which: operating incomes	VI (36)	2,649,594,848.23	1,101,579,449.73
II. Total operating costs		**2,426,839,217.61**	**987,344,338.52**
Of which: operating costs	VI (36)	2,335,004,747.39	877,528,957.62
Taxes and surcharges	VI (37)	20,431,447.11	17,176,401.82
Sales expenses		14,059,849.56	16,497,665.57
Management expenses		59,020,517.70	23,578,408.11
R&D expenses			
Financial expenses	VI (38)	-1,677,344.15	52,859,905.40
Of which: Interest expenses		287,402.68	53,064,730.86
Interest incomes		2,234,485.61	2,732,964.00
Plus: other incomes	VI (39)	587,572.36	32,106.56
Investment incomes (losses marked with "-")	VI (40)	-12,168,430.82	1,386,690.30
Of which: Investment incomes to associated enterprises and joint ventures		-14,647,690.95	1,338,960.30
Fair value change revenues (losses marked with "-")			
Asset impairment losses (losses marked with "-")	VI (41)	7,158,955.21	-13,276,804.37
Asset disposal revenues (losses marked with "-")	VI (42)		-9,194.47
III. Operating profits (losses marked with "-")		**218,313,725.37**	**102,358,179.23**
Plus: non-operating incomes	VI (43)	163,399.06	395,218.78
Less: non-operating expenditures	VI (44)	633,477.71	1,012.10
IV. Total profits (total losses marked with "-")		**217,843,646.72**	**102,752,385.91**
Less: income tax expenses	VI (45)	56,701,422.76	17,850,161.75
V. Net profits (net losses marked with "-")		**161,142,223.96**	**84,902,224.16**
(I) Classified by business continuity:			
1. Net profits from sustainable operation (net losses marked with "-")		161,142,223.96	84,902,224.16
2. Net profits from discontinued operation (net losses marked with "-")			
(II) Classified by ownership			
1. Minority shareholders' profits and losses (net losses marked with "-")		1,244,527.91	-760,746.30
2. Net profits attributable to parent company shareholders (net losses marked with "-")		159,897,696.05	85,662,970.46
VI. After-tax net amount of other comprehensive			
After-tax net amount of other comprehensive incomes attributable to the parent company owners			
(I) Other comprehensive income that cannot be reclassified into profit or loss			
1. Re-measure and re-define the variation in the benefit plan			
2. Other comprehensive income that fails to be transferred to profit or loss under the equity method			
(II) Other comprehensive revenues to be reclassified into profits and losses			
1. Other comprehensive income of convertible profit or loss under the Equity Method			
2. Profit and loss arising from changes in fair value of available-for-sale financial assets			
3. Profit and loss of held-to-maturity investments reclassified as available-for-sale financial assets			
4. Effective portion of profit and loss of cash flow hedging			
5. Converted Difference in Foreign Currency Statements			
6. Others			
After-tax net amount of other comprehensive incomes attributable to minority shareholders			
VII. Total comprehensive incomes		161,142,223.96	84,902,224.16
Total comprehensive incomes attributable to owners of parent company		159,897,696.05	85,662,970.46
Total comprehensive incomes attributable to the minority shareholders		1,244,527.91	-760,746.30

(The attached Notes to Financial Statements is an integral part of the financial statements)

Legal representative: Accounting director: Accounting firm director:

Consolidated Cash Flow Statement

January to September 2020

Prepared by: Taizhou Hailing Urban Development Group Co., Ltd. Amount Unit: RMB Yuan

Item	Note	Amount of this period	Amount of last period
I. Cash flow from operating activities:			
Cash received from selling goods and providing services		2,715,891,340.96	1,907,766,051.76
Tax refunds received			
Other cash received from operating activities		2,186,282,722.60	2,096,503,914.03
Subtotal cash inflow from operating activities		**4,902,174,063.54**	**3,004,269,965.79**
Cash paid to buy goods and receive labor service		2,091,732,481.43	2,381,445,897.75
Cash paid to and for employees		22,249,406.76	13,692,239.00
Taxes paid		52,723,183.29	17,054,621.27
Other cash paid related to operating activities		2,056,994,205.57	7,798,669,645.62
Subtotal cash outflow from operating activities		**4,222,699,277.05**	**10,210,862,403.64**
Net cash flow from operating activities		**679,474,786.49**	**-7,206,592,437.85**
II. Cash flow from investing activities			
Cash received from investment withdrawal		20,000,000.00	
Cash received from investment returns		2,459,260.13	50,000.00
Net cash received from disposal of fixed assets, intangible assets and other long-term investments		489.60	380.58
Net cash received from disposal of subsidiaries and other business units			
Other cash received from investing activities			375,204,371.60
Subtotal cash inflow from investing activities		**22,459,749.73**	**375,254,752.18**
Cash paid for purchasing and constructing fixed assets, intangible assets and other long-term assets		103,713,017.22	14,957,273.85
Cash paid for investment		163,300,000.00	216,553,600.00
Net cash paid by subsidiaries and other business units			
Other cash paid related to investing activities			
Subtotal cash outflow from investing activities		**267,013,017.22**	**231,510,873.85**
Net cash flow from investment activities		**-264,553,267.49**	**143,743,878.33**
III. Cash flow from financing activities:			
Cash received from absorbing investments		34,770,000.00	2,986,901,035.00
Cash received from borrowings		6,696,858,320.79	8,374,823,398.70
Cash received from issuing bonds			
Other cash received from financing activities		10,869,963.34	400,000,000.00
Subtotal of cash inflow from financing activities		**6,742,498,284.13**	**11,761,724,433.70**
Cash paid for repayment of debt		6,426,081,544.46	5,767,739,226.74
Cash paid for distributing dividends, profits or settling interests		1,580,900,065.47	1,597,555,803.96
Other cash paid related to financing activities		1,121,068,826.65	192,800,096.76
Subtotal cash outflow from financing activities		**9,128,050,436.58**	**7,558,095,127.46**
Net cash flow from financing activities		**-2,385,552,152.45**	**4,203,629,306.24**
IV. Influence of exchange rate changes to cash and cash equivalents			
V. Net increase in cash and cash equivalents		**-1,970,630,633.45**	**-2,859,219,253.28**
Plus: opening balance of cash and cash equivalents		6,332,886,973.14	8,318,378,734.22
VI. Closing balance of cash and cash equivalents		**4,362,256,339.69**	**5,459,159,480.94**

(The attached Notes to Financial Statements is an integral part of the financial statements)

Legal representative: Accounting director: Accounting firm director:

Consolidated Owner's Equity Change Statement

Prepared by: Taizhou Hailing Urban Development Group Co., Ltd.

Amount Unit: RMB yuan

Item	January to September 2020											
	Owner's equity attributable to the parent company											
	Paid-in capital	Other equity instruments		Capital reserve	Other comprehensive incomes	Special reserve	Surplus reserve	General risk reserve	Undistributed profits	Subtotal	Minority shareholder's equity	Total owner's equity
		Preferred stock	Perpetual debt									
I. Balance at the end of last year	5,058,000,000.00			8,458,150,516.55			313,146,057.79		1,739,351,714.53	15,568,648,290.87	227,441,447.00	15,794,089,737.87
Plus: accounting policy changes												
Correction of previous-period accounting errors												
Business combination under the same control												
Other												
II. Balance at the beginning of this year	5,058,000,000.00			8,458,150,516.55			313,146,057.79		1,739,351,714.53	15,568,648,290.87	227,441,447.00	15,794,089,737.87
III. Increase or decrease in the current period (decrease marked with "-")				-105,115,159.68					159,897,696.05	54,782,536.17	-131,431,951.35	-76,649,415.18
(I) Total comprehensive incomes									159,897,696.05	159,897,696.05	1,244,527.91	161,142,223.96
(II) Capital increase or decrease from the owner				-105,115,159.68						-105,115,159.68	-131,883,404.55	-236,998,564.43
1. Invested capital by the Shareholders				-105,094,592.81						-105,094,592.81	-119,356,788.41	-224,451,381.22
2. Other interest owner invested capital												
3. Amount of stock payment included in owner's equity												
4. Others				-20,567.07						-20,567.07	-12,527,616.14	-12,548,183.21
(III) Profit distribution											-793,074.71	-793,074.71
1. Withdrawal of the surplus reserves												
2. Withdrawal of the general risk reserves												
3. Distribution to owners											-793,074.71	-793,074.71
4. Others												
(IV) Internal transfer of shareholders' equity												
1. Capital reserve to increase capital												
2. Surplus reserve to increase capital												
3. Cover losses with surplus reserves												
4. Set the benefit plan variation to be carried out into retained earnings												
5. Others												
(V) Special reserve												
1. Withdrawal in this period												
2. Used in this period												
(VI) Others												
IV. Balance at the end of current year	5,058,000,000.00			8,353,035,356.87			313,146,057.79		1,899,249,410.58	15,621,430,827.04	96,009,495.65	15,717,440,322.69

(The attached Notes to Financial Statements is an integral part of the financial statements)

Legal representative: 陈海润 Accounting leader: 董财 Accounting firm director: 徐[illegible]

Consolidated Owner's Equity Change Statement (Continued)

Prepared by: Taizhou Huilling Urban Development Group Co., Ltd.

Amount Unit: RMB yuan

Item	January to September 2019													
	Owner's equity attributable to the parent company													
	Paid-in capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profits	Subtotal	Minority shareholder's equity	Total owner's equity
		Preferred stock	Perpetual debt	Other										
I. Balance at the end of last year	2,072,095,800.00				6,988,598,050.51				285,706,106.11		1,598,684,591.93	12,943,084,548.55	251,564,884.97	13,194,649,433.52
Plus: accounting policy changes														
Correction of previous-period accounting errors														
Business combination under the same control														
Other														
II. Balance at the beginning of this year	2,072,095,800.00				6,988,598,050.51				285,706,106.11		1,598,684,591.93	12,943,084,548.55	251,564,884.97	13,194,649,433.52
III. Increase or decrease in the current period (decrease marked with "-")	2,985,904,200.00				2,728,756.31						80,680,504.99	3,069,313,461.30	-24,221,834.90	3,045,091,626.40
(I) Total comprehensive incomes											80,680,504.99	80,680,504.99	-760,746.30	79,919,758.69
(II) Capital increase or decrease from the owner	2,985,904,200.00				2,728,756.31							2,988,632,956.31	-21,778,004.51	2,966,854,952.00
1. Invested capital by the Shareholders	2,985,904,200.00											2,985,904,200.00	-16,850,000.00	2,969,054,200.00
2. Other interest owner invested capital														
3. Amount of stock payment included in owner's equity														
4. Others					2,728,756.31							2,728,756.31	-4,928,004.51	-2,199,248.00
(III) Profit distribution													-1,883,084.29	-1,883,084.29
1. Withdrawal of the surplus reserves														
2. Withdrawal of the general risk reserves														
3. Distribution to owners													-1,883,084.29	-1,883,084.29
4. Others														
(IV) Internal transfer of shareholders' equity														
1. Capital reserve to increase capital														
2. Surplus reserve to increase capital														
3. Cover losses with surplus reserves														
4. Set the benefit plan variation to be carried out into retained earnings														
5. Others														
(V) Special reserve														
1. Withdrawal in this period														
2. Used in this period														
(VI) Others														
IV. Balance at the end of current year	5,058,000,000.00				6,989,326,806.82				285,706,106.11		1,679,365,096.92	16,012,398,008.85	227,343,050.07	16,239,741,058.92

(The attached Notes to Financial Statements is an integral part of the financial statements)

Legal representative: 杨海荣 Accounting leader: 蒋利平 Accounting firm director: 陈海波

Balance Sheet

September 30, 2020

Prepared by: Taizhou Hailing Urban Development Group Co., Ltd. **Amount Unit: RMB yuan**

Item	Note	Closing balance	Opening balance
Current assets:			
Monetary fund		4,292,007,841.95	4,690,764,304.36
Financial assets measured at fair value with changes charged to current profits and losses			
Derivative financial assets			
Bills receivable		15,236,131.52	10,000,000.00
Accounts receivable	XII (1)	401,820,547.21	286,207,658.60
Advance payments	XII (2)	39,215,340.33	1,476,725,031.43
Other receivables	XII (3)	6,513,367,963.60	4,657,867,683.20
Inventories		30,393,049,303.28	27,554,737,151.85
Held-for-sale assets			
Non-current assets due within one year			
Other current assets			
Total current assets		**41,654,696,127.79**	**38,666,301,829.44**
Non-current assets:			
Available-for-sale financial assets	XII (4)	188,900,000.00	138,900,000.00
Held-to-maturity investments			
Long-term accounts receivable			
Long-term equity investment	XII (5)	3,490,351,698.31	3,545,609,756.51
Investment real estate			
Fixed assets		111,610,407.76	114,430,360.86
Construction in process			
Productive biological assets			
Oil and gas assets			
Intangible assets		84,697,796.98	39,129,047.18
Development expenditures			
Goodwill			
Long-term deferred expenses			
Deferred income tax assets		1,465,924.32	1,349,574.32
Other non-current assets		649,261,040.00	649,261,040.00
Total non-current assets		**4,508,286,867.37**	**4,488,679,778.87**
Total assets		**46,160,982,995.16**	**43,154,981,608.31**

(The attached Notes to Financial Statements is an integral part of the financial statements)

Legal representative: **Accounting director:** **Accounting firm director:**

Balance Sheet (Continued)

September 30, 2020

Prepared by: Taizhou Haifing Urban Development Group Co., Ltd. **Amount Unit: RMB yuan**

Item	Note	Closing balance	Opening balance
Current liabilities:			
Short-term borrowings		127,000,000.00	350,000,000.00
Financial liabilities measured at fair value with changes charged to current profits and losses			
Derivative financial liabilities			
Bills payable	XII (6)	250,000,000.00	
Accounts payable	XII (7)	33,914,926.50	34,642,751.34
Advance receipts	XII (8)	276,135,557.27	471,921,384.71
Employee remuneration payable		1,525,773.04	1,106,389.40
Taxes payable		338,013,047.03	242,288,095.49
Other payables	XII (9)	12,563,977,127.02	14,899,476,834.19
Held-for-sale liabilities			
Non-current liabilities due within one year		1,628,729,265.44	1,220,080,634.36
Other current liabilities		350,858,744.45	238,931,369.86
Total current liabilities		15,572,154,340.76	17,458,447,439.35
Non-current liabilities:			
Long-term borrowings		3,302,500,000.00	3,000,318,592.26
Bonds payable		6,180,868,066.91	4,387,059,079.28
Of which: preferred stock			
Perpetual debt			
Long-term accounts payable		2,261,889,032.63	1,863,605,311.81
Long-term employee remuneration payable			
Estimated liabilities			
Deferred incomes			
Deferred income tax liabilities			
Other non-current liabilities			100,000,000.00
Total non-current liabilities		11,745,257,099.54	9,350,982,983.35
Total liabilities		27,317,411,440.30	26,809,430,422.70
Owner's equity:			
Paid-in capital		5,058,000,000.00	2,072,095,600.00
Other equity instruments			
Of which: preferred stock			
Perpetual debt			
Capital reserve		7,829,257,897.28	8,291,779,241.92
Less: treasury stock			
Other comprehensive incomes			
Special reserve			
Surplus reserve		313,146,057.79	285,706,106.11
Undistributed profits		2,637,166,212.94	2,390,206,647.80
Total owner's equity		15,837,570,168.01	13,039,787,795.83
Total liabilities and owner's equity		43,154,981,608.31	39,849,218,218.53

(The attached Notes to Financial Statements is an integral part of the financial statements)

Legal representative: **Accounting director:** **Accounting firm director:**

Income Statement

January to September 2020

Prepared by: Taizhou Hailing Urban Development Group Co., Ltd. Amount Unit: RMB yuan

Item	Note	Amount of this period	Amount of last period
I. Operating Incomes	XII (10)	1,633,419,130.68	1,004,723,798.82
Less: operating costs	XII (10)	1,454,766,669.64	804,047,458.26
Taxes and surcharges		12,957,412.33	8,942,217.37
Sales expenses			
Management expenses		14,236,365.05	7,761,156.81
R&D expenses			
Financial expenses		46,180.52	46,684.33
Of which: interest expenses			
Interest Incomes			
Plus: other Incomes			
Investment incomes (losses marked with "-")	XII (11)	2,600,991.64	3,153,876.01
Of which: Investment Incomes to associated enterprises and joint ventures		-1,210,193.78	1,336,960.30
Fair value change revenues (losses marked with "-")			
Asset impairment losses (losses marked with "-")		-465,400.00	239,082.85
Asset disposal revenues (losses marked with "-")			
Non-operating Income			362,975.53
Less: non-operating expenditures			
III. Total profits (total losses marked with "-")		**153,554,073.78**	**186,782,216.44**
Less: income tax expenses		37,747,357.91	8,070,372.56
IV. Net profits (net losses marked with "-")		**115,806,715.87**	**178,711,843.88**
(I) Net profits from sustainable operation (net losses marked with "-")		115,806,715.87	178,711,843.88
(II) Net profits from discontinued operation (net losses marked with "-")			
V. After-tax net amount of other comprehensive Incomes			
(I) Other comprehensive income that cannot be reclassified into profit or loss			
1. Re-measure and re-define the variation in the benefit plan			
2. Other comprehensive income that fails to be transferred to profit or loss under the equity method			
(I) Other comprehensive revenues to be reclassified into profits and losses			
1. Other comprehensive income of convertible profit or loss under the Equity Method			
2. Profit and loss arising from changes in fair value of available-for-sale financial assets			
3. Profit and loss of held-to-maturity investments reclassified as available-for-sale financial assets			
4. Effective portion of profit and loss of cash flow hedging			
5. Converted Difference in Foreign Currency Statements			
6. Others			
VI. Total comprehensive Incomes		115,806,715.87	178,711,843.88

(The attached Notes to Financial Statements is an integral part of the financial statements)

Legal representative: [illegible] Accounting director: [illegible] Accounting firm director: [illegible]

Cash Flow Statement

January to September 2020

Prepared by: Taizhou Hailing Urban Development Group Co., Ltd. Amount Unit: RMB yuan

Item	Note	Amount of this period	Amount of last period
I. Cash flow from operating activities:			
Cash received from selling goods and providing services		1,593,469,319.60	831,443,098.22
Tax refunds received			
Other cash received from operating activities		1,978,481,602.00	4,957,713,060.79
Subtotal cash inflow from operating activities		**3,571,950,977.60**	**5,789,156,159.01**
Cash paid to buy goods and receive labor service		1,232,690,355.46	2,734,226,340.16
Cash paid to and for employees		3,097,998.93	2,305,137.72
Taxes paid		27,224,684.29	8,791,892.69
Other cash paid related to operating activities		2,418,866,937.93	7,380,900,443.19
Subtotal cash outflow from operating activities		**3,681,779,976.61**	**10,126,223,813.76**
Net cash flow from operating activities		**-109,828,999.01**	**-4,337,067,654.75**
II. Cash flow from investing activities			
Cash received from investment withdrawal			
Cash received from investment returns		3,811,185.42	1,816,915.71
Net cash received from disposal of fixed assets, intangible assets and other long-term investments			
Other cash received from investing activities			
Subtotal cash inflow from investing activities		**3,811,185.42**	**1,816,915.71**
Cash paid for purchasing and constructing fixed assets, intangible assets and other long-term assets		26,738,667.85	332,710.29
Cash paid for investment		151,460,000.00	198,193,600.00
Net cash paid by subsidiaries and other business units			
Other cash paid related to investing activities			
Subtotal cash outflow from investing activities		**178,198,667.85**	**198,526,310.29**
Net cash flow from investment activities		**-174,387,482.43**	**-196,709,394.58**
III. Cash flow from financing activities:			
Cash received from absorbing investments			2,985,904,200.00
Cash received from borrowings		6,290,108,320.79	2,296,484,275.94
Cash received from issuing bonds		-	4,513,280,000.00
Other cash received from financing activities		-	
Subtotal of cash inflow from financing activities		**6,290,108,320.79**	**9,795,668,475.94**
Cash paid for repayment of debt		4,799,997,074.48	4,828,720,059.41
Cash paid for distributing dividends, profits or settling interests		1,579,839,588.07	1,530,733,554.72
Other cash paid related to financing activities		624,811,639.21	106,800,096.76
Subtotal cash outflow from financing activities		**7,004,648,301.76**	**6,466,253,710.89**
Net cash flow from financing activities		**-714,539,980.97**	**3,329,414,765.05**
IV. Influence of exchange rate changes to cash and cash equivalents			
V. Net increase in cash and cash equivalents		-998,756,462.41	-1,204,362,284.28
Plus: opening balance of cash and cash equivalents		4,430,764,304.36	5,553,117,916.70
VI. Closing balance of cash and cash equivalents		**3,432,007,841.95**	**4,348,755,632.42**

(The attached Notes to Financial Statements is an integral part of the financial statements)

Legal representative: Accounting director: Accounting firm director:

Statement of Changes in Owner's Equity

Prepared by: Taizhou Haifing Urban Development Group Co., Ltd.

Amount Unit: RMB yuan

Item	January to September 2020									
	Paid-in capital	Other equity instruments			Capital reserve	Other comprehensive incomes	Special reserve	Surplus reserve	Undistributed profits	Total owner's equity
		Preferred stock	Perpetual debt	Other						
I. Balance at the end of last year	5,058,000,000.00				7,829,257,897.28			313,146,057.79	2,390,206,647.80	15,590,610,602.87
Plus: accounting policy changes										
Correction of previous-period accounting errors										
Other										
II. Balance at the beginning of this year	5,058,000,000.00				7,829,257,897.28			313,146,057.79	2,390,206,647.80	15,590,610,602.87
III. Increase or decrease in the current period (decrease marked with "-")					-82,291,274.86				115,806,715.87	33,515,441.01
(I) Total comprehensive incomes									115,806,715.87	115,806,715.87
(II) Capital increase or decrease from the owner					-82,291,274.86					-82,291,274.86
1. Invested capital by the Shareholders					-82,291,274.86					-82,291,274.86
2. Other interest owner invested capital										
3. Amount of stock payment included in owner's equity										
4. Others										
(III) Profit distribution										
1. Withdrawal of the surplus reserves										
2. Withdrawal of the general risk reserves										
3. Distribution to owners										
4. Others										
(IV) Internal transfer of shareholders' equity										
1. Capital reserve to increase capital										
2. Surplus reserve to increase capital										
3. Cover losses with surplus reserves										
4. Set the benefit plan variation to be carried out into retained earnings										
5. Others										
(V) Special reserve										
1. Withdrawal in this period										
2. Used in this period										
(VI) Others										
IV. Balance at the end of current year	5,058,000,000.00				7,746,966,622.42			313,146,057.79	2,506,013,363.67	15,624,126,043.88

(The attached Notes to Financial Statements is an integral part of the financial statements)

Legal representative: 陈浩红

Accounting leader: 黄娟

Accounting firm director: 陈[illegible]

Statement of Changes in Owner's Equity (Continued)

Prepared by: Taizhou Hailing Urban Development Group Co., Ltd.

Amount Unit: RMB yuan

Item	January to September 2019								
	Paid-in capital	Other equity instruments		Capital reserve	Other comprehensive incomes	Special reserve	Surplus reserve	Undistributed profits	Total owner's equity
		Preferred stock	Perpetual debt						
I. Balance at the end of last year	2,072,095,800.00			6,291,779,241.92			285,706,106.11	2,390,206,647.80	13,039,787,795.83
Plus: accounting policy changes									
Correction of previous-period accounting errors									
Other									
II. Balance at the beginning of this year	2,072,095,800.00			6,291,779,241.92			285,706,106.11	2,390,206,647.80	13,039,787,795.83
III. Increase or decrease in the current period (decrease marked with "-")	2,985,904,200.00							178,711,843.88	3,164,616,043.88
(I) Total comprehensive incomes								178,711,843.88	178,711,843.88
(II) Capital increase or decrease from the owner	2,985,904,200.00								2,985,904,200.00
1. Invested capital by the Shareholders	2,985,904,200.00								2,985,904,200.00
2. Other interest owner invested capital									
3. Amount of stock payment included in owner's equity									
4. Others									
(III) Profit distribution									
1. Withdrawal of the surplus reserves									
2. Withdrawal of the general risk reserves									
3. Distribution to owners									
4. Others									
(IV) Internal transfer of shareholders' equity									
1. Capital (or Stock) Increase from Capital Reserves									
2. Capital (or Stock) Increase from Surplus Reserves									
3. Cover losses with surplus reserves									
4. Set the benefit plan variation to be carried out into retained earnings									
5. Others									
(V) Special reserve									
1. Withdrawal in this period									
2. Used in this period									
(VI) Others									
IV. Balance at the end of current year	5,058,000,000.00			6,291,779,241.92			285,706,106.11	2,568,918,491.68	16,204,403,839.71

(The attached Notes to Financial Statements is an integral part of the financial statements)

Legal representative: 楼满江用

Accounting leader: 黄丽丹

Accounting firm director: 徐元冰

为执行新会计准则对财务报表的影响（1）

I. Company profile

(I) Registered location, organization form and address of the company

Taizhou Hailing Urban Development Group Co., Ltd. (hereinafter referred to as "the Company", or collectively referred to as the "Group" when including subsidiaries) was incorporated on April 11, 2006. Enterprise type: limited liability company (wholly state-owned). Company unified social credit code: 91321200785[illegible]3494H; legal representative: You Haorun; registered capital: RMB 5058 million; company address: Room 201, Building 1, No.3 Fuqian Road, Hailing District, Taizhou City.

The company, formerly known as Taizhou Hailing Assets Management Co., Ltd., was jointly funded by Taizhou Hailing District Housing System Reform Office and Taizhou Road Lamp Management Division at the time of establishment, with registered capital of RMB 100 million. Initial capital contribution was RMB 90 million, of which Taizhou Hailing District Housing System Reform Office contributed RMB 80 million, accounting for 80.00% of corporate registered capital; Taizhou Road Lamp Management Division contributed RMB 10 million, accounting for 10.00% of corporate registered capital. This capital contribution was verified by Jiangsu Jingwei Certified Public Accountants upon issuing the Capital Verification Report Jingwei Internal Verification [2006] No.029. Capital contribution in the second phase was RMB 10 million, all of which are funded by Taizhou Hailing District Housing System Reform Office, accounting for 10.00% of corporate registered capital. This capital contribution was verified by Jiangsu Jingwei Certified Public Accountants upon issuing the Capital Verification Report Jingwei Internal Verification [2006] No.043.

On January 14, 2007, according to the resolution of the shareholders meeting, the company's capital was increased by RMB 100 million, and the registered capital was changed to RMB 200 million, This capital contribution was wholly funded by Taizhou Hailing District Housing System Reform Office After capital increase, the equity structure was: Taizhou Hailing District Housing System Reform Office contributed RMB 190 million, accounting for 95.00% of corporate registered capital; Taizhou Road Lamp Management Division contributed RMB 10 million, accounting for 5.00% of corporate registered capital. This capital increase was verified by Jiangsu Jingwei Certified Public Accountants upon issuing the Capital Verification Report Jingwei Verification [2007] No.3008.

On March 31, 2007, according to the resolution of the shareholders meeting, the company's capital was increased by RMB 104 million, and the registered capital was changed to RMB 304 million. This capital contribution was wholly funded by Taizhou Hailing District Housing System Reform Office After capital increase, the equity structure was: Taizhou Hailing District Housing System Reform Office contributed RMB 294 million, accounting for 96.71% of corporate registered capital; Taizhou Road Lamp Management Division contributed RMB 10 million, accounting for 3.29% of corporate registered capital. This capital increase was verified by Jiangsu Jingwei Certified Public Accountants upon issuing the Capital Verification Report Jingwei Verification [2007] No.3047.

On August 3, 2008, the company held a shareholder's meeting, and all shareholders unanimously agreed to amend the articles of association: agreed to increase the corporate capital by RMB 138,095,800, and the registered capital was changed to RMB 442,095,800, agreed to absorb Jiangsu Province Taizhou Hailing District Community Service Center as a new corporate shareholder which contributed RMB 138,095,800, accounting for 31.24% of the registered capital. After this capital increase, the paid-in capital was RMB 442,095,800, of which: Taizhou Hailing District Housing System Reform Office contributed RMB 294 million, accounting for 66.50% of corporate registered capital; Taizhou Road Lamp Management Division contributed RMB 10 million, accounting for 2.26% of corporate registered

capital; Jiangsu Province Taizhou Hailing District Community Service Center contributed RMB 138,095,800, accounting for 31.24% of corporate registered capital. This capital increase was verified by Jiangsu Jingwei Certified Public Accountants upon issuing the Capital Verification Report Jingwei Verification [2008] No.3060.

On October 21, 2010, Taizhou Hailing District People's Government released the Notice of District Government on Regulating the Management of State-owned Equity of Hailing Assets Company (Tai Hai Government Release [2010] No.149), to transfer the whole equity held by Taizhou Road Lamp Management Division, Taizhou Hailing District Housing Reform Office and Taizhou Hailing District Community Service Center to Hailing District Finance Bureau, and after the change, Hailing District Finance Bureau held whole equity of the company.

On June 24, 2011, according to the document of Taizhou Hailing District Finance Bureau (Tai Hai Finance Enterprise [2011] No.3) and the resolution of corporate shareholder's meeting, the company increased capital by RMB 200 million, and the registered capital was changed to RMB 642,095,800. This capital contribution was wholly funded by Taizhou Hailing District Finance Bureau. After capital increase, Taizhou Hailing District Finance Bureau contributed RMB 642,095,800, accounting for 100% of corporate registered capital. This capital increase was verified by Jiangsu Jingwei Certified Public Accountants upon issuing the Capital Verification Report Jingwei Verification [2011] No.3018.

On October 21, 2014, according to the document of Taizhou Hailing District People's Government Reply of District Government on Increasing Investment In Taizhou Hailing Assets Management Co., Ltd. (Tai Hai Government Reply [2014] No.28) and the resolution of corporate shareholder's meeting, the company increased capital by RMB 430 million, and the registered capital was changed to RMB 1,072,095,800. This capital contribution was wholly funded by Taizhou Hailing District Finance Bureau. After capital increase, Taizhou Hailing District Finance Bureau contributed RMB 1,072,095,800, accounting for 100% of corporate registered capital. On October 31, 2014, the company completed industrial and commercial change.

On December 21, 2015, according to the approval of Taizhou Hailing District People's Government ([2015] Hai Government Zi No.624) and the resolution of corporate shareholder's meeting, the company increased capital by RMB 1,000,000,000 and the registered capital was changed to RMB 2,072,095,800. This capital contribution was wholly funded by Taizhou Hailing District Finance Bureau. After capital increase, Taizhou Hailing District Finance Bureau contributed RMB 2,072,095,800, accounting for 100% of corporate registered capital. This capital increase was verified by Jiangsu Zhongxing Certified Public Accountants upon issuing the Capital Verification Report Zhongxing Verification Zi [2015] No.0045. On April 18, 2016, the company completed industrial and commercial change.

On May 30, 2019, upon the resolution of corporate shareholder's meeting, the name of company was changed to Taizhou Hailing Urban Development Group Co., Ltd., the registered capital was concurrently changed to RMB 3,732,095,800, and the newly added capital of RMB 1,660,000,000 was wholly funded by Taizhou Hailing District Finance Bureau.

On June 28, 2019, upon the approval of Taizhou Hailing District People's Government, corporate shareholder changed to Taizhou Hailing District People's Government State-owned Assets Supervision and Administration Office. After the change, Taizhou Hailing District People's Government State-owned Assets Supervision and Administration Office held 100% equity of the Company.

On April 11, 2019, upon the resolution of corporate shareholder's meeting, corporate registered capital was changed to RMB 5,058,000,000, and the newly added capital of RMB 1,325,904,200 was wholly funded by Taizhou

Hailing District People's Government State-owned Assets Supervision and Administration Office. After capital increase, Taizhou Hailing District People's Government State-owned Assets Supervision and Administration Office contributed RMB 5,058,000,000, accounting for 100% of corporate registered capital.

On July 14, 2020, the company's shareholder was changed to Taizhou Municipal Government State-owned Assets Supervision and Administration Committee. After the change, Taizhou Municipal Government State-owned Assets Supervision and Administration Committee held 100% of the corporate equity.

(II) Business nature and main operating activities of the company

The Company belongs to the leasing and business service industry, with main business scope including: urban infrastructure construction, asset management, land consolidation and development.

(III) Name of parent company and group headquarter

Controlling shareholder of the company is Taizhou Municipal Government State-owned Assets Supervision and Administration Committee, and ultimate controller is Taizhou Municipal Government State-owned Assets Supervision and Administration Committee. The company sets up a board of directors which manages and controls major decision-making and daily task implementation of the company.

(IV) Approval of financial report

The Group's financial report is reported externally upon the approval of Board of Directors.

(V) Operation term

The Company's operation term is from April 2006 to April 2026.

(VI) Scope of consolidated financial statement in the current period

For subsidiaries included in the consolidation scope of the Group in January-September 2020, refer to Note VII "Equity in other entities". For consolidation scope changes of the Group in the current period, please refer to Note VII "Changes of consolidation scope".

II. Preparation basis of the financial statements

(I) Preparation basis

The Group's financial statements are based on continuing operations, which are prepared as actual transactions and events in accordance with the accounting standards and guidelines for application, interpretation and other relevant regulations promulgated by the Ministry of Finance (collectively referred to as the "Accounting Standards for Business Enterprises"), in conformity with the Note IV Accounting policies and estimates in the "Significant Accounting Policies & Accounting Estimates".

Financial accounting of the Group should be based on accrual basis according to Accounting Standards for Business Enterprises. Unless otherwise specified, the financial statements are computed on the basis of historical costs. If an asset is impaired, the corresponding provision for impairment shall be made in accordance with the relevant provisions.

(II) Sustainable operations

The financial statement is presented based on sustainable operation, and the Group has the ability of sustainable operation within at least 12 months from the end of reporting period.

III. Statement on compliance with Accounting Standards for Business Enterprises

The financial statement prepared by the Group meets the requirements of Accounting Standards for Business Enterprises, which reflects the Group's financial condition, operation achievement, cash flow and other relevant information truly and completely.

IV. Significant accounting policies and accounting estimate

(I) Accounting period

The accounting period of the Group is from January 1 to December 31 of the Gregorian calendar.

(II) Functional currency

The Group adopts RMB as the functional currency.

(III) Accounting basis and valuation principle

The Group's accounting is based on the accrual basis of accounting, and historical cost is the principle of pricing.

(IV) Business combination

Business combination refers to the transactions or events of combining two or more than two separate businesses into one reporting entity. Business combination includes business combination involving entities under common control and business combination involving entities not under common control.

1. Business combination under the same control

The enterprises involved in combination are ultimately controlled by the same party or parties before and after the combination. The control is not temporary, and the combination is under the same control. For business combinations under the same control, the party that obtains control over other participating enterprises on the acquisition date is the acquirer, and other enterprises that participate in the combination are the acquirees. Combination date refers to the date on which the combing party actually obtains control to the combined party.

The assets and liabilities obtained by the combining party are measured at the carrying amounts as recorded by the combined party at the combination date. The difference between the carrying amount of the net assets obtained by the combining party and the carrying amount of consideration paid for the combination is adjusted to share premium in the capital reserve. If the balance of share premium is insufficient, retained earnings shall be adjusted.

The direct expenses generated by the acquirer for the purpose of business combinations shall be recorded into the profits and losses for the current period.

2. Business combination under different control

If the enterprises participating in the combination are not ultimately controlled by the same party or parties before and after the combination, the business combination is facilitated under different controls. For business combinations not under the same control, the party that obtains control over other participating enterprises on the acquisition date is the acquirer, and other enterprises that participate in the combination are the acquirees. The acquisition date refers to the date when acquirer actually obtains control over acquiree.

For the business combinations under different controls, the combination cost includes the assets paid by the acquirer to obtain control over acquire on the acquisition date, the liabilities generated or undertaken and the fair value of the issued equity securities. The intermediary costs used for auditing, legal services, appraisal consulting and other administrative expenses during the process of business combination are included into the current profits and losses. Any transaction costs occurring in the process of issuing equity securities or debt securities as consideration paid for

combination by the purchaser are included in the initially recognized amount of equity securities or debt securities. The involved contingent consideration is included in the consolidated cost as per its fair value on the purchasing date, if new or further evidences compared with existing circumstances on the purchasing date occur within 12 months after the purchasing date, so that contingent consideration needs to be adjusted, the consolidated goodwill shall be adjusted accordingly. The cost of combination incurred to the acquirer and the net identifiable assets obtained in the processing of combination shall be measured at the acquisition-date fair value. Goodwill is identified as the excess of combination cost over the fair value of identifiable net assets obtained by the acquirer in combination on the acquisition date. If the combination cost is less than the fair value of identifiable net assets obtained by acquiree in the combination, the fair value of identifiable assets, liabilities and/or contingent liabilities of the acquiree and the combination costs should be re-computed first. If the combination cost is still less than the fair value of identifiable net assets obtained by the acquiree in the combination, the difference shall be included into the current profits and losses.

When the deductible temporary difference obtained by the purchasing party from the purchased party is unrecognized due to incompliance with the deferred income tax asset recognition criteria on the purchasing date, within 12 months after the purchasing date, if new or further information shows relevant circumstances of the purchasing date have existed, and economic benefits of the purchased party brought by the deductible temporary difference on the purchasing date is expected to realize, the relevant deferred income tax assets are recognized, while the goodwill is reduced; if the goodwill is insufficient to offset, the difference part is recognized as current profits and losses; except for the above circumstances, the deferred income tax assets recognized in connection with business combination are included in current profits and losses.

Where the business combination not under the same control is achieved through multiple transactions by steps, make judgment on whether such multiple transactions are "package deal", pursuant to the "package deal" judgment criteria in the Notice of the Ministry of Finance on Printing and Distributing the Interpretation of Accounting Standards for Business Enterprises No. 5 (Finance and Accounting [2012] No. 19) and Article 51 of the Accounting Standards for Business Enterprises No.33-Combined Financial Statement (see the Note IV. (5). 2) The deals belonging to "package-deal" are accounted based on the above description and Note IV. (13) Long-term equity investments; the deals not belonging to "package-deal" are accounted separately based on separate financial statements and consolidated financial statements.

In separate financial statements, the sum of the carrying amount of the acquirer's interest in the acquired entity's equity investments prior to the acquisition date and the additional investment costs at the acquisition date is recognized the initial investment cost; For the acquirer's interest in the acquired entity's equity investments prior to the acquisition date that is related to other comprehensive income, it shall be accounted, with other relevant comprehensive incomes, on the same basis of direct disposal of assets or liabilities in the disposal of the investment.

In the consolidated financial statements, the acquirer's interest in the acquired entity's equity investments prior to the acquisition date is measured at the fair value at acquisition date, and the difference between fair value and carrying amount is accounted into current investment income; For the acquirer's interest in the acquired entity's equity investments prior to the acquisition date that is related to other comprehensive income, it shall be accounted, with other relevant comprehensive incomes, on the same basis of direct disposal of assets or liabilities in the disposal of the investment.

(V) Consolidated financial statement preparation method

1. The principle of determining the scope of consolidated financial statements

The scope of financial statements consolidation is decided based on the control. Control means that the Group has the power over the invested entity, earns variable return by participating in relevant activities of the invested entity, and has the ability to influence the return amount by exercising its power over the invested entity. Consolidation scope includes the Group and all subsidiaries.

Once relevant factors involved in above definition of the control due to changes to relevant facts and conditions, it should be re-measured by the Group.

2. Method for compiling consolidated financial statements

Upon the date of obtaining control of the net assets and business operation of the subsidiary, the Group commences to incorporate it into the scope of combination; terminates to incorporate it into the scope of combination upon the date of losing control. For the subsidiary in disposal, operation achievement and cash flow prior to the date of disposal has been included in the consolidated income statement and consolidated cash flow statement; For the subsidiary disposed in the current period, the opening balance in the consolidated balance sheet is not adjusted. For subsidiaries that are not under the same control and whose business combination is increased, the operating results and cash flows after the purchase date have been properly included in the consolidated income statement and the consolidated cash flow statement, and the opening balance and comparison of the consolidated financial statements are not adjusted. For the subsidiary acquired in the business combination under same control, the operation achievement and cash flow from the beginning of the period to the acquisition date has been included in the consolidated income statement and consolidated cash flow statement, and the comparative figures in the consolidated financial statements are correspondingly restated.

During preparation of consolidated financial statements, if different accounting policies or accounting periods are used by the subsidiaries and the Group, financial statements of the subsidiaries should be adjusted according to accounting policy and accounting period of the Group. For subsidiaries acquired under a business combination not under common control, the financial statements of the subsidiary are adjusted based on the fair value of the identifiable net assets at the acquisition date.

All major current balances, transactions and unrealized profits in the company are offset when the consolidated financial statements are prepared.

The parts in subsidiary owner's equity and current net profits and losses that do not belong to the Group are separately presented under the owner's equity and net profit item in the consolidated financial statement, as the minority shareholder's equity and the minority shareholder's profits and losses. The portion of subsidiary's current net profits and losses that is attributable to minority shareholder's equity is presented as "minority shareholder's profits and losses" under the net profits in the consolidated income statement. Where losses attributable to the minority shareholders of a subsidiary exceed the minority shareholders interest in of the equity of the subsidiary, they are still offset against the minority shareholders interest.

When the control over the original subsidiary is lost due to the disposal of part of the equity investment or other reasons, the remaining equity shall be re-measured based on the fair value on the date of loss of control. The difference between the consideration obtained by disposing of the equity and the fair value of the remaining equity, minus the share

of the share of the net assets that would have been calculated by the original subsidiary from the date of purchase as calculated by the original shareholding ratio, is included in the current period of loss of control. Investment income. Other comprehensive income related to the equity investment of the original subsidiary, when the loss of control right is used, the accounting basis is the same as that of the purchased party that directly disposes of the relevant assets or liabilities. Thereafter, residual equity of the part can be provided with subsequent measurement according to Accounting Standards for Business Enterprises No. 2 - Long-term Equity Investment or Accounting Standards for Business Enterprises No.22 - Recognition and Measurement of Financial Instruments, as detailed in Note IV. (13) "long-term equity investment" or Note IV. (9) "financial instruments".

If the Group loses control of the subsidiary due to disposing the equity interest through two or more deals, the above deals should be determined whether belong to a package-deal. When the terms, conditions and economic impacts of disposing subsidiary equity investment transactions comply with the following one or more circumstances, it generally indicates that multiple transactions shall be accounted as package deal: ① these transactions are signed simultaneously or when considering mutual impact; ② these transactions as a whole can achieve a complete business result; ③ the occurrence of a transaction depends on the occurrence of at least another transaction; ④ a transaction alone is deemed as uneconomical, but economical when considering with other transactions together. If they are not the package deal, for each transaction of them, accounting treatment is conducted according to the applicable principles in "partially dispose the long-term equity investment of subsidiary without losing the control right" (see Note IV. (13)) and "lose the control right on original subsidiary due to disposal of partial equity investment or other reasons" (see preceding paragraph). Disposal of the equity investment in the subsidiary until the loss of control of the transaction is a package transaction, the transaction will be treated as a transaction to dispose of the subsidiary and lose control; however, before the loss of control, the difference between the disposal price and the share of the net assets of the subsidiary corresponding to the disposition of the investment is recognized in the consolidated financial statements as other comprehensive income. When the control right is lost, it is transferred to the current profit or loss at the same time.

(VI) Classification of joint venture arrangements and accounting of joint operations

Joint arrangement refers to an arrangement that is jointly controlled by two or more participants. According to rights and obligations for the arrangement of joint ventures, the Group divides the joint ventures into joint-operated and cooperative enterprise. Joint operation refers to that the Group enjoys the relevant assets of the arrangement and assumes arrangement of joint ventures of relevant liabilities. Cooperative enterprise refers to an arrangement of joint ventures where the Group only has the right for net assets of the organization.

Investment of the Group on cooperative enterprise should be accounted with equity method and disposed according to accounting policy stated in Note IV. (13) "long-term equity investment".

As an associated enterprise, for joint operation, the Group should recognize assets independently held by the Group, liabilities independently assumed by the Group, and jointly held assets and jointly assumed liabilities according to the share of the Group; income from sales of output share of joint operation enjoyed by the Group; income from sales through joint operation according to the share of the Group; independently expenses of the Group and occurred expenses of joint operation according to the share of the Group.

When the Group, as an associate enterprise, invests or sells assets (the asset doesn't constitute a business, same hereunder) to the joint venture, or when the Group purchases assets from the joint venture, before such assets are sold

to the third party, the Group only recognizes parts of profits and losses generated from the transaction and belonging to other participants of the joint venture. If such assets are subject to asset impairment losses in accordance with the Accounting Standards for Business Enterprises No.8—Impairment of Assets, etc., the Group fully recognizes such losses, for the assets jointly invested or sold by the Group; and recognizes such losses as per the assumed portion, for the assets purchased from joint operation.

(VII) Determination standards of cash and cash equivalents

The Group's cash and cash equivalents include cash in stock, deposits that can be used to pay at any time, and investment held by the Group with short-term (usually due within three months from the date of purchase), strong liquidity, easy conversion to known amounts of cash, and little risk of change in value.

(VIII) Foreign currency transactions and conversion of foreign currency statements

1. Foreign currency transactions

For foreign currency transactions of the Group, foreign currency amount is converted into RMB amount according to the spot exchange rate on the transaction date. At the balance sheet date, foreign currency monetary items are translated into RMB at the spot exchange rate on the balance sheet date, and the translation difference is directly included in the current profit and loss, in addition to the foreign exchange differences from the foreign currency specific borrowings for the acquisition, construction or production of assets eligible for capitalization that is recorded as the principle of capitalization.

2. Conversion of foreign currency financial statements

The items of assets and liabilities in the foreign currency balance sheet are translated at the spot exchange rate on the balance sheet date; the owner's equity items are translated at the spot exchange rate at the time the business occurs except for "undistributed profits"; the income & cost items in the profit statement are converted at the spot exchange rate on the transaction date. The difference in translation of foreign currency statements from the above translation is shown as the "Other comprehensive income" item of the owner's equity. Foreign currency cash flows are translated at the spot exchange rate on the date of cash flow. The impact of exchange rate changes on cash is separately presented in the cash flow statement

(IX) Financial instruments

A financial asset or financial liability shall be recognized in case that the Group becomes a party to a financial instrument contract. Financial assets and financial liabilities are measured at fair value on initial confirmation. For the financial assets and financial liabilities measured at fair value and the changes therein are recognized into current profit or loss, the transaction expenses thereof should be recognized directly in profit or loss, and for other categories of financial assets and financial liabilities, the transaction expenses thereof should be recognized into initially recognized amount.

1. Determining method of the fair value of financial assets and financial liabilities

Fair value refers to the price that a market participant can be received for the sale of an asset or the price he needs to pay for transferring a liability in an orderly transaction occurring on the measurement date. The Group measures the fair value of financial assets and financial liabilities at the prices of major markets. If there is no major market, the fair value of financial assets and financial liabilities are measured at the most favorable market prices, the applicable available sufficient and current data and the other information supporting valuation techniques are also used. Input value

for measurement of fair value can be divided into three levels, i.e. the first-level input value is unadjusted quotation on same assets or liabilities obtained in the active market at the date of measurement; the second-level input value is directly or indirectly observable input values of related assets or liabilities except the first-level input value; the third-level input value is non-observable input value of related assets or liabilities. The Group gives priority to use the first level of input values, and then the third level of input values. Level of the measurement result of fair value is decided according to the lowest level of input value with great significance for whole measurement of fair value.

2. Classification, confirmation and measurement of financial assets

The financial instruments traded in a conventional manner shall be conducted accounting recognition and de-recognition at the date of transaction. Financial assets are classified at initial recognition into financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, and available-for-sale financial assets.

① Financial assets measured at fair value with changes charged to current profits and losses

Including transactional financial assets and financial assets that are designated at fair value through profit or loss.

Transactional financial assets refer to the financial assets in accordance with one of the following criteria: A. the purpose of obtaining such financial assets is mainly for sales in the near future; B. belong to a part of recognizable financial instruments of centralized management, with objective evidence to show the Group has recently managed the portfolio by means of short-term profitability; C. belong to derivatives, but excluding the derivatives designated as effective hedging instruments, the derivatives of financial guarantee contract, as well as the derivatives connected with equity instrument investment of which the fair value cannot be reliably measured and unquoted on active market, and settlement by delivering such equity instruments.

Financial assets that meet one of the following criteria are designated as the financial assets measured at fair value with changes charged to current profits and losses at initial recognition: A. such designation can eliminate or apparently reduce the inconsistent recognition or measurement of relevant gains or losses caused by different measurement basis of such financial assets; B. corporate formal written document of risk management or investment strategy have stated to manage, evaluate the financial asset portfolio or combination of financial assets and financial liabilities in which the financial assets exist based on fair value, and report to key management personnel.

Financial assets measured at fair value through current profits or losses are subsequently measured at fair value. Any gains or losses arising from changes in fair value and any dividends and interest income related to these financial assets are included in current profit or loss.

② Held-to-maturity investments

Refers to non-derivative financial assets with fixed expiry date, fixed or ascertainable recovery amount, and that the Group has clear intention and capability to hold to maturity.

Subsequent to initial recognition, held-to-maturity investments are stated at amortized cost using the effective interest method. The profit or loss arising in de-recognition, impairment or amortization is accounted into current profit or loss.

The effective interest rate method refers to the method of calculating the amortized cost and the interest income or expenses of each period according to the effective interest rate of the financial assets or financial liabilities (including a group of financial assets or financial liabilities). Effective interest rate is the interest rate at which the future cash flows of the financial asset or liability in the expected duration or during shorter applicable time period are discounted into its

present nominal value.

When calculating the effective interest rate, the Group will estimate the future cash flow (irrespective of future credit losses) on the basis of all the contractual terms of the financial assets or financial liabilities, and will also consider the payment of financial assets or financial liabilities between the parties to the contract. Or fees collected, charges that are part of the effective interest rate, transaction fees, discounts or premiums, etc.

③ Loans and receivables

It refers to the non-derivative financial assets that have no quoted price in an active market, with a fixed or determinable recovery amount. Financial assets of the Group divided into loans and receivables include notes receivable, account receivables, interest receivable, dividend receivable and other receivables etc.

Subsequent to initial recognition, loans and receivables are stated at amortized cost using the effective interest method. The profit or loss arising in de-recognition, impairment or amortization is accounted into current profit or loss.

④ Available-for-sale financial assets

It includes the non-derivative financial assets that are designated as available for sale at initial recognition, and financial assets charged to profit or loss for the current period other than financial assets at fair value, loans and receivables, and financial assets out of held-to-maturity investments.

Cost of the available-for-sale debt instrument at the end of the period should be recognized with amortized cost method, which is initially recognized amount minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment. Cost of the available-for-sale equity instrument at the end of the period is the originally obtained cost.

Available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value, other than exchange differences related with impairment losses and foreign currency monetary financial assets and amortized costs in profit or loss for the current period, are recognized in other comprehensive income. When the financial asset is derecognized, it is transferred out and included in the current profit and loss. However, the equity instrument investments that are not quoted in an active market and whose fair value cannot be reliably measured, and the derivative financial assets that are linked to the equity instrument and must be settled through delivery of the equity instrument are subsequently measured at cost. Interest on available-for-sale financial assets and cash dividend income that the invested entity declares are recognized in investment income.

Due to change of holding intention or ability, or fair value not reliably measured, or in accordance with Article 16 of the Accounting Standards for Business Enterprises No.22 – Recognition and Measurement of Financial Instruments, the held-to-maturity investments are reclassified as available-for-sale financial assets with the term that has exceeded two full fiscal years, so that when the financial assets are no longer suitable for measurement at fair value, the Group measures the available-for-sale financial assets at cost or amortized cost. On the reclassification date, the cost or amortized cost of such financial assets is the fair value or book value on that date.

If such financial assets have a fixed maturity date, the gains or losses related to such financial assets and originally included in other comprehensive incomes are amortized by the effective interest rate method during the remaining period of such financial assets, and included in current profits and losses; the difference between amortized cost of such financial assets and amount on the maturity date is amortized by effective interest rate method during the remaining

period of such financial assets, and included in current profits and losses. If such financial assets have no fixed maturity date, the gains or losses originally included in other comprehensive incomes are still retained in the owner's equity, transferred out when such financial assets are disposed, and included in current profits and losses.

3. Impairment of Financial assets

Except for the financial assets that are measured at fair value through profit or loss, the Group checks the book value of other financial assets at each balance sheet date. If there is objective evidence that the financial assets are impaired, the Group should make the devaluation preparation.

The Group performs impairment tests individually for the financial assets whose amounts are significant; for the financial assets whose amounts are insignificant, the impairment tests can be performed individually or they are included in the portfolio of financial assets with similar credit risks to perform impairment test. The individual tested financial assets that have not been impaired (including single significant and insignificant financial assets) are included in the portfolio of financial assets with similar credit risk characteristics for impairment test. For financial assets whose impairment loss has been recognized in individual test, they do not need to be performed impairment tests included in the portfolio of financial assets with similar credit risks.

① Impairment of investments, loans and receivables held-to-maturity

The carrying amount of financial assets measured at costs or amortized costs should be reduced to present value of estimated future cash flows, and the reduced amount is recognized as impairment loss and recorded into current profit or loss. After the impairment loss is recognized in a financial assel, if there is an objective evidence that the value of the financial asset has been recovered, which is objectively related to the event that has occurred after the loss was confirmed, the previous recognized impairment loss is reversed. The book value of the financial asset reversed for loss does not exceed the amortized cost of the financial asset on the day of reverse under the assumption for no impairment,.

② Available-for-sale financial assets impairment

As the comprehensive related factors, when the decline in the fair value of available-for-sale equity instrument investment is a serious or non-transient decline, it indicates that the available-for-sale equity instrument investment is impaired. Among them, "serious decline" refers to the cumulative decline in fair value exceeding 20%; "non-temporary decline" refers to the continuous decline in fair value exceeding 12 months, the basis for determining continuous decline period is that the rebound increase during continuous decline or downward trend period is less than 20%, and if the continuous rebound time is no more than 6 months, it shall be regarded as continuous decline period.

When the available-for-sale financial asset is impaired, the accumulative loss that is originally recorded in other comprehensive income due to the decline in fair value is transferred to the profit or loss for the current period. The accumulated loss is the balance of the initial acquisition cost of the asset less the paid principal and amortized amount, the current fair value and the impairment loss that has been included in profit or loss.

After the impairment loss is confirmed, if there is objective evidence that the value of the financial asset has been recovered after the period and it is objectively related to the event occurred after the loss is confirmed, the previous recognized impairment loss is reversed. The impairment loss of the available-for-sale equity instrument investment is reversed and recognized as other comprehensive income. The impairment loss of the available-for-sale debt instrument is reversed and included in the current profit or loss.

Equity instrument investments that do not have a quotation in an active market and whose fair value cannot be

reliably measured, or impairment losses of derivative financial assets that are linked to the equity instrument and are settled by delivery of the equity instrument, are not reversed.

4. Recognition basis and measurement method of financial assets transfer

Financial assets are de-recognized in one of the following criteria: ① the contractual right to receive cash flow of such financial assets is terminated; ② such financial assets have been transferred, and almost all risks and rewards on the financial asset ownership have been transferred to the transferor; ③ such financial assets have been transferred, and although the company has neither transferred nor retained almost all risks and rewards on the financial asset ownership, it has abandoned control of such financial assets.

If the enterprise neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it has not abandoned the control of that financial asset, the relevant financial asset is recognized at the extent of continuing involvement in the transferred financial asset and the corresponding liability is recognized accordingly. The term "continuous involvement in the transferred financial asset" refers to the risk level that the enterprise faces due to the change of the value of the financial asset.

Where a transfer of a financial asset in its entirely meets the criteria of de-recognition, the difference between the carrying amount of the financial asset transferred and the sum of the consideration received from the transfer and any cumulative change in fair value that has been recognized in other comprehensive incomes is recognized in current profit or loss.

Where a transfer of financial asset partly meets the criteria of de-recognition, the carrying amount of the financial asset transferred should be amortized between the part that is derecognized and the part that is not derecognized according to the fair value, and the difference between the sum of the consideration received from the transfer and any cumulative change in fair value that has been recognized in other comprehensive incomes and should be amortized to the derecognized part, and the amortized above-mentioned carrying amount, shall be recorded into current profit or loss.

Where the Group sells financial assets with recourse, or transfers financial assets by endorsement, the Group needs to determine whether all the risks and rewards of ownership of the financial asset have been transferred. If all the risks and rewards of ownership of the financial asset are almost transferred to the transferee, and the financial asset is derecognized; if all the risks and rewards on the ownership of the financial asset are retained, the financial asset is not derecognized; all the risks and rewards of ownership of financial assets are not almost transferred or retained, continue to determine whether the company retains the control over the assets and perform the accounting operation based on the principles described in the preceding paragraphs.

5. Classification and measurement of financial liabilities

Financial liabilities are initially classified into financial liabilities at fair value recorded in the current profit or loss and other financial liabilities. The initial recognized financial liabilities are measured at fair value. For financial liabilities at fair value through profit or loss, the transaction expenses thereof should be recognized directly in current profit or loss, and for other financial liabilities, the transaction expenses thereof should be recognized into initially recognized amount.

① Financial liabilities measured at fair value with changes charged to current profits and losses

The conditions of financial liabilities classified as transactional financial liabilities and the financial liabilities designated at initial recognition as fair value with the changes to the current profit or loss, and the conditions of financial assets classified as transactional financial assets and financial assets designated at initial recognition at fair value with

the changes to the current profit or loss are consistent.

Financial liabilities at fair value to the current profit or loss are subsequently measured at fair value. Any gains or losses from changes in fair value and any dividends or interest payments relating to the financial liabilities are included in the current profit or loss.

② Other financial liabilities

Derivative financial liabilities that are linked to equity instruments unavailable to be quoted in an active market and whose fair value cannot be reliably measured, settled by delivery of the equity instruments, are subsequently measured at cost. Other financial liabilities shall adopt effect interest method, and be recognized at amortized costs in the subsequent measurement, and the gains or losses arising from de-recognition or amortization shall be recorded into current profit or loss.

6. De-recognition of Financial Liabilities

If the current obligation of a financial liability is discharged in whole or in part, and then the financial liability or part thereof may be derecognized. If the Group (debtor) signs an agreement with the creditor to replace the existing financial liabilities with new financial liabilities, and the terms of the new financial liabilities and the existing financial liabilities are substantially different, and then the existing financial liabilities should be derecognized for the new financial Liabilities.

Where entire or part of a financial liability is derecognized, the difference between the carrying value and the consideration (including transferred non-cash assets or assumed new financial liability) is charged to current profit or loss.

7. Derivatives and embedded derivatives

Derivatives are measured initially at fair value at the date of contract signing, and is measured subsequently at fair value. Changes to fair value of derivatives are included in the current profits and losses.

For the hybrid instruments containing embedded derivatives, if there are not designated as financial assets or financial liabilities at fair value with the changes to the current profit or loss, there is no close relationship between the embedded derivatives and the principal contract in terms of economic characteristics and risks, with the same condition of embedded derivatives and the separate existing tools are in accordance with the definition of the derivatives, and then the embedded derivatives are split from the hybrid tools and processed as the separate derivative financial instruments. If the embedded derivative cannot be measured separately at the acquisition date or subsequent balance sheet date, the hybrid instrument in its entirely is designated as financial asset or liability at fair value through current profit or loss.

8. Offset of financial assets and financial liabilities

When the Group has legal rights for offsetting recognized financial assets and financial liabilities, which are executable at present, and the Group plans to settle with net amount or realize the financial assets and liquidate the financial liabilities, amount of financial assets and financial liabilities after mutual offset should be listed in the balance sheet. In addition, financial assets and financial liabilities are separately presented in the balance sheet, which are not offset by each other.

9. Equity instruments

Equity instruments refer to contracts that residual rights of the Group for the assets can be obtained after deduction of all liabilities. Issuing (including refinancing), purchasing-back, sales or write-off of equity instruments by the Group should be disposed as changes to rights and interests. The Group doesn't recognize changes to fair value of equity

instruments. Transaction costs related to equity transactions are deducted from equity.

All distributions of the Group to the equity instrument holders (excluding stock dividends) reduce owner's equity. The Group doesn't recognize change amount to fair value of equity instruments.

(X) Receivables

Receivables include notes receivable, account receivables and other receivables etc.

1. Bad debt preparation confirmation standards

The Group inspects book value of receivables on the balance sheet date, and if the following objective evidences indicate impairment of receivables, provision for impairment is made: ① the debtor has serious financial difficulties; ② the debtor breaches the contract terms (such as payment of interests or principals is breach of contract or overdue, etc.); ③ the debtor is likely to close down or conduct other financial restructuring; ④ other objective basis to indicate impairment of the receivables.

The allowance method is adopted for the possible bad debt losses, and the impairment test is conducted at the end of the period separately or in combination, and provision for bad debts is accrued and charged to the current profit and loss. If conclusive evidences indicate that it is indeed unable to recover the receivables, they write off the bad debt reserve as bad debt losses after approval of the Group according to the procedures.

2. Bad debt provision method:

(1) Receivables with single significant amount and single provision for bad debt reserve

The Group recognizes the receivables with an amount of more than RMB 3 million as receivables with significant single amount.

The Group conducts the individual impairment tests on individual significant receivables, and the individual test financial assets without impairment are included in the financial assets portfolio with similar characteristics of credit risk to perform the impairment tests. The receivables that have been confirmed for impairment losses in individual tests are no longer included in the portfolio of accounts receivable with similar credit risk characteristics for impairment testing.

(2) Receivables with bad debt reserve as per credit risk portfolio

The company conducts impairment testing on financial assets with single insignificant and significant amounts without impairment of individual tests, including financial asset portfolio with similar credit risk characteristics (the receivables that have been confirmed for impairment losses in individual tests are no longer included in the portfolio of accounts receivable with similar credit risk characteristics for impairment testing). These credit risks reflect generally the ability of the debtor to repay all amounts due according to the contractual terms of the assets, which are related to the measurement of the future cash flows of the assets inspected.

When the impairment test is conducted in a combined manner, the amount of bad debts reserves is determined on the basis of the loss assessment existing in the portfolio of historical loss experience, current economic conditions and expected receivables according to the portfolio structure of accounts receivable and similar credit risk characteristics (ability of the debtor to repay arrears according to the terms of the contract).

Recognition basis of different portfolios and bad debt reserve accrual method

Basis of determining the portfolio	
Portfolio of government unit and platform company receivables	A combination with the credit of trading object as credit risk characteristic

Portfolio of associated party receivables	Portfolio classified by trading object relationship as credit risk characteristics
Combination of security and deposits	Portfolio classified by nature of receivables as credit risk characteristics
Portfolio of receivables secured by project funds	Portfolio classified by transaction security measures of receivables as credit risk characteristics
Aging portfolio	Portfolio classified by aging of receivables as credit risk characteristics
Method for withdrawing bad debt reserve according to portfolio	
Portfolio of government unit and platform company receivables	If there is no objective evidence indicating occurrence of impairment, bad debt provision is not withdrawn
Portfolio of associated party receivables	If there is no objective evidence indicating occurrence of impairment, bad debt provision is not withdrawn
Combination of security and deposits	If there is no objective evidence indicating occurrence of impairment, bad debt provision is not withdrawn
Portfolio of receivables secured by project funds	Make provision for bad debts as per the balance percentage method
Aging portfolio	Bad debt provision according to aging analysis method

① The proportion of bad debt provisions for accounts receivable by aging analysis method is as follows:

Aging	Accrual ratio of notes receivable (%)	Accounts receivable ratio (%)	Accrual ratio of other receivables (%)
Within 1 years	0	0	0
1-2 years	5	5	5
2-3 years	10	10	10
3-4 years	20	20	20
4-5 years	50	50	50
Over 5 years	100	100	100

② Accrual ratio of bad debt reserve for receivables as per the balance percentage method is as follows:

Name of portfolio	Accounts receivable ratio (%)	Accrual ratio of other receivables (%)
Portfolio of receivables secured by project funds	0.5	0.5

(3) Receivables with individual insignificant amounts and single provision for bad debts

The Group conducts separate impairment test on the receivables with single insignificant amount but bad debt provision by portfolio failing to reflect their risk characteristics, or with objective evidence indicating occurrence of their impairment. Impairment losses are recognized, and provision for bad debts is made, based on the difference between the present value of future cash flows lower than the book value.

3. Reversal of bad debt provision

If objective evidence shows the value of such receivables has been recovered and it is objectively related to the matters occurred after the loss has been recognized, the previously recognized impairment losses are reversed and charged to the current profits and losses. However, the book value after the reversal does not exceed the assumed amortized cost of such receivables on the reversal date without provision for impairment.

(XI) Inventories

The Group's inventories include turnover houses, low-value consumables, raw materials, development products, development costs, land consolidation, agent construction works, engineering construction, etc.

Inventories are valued at actual costs at the time of acquisition; as for inventories requisitioned or delivered, their actual costs are determined by using weighted average method. Inventory is subject to perpetual inventory system. Low-value consumables are amortized by one-time write-off method.

At the end of the period, the inventories shall be valued at the comparatively lower price of cost and net realizable value. In case that the inventory is damaged , all or part thereof is in obsolescence or the selling price is lower than the cost, which gives rise to the estimation that it is unrecoverable, the part thereof shall be provided with the inventory depreciation. The inventory depreciation reserve of land consolidation, development costs and bulk raw materials is withdrawn as per the difference between the cost of a single inventory item higher than its net realizable value; as for other raw and auxiliary materials with large quantity and relatively low unit price, the inventory depreciation reserve is withdrawn by category. The net realizable value of the inventory goods, work-in-processes and materials for sale and other merchandise inventories directly used for sale shall be determined in line with the amount that the estimated selling price of the inventories minus the estimated selling expenses and related taxes; the net realizable value of the held material inventory for production shall be determined in line with the amount that the estimated selling price of the finished product produced minus the estimated cost on completion, estimated selling expenses and related taxes. After accruing inventory depreciation reserve, if the influencing factors of the previous write-down of inventory value have been disappeared and the net realizable value of inventory exceeds its book value, and then it should be reversed from the provision for inventory devaluation accrued and the amount transferred back is included in the current profit or loss.

(XII) Held-for-sale assets

if the Group recovers its book value mainly through sale (including non-monetary asset exchange with commercial substance, the same below) instead of continuing usage a non-current asset or disposal group, it should be classified as held for sale. The specific criteria are to meet the following conditions at the same time: a non-current asset or disposal group can be sold immediately under current conditions based on the convention of selling such assets or disposal groups in similar transactions; the Group has already made a resolution on the sale plan and the purchase promise; the expected sales would be completed within one year. Among them, the disposal group refers to a group of assets that are disposed of as a whole through sale or other means in a transaction, and the liabilities direct related to these assets transferred in the transaction. If the asset group or asset portfolio of disposal group shares the goodwill obtained in business combination according to the Accounting Standards for Business Enterprises No.8 – Impairment of Assets, such disposal group shall include the goodwill allocated to the disposal group.

When the Group measures initially or re-measures the non-current assets and disposal groups held for sale on the balance sheet date, if its book value is higher than the fair value minus the net amount after the sale expenses, the book value should be reduced to the net amount of fair value less costs to sell, the amount to write-down is recognized as asset impairment loss, included in the current profit or loss, and make the provision for impairment of held-for-sale assets at the same time. For the disposal group, the recognized asset impairment losses firstly deducts the book value of goodwill in the disposal group, and then proportionally deducts the book value of all non-current assets in such disposal group as specified in the applicable measurement provisions of the Accounting Standards for Business Enterprises No.42 - Held-for-sale Non-current Assets, Disposal Team & Discontinued Operations (hereinafter referred to as the "Held-for-sale Standards"). If the fair value of the disposal group held for sale on the follow-up balance sheet day minus the net amount after the sale expense is increased, the amount of the previous write-down should be restored, which is classified for holding the sale and reversed within the amount of impairment loss of assets confirmed by the measurement of non-current assets as held for sale. The reversed amount should be recorded in the current profit or loss, and the book value of various non-current assets should be increased according to the proportion stipulated as the

standard held for sale in addition to goodwill in the disposal group; the book value of the goodwill that has been written off, and the confirmed amount of impairment loss of assets of the non-current assets subject to the holding measurement criteria are not allowed to be reversed before classified as held for sale. .

Non-current assets held for sale or non-current assets in the disposal group are not subject to depreciation or amortization. The interest and other expenses of the liabilities in the disposal group held for sale continue to be confirmed.

When the non-current asset or disposal group no longer meets the classification criteria for the held-for-sale category, the Group should no longer classify it as a held-for-sale category or remove the non-current assets from the disposal group held for sale. It is calculated as the lower of following two measures: (1) The book value before classified as held for sale is the amount adjusted according to the depreciation, amortization or impairment that should be confirmed if it is assumed not to be classified as held for sale; (2) Recoverable amount.

(XIII) Long-term equity investment

1. Determine the control, joint control or significant influence on the invested entity

The Group's long-term equity investment includes the long-term equity investment held by the Group with control, joint control or significant impact on the investee company. Long-term equity investment of the Group in the invested organization without control, joint control or significant influence should be used as available-for-sale financial assets or measured at fair value and its changes are included in current profits and losses for business accounting of financial assets; its accounting policy is detailed in Note IV. (9) "financial instruments".

Control means that the Group has power over the investee, enjoys variable returns by participating in related activities of the investee, and has the ability to use its power over the investee to influence the amount of its returns.

Joint control refers to the common control of an arrangement in accordance with the relevant agreement, and the related activities of the arrangement must be determined through the unanimous consent of the parties that share the right of control. A joint operation arrangement is an arrangement that is controlled jointly by two or more parties. A joint venture is a joint operation arrangement where the joint venture party has the only rights to the net assets of the arrangement.

Significant influence refers to the power to participate in decision-making on the financial and operating policies of the invested entity, but it does not control or control jointly the formulation of these policies with other parties. The basis for the determination of major influences is mainly represented in the board of directors or similar authority of the investee, exerting significant influence through the right to speak in the process of the development of the financial and operating decisions of the investee; the Group directly or indirectly (through subsidiaries) holds 20% (inclusive) or more but less than 50% of voting shares of the invested company, however, significant influence cannot be exerted if there is clear evidence that they cannot participate in the production and operation decision of the investee under such circumstances. When determining whether a significant influence can be exerted on the investee, the Group will consider the voting rights of the investee held directly or indirectly by the Group on the one hand, and the influence when the executable potential voting rights of current period which are held by the Group and other parties are assumed to be converted to the equity of the investee, such as the current convertible warrants, stock options and convertible corporate bonds issued by the invested entity.

2. Determination of long-term equity investment costs, follow-up measurement and recognition of profit and loss

(1) Recognition of investment costs

Consolidation of enterprises under the same control: the company takes book value portion of consolidated party's owner equity in the consolidated financial statement of the ultimate controlling party as the initial investment costs of long-term equity investment. The difference between the initial cost of the long-term equity investment and the payment in cash, non-cash assets transferred as well as the book value of the debts borne by the merging party shall offset against the capital reserve. If capital reserve is insufficient, retain earnings shall be adjusted. Where the equity of the merged party under the same control is obtained through multiple transactions by steps, to ultimately form business combination under the same control, the treatment shall be subject to whether it is a "package deal": in case of a "package deal", the accounting treatment is made on each transaction as a transaction with control right. Where the deals do not belong to a package-deal, on the date of combination it shall regard the share of the book value of the owner's equity of the merged enterprise in the merger's consolidated financial statement as the initial cost of the long-term-equity investment. The difference between the initial cost of the long-term equity investment and the sum of the book value of long-term equity investment before the acquisition and book value of consideration paid for obtaining shares at the acquisition date shall offset against the capital reserve. If capital reserve is insufficient, retain earnings shall be adjusted. For the equity investment prior to the acquisition date that is recognized as other comprehensive incomes because it uses equity method or because it is an available-for-sale financial asset, it is not accounted temporarily.

For long-term equity investments acquired by business combinations under non common control, the initial cost of long-term equity investment is the merged cost on the purchase date. The merged costs include assets paid by the purchaser, liabilities incurred or assumed, and the fair value of equity securities issued. Where the equity of the purchased party is obtained through multiple transactions by steps, to ultimately form business combination under different control, the treatment shall be subject to whether it is a "package deal": In case of a "package deal", the accounting treatment is made on each transaction as a transaction with control right. Where the deals do not belong to a package-deal, it shall regard the sum of the share of the book value of the owner' s equity of the merged enterprise and new investment costs as the initial cost of the long-term-equity investment that using cost accounting method. Where the original held equity is accounted as the equity method, the related comprehensive income should not be accounted temporarily. Where the original equity investment is an available-for-sale financial asset, the difference between the fair value and the book value, and the accumulated fair value changes previous recognized in other comprehensive income are transferred to the current profit or loss.

Intermediary costs such as auditing, legal services, assessment and consulting, etc. incurred by the combining party or the purchaser for the business combination and the other management cost should be recorded in the current profit or loss when incurred.

Other equity investment, except the long-term equity investment, shall be measured initially as cost. The initial cost shall, based on how the long-term equity investment is obtained, be determined according to the purchase cost which is actually paid, the fair value of the equity securities issued, the value stipulated in the investment contract or agreement, the fair value or book value of the assets surrendered in the exchange of non-monetary assets, or the fair value of the long-term equity investment. Relevant costs directly attributed to the long-term equity investment, taxes, and other necessary expenditures shall be recorded into investment costs. In case of exerting significant impact on the investee company due to additional investment or implementing joint control rather than constitute control, the long-term equity

investment cost is the sum of fair value of original equity investment determined as per the Accounting Standards for Business Enterprises No.22 – Recognition and Measurement of Financial Instruments and the additional investment cost.

(2) Subsequent measurement and recognition of profit and loss

The Group adopts the cost method for accounting of long-term equity investments that can control the investee; the investment in joint ventures and associates is accounted for using the equity method.

① Long-term equity investment accounted as cost method

When using the cost method, the long-term equity investment is measured at the initial investment cost, and the cost of the long-term equity investment is adjusted when the investment is added or withdrawn. Except for the actual payment for the investment or the cash dividend or profit included in the consideration that has been announced but not yet issued, the current investment income should be recognized in accordance with the cash dividends or profits declared by the investee.

② Long-term equity investment employing the equity method

Under equity method, if the initial cost of a long-term equity investment is more than the investing enterprise's attributable share of the fair value of the invested entity's identifiable net assets for the investment, the initial cost of the long-term equity investment may not be adjusted; if the initial cost of long-term equity investment is less than the investing enterprise's attributable share of the fair value of the invested entity's identifiable net assets for the investment, the difference shall be included in the current profit or loss, and the cost of the long-term equity investment shall be adjusted simultaneously.

When using the equity method, the investment income and other comprehensive income are recognized separately based on the net profit or loss realized by the invested entity and the share of other comprehensive income that should be shared or assumed, and the book value of the long-term equity investment is adjusted at the same time; The booked value of the long-term equity investment should be reduced correspondingly to the part of the distributed profit or cash dividend calculation declared by the investee; the book value of the long-term equity investment should be adjusted for other changes in the owner's equity of the invested entity except for the net profit or loss, other comprehensive income and profit distribution, which is included in capital reserve. When confirming the share of the net profits and losses of the investee, the net profits of the investee should be adjusted for confirmation based on the fair value of the identifiable assets of the investee etc. at the time of acquisition. If accounting policy and accounting period used by the invested organization are inconsistent with the Group, accounting policy and accounting period of the Group should be used to adjust financial statements of the invested organization, and determine investment income and other comprehensive income. For transactions between the Group and associated enterprises and cooperative enterprise, if invested or sold assets don't constitute an business, part of unrealized profits and losses from internal transactions belonging to the Group measured according to its proportion should be offset, so as to determine investment profits and losses on this basis. But, unrealized internal transaction losses occurred between the Group and invested organization and belonging to impairment losses of transferred assets aren't offset. If the assets invested by the Group to associated enterprises constitutes a business, and the investor obtains a long-term equity investment without the right of control, the fair value of the investment is used as the initial investment cost of the new long-term equity investment. The difference between the initial investment cost and the book value of the investment business is fully accounted in the current profit or loss. If

the assets sold by the Group to associated enterprise constitute a business, the difference between the consideration obtained and the book value of business is fully included in current profits and losses. Where the Group constitutes business by the assets purchased from associated enterprises and joint ventures, accounting treatment shall be conducted pursuant to the provisions of the Accounting Standards for Business Enterprises No.20 - Business Combination, and the gains or losses related to transactions are fully recognized.

When the net losses incurred by the invested entity are confirmed, the book value of the long-term equity investment and other actual long-term equity of net investment to the invested entity could be reduced to zero. Moreover, if the Group has obligations for additional losses of the invested organization, estimated liabilities should be recognized according to obligations predicted to be assumed and included in the current investment loss. If net profits are realized by the invested organization later, the Group should recovery determination of revenue-sharing amount after unconfirmed loss contribution is remedied by revenue-sharing amount.

For long-term equity investment in associated enterprise held by the Group before initial implementation of the new accounting standards, if there is equity investment debit difference related to such investment, the amount of straight-line amortization based on the original remaining period shall be included in current profits and losses.

③ Acquisition of minority shareholder' s interest

When preparing the consolidated financial statements, because of the difference between the new long-term equity investment from the acquisition of minority equity and the share of net assets that should be continuously calculated by the subsidiary since the purchase date (or the merged date) based on the new shareholding ratio. Capital reserve should be adjusted, in case of capital reserve less than offset, adjust the retained earnings.

④ Disposal of Long-term Equity Investment

In consolidated financial statements, if a parent disposes of partially the long-term equity investment to the subsidiary without losing control, the difference between disposal price and its share in the subsidiary' s net assets corresponding to the disposal of long-term equity investment shall be accounted into owner's equity; if a parent disposes of partially the long-term equity investment to the subsidiary and loses the control of the subsidiary for this reason, it shall be treated according to the relevant accounting policies stated in Note IV. (5) "Preparation of Consolidated Financial Statements".

The disposal of long-term equity investment under other circumstances, for the disposal of equity, the difference between the book value and the actual purchase price should be included in the current profits or losses.

For the long-term equity investment measurement under equity method, the remaining equity after the disposal shall still be measured using equity method, when disposes of the long-term equity, other comprehensive income that has be accounted into owner's equity shall be treated, according to the relevant ratio, on the same basis on which the invested equity directly disposes of relevant assets or liabilities. The shareholder' s equity recognized because of other change in invested entity' s equity except for net profit or loss, other comprehensive income and profit distribution shall be carried forward in proportion to current profit or loss.

For the long-term equity investment accounted as the equity method, if the remaining equity after disposal is still accounted as the equity method, for the other comprehensive income recognized by the equity method or financial instrument and measurement criteria before the control of the investee is obtained, it should accounted with the same basis that the invested entity disposes of directly the relevant assets or liabilities, which is transferred in the current profit

or loss in the proportion. The changes in the other owners' equity with equity method other than net profit or loss, other comprehensive income, and profit distribution of the investee are transferred in the current profit or loss.

If the Group loses the control to the invested entity due to the disposal of partial equity investment, when prepares the separate financial statements, the remaining equity after the disposal that still do joint control or has significant influences on the invested entity shall be measured using equity method instead, and the remaining equity shall be adjusted as if it was measured using equity method since obtained; For the remaining equity after the disposal that does not do joint control or have significant influences on the invested entity, it shall conduct accounting treatment according to relevant regulations of the financial instrument recognition and measurement criterion, and the difference between the fair value and book value since the date of losing control shall be included into current profit or loss. Before the company obtains control over the investee, for the other comprehensive income recognized as equity method or financial instrument recognition and measurement standard, it is recorded with the basis that the investee disposes of directly the related assets and liabilities when it loses control over the investee. The changes in the other owners' equity as the equity method other than net profit or loss, other comprehensive income, and profit distribution of the investee are transferred in the current profit or loss when it loses control over the investee. Among them, if the remaining equity after disposal is accounted as the equity method, other comprehensive income and other owners' equity are transferred in proportion; if the residual equity after disposal is accounted as according to the criteria for recognition and measurement of financial instruments, other comprehensive income and all other rights & interests are fully transferred.

If the Group loses joint control of significant influences on the invested entity due to the disposal of partial equity investment, the remaining equity after the disposal shall be measured using financial instrument recognition and measurement criterion, and the difference between the fair value and book value at the date of losing joint control of significant influences shall be included into the current profit or loss. For the other comprehensive income recognized in the original equity investment as the equity method, it is accounted with the same basis that the investee disposes of directly the related assets or liabilities when the equity method is terminated. The changes in the other owners' equity as the equity method other than net profit or loss, other comprehensive income, and profit distribution of the investee are transferred in the current profit or loss fully when the equity method is terminated.

Where the Group gradually disposes of the equity investment to the subsidiary by multiple transactions until losing control of the subsidiary, if the above transactions belong to a package-deal, all transactions shall be treated as a transaction of disposing the equity interest in subsidiary and losing control; Before losing control, the difference between each disposal price and the book value of long-term equity investment corresponding to the disposed equity shall first be recognized as other comprehensive income, and be carried forward to current profit or loss without control when losing control.

(XIV) Investment real estate

Investment real estate refers to real estate held to earn rent or capital appreciation, or both. Including rented buildings, etc.

Investment real estate is initially measured at cost. Subsequent expenditures related to investment real estate should be included in the cost of investment real estate if the economic benefits associated with the asset are likely to flow in and its cost can be reliably measured. Other subsequent expenditures are included in the current profits and losses when occurring

The Group uses the cost model for the subsequent measurement of investment real estate, and processes depreciation or amortization in accordance with policy consistent with the housing construction or land use rights.

For the details of impairment test method and withdrawal method of impairment provision of investment real estate, please refer to Note IV. (20) "Long-term asset impairment".

When real estate for personal use or inventory is converted to investment real estate or investment real estate is converted to real estate for personal use, the book value before conversion is regarded as the recorded value after conversion.

When the use of investment real estate is changed to personal use, the investment of real estate will be converted to fixed assets or intangible assets from the date of change. When the use of real estate for personal use is changed to earning rent or capital appreciation, the fixed assets or intangible assets is converted to investment real estate from the date of change. When conversion occurs, for those are converted to the investment real estate measured by the cost model, the book value before conversion is regarded as the recorded value after conversion; for those are converted to the investment real estate measured by fair value m model, fair value on the conversion date is regarded as the value recorded after the conversion.

When the investment real estate is disposed of or permanently withdrawn from use and it is expected that no economic benefit can be obtained from its disposal, the recognition of the investment real estate should be terminated. The income from disposal of investment real estate sold, transferred, scrapped or damaged is deducted for its book value and related tax expenses and charged to the current profit or loss.

(XV) Fixed assets

1. Fixed asset recognition conditions

The Group's "fixed assets" refers to the tangible assets that are held for the sake of producing commodities, rendering labor service, renting or business management and their useful life is in excess of one fiscal year. Fixed assets are only recognized when the economic benefits associated with them are likely to flow into the Group and their costs can be measured reliably. Fixed assets are initially measured at cost and taken into account the impact of the estimated cost of disposal.

Fixed assets, including buildings and structures, machinery and equipment, transportation equipment, office equipment and others, shall be recorded at the cost of their acquisition. Among them, the cost of purchased fixed assets includes the relevant taxes such as purchase price and import tariff, and other expenses directly attributable to the asset before the fixed asset is ready for its intended use; the cost of self-constructed fixed asset shall be made up of the necessary expenses incurred before the asset is ready for its intended use; the fixed assets invested shall be recorded at the value agreed in the investment contract or agreement, notwithstanding the contracted or agreed value is unfair, the fair value shall be recorded; for the purpose of the fixed assets leased by finance lease, the relatively lower between the fair value of the leased assets at the lease start date and the minimum lease payment shall be recorded.

2. Depreciation methods of various fixed assets

Apart from fixed assets and land still in service and provided with sufficient depreciation, the Group shall withdraw depreciation from all fixed assets. The depreciation shall base on the average age method and be respectively included in the cost of the relevant assets or current expenses on the basis of the purpose. The classified depreciation period, the estimated net residual value rate and the depreciation rate of the Group's fixed assets are as follows:

Category	Depreciation year limit (years)	Estimated net residual value rate (%)	Yearly depreciation rate (%)
Sewage pipe network facilities [Note]			
House buildings and structures	40-50	5	1.90-2.38
Transportation equipment	5-10	5	9.50-19.00
Office and electronic devices	5-10	5	9.50-19.00
Other devices	5-10	5	9.50-19.00

[Note] Sewage pipe network facilities in the carrying fixed assets of Taizhou Haiyang Water Supply and Drainage Management Co., Ltd., a subsidiary of the Group, are used for sewage treatment in the Hailing area, and Taizhou Haiyang Water Supply and Drainage Management Co., Ltd. has not yet charged fees so far. Upon the approval by Taizhou Hailing District State-owned Assets Supervision and Administration Office, the depreciation for the above sewage pipe network facilities is not made, and at the time of scrapping, they are reported to Taizhou Hailing District State-owned Assets Supervision and Administration Office for approval and write off the book assets directly.

3. Impairment test method and withdrawal method of impairment provision of fixed assets

Impairment test method and provision method for impairment of fixed assets are detailed in Note IV. (23) "long-term impairment of assets".

4. Identification basis and pricing method of financing lease fixed assets

Financing leasing means leasing that all risks and rewards related to the ownership of the assets are transferred materially and its ownership may be finally transferred or not transferred. Fixed assets leased by financial leases are depreciated by the same policy as that of self-owned fixed assets. If it is reasonably certain that the ownership of the leased asset should be obtained when the lease expires, depreciation should be made within the useful life of the leased asset; if it cannot reasonably be determined that the leased asset can be acquired after the expiration of the lease term, the shorter period of the lease term and the useful life of the leased asset is used for the depreciation.

5. Other instructions

For the subsequent expenditures related to fixed assets, if the economic benefits associated with the fixed assets are likely to flow in and their costs can be reliably measured, they are included in the cost of fixed assets and the recognition of the book value of the replaced part is terminated. The other subsequent expenses are included in the current profit or loss when incurred.

The fixed assets are derecognized when the fixed assets are disposed or if no economic benefits are expected to generate from the use or disposal. The difference between the disposal income of fixed assets sold, transferred, scrapped or damaged after deducting their book value and related tax fees is included in the current profit or loss.

The Group reviews the use life, estimated net residual value, and depreciation method of fixed assets at least at the end of the year, and if any change, it is recorded as a change in accounting estimates.

(XVI) Construction in process

The measurement of an ongoing construction project shall be made at its cost. The self-constructed project shall be measured in accordance with direct materials, direct wages, and direct construction fees, etc.; the construction contract project shall be measured by the payable construction price. The equipment installation project shall be recognized with the cost according to the value of the installation equipment, the installation cost, the project operation expenditures, etc. The costs of ongoing construction projects also include borrowing costs and exchange gains and

losses that should be capitalized.

Starting from the date that reached the expected conditions for use, the ongoing construction shall be transferred to fixed assets according to the estimated value on the basis of the project budget, cost or actual cost of the project and start making depreciation from the next month. After the completion of the final accounts, the difference for the original cost of the fixed assets shall be adjusted.

Impairment test method and provision method for impairment of project under construction are detailed in Note IV. (20) "long-term impairment of assets".

(XVII) Borrowing costs

The borrowing costs shall include interest on borrowings, amortization of discounts or premiums on borrowings, ancillary expenses, and exchange balance on foreign currency borrowings. Where the borrowing costs incurred can be directly attributable to the acquisition and construction or production of assets eligible for capitalization, it shall be capitalized and recorded into the costs of relevant assets when the assets disbursements have already incurred, the borrowing costs has already incurred, and the acquisition and construction or production activities which are necessary to prepare the asset for its intended use or sale have already started. When the qualified asset under acquisition and construction or production is ready for the intended use or sale, the capitalization of the borrowing costs shall be ceased. Other borrowing costs shall be recognized as expenses at the present period.

The actual interest expenses of the special borrowings incurred in the current period should be capitalized after subtracting the interest income earned by the unutilized borrowing funds from bank or the investment income obtained from the temporary investment; the general borrowings should be determined for the amount of capitalization as following, the weighted average of asset expenditures that the accumulative assets expenditure exceeds the special borrowings is multiplied by the capitalization rate of general borrowings. The capitalization rate is determined on the basis of weighted average interest rate of the general borrowings. During the capitalization period, the foreign exchange differences on foreign currency specific borrowings should be capitalized; exchange differences on foreign currency general borrowings should be recorded in the current profits and losses.

Assets eligible for capitalization refer to the fixed assets that require a long period of time for acquisition, construction, or production for use or sale, investment real estate, inventory, etc.

Where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended till the acquisition and construction or production of the asset restarts.

(XVIII) Intangible assets

Intangible assets are identifiable non-monetary assets held or controlled by the Group and without physical form.

Intangible assets are initially measured at cost. Expenditures related to intangible assets are included in the cost of intangible assets if the relevant economic benefits are likely to flow into the Group and their costs can be reliably measured. Expenditure for other items is included in the current profit or loss when incurred.

Land use rights acquired are usually accounted as intangible assets. The plant and other buildings of self-development and construction, the related land use rights expenditures and building construction costs are accounted as intangible assets and fixed assets, respectively. For the purchased houses and buildings, the relevant price should be allocated between the land use rights and the buildings. If it is difficult to allocate them reasonably, all of

them should be treated as fixed assets.

Intangible assets with limited useful lives are amortized by the straight line method over their expected useful lives from the moment they are available for use, less their estimated net residual value and the accumulative amount of accrued impairment losses. Intangible assets with indefinite useful lives are not amortized.

At the end of the period, the useful life and amortization method of intangible assets with limited useful life are reviewed, if any change occurs, they are treated as changes in accounting estimates. In addition, the service life of an intangible asset with an indefinite useful life is reviewed. If there is evidence that the period during which the intangible asset brings economic benefits to the enterprise is predictable, the service life of the intangible asset is estimated and the intangible asset with a finite service life is amortized as the amortization policy.

Impairment test method and provision method for impairment of intangible assets are detailed in Note IV. (20) "long-term impairment of assets".

(XIX) Long-term deferred expenses

The Group's long-term deferred expenses refer to expenses that have incurred but shall be assumed in the current and subsequent periods and subject to amortization period of more than one year (excluding one year). The foresaid expenses shall be evenly amortized in the beneficiary periods. If the long term prepaid expense item does not benefit the subsequent accounting period, the surplus value of the item that has not been amortized shall be transferred to the current profits and losses.

(XX) Long-term asset impairment

For non-current non-financial assets such as fixed assets, construction in progress, intangible assets with limited service life, investment real estate measured in cost mode, and long-term equity investments in subsidiaries, associated enterprises, joint ventures, etc., the Group should determine whether there are signs of impairment on the balance sheet date. If there is any sign of impairment, its recoverable amount is estimated and the impairment test is conducted. For goodwill, intangible assets with an indefinite useful life, and intangible assets that have not yet reached their usable status are tested for impairment annually, irrespective of whether there is any sign of impairment.

If the impairment test results indicate that the recoverable amount of the asset is less than its book value, the difference should be withdrawn and accounted as impairment loss. The recoverable amount is the higher of the fair value of the assets minus the disposal expenses and the present value of the estimated future cash flow of the assets. The fair value of the asset is determined on the basis of the price of the sales agreement in an arm's length transaction. If there is no sales agreement but there is an active market for assets, the fair value is determined on the basis of the buyer's bid for the asset; if there is no sales agreement and active asset market, the most available good information is based to estimate the fair value of asset. Disposal expenses include legal fees related to the disposition of assets, related taxes, handling expenses, and direct expenses incurred in bringing assets into a saleable state. The present value of the expected future cash flow of the assets is determined by the amount of discounted cash flow selected in accordance with the estimated future cash flow generated during the continuous use and final disposal of the assets. The impairment provision of assets is calculated and confirmed on the basis of individual assets. If it is difficult to estimate the recoverable amount of a single asset, the asset group to which the asset belongs should be used to determine the recoverable amount of the asset group. Asset groups are the smallest portfolio of assets that can generate cash inflows independently.

For the goodwill separate listed in the financial statements, the book value of goodwill is amortized to the asset group or combination of asset groups that are expected to benefit from the synergies of the business combination when assessing impairment. If the test result shows that the recoverable amount of an asset group or a combination of asset groups which includes the goodwill that have been apportioned to is lower than its book value, it shall be recognized as the corresponding impairment loss. The amount of the impairment loss shall first charge against the book value of the goodwill which are apportioned to the asset group or combination of asset groups, then charge it against the book value of other assets in proportion to the weight of other assets in the asset group or combination of asset groups with the goodwill excluded.

Once any loss of the above asset impairment is recognized, the value recoverable shall not be switched back in the future accounting periods.

(XXI) Employee remuneration

The employee remuneration of the Group refer to the various forms of remuneration or compensation provided by the Group in order to obtain services provided by employees or to terminate labor relations, including short-term remuneration, post service welfare, etc. The benefits provided by the Group to employees' spouses, children and other beneficiaries are also included in the employee remuneration.

1. Short-term remuneration refers to the remuneration of employees that the Group needs to in full within twelve months after the end of the annual reporting period in which employees provide related services, except for the compensation for the revocation of the labor relationship with employees. The short-term remuneration of the Group includes: wages, bonuses, allowances and subsidies for employees, employee benefits, medical insurance, employment injury insurance, maternity insurance and other social insurances, housing funds, trade union funds and employee education funds and other short-term remuneration.

During the accounting period in which the employees provide services, the Group recognizes the actual short-term remuneration as liabilities, and makes it included in the current profits and losses or related asset costs according to the beneficiaries of the services provided by the employees. If the short-term remuneration is a non-monetary benefit, it is measured at fair value.

2. Post-employment welfare refers to all forms of remuneration or welfare granted by the Group after employee retirement or cancelation of labor relationship with the Group for the purpose of obtaining service provided by employee, except short-term remuneration and dismissal welfare.

The defined contribution plans of the Group refer to the contribution of the basic old-age insurance, unemployment insurance and so on according to the relevant regulations of the local government. During the accounting period in which the employees provide services, the amount to be paid is calculated on the basis of the local contribution base and proportion, which is recognized as liabilities and is included in the current profits and losses or related asset costs.

(XXII) Estimated liabilities

When the obligation related to contingencies simultaneously meets the following conditions, it is recognized as estimated liability: (1) such obligation is the current obligation assumed by the Group; (2) the performance of such obligation is likely to cause outflow of economic benefits; (3) the amount of such obligation can be reliably measured.

On the balance sheet date, the estimated liabilities are measured according to the best estimate of expenditures required for performing relevant current obligations, considering such factors as relevant risks of contingent event,

uncertainties and currency time value, etc.

If all or part of expenditures required for liquidation of estimated liabilities are expected to be compensated by the third party, when the compensation amount is basically determined to be receivable, it is recognized separately as asset, and the recognized compensation amount does not exceed book value of the estimated liabilities.

(XXIII) Preferred stock, perpetual bond and other financial instruments

(1) Distinction between perpetual bond and preferred stock

The financial instruments issued by the Group such as perpetual bond that meet the following conditions are regarded as equity instruments:

① Such financial instruments do not include contractual obligations to deliver cash or other financial assets to the other party or exchange financial assets or financial liabilities with other parties under potentially adverse conditions;

② If such financial instruments must or may be settled by using the company's own equity instruments in the future, and if such financial instruments are underivative instruments, they exclude the contractual obligations to deliver variable number of own equity instruments for settlement; if they are derivative instruments, the Group can only settle such financial instruments by exchanging fixed amount of cash or other financial assets with fixed number of own equity instruments.

Except for the financial instruments classified as equity instruments under the above conditions, other financial instruments issued by the Group shall be classified as financial liabilities.

If the financial instrument issued by the Group is compound financial instrument, it shall be recognized as a liability as per the fair value of liability component, and the amount after the actually received amount deducting the fair value of liability component shall be recognized as "other equity instrument". The transaction costs incurred for issuing compound financial instrument are apportioned between liability component and equity component as per their respective proportion to the total issuance price.

(2) Accounting method for perpetual bond

Financial instruments such as perpetual bonds and preferred stocks categorized as financial liabilities, their relevant interests, dividends, gains or losses, as well as gains or losses arising from redemption or refinancing, etc., except for the borrowing cost eligible for capitalization (see Note IV. (17) "Borrowing costs"), are included in the current profits and losses.

For the financial instruments of perpetual bond, preferred stock, etc. classified as equity instruments, during their issuance (including refinancing), repurchase, sale or cancellation, the Group handles as equity changes, and related transaction costs are also deducted from equity. The Group's distribution to holders of equity instruments is regarded as profit distribution.

The Group doesn't recognize changes to fair value of equity instruments.

(XXIV) Income recognition principle

The Group's operating incomes mainly include commodity sales incomes, labor service incomes, rental incomes, interest incomes and other business incomes, etc. Income recognition principle is as follows:

1. Commodity sales income

When major risks and rewards of the commodity ownership has been transferred to the buyer, without retaining the continuous management right normally associated with the ownership or effective control of the sold commodity, the

amount of income can be reliably measured, relevant economic benefits are likely to flow into the company, and relevant costs that have incurred or will incur can be reliably measured, the commodity sales income is recognized as achieved.

2. Labor income provision

In case the result of provided labor transaction can be reliably estimated, the provided labor income is recognized as per the work completion percentage method on the balance sheet date. The progress of labor transaction completion is determined as per the proportion of incurred labor cost to the estimated total cost. The results of labor service provision transaction can be reliably estimated refer to simultaneously satisfying: ① the amount of incomes can be reliably measured; ② relevant economic benefits are likely to flow into the enterprise; ③ the progress of transaction completion can be reliably determined; ④ the costs that have incurred and will incur in transaction can be reliably measured. If the result of provided labor transaction cannot be reliably estimated, the provided labor income shall be recognized according to the amount of labor cost that has incurred and is expected to be compensated, and the incurred labor cost is deemed as current expense. If the incurred labor cost is expected not to be compensated, the income is not recognized.

When the contract or agreement signed between the Group and other companies includes commodity sales or labor provision, if the part of commodity sales and the part of labor provision can be distinguished and measured separately, the part of commodity sales and the part of labor provision shall be handled separately; if the part of commodity sales and the part of labor provision cannot be distinguished, or they can be distinguished but not measured separately, such contract shall be wholly handled as commodity sales.

3. Rental incomes

According to the lease date stipulated in lease contract and agreement (if free lease period exists, it shall be considered) and the lease amount, when relevant rental fee has been received or receipt evidence has been obtained, the rental incomes are recognized as achieved.

4. Interest Incomes

As calculated and determined according to the time of using the Group's monetary funds and the interest rate stipulated in relevant loan agreement, when relevant income amount has been received or receipt evidence has been obtained, the interest incomes are recognized as achieved.

5. Other business incomes:

As stipulated in relevant contract and agreement, when transaction-related economic benefits are likely to flow into the enterprise, income amount can be reliably measured, and income-related costs that have incurred or will incur can be reliably measured, other business incomes are recognized as achieved.

(XXV) Government grants

Government grants refer to monetary assets and non-monetary assets obtained by the Group free from the government, excluding the capital invested by the government as investor and entitled to corresponding owner's equity. Government grants are divided into asset-related government grants and revenue-related government grants. If government grants are monetary assets, measure according to received or receivable amount. Government grants as non-monetary assets shall be measured at fair value; if fair value can't be obtained reliably, it shall be measured at nominal amount. Government grants measured at nominal amount are directly charged to current profits and losses.

The Group usually recognizes and measures government grants as per the paid-in amount when actually received.

Nevertheless, in case of conclusive evidence at the end of period to show compliance with relevant criteria of fiscal support policy provisions and expected receipt of fiscal support funds, measure in accordance with the amount receivable. Government grants measured in accordance with the amount receivable shall simultaneously satisfy the following criteria: (1) the amount of receivable grants has been confirmed by document of government authority, or may be reasonably measured pursuant to relevant provisions of officially promulgated fiscal fund administration measures, and the amount is expected to have no significant uncertainty; (2) it is subject to the administrative measures for fiscal support project and fiscal fund officially promulgated by local fiscal authority and actively disclosed pursuant to the Government Information Disclosure Regulations, and such administrative measures should be generalized preferential (any enterprise that meets the specified criteria can apply), rather than formulated for a specific enterprise; (3) the time limit of payment has been clearly promised in relevant subsidy approval document, and the payment of such amount is guaranteed by corresponding fiscal budget, so as to reasonably ensure receipt within the prescribed time limit;

Asset-related government subsidy is recognized as deferred income and included in current profits and losses within the service life of relevant asset in a reasonable and systematic manner. If the income-related government subsidy is used to compensate for relevant costs or losses after the compensation period, it is recognized as deferred income and included in current profits and losses in the period of recognizing relevant costs or losses; if it is used for compensating the incurred relevant costs or losses, it is directly included in current profits and losses.

The government grants that include both asset-related part and income-related part shall be accounted for respectively by distinguishing the different parts; in case of difficult to distinguish, they shall be classified as revenue-related government grants as a whole.

The government grants related to the daily activities of the Group are included in other income or write down related costs in accordance with the substance of the economic business; the government grants irrelevant to the daily activities are included in non-operating income.

In case the recognized government grants need to be returned, the related deferred income balance shall write down the relevant deferred income book balance and the exceeding part is included in the current profits and losses; and shall be directly charged to the current profits and losses.

(XXV) Deferred income tax assets and deferred income tax liabilities

1. Current income tax

On the balance sheet date, the current income tax liabilities (or assets) formed in current and prior period are measured at the expected amount of income tax payable (or refundable) calculated in accordance with the tax law. The amount of taxable income based on which the current income tax expense is calculated is drawn after corresponding adjustment of this year's pre-tax accounting profit made pursuant to relevant tax law.

2. Deferred income tax assets/deferred income tax liabilities

For the gap between book value of some assets and liabilities and their tax basis, as well as the temporary difference arising from the gap between book value of the items which are not recognized as assets and liabilities but whose taxable basis can be determined according to the tax law, the balance sheet liability method is used to recognize deferred income tax assets and deferred income tax liabilities.

For the taxable temporary difference related to initial recognition of goodwill and initial recognition of assets or liabilities arising from the trade, instead of business combination, unaffecting accounting profit and taxable income (or

deductible loss) when incurred, relevant deferred income tax liabilities are not recognized. In addition, for the taxable temporary difference related to investment of subsidiaries, associated enterprises and joint ventures, if the Group is able to control the time of temporary difference return, and such temporary difference is unlikely to reverse in the foreseeable future, relevant deferred income tax liabilities are not recognized as well. Apart from above exceptions, the Group recognizes deferred tax liabilities incurred from all other taxable temporary differences.

For the deductible temporary difference related to initial recognition of assets or liabilities arising from the trade, instead of business combination, unaffecting accounting profit and taxable income (or deductible loss) when incurred, relevant deferred income tax assets are not recognized. In addition, for the deductible temporary difference related to investment of subsidiaries, associated enterprises and joint ventures, if the temporary difference is unlikely to reverse in the foreseeable future, or the taxable income is unlikely to acquire to offset the deductible temporary difference in the future, relevant deferred income tax assets are not recognized. Except for the above exceptions, the Group recognizes deferred income tax assets arising from other deductible temporary differences, limited to the taxable income that is likely to obtain to offset the deductible temporary difference.

For the deductible losses and tax credits that can be carried forward in subsequent years, relevant deferred income tax assets are recognized, limited to the future taxable income that is likely to obtain to offset the deductible losses and tax credits.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured as per the applicable tax rate during the period of expected recovery for relevant assets or liquidation of relevant liabilities, according to the tax law.

On the balance sheet date, the book value of deferred income tax assets is reviewed; if it is likely not to obtain sufficient taxable income to offset the benefits of deferred income tax assets in the future, the book value of deferred income tax assets shall be written off. If sufficient taxable income may be obtained, the write-off amounts shall be reversed.

3. Income tax expenses

Income tax expenses include current income tax and deferred income tax.

Except that the current income tax and deferred income tax related to the transaction and matter recognized as other comprehensive income or directly charged to owner's equity are included in other comprehensive income or owner's equity, as well as the deferred income tax adjustment of goodwill book value arising from business combination, other current income taxes and deferred tax expenses or incomes are included in current profits and losses.

4. Income tax offsetting

When having legitimate right of net settlement, and intending to execute net settlement or concurrently obtaining assets and settling liabilities, the Group's current income tax assets and current income tax liabilities are reported at the net amount after offsetting.

When having legitimate right of net settlement for current income tax assets and current income tax liabilities, and the deferred income tax assets and deferred income tax liabilities are related to the income tax levied on the same taxpayer by the same tax collection department or related to different taxpayers, but in every future period of reversal for the important deferred income tax assets and liabilities, the involved taxpayer intends to execute net settlement of current income tax assets and liabilities or simultaneously obtains assets and settles liabilities, the deferred income tax

assets and deferred income tax liabilities are reported at the net amount after offsetting.

(XXVII) Leasing

Financing leasing means leasing that all risks and rewards related to the ownership of the assets are transferred materially and its ownership may be finally transferred or not transferred. The other lease in addition to financing lease is operating lease.

1. The Group records operating leasing business as the lessee

Rental expenses of operating leasing shall be recorded into related asset cost or current profit and loss using straight line method in each period during lease. Initial direct expenses are charged to current profits and losses. Contingent rents shall be recorded into current profit and loss of the period in which they actually arise.

2. The Group records operating leasing business as the lessor

Rental income of operating leasing shall be recognized as current profit and loss using straight line method in each period during lease. The initial direct costs with large amounts shall be capitalized upon occurrence and shall be recorded into current profit and loss by stages in same base as the recognized rental income in the whole lease period; other initial direct costs with small amounts shall be recorded into current profit and loss upon occurrence. Contingent rents shall be recorded into current profit and loss of the period in which they actually arise.

3. The Group records financial leasing business as the lessee

On the lease start date, the lower between fair value of leased asset on the lease start date and current value of minimum lease payment is deemed as recorded value of leased asset, the minimum lease payment is deemed as recorded value of long-term payables, and the difference is deemed as unrecognized financing expense. In addition, the initial direct expenses incurred during lease negotiation and signing of lease contract, and attributable to the lease project are also included in the value of leased asset. The balances of minimum lease payment after deducting unrecognized financing expense are listed as long-term liabilities and long-term liabilities due within one year respectively.

Unrecognized financing expenses are calculated by the actual interest rate method during the lease period to recognize current financing expenses. Contingent rents shall be recorded into current profit and loss of the period in which they actually arise.

4. The Group records financial leasing business as the lessor

On the lease start date, the sum of minimum lease receipt amount on the lease start date and initial direct expense is deemed as recorded value of financing lease receivables, and the unguaranteed residual value is recorded simultaneously; the difference between the minimum lease receipt amount, initial direct expense and unguaranteed residual value sum and the present value sum is recognized as unrealized financing revenues. The balances of financial lease receivables after deducting unrealized financing revenues are listed as long-term claims and long-term claims due within one year respectively.

Unrealized financing revenues are calculated by the actual interest rate method during the lease period to recognize current financing incomes. Contingent rents shall be recorded into current profit and loss of the period in which they actually arise.

(XXVIII) Discontinued operation

Discontinued operations refer to the integral part that meets one of the following conditions, has been disposed of

or classified as held-for-sale by the Group and can be separately classified during operation and preparation of financial statement: ① this integral part represents an independent primary business or a major operating area; ② this integral part is an intended part of disposal plan on an independent primary business or a major operating area; ③ this integral part is a subsidiary acquired solely for resale.

(XXIX) Major accounting policy and accounting estimate changes, accounting error corrections

1. Changes and influence of accounting policies

The Group has no change in accounting policies during the reporting period.

2. Important accounting estimate change and impact

During the statement period, the Group had no accounting estimate changes.

V. Tax Items

Main tax types and tax rates applicable to the Group are as follows:

Tax items	Tax calculation basis	Tax rate	Note
Value added tax	Operating income	13%, 9%, 6%	
		5%	Simple collection
		3%	Small-scale taxpayer
Urban maintenance and construction tax	Payable turnover tax amount	7%	
Education surcharge	Payable turnover tax amount	5%	
Housing tax	Original value of house buildings × (1-30%)	1.2%	
	House rental incomes	12%	
Urban land use tax	First-grade land area in downtown Taizhou	RMB 16/m2	
	Second-grade land area in downtown Taizhou	RMB 12/m2	
	Third-grade land area in downtown Taizhou	RMB 8/m2	
	Fourth-grade land area in downtown Taizhou	RMB 5/m2	
	Fifth-grade land area in downtown Taizhou	RMB 3/m2	
Increment tax on land value	The added value arising from paid transfers of the right to the use of state-owned land and the property right of the above-ground buildings and other attachments	Calculate and pay as per four-level super-rate progressive tax rate. Pre-levy rate is 2%-4%	
Corporate income tax (Note 1)	Income tax payable	25%	

Note 1: Entrusted by Hailing District of Taizhou City, the company undertook urban infrastructure construction functions within the scope of authorization; in the past years, Taizhou Hailing District Government allocated certain special urban construction subsidy funds and discount interest subsidy funds, etc., and the above special government subsidy was used for infrastructure construction of Hailing District of Taizhou City, under separate financial accounting and supervision by Taizhou Hailing District Finance Bureau. As identified by Taizhou Hailing District Finance Bureau, aforesaid land consolidation incomes and financial subsidy incomes complied with provisions in the document Notice on the Issues Concerning the Treatment of Corporate Income Tax for Special-purpose Financial Funds (Financial Tax [2011] No.70), and were not treated as taxable incomes. Meanwhile, during tax collection and management work in the past years, the competent tax department did not levy corporate income tax on the aforesaid incomes obtained by the

company. Therefore, when preparing financial statement, the company did not make provision for corporate income tax on the land consolidation incomes and government subsidy incomes from the Taizhou Hailing District Government.

Note 2: Pursuant to the Notice of Ministry of Finance and State Taxation Administration on the Deduction of Input Tax Amount of Leased Fixed Assets and Other VAT Policies (Financial Tax [2017] No.90) VI "From January 1, 2018 to December 31, 2019, the guarantee fee incomes obtained from taxpayers providing financing guarantee for bond issuance and borrowings of farmers, small-sized enterprises, micro-sized enterprises and individual business households, as well as the re-guarantee fee incomes obtained from providing re-guarantee for the above financing guarantee (hereinafter referred to as "original guarantee") are exempted from VAT..." , guarantee fee incomes obtained by the subsidiary Taizhou Haicheng Financing Guarantee Co., Ltd. in compliance with the above regulation were exempted from VAT.

VI. Descriptions of important items in the consolidated financial statement

In the following note items (including the main item notes of corporate financial statements), unless otherwise specified, the beginning of year refers to January 1, 2020, the end of period refers to September 30, 2020, the current period refers to January-September 2020, and the last period refers to January-September 2019.

(I) Monetary fund

1. Monetary fund balance

Item	Closing balance	Opening balance
Cash	133,692.62	122,096.62
Bank savings	5,865,122,647.07	6,535,559,676.42
Other monetary funds		523,491,877.14
Total	5,865,256,339.69	7,059,173,650.18

2. Restricted use of monetary funds

Item	Closing balance	Reasons for restricted use
Bank savings	730,000,000.00	Bank bill deposit
Bank savings	63,000,000.00	Provided pledge guarantee for borrowings of Gucheng Construction Company
Bank savings	10,000,000.00	Provided pledge guarantee for borrowings of Haichi Company
Bank savings	700,000,000.00	Provided pledge guarantee for the company's 680 million short-term borrowings from Bank of Guangzhou
Total	1,503,000,000.00	

(II.) Bills receivable

1. Classified disclosure of bills receivable:

Item	Closing balance	Opening balance
Bank acceptance bill	34,625,067.51	10,832,571.99
Commercial acceptance bill		
Less: impairment reserve of bills receivable		
Total	34,625,067.51	10,832,571.99

2. Bills receivable with bad debt provision by aging analysis method:

Aging	Closing balance		
	Bills receivable	Bad debt provision	Accrual ratio
Within 1 year	34,625,067.51		0%
Total	34,625,067.51		

3. As of the end of the current period, the Group has no discounted undue notes receivable;

4. As of the end of current period, the Group had no bills receivable used for pledge;

5. As of the end of current period, the Group had endorsed undue bill's receivable of RMB 183,221,300;

6. As of the end of current period, the Group had no bills converted to accounts receivable due to the drawer's failure to perform the agreement.

(III) Account's receivable

1. Disclosure of receivable classification:

Category	Closing balance			
	Book balance	Ratio	Bad debt provision	Book value
Account receivable with significant amount of single item and separate allowance for bad debts				
Account receivable with allowance for bad debts according to combination of credit risk characteristics	505,218,036.85	100.00%	15,008.01	505,203,028.84
Of which: receivables of government units and state-owned holding enterprises	430,658,150.75	85.24%		430,658,150.75
Receivables of associated parties	10,977,643.48	2.17%		10,977,643.48
Aging combination	63,582,242.62	12.59%	15,008.01	63,567,234.61
Account receivable with insignificant amount of single item but separate allowance for bad debts				
Total	505,218,036.85	100.00%	15,008.01	505,203,028.84

Continued

Category	Opening balance			
	Book balance	Ratio	Bad debt provision	Book value
Account receivable with significant amount of single item and separate allowance for bad debts				
Account receivable with allowance for bad debts according to combination of credit risk characteristics	288,669,440.01	100.00%	4,000.00	288,665,440.01
Of which: receivables of government units and state-owned holding enterprises	287,116,272.80	99.46%		287,116,272.80
Receivables of associated parties	2,560.00	0.00%		2,560.00
Aging combination	1,550,607.21	0.54%	4,000.00	1,546,607.21
Account receivable with insignificant amount of single item but separate allowance for bad debts				
Total	288,669,440.01	100.00%	4,000.00	288,665,440.01

2. In the portfolio, accounts receivable with bad debt provision by aging analysis method:

Aging	Closing balance		
	Accounts receivable	Bad debt provision	Accrual ratio
Within 1 year	63,468,162.49		0%
1-2 years			5%
2-3 years	110,080.13	11,008.01	10%
3-4 years			20%
4-5 years			50%
Over 5 years	4,000.00	4,000.00	100%
Total	63,582,242.62	15,008.01	

(Continued)

Aging	Opening balance		
	Accounts receivable	Bad debt provision	Accrual ratio
Within 1 year	1,546,607.21		0%
1-2 years			5%
2-3 years			10%
3-4 years			20%
4-5 years			50%
Over 5 years	4,000.00	4,000.00	100%
Total	1,550,607.71	4,000.00	

Note: The reason for aging of accounts unverified is the change of consolidation scope.

3. Main accounts receivable of closing balance classified by the overdue party:

Overdue entities	Closing balance	Percentage of closing balance
Taizhou Hailing District Finance Bureau	399,820,547.21	79.14%
Taizhou Sucheng Investment Development Co., Ltd.	8,225,000.00	1.63%
China Design Group Co., Ltd.	7,986,722.54	1.58%
Taizhou Daoen Trading Co., Ltd.	7,474,014.41	1.48%
Taizhou Baolong Real Estate Co., Ltd.	7,400,217.59	1.46%
Total	430,906,501.75	85.29%

(IV) Advanced payment

1. Advance payment is listed by age:

Aging	Closing balance		Opening balance	
	Amount	Ratio	Amount	Ratio
Within 1 year	52,116,839.73	95.36%	23,435,832.83	87.27%
1-2 years	2,537,791.40	4.64%	3,417,625.99	12.73%
Total	54,654,631.13	100.00%	26,853,458.82	100.00%

2. Top 5 closing balance of advance payments:

Overdue entities	Closing balance	Percentage of closing balance
Taizhou Huimin New City Construction Co., Ltd.	7,440,000.00	13.61%

Overdue entities	Closing balance	Percentage of closing balance
Yunnan Katuo Trading Co., Ltd.	7,000,000.00	12.81%
Prepaid epidemic control material funds	6,990,260.00	12.79%
Taizhou Hailing District Urban Management Bureau	2,500,000.00	4.57%
Taizhou Hailing District Village and Town Construction Service Center	2,488,060.00	4.55%
Total	26,418,320.00	48.33%

(V) Other receivables

Item	Closing balance	Opening balance
Interest receivable		
Dividend receivable		
Other receivables	4,505,106,797.28	4,232,506,872.05
Total	4,505,106,797.28	4,232,506,872.05

1. Other receivables

(1) Disclosure of other receivable classification:

Category	Closing balance			
	Book balance	Ratio	Amount of bad debt reserves	Book value
Account receivable with significant amount of single item and separate allowance for bad debts				
Account receivable with allowance for bad debts according to combination of credit risk characteristics	4,517,424,004.25	100.00%	12,317,206.97	4,505,106,797.28
Of which: receivables from government units and state-owned holding companies	3,799,064,651.78	84.10%		3,799,064,651.78
Receivables of associated parties	384,951,628.36	8.52%		384,951,628.36
Combination of security and deposits	5,895,000.00	0.13%		5,895,000.00
Portfolio of receivables secured by project funds	235,083,476.71	5.20%	1,175,417.38	233,908,059.33
Aging combination	92,429,247.40	2.05%	11,141,789.59	81,287,457.81
Account receivable with insignificant amount of single item but separate allowance for bad debts				
Total	4,517,424,004.25	100.00%	12,317,206.97	4,505,106,797.28

Continued

Category	Opening balance			
	Book balance	Ratio	Amount of bad debt reserves	Book value
Account receivable with significant amount of single item and separate allowance for bad debts				
Account receivable with allowance for bad debts according to combination of credit risk	4,251,974,042.24	100.00%	19,467,170.19	4,232,506,872.05

Category	Opening balance			
	Book balance	Ratio	Amount of bad debt reserves	Book value
characteristics				
Of which: receivables from government units and state-owned holding companies	2,837,963,631.75	66.75%		2,837,963,631.75
Receivables of associated parties	964,557,538.55	22.68%		964,557,538.55
Combination of security and deposits	6,480,000.00	0.15%		6,480,000.00
Portfolio of receivables secured by project funds	232,083,476.71	5.46%	1,160,417.38	230,923,059.33
Aging combination	210,889,395.23	4.96%	18,306,752.81	192,582,642.42
Account receivable with insignificant amount of single item but separate allowance for bad debts				
Total	4,251,974,042.24	100.00%	19,467,170.19	4,232,506,872.05

2. In the portfolio, accounts receivable for which the provision for bad debts is made by the aging analysis method:

Aging	Closing balance		
	Other receivables	Bad debt provision	Accrual ratio
Within 1 year	70,826,417.85	-	0%
1-2 years	1,682,000.00	84,100.00	5%
2-3 years	8,480,484.16	848,048.42	10%
3-4 years	1,407,464.03	281,492.81	20%
4-5 years	209,466.00	104,733.00	50%
Over 5 years	9,823,415.36	9,823,415.36	100%
Total	92,429,247.40	11,141,789.59	

(Continued)

Aging	Opening balance		
	Other receivables	Bad debt provision	Accrual ratio
Within 1 year	173,665,048.97		0%
1-2 years	4,569,409.25	228,470.46	5%
2-3 years	6,783,689.33	678,368.93	10%
3-4 years	7,318,680.32	1,463,736.06	20%
4-5 years	5,232,780.00	2,616,390.00	50%
Over 5 years	13,319,787.36	13,319,787.36	100%
Total	210,889,395.23	18,306,752.81	

Note: The reason for aging of accounts unverified is the change of consolidation scope.

3. In the portfolio, other receivables for which the provision for bad debts is made by using percent of balance method:

Percentage of balance	Closing balance		
	Other receivables	Bad debt provision	Accrual ratio
Portfolio of receivables secured by project funds	235,083,476.71	1,175,417.38	0.5%

Percentage of balance	Closing balance		
	Other receivables	Bad debt provision	Accrual ratio
Total	235,083,476.71	1,175,417.38	

(Continued)

Percentage of balance	Opening balance		
	Other receivables	Bad debt provision	Accrual ratio
Portfolio of receivables secured by project funds	232,083,476.71	1,160,417.38	0.5%
Total	232,083,476.71	1,160,417.38	

4. Other receivables of Top 5 closing balance classified by debtors:

Overdue entities	Closing balance	Percentage of closing balance
Taizhou Haitai New Rural Construction Development Co., Ltd.	2,088,236,427.38	46.23%
Taizhou Real Estate Management Division	360,060,563.69	7.97%
Taizhou Huimin New City Construction Co., Ltd.	152,951,434.46	3.39%
Taizhou Zhonghai Runtai Real Estate Co., Ltd.	146,658,176.70	3.25%
Chengxi Street Dilapidated House Command	132,796,865.50	2.94%
Total	2,880,703,467.73	63.78%

(VI) Inventory

Item	Closing balance	Opening balance
Development costs - self-built resettlement house	13,283,590.18	20,887,274.00
Development costs – agent construction resettlement house	3,336,333,587.56	3,340,397,309.56
Develop products	1,878,409,529.81	2,352,323,370.43
Low-value consumables and raw materials	27,172.53	5,260.86
Turnover house	72,782,033.61	67,800,347.64
Land arrangement	23,518,960,829.06	22,262,882,196.13
Construction consignment project	1,609,083,166.30	1,359,451,200.38
Engineering construction	13,052,735.97	5,236,847.93
Commodity stocks	28,628,985.65	2,955,339.51
Total inventories	30,470,561,630.67	29,411,939,146.44
Less: inventory impairment reserve		
Net value of inventories	30,470,561,630.67	29,411,939,146.44

(VII) Non-current assets due within one year

Item	Closing balance	Opening balance
Financing lease receivables	62,167,842.78	45,259,055.50
Total	62,167,842.78	45,259,055.50

(VIII) Other current assets

Item	Closing balance	Opening balance
Structured deposits		100,000,000.00
Prepaid tax	379,068,694.63	380,869,569.53

Item	Closing balance	Opening balance
VAT input tax offset	5,216,107.59	1,659,239.19
Other short-term loans of financial leasing company	52,000,000.00	50,000,000.00
Others	142,817,991.36	81,995,774.28
Total	579,102,793.58	614,524,583.00

(IX) Available-for-sale financial assets

1. Available-for-sale financial assets are as follows:

Item	Closing balance	Opening balance
Available-for-sale financial assets measured at cost	225,000,000.00	149,900,000.00
Of which: available-for-sale equity tool:	225,000,000.00	149,900,000.00
Less: provision for impairment		
Net value measured by costs	225,000,000.00	149,900,000.00
Total	225,000,000.00	149,900,000.00

2. Available-for-sale equity instruments measured at cost at the end of the year:

Name of the invested entity	Opening balance		Increase in current period	Decrease in current period	Closing balance	
	Amount	Equity ratio			Amount	Equity ratio
Taizhou Haiyang Investment Co., Ltd.	10,000,000.00	10.00%			10,000,000.00	10.00%
Taizhou Golden Solar Energy Co., Ltd.	24,500,000.00	1.22%			24,500,000.00	1.22%
Taizhou Rural Commercial Bank Co., Ltd.	104,400,000.00	3.00%			104,400,000.00	3.00%
Taizhou Jiangcheng Municipal Facilities Maintenance Co., Ltd.	6,000,000.00	49.92%			6,000,000.00	49.92%
Jiangsu Haiyu Construction Engineering Co., Ltd.	3,400,000.00	45.29%		3,400,000.00		
Taizhou Haifa House Demolition Co., Ltd.	800,000.00	26.67%			800,000.00	26.67%
Taizhou Haisheng Advertising Media Co., Ltd.	800,000.00	10.00%			800,000.00	10.00%
Taizhou Zhonghai Runtai Real Estate Co., Ltd.			28,500,000.00		28,500,000.00	15.00%
Taizhou Huimin New City Construction Co., Ltd.			50,000,000.00		50,000,000.00	1.04%
Total	149,900,000.00		78,500,000.00	3,400,000.00	225,000,000.00	

Note: (1) The Group held more than 20% equity of Taizhou Jiangcheng Municipal Facility Maintenance Co., Ltd. and Taizhou Haifa House Demolition Co., Ltd., etc., but because the above investees were all established by the government, under direct management of other government departments, the company had no control, joint control or significant impact, so the company accounted for the above investments as available-for-sale financial assets.

(2) Available-for-sale financial assets of the company decreased this year due to changes in the consolidation scope.

(X) Long-term account receivable

Item	Closing balance	Opening balance
Financing lease receivables	231,662,667.61	256,339,135.02
Total	231,662,667.61	256,339,135.02

(XI) Long-term equity investment

1. Classified long-term equity investment details:

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Investments in associated enterprise	212,063,295.26	79,752,309.05		291,815,604.31

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Subtotal	212,063,295.26	79,752,309.05		291,815,604.31
Less: long-term equity investment depreciation reserves				
Total	212,063,295.26	79,752,309.05		291,815,604.31

2. Details of associated enterprises:

Name of the invested entity	Opening balance		Increase or decrease in current period			Closing balance	
	Balance	Equity ratio	Initial investment cost	Adjustment of profits and losses	Other changes	Balance	Equity ratio
Jiangsu Huachen Concrete Co., Ltd.	21,477,944.55	20.00%		-1,210,193.78		20,267,750.77	20.00%
Taizhou Baolong Real Estate Co., Ltd.	136,759,350.71	40.00%		-13,437,497.17		123,321,853.54	40.00%
Taizhou Hailing Zhongshe CCCC SDC Environment Control Co., Ltd.	10,800,000.00	30.00%				10,800,000.00	30.00%
Beichen Supply Chain Management (Taizhou) Co., Ltd.	43,026,000.00	30.30%				43,026,000.00	30.30%
Taizhou Chengrun Assets Management Co., Ltd.			89,000,000.00			89,000,000.00	29.67%
Taizhou Hailing Zhongshe CCCC SDC Environment Control Co., Ltd.			5,400,000.00			5,400,000.00	30.00%
Total	212,063,295.26		94,400,000.00	-14,647,690.95		291,815,604.31	

(XII) Investment real estates

1. Investment real estate with the model of cost measurement

Item	Investment property – house buildings	Investment property – under construction	Investment property – land	Total
I. Original book value				
1. Opening balance	3,542,360.00	1,399,559.37	126,824,345.36	131,766,264.73
2. Increased amount in current period		3,898,615.58		3,898,615.58
(1) Outsourcing		1,503,776.48		1,503,776.48

Item	Investment property – house buildings	Investment property – under construction	Investment property – land	Total
(2) Land cost amortization		2,394,839.10		2,394,839.10
3. Amounts deducted in this period				
4. Closing balance	3,542,360.00	5,298,174.95	126,824,345.36	135,664,880.31
II. Cumulative depreciation & amortization				
1. Opening balance	14,021.84		1,399,559.37	1,413,581.21
2. Increased amount in current period	126,196.58		2,394,839.10	2,521,035.68
(1) Accrual	126,196.58		2,394,839.10	2,521,035.68
3. Amounts deducted in this period				
4. Closing balance	140,218.42		3,794,398.47	3,934,616.89
III. Provisions for impairment				
1. Opening balance				
2. Increased amount in current period				
3. Amounts deducted in this period				
4. Closing balance				
IV. Book value				
1. Opening balance	3,528,338.16	1,399,559.37	125,424,785.99	130,352,683.52
2. Closing balance	3,402,141.58	5,298,174.95	123,029,946.89	131,730,263.42

2. At the end of period, the company had no external mortgage on investment property.

3. At the end of period, the company had no investment real estate of which property ownership certificate has not yet completed.

(XIII) Fixed assets are as follows

1. Classification conditions

Item	Houses and buildings	Transportation	Office and electronic devices	Other devices	Sewage pipe network facilities	Total
I. Original book value						
1. Opening balance	183,737,165.71	3,310,213.47	2,714,128.23	1,181,574.71	65,755,036.13	256,698,118.25

Item	Houses and buildings	Transportation	Office and electronic devices	Other devices	Sewage pipe network facilities	Total
2. Increased amount in current period	28,730,000.00	350,013.10	916,653.80	658,583.81		30,655,250.71
(1) Outsourcing	28,730,000.00	325,113.10	583,529.80	553,606.46		30,192,249.36
(2) Consolidation scope changes		24,900.00	333,124.00	104,977.35		463,001.35
3. Amounts deducted in this period	7,553,753.34	234,785.00	312,718.31	36,809.00		8,138,065.65
(1) Disposal or scraping			6,392.00	3,400.00		9,792.00
(2) Consolidation scope changes	7,553,753.34	234,785.00	306,326.31	33,409.00		8,128,273.65
4. Closing balance	204,913,412.37	3,425,441.57	3,318,063.72	1,803,349.52	65,755,036.13	279,215,303.31
II. Accumulated depreciation						
1. Opening balance	46,823,660.99	2,234,938.54	1,718,363.38	559,601.46		51,336,564.37
2. Increased amount in current period	4,471,259.15	216,324.50	514,719.43	275,948.45		5,478,251.53
(1) Accrual	4,471,259.15	192,669.50	304,940.79	207,895.13		5,176,764.57
(2) Consolidation scope changes		23,655.00	209,778.64	68,053.32		301,486.96
3. Amounts deducted in this period	627,905.75	138,459.81	263,615.80	38,545.46		1,068,526.82
(1) Disposal or scraping			6,072.40	3,230.00		9,302.40
(2) Consolidation scope changes	627,905.75	138,459.81	257,543.40	35,315.46		1,059,224.42
4. Closing balance	50,667,014.39	2,312,803.23	1,969,467.01	797,004.45		55,746,289.08
III. Provisions for impairment						
1. Opening balance						
2. Increased amount in						

Item	Houses and buildings	Transportation	Office and electronic devices	Other devices	Sewage pipe network facilities	Total
current period						
3. Amounts deducted in this period						
4. Closing balance						
IV. Book value						
1. Opening balance	136,913,504.72	1,075,274.93	995,764.85	621,973.25	65,755,036.13	205,361,553.88
2. Closing balance	154,246,397.98	1,112,638.34	1,348,596.71	1,006,345.07	65,755,036.13	223,469,014.23

2. At the end of period, the company had no significant and temporarily idle fixed assets; no fixed assets rent through operating lease; no fixed assets held for sale at the end of year; no fixed assets leased through financing lease.

3. For external mortgage of fixed assets, please refer to "Note VI (19) Short-term borrowings, (28) Long-term borrowings" and "Note XI (2) 2. External mortgage guarantees".

(XIV) Construction in process

Item	Opening balance	Increase in current period	Decrease in current period		Closing balance
			Current transfer to fixed assets	Other decreases	
North City Sewage Treatment Plant Ancillary Pipe Network Project	10,590,484.94	802,801.74			11,393,286.68
North City Sewage Treatment Plant Pipe Network Extension Project	11,292,409.12	4,300,091.81			15,592,500.93
Northwest Pipe Network Project	14,675,771.05	4,471,552.56			19,147,323.61
Old Residential Quarter Rain and Sewage Diversion Project	4,142,284.27	31,441,363.88			35,583,648.15
Senyuan Phase I source control sewage interception works		238,797.89			238,797.89
Haisheng Property Brokerage Warehouse Renovation Project	12,297.17				12,297.17
Lawson Convenience Store and Luckin Coffee Shop decoration works	1,927,511.37	4,110,715.39			6,038,226.76
Taizhou Stone Material Market Project	5,521.46				5,521.46
Book balance	42,646,279.38				88,011,602.65
Less: provision for depreciation					
Book value	42,646,279.38				88,011,602.65

(XV) Intangible assets

Item	Land use right	Software	Total
I. Original book value			
1. Opening balance	54,166,333.95	286,549.52	54,452,883.47
2. Increased amount in current period	26,630,430.33	4,424.78	26,634,855.11
(1) Outsourcing	26,630,430.33	4,424.78	26,634,855.11
3. Amounts deducted in this period			
4. Closing balance	80,796,764.28	290,974.30	81,087,738.58
II. Accumulated amortization			
1. Opening balance	15,260,928.03	47,456.47	15,308,384.50
2. Increased amount in current period	1,022,214.43	43,316.19	1,065,530.62
(1) Accrual	1,022,214.43	43,316.19	1,065,530.62
3. Amounts deducted in this period			
4. Closing balance	16,283,142.46	90,772.66	16,373,915.12
III. Provisions for impairment			
1. Opening balance			
2. Increased amount in current period			
3. Amounts deducted in this period			
4. Closing balance			
IV. Book value			
1. Opening balance	38,905,405.92	239,093.05	39,144,498.97
2. Closing balance	64,513,621.82	200,201.64	64,713,823.46

Note: For external mortgage of intangible assets at the end of year, please refer to "Note VI (19) Short-term borrowings, (28) Long-term borrowings" and "Note XI (2) 2. External mortgage guarantees".

(XVI) Long-term prepaid expenses

Item	Office building decoration	Store and warehouse decoration	Total
I. Original book value			
1. Opening balance	1,094,346.65		1,094,346.65
2. Increased amount in current period		23,513.00	23,513.00
(1) Outsourcing		23,513.00	23,513.00
(2) Transfer of engineering under construction			
3. Amounts deducted in this period			
4. Closing balance	1,094,346.65	23,513.00	1,117,859.65
II. Accumulated amortization			

Item	Office building decoration	Store and warehouse decoration	Total
1. Opening balance	91,195.55		91,195.55
2. Increased amount in current period	164,152.00	7,840.00	171,992.00
(1) Accrual	164,152.00	7,840.00	171,992.00
3. Amounts deducted in this period			
4. Closing balance	255,347.55	7,840.00	263,187.55
II. Provisions for impairment			
1. Opening balance			
2. Increased amount in current period			
3. Amounts deducted in this period			
4. Closing balance			
IV. Book value			
1. Opening balance	1,003,151.10		1,003,151.10
2. Closing balance	838,999.10	15,673.00	854,672.10

(XVII) Deferred income tax assets

1. Deferred income tax asset items

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Provisions for asset impairment	11,812,521.94	2,952,830.58	18,198,607.13	4,549,651.78
Unrealized profits of internal transaction	8,149,289.60	2,037,322.40	1,232,924.07	308,231.02
Total	19,961,811.54	4,990,152.98	19,431,531.20	4,857,882.80

2. Unrecognized deferred income tax assets

Item	Closing balance	Opening balance
Deductible temporary difference	519,693.04	1,272,563.06
Total	519,693.04	1,272,563.06

(XVIII) Other non-current assets

Item	Closing balance	Opening balance
Underground road pipe network facilities - sewage pipe network	509,261,040.00	509,261,040.00
Everbright Xinglong trust product	140,000,000.00	140,000,000.00
Total	649,261,040.00	649,261,040.00

(XIX) Short-term borrowings

Borrowings category	Closing balance	Opening balance
Credit borrowings	59,615,000.00	

Borrowings category	Closing balance	Opening balance
Guaranteed borrowings	258,000,000.00	127,000,000.00
Mortgage borrowings	10,000,000.00	
Pledge borrowings	759,450,000.00	60,000,000.00
Total	1,087,065,000.00	187,000,000.00

Explanations on classification of short-term borrowings:

1. Credit borrowings are detailed as follows:

Borrower	Loan unit	Loan balance	Borrowing date	Repayment date	Note
The company	Agricultural Development Bank	8,000,000.00	2020/2/2	2021/2/1	
The company	China Development Bank	1,615,000.00	2020/2/6	2021/2/1	
The company	China CITIC Bank Qingnian Road Sub-branch	50,000,000.00	2020/4/27	2021/4/27	
	Total	59,615,000.00			

2. Guarantee borrowings are detailed as follows:

Borrower	Loan unit	Loan balance	Borrowing date	Repayment date	Guarantor
The company	Jiangsu International Trust Co., Ltd.	98,000,000.00	2019/11/18	2020/11/18	Taizhou Golden Sunshine Energy Co., Ltd. provides security guarantee
The company	China Everbright Bank Taizhou Branch	100,000,000.00	2020/2/28	2021/2/27	Taizhou Huimin New City Construction Co., Ltd. provides security guarantee
Haiminghui Trading Company[1]	Bank of Jiangsu Taizhou New District Sub-branch	10,000,000.00	2020/3/29	2021/3/27	The company provides security guarantee
Haiminghui Trading Company	Bank of Beijing Nanjing Branch	10,000,000.00	2020/9/30	2021/9/29	The company provides security guarantee
Guangsha Greening Company	Industrial Bank Taizhou Branch	10,000,000.00	2020/7/30	2021/7/29	Taizhou Xintong Financing Security Co., Ltd. provided security and pledge
Haichi Construction Company[2]	Bank of Jiangsu Taizhou New District Sub-branch	10,000,000.00	2020/3/28	2021/3/27	The company provides security guarantee
Kangzhuang Commercial Management Company[3]	Taizhou Rural Commercial Bank Xijiao Branch	10,000,000.00	2020/5/29	2021/5/28	Taizhou Huimin New City Construction Co., Ltd. provides security guarantee
Kangzhuang Commercial	Huaxia Bank Taizhou Branch	10,000,000.00	2020/9/22	2021/9/22	The company provides security guarantee

1Haiminghui Trading Company refers to Taizhou Haiminghui Trading Co., Ltd., the same below.
2Haichi Construction Company refers to Jiangsu Haichi Construction Co., Ltd., the same below.
3Kangzhuang Commercial Management Company refers to Taizhou Kangzhuang Commercial Management Co., Ltd., the same below.

Borrower	Loan unit	Loan balance	Borrowing date	Repayment date	Guarantor
Management Company					
	Total	258,000,000.00			

3. Mortgage borrowings are detailed as follows:

Borrower	Loan unit	Loan balance	Borrowing date	Repayment date	Pledge
Guangsha Greening Company[4]	Agricultural Bank of China Hailing Branch	10,000,000.00	2020/3/25	2021/3/25	Provided mortgage guarantee with the business house at No.30-1 Nantong Road
	Total	10,000,000.00			

4. Pledge borrowings are detailed as follows:

Borrower	Loan unit	Loan balance	Borrowing date	Repayment date	Pledge
The company	Bank of Guangzhou	680,000,000.00	2020/4/9	2020/10/9	The company provided pledge guarantee with 700 million certificate of deposit
Haichi Construction Company	China Zheshang Bank Taizhou Branch	4,450,000.00	2020/03/31	2021/03/31	The company provided pledge guarantee with 10 million deposit
Haichi Construction Company	China Zheshang Bank Taizhou Branch	5,000,000.00	2020/03/31	2021/03/31	
Haichi Construction Company	Industrial Bank Taizhou Branch	10,000,000.00	2020/09/18	2021/09/17	Taizhou Xintong Financing Security Co., Ltd. provided security and pledge
Gucheng Construction Company	Agricultural Bank of China Hailing Sub-branch	60,000,000.00	2020/7/1	2021/7/1	Gucheng Construction Company pledged with 63 million deposit
	Total	759,450,000.00			

(XX) Bills payable

Item	Closing balance	Opening balance
Bank acceptance bill	630,000,000.00	400,000,000.00
Commercial acceptance bill	98,300,000.00	200,000,000.00
Letter of credit	200,000,000.00	
Total	928,300,000.00	600,000,000.00

(XXI) Accounts payable

1. Other payables presented by nature of funds

Aging	Closing balance		Opening balance	
	Amount	Ratio	Amount	Ratio
Within 1 year	166,962,336.07	25.85%	326,721,575.00	42.77%
1-2 years	144,953,270.59	22.44%	26,481,426.95	3.47%

[4]Guangsha Greening Company refers to Taizhou Hailing District Guangsha Greening Engineering Co., Ltd., the same below

Aging	Closing balance		Opening balance	
	Amount	Ratio	Amount	Ratio
2-3 years	38,740,474.63	6.00%	97,862,257.13	12.81%
Over 3 years	295,301,577.89	45.71%	312,755,679.74	40.95%
Total	645,957,659.18	100.00%	763,820,938.82	100.00%

2. Top 5 closing balance of accounts payable:

Name of creditor's right unit	Closing balance	Percentage of closing balance
Tianyun Jingyuan valuation	122,171,572.40	18.91%
Xieqiao Xincun valuation	74,199,957.14	11.49%
Jiangsu Guangyu Construction Group Co., Ltd.	37,875,473.50	5.86%
Senzeyuan resettlement area valuation	30,441,927.16	4.71%
Dongyuan Apartment valuation	30,389,500.65	4.70%
Total	295,078,430.85	45.67%

(XXII) Accounts received in advance

1. Advance receipts presented by nature of funds:

Aging	Closing balance		Opening balance	
	Amount	Ratio	Amount	Ratio
Within 1 year	140,228,287.21	34.01%	84,635,573.47	20.47%
1-2 years	45,848,171.02	11.12%	77,154,502.99	18.66%
2-3 years	36,313,633.39	8.81%	175,928,043.10	42.56%
Over 3 years	189,867,929.11	46.06%	75,671,764.64	18.31%
Total	412,258,020.73	100.00%	413,389,884.20	100.00%

2. Top 5 closing balance of advance receipts:

Overdue entities	Closing balance	Percentage of closing balance
Taizhou Urban Construction Investment Group Co., Ltd.	172,117,597.74	41.75%
Advance receipts of Tianyun Jingyuan housing funds	51,902,513.60	12.59%
Advance receipt of Zhibao Phase III housing funds	58,255,768.74	14.13%
Taizhou Urban Infrastructure Construction Development Co., Ltd.	48,679,162.97	11.81%
Taizhou Baolong Real Estate Co., Ltd.	7,351,224.59	1.78%
Total	338,306,267.64	82.06%

(XXIII) Employee payroll payable

1. Presentation of employee payroll payable

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Short-term payroll	2,521,432.43	20,330,277.10	21,547,032.22	1,304,677.31
Post-employment welfare - defined contribution plan	742.50	950,590.69	951,333.19	
Total	2,522,174.93	21,280,867.79	22,498,365.41	1,304,677.31

2. Short-term payroll

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Wages, bonuses, allowances and subsidies	2,119,029.75	16,557,195.81	18,012,799.10	663,426.46
Employee welfare premium	400,865.24	1,741,902.68	1,510,112.60	632,655.32
Social insurance premium	463.50	690,309.35	690,772.85	
Of which: medical insurance premium	441.00	656,436.23	656,877.23	
Work-related injury insurance premium	22.50	20,382.16	20,404.66	
Birth insurance premium		13,490.96	13,490.96	
Housing fund		1,108,616.00	1,108,616.00	
Trade union funds and staff education funds	1,073.94	215,278.54	207,756.95	8,595.53
Enterprise annuity		16,974.72	16,974.72	
Total	2,521,432.43	20,330,277.10	21,547,032.22	1,304,677.31

3. Defined contribution plan

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Basic endowment insurance	720.00	925,723.02	926,443.02	
Unemployment insurance premium	22.50	24,867.67	24,890.17	
Total	742.50	950,590.69	951,333.19	

(XXIV) Taxes payable

Item	Closing balance	Opening balance
VAT payable	300,746,955.69	185,511,842.15
Business tax payable	5,908,737.38	5,908,737.38
City maintenance and construction tax payable	16,850,449.56	10,705,741.66
Educational fee payable	12,036,035.32	7,646,958.47
Property tax payable	935,697.61	935,697.61
Urban land use tax payable	316,381.25	316,381.25
Enterprise income tax payable	200,050,836.91	175,901,277.75
Stamp tax payable	1,128,479.53	1,131,583.93
Withholding personal income tax	43,625.22	45,174.53
Other taxes payable		63.00
Total	538,017,198.47	388,103,457.93

(XXV) Other payables

Item	Closing balance	Opening balance
Interests payable	306,060,562.99	281,949,519.05
Dividends payable		
Other payables	4,386,084,019.50	6,477,911,446.42
Total	4,692,144,582.49	6,759,860,965.47

1. Interests payable

Item	Closing balance	Opening balance
Bond interest payable	300,168,861.73	272,012,120.88
Interest payable on special shanty renovation bond	2,689,397.26	9,124,356.17
Other interest on borrowings	3,202,304.00	813,042.00
Total	306,060,562.99	281,949,519.05

2. Other payables

(1) Other accounts payable are presented by the aging

Aging	Closing balance		Opening balance	
	Amount	Ratio	Amount	Ratio
Within 1 year	633,902,354.61	14.45%	1,480,741,720.87	22.86%
1-2 years	359,452,451.75	8.20%	1,453,752,459.85	22.44%
2-3 years	1,376,953,422.37	31.39%	3,294,416,543.00	50.86%
Over 3 years	2,015,775,790.77	45.96%	249,000,722.70	3.84%
Total	4,386,084,019.50	100.00%	6,477,911,446.42	100.00%

(2) Top 5 closing balance of other payables:

Name of creditor's right unit	Amount	Percentage of closing balance
Taizhou Jianye Investment Construction Group Co., Ltd.	1,775,000,000.00	40.47%
Jiangsu Urban and Rural Construction Investment Co., Ltd.	1,350,000,000.00	30.78%
Taizhou Taizheng Transportation Investment Co., Ltd.	100,000,000.00	2.28%
Taizhou Huicheng Construction Development Co., Ltd.	95,000,000.00	2.17%
Taizhou Jiangcheng Municipal Facilities Maintenance Co., Ltd.	94,800,000.00	2.16%
Total	3,414,800,000.00	77.86%

(XXVI) Non-current liabilities due within one year

Item	Closing balance	Opening balance
Long-term loans due within one year	1,209,962,000.00	2,003,018,287.48
Of which: credit borrowing	120,000,000.00	685,000,000.00
Guaranteed borrowings	540,462,000.00	665,018,287.48
Mortgage borrowings	549,500,000.00	653,000,000.00
Bonds payable due within one year	2,685,554,805.86	553,413,674.19
Total	3,895,516,805.86	2,556,431,961.67

Note: (1) In December 2015, the company was approved by the National Development and Reform Commission, to issue 2015 Taizhou Hailing Assets Management Co., Ltd. Corporate Bond, stock abbreviation: 15 Hailing Bond. As of the end of the current period, the face value of bond due within one year among the bond is RMB 240 million.

(2) On March 18, 2016 and April 1, 2016, the company issued the 2016 Non-public Corporate Bond of Taizhou

Hailing Assets Management Co., Ltd., stock abbreviation: 16 Hailing 01, 16 Hailing 02, stock code: sh125698, 135368, with a total stock issuance of RMB 1.4 billion and 600 million respectively; bond of 5-year term in the current period, coupon rate of 5.30% and 5.50%. The bond is unguaranteed. As of the end of the current period, the face value of bond due within one year among the bond is RMB 2 billion.

(3) In November 2019, the company issued the 2019 Tianfeng Bond ABS Tianyun Jingyuan Affordable Housing Plan, with a total bond issuance of RMB 950 million (including self-owned posterior grade of RMB 50 million), coupon rate of 4.50-6.95%, 1-5-year term. As of the end of the current period, the face value of bond due within one year among the bond is RMB 450 million.

(4) For long-term borrowings due within one year, refer to Note VI. (28) Long-term borrowings.

(XXVII) Other current liabilities

Item	Closing balance	Opening balance
2018 Hailing Infrastructure Private Placement Bond		159,941,780.82
2019 Hailing Infrastructure Private Placement Bond	191,492,258.52	190,916,963.63
2020 Hailing Infrastructure Private Placement Bond	210,645,384.51	
2020 Short-term Corporate Bond (Phase I)	999,176,531.41	
Reserve provision of Haicheng Guarantee Company		85,216,323.17
Of which: guarantee compensation reserve		77,804,725.95
Undue liability reserve		7,411,597.22
Total	1,401,314,174.44	436,075,067.62

Note: (1) The company issued the 2019 Hailing Infrastructure Private Placement Bond, stock abbreviation: 19 Hailing Infrastructure, with face value of RMB 191,590,000, term of one year and coupon rate of 7.00%; this bond is not guaranteed.

(2) The company issued the 2020 Hailing Infrastructure Private Placement Bond, stock abbreviation: 20 Hailing Infrastructure, with face value of RMB 211,050,000, term of one year and coupon rate of 7.00%; this bond is not guaranteed.

(3) On March 13, 2020, the company obtained the letter of no objection to non-public issuance of short-term corporate bond listed on the Shanghai Stock Exchange for transfer, with a total issuance amount of no more than RMB 2 billion. On March 26, 2020, the company issued Non-public Corporate Bond of RMB 1 billion, name of bond "Taizhou Hailing Urban Development Group Co., Ltd. 2020 Non-public Corporate Bond (Phase I)", coupon rate of 4.50%, 1-year term.

(XXVIII) Long-term borrowings

Item	Closing balance	Opening balance
Credit borrowings	700,000,000.00	400,000,000.00
Guaranteed borrowings	4,053,306,000.00	4,312,615,145.04
Mortgage borrowings	1,176,500,000.00	2,147,500,000.00
Total	5,929,806,000.00	6,860,115,145.04

Details of long-term borrowings:

(1) Credit borrowings

Borrower	Loan unit	Loan balance	Of which: due within one year	Borrowing date	Repayment date
The company	Bank of Jiangsu Taizhou Branch	420,000,000.00	120,000,000.00	2020/1/20	2023/1/19
Huitai Construction Company[5]	Bank of Nanjing Taizhou Branch	400,000,000.00		2017/1/25	2022/1/25
	Total	820,000,000.00	120,000,000.00		

5Huitai Construction Company is Taizhou Huitai Construction Development Co., Ltd., the same below.

(2) Guarantee borrowings are detailed as follows:

Borrower	Loan unit	Loan balance	Of which: due within one year	Borrowing date	Repayment date	Guarantor
The company	Bank of Communications Taizhou Branch	590,000,000.00	10,000,000.00	2016/3/24	2020/12/31	Taizhou Xinhai Investment Co., Ltd. and Taizhou Eastern New City Development Group Co., Ltd. (former Taizhou Xinhong Cultural Industry Development Co., Ltd.) provided security guarantee
The company	Industrial Bank Taizhou Branch	197,500,000.00	5,000,000.00	2016/12/16	2021/12/15	Taizhou Huimin New City Construction Co., Ltd. provides security guarantee
The company	Industrial Bank Taizhou Branch	297,500,000.00	5,000,000.00	2016/12/16	2021/12/15	Taizhou Huimin New City Construction Co., Ltd. provides security guarantee
The company	Jiangsu International Trust Co., Ltd.	210,000,000.00		2019/10/18	2021/10/18	The company provided a margin of RMB 2.1 million, and simultaneously Taizhou Golden Solar Energy Co., Ltd. provided security guarantee
The company	Jiangsu International Trust Co., Ltd.	140,000,000.00		2019/9/5	2022/9/5	The company provided a margin of RMB 1.4 million, and simultaneously Taizhou Golden Solar Energy Co., Ltd. provided security guarantee
The company	Jiangsu International Trust Co., Ltd.	100,000,000.00	100,000,000.00	2020/4/29	2021/4/29	The company provided a margin of RMB 1 million, and simultaneously Taizhou Golden Solar Energy Co., Ltd. provided security guarantee
The company	Bank of Nanjing Taizhou Branch	95,000,000.00	10,000,000.00	2019/1/14	2021/12/14	Taizhou Huimin New City Construction Co., Ltd. and Taizhou Haitong Assets Management Co., Ltd. provide security guarantee
The company	Bank of Nanjing Taizhou Branch	100,000,000.00		2019/1/29	2021/12/20	Taizhou Huimin New City Construction Co., Ltd. and Taizhou Haitong Assets Management Co., Ltd. provide security guarantee
The company	Bank of Nanjing Taizhou Branch	100,000,000.00		2019/2/1	2021/12/20	Taizhou Huimin New City Construction Co., Ltd. and Taizhou Haitong Assets Management Co., Ltd. provide security guarantee
The company	Bank of Nanjing Taizhou Branch	320,000,000.00	10,000,000.00	2019/4/15	2022/4/7	Taizhou Huimin New City Construction Co., Ltd. and Taizhou Haitong Assets Management Co., Ltd. provide security guarantee
The company	Bank of China Chengzhong Sub-branch	103,750,000.00	23,750,000.00	2019/12/10	2023/5/31	Taizhou Urban Construction Investment Group Co., Ltd. provides security guarantee
The company	Minsheng Bank Taizhou Branch	60,000,000.00	30,000,000.00	2019/12/4	2026/12/4	Taizhou Urban Construction Investment Group Co., Ltd. provides security guarantee
The company	Minsheng Bank Taizhou Branch	133,000,000.00	10,000,000.00	2020/5/21	2028/5/15	Taizhou Huimin New City Construction Co., Ltd. provides security guarantee
The company	Taizhou Rural Commercial Bank Business Department	29,000,000.00		2020/4/30	2025/4/30	Taizhou Haitai Holding (Group) Co., Ltd. provided security guarantee

Borrower	Loan unit	Loan balance	Of which: due within one year	Borrowing date	Repayment date	Guarantor
The company	Taizhou Rural Commercial Bank Business Department	29,850,000.00		2020/6/29	2025/6/19	Taizhou Huimin New City Construction Co., Ltd. provides security guarantee
The company	Jingjiang Rural Commercial Bank Business Department	19,980,000.00		2020/6/29	2025/6/19	Taizhou Huimin New City Construction Co., Ltd. provides security guarantee
The company	Taixing Rural Commercial Bank Business Department	29,890,000.00		2020/6/29	2025/6/19	Taizhou Huimin New City Construction Co., Ltd. provides security guarantee
The company	Jiangyan Rural Commercial Bank Business Department	29,780,000.00		2020/6/29	2025/6/19	Taizhou Huimin New City Construction Co., Ltd. provides security guarantee
The company	Xinghua Rural Commercial Bank Business Department	29,890,000.00		2020/6/29	2025/6/19	Taizhou Huimin New City Construction Co., Ltd. provides security guarantee
The company	China CITIC Bank Taizhou Branch	483,500,000.00	101,500,000.00	2018/9/27	2025/6/21	Taizhou Huimin New City Construction Co., Ltd. and Taizhou Haitong Assets Management Co., Ltd. provide security guarantee
The company	China CITIC Bank Taizhou Branch	566,500,000.00	118,500,000.00	2018/7/30	2025/6/21	Taizhou Huimin New City Construction Co., Ltd. and Taizhou Haitong Assets Management Co., Ltd. provide security guarantee
Huitai Construction Company	Taizhou Rural Commercial Bank	4,770,000.00	4,770,000.00	2016/11/11	2020/11/7	The company provides security guarantee
Huitai Construction Company	Taizhou Rural Commercial Bank	13,180,000.00	230,000.00	2017/1/2	2022/11/7	The company provides security guarantee
Huitai Construction Company	Taizhou Rural Commercial Bank	4,550,000.00	2,500,000.00	2017/6/10	2022/11/6	The company provides security guarantee
Huitai Construction Company	Industrial Bank Taizhou Branch	114,320,000.00	14,280,000.00	2017/7/19	2024/12/31	The company provides security guarantee
Huitai Construction Company	Industrial Bank Taizhou Branch	102,888,000.00	12,852,000.00	2017/8/11	2024/12/31	The company provides security guarantee
Huitai Construction Company	Industrial Bank Jingzhujiang Road Sub-branch	285,800,000.00	35,700,000.00	2018/6/28	2024/12/31	The company provides security guarantee
Huitai Construction Company	Industrial Bank Jingzhujiang Road Sub-branch	139,120,000.00	30,880,000.00	2019/12/19	2024/12/31	The company provides security guarantee

Borrower	Loan unit	Loan balance	Of which: due within one year	Borrowing date	Repayment date	Guarantor
Huitai Construction Company	Everbright Bank Nanjing Branch	185,000,000.00	15,000,000.00	2017/3/14	2021/12/31	The company provides security guarantee
Haiminghui Trading Company	Huaxia Bank Taizhou Branch	20,000,000.00		2020/9/4	2022/9/4	The company provides security guarantee
Haiyang Water Supply and Drainage Company	Huaxia Bank Taizhou Branch	20,000,000.00	200,000.00	2020/8/31	2022/8/31	The company provides security guarantee
Guangsha Greening Company	Huaxia Bank Taizhou Branch	20,000,000.00	100,000.00	2020/8/31	2022/8/31	The company provides security guarantee
Gucheng Construction Company	Huaxia Bank Taizhou Branch	19,000,000.00	200,000.00	2020/8/21	2022/8/21	The company provides security guarantee
	Total	4,593,768,000.00	540,462,000.00			

(3) Mortgage borrowings are detailed as follows:

Borrower	Loan unit	Loan balance	Of which: due within one year	Borrowing date	Repayment date	Mortgaged property
The company	Bank of Guangzhou Nanjing Branch	65,500,000.00	65,500,000.00	2018/4/12	2021/4/12	The company provides mortgage guarantee by land use right (Taizhou State Use 2014 No.11800), and meanwhile Taizhou Huimin New City Construction Co., Ltd. provides security guarantee
Haifa Construction Investment Company	China Development Bank Jiangsu Branch	20,000,000.00	80,000,000.00	2013/1/29	2023/1/28	1. The company provides mortgage by 7 land use rights [Taizhou State Use [2009] No.2080, Taizhou State Use [2009] No.2824, Taizhou State Use [2009] No.2830, Taizhou State Use [2009] No.2829, Taizhou State Use [2009] No.2827, Taizhou State Use [2009] No.2826, Taizhou State Use [2009] No.2819];
Haifa Construction Investment Company	China Development Bank Jiangsu Branch	200,000,000.00		2013/1/29	2023/1/28	2. Haifa Construction Investment Co., Ltd. provides pledge guarantee by accounts receivable, namely the repayment difference of Taizhou North Shanty Area Renovation Engineering Project signed by it with Taizhou People's Government to replenish all rights, interests and benefits entitled under the agreement

Borrower	Loan unit	Loan balance	Of which: due within one year	Borrowing date	Repayment date	Mortgaged property
Haifa Construction Investment Company	China CITIC Bank Qingnian Road Sub-branch	200,000,000.00	40,000,000.00	2015/12/29	2025/11/25	The company provides mortgage guarantee by land use right [Taizhou State Use (2015) No.16264]
Haifa Construction Investment Company	China CITIC Bank Qingnian Road Sub-branch	80,000,000.00		2015/11/27	2025/11/25	
Hailing Real Estate Development Company[6]	Minsheng Bank Taizhou Branch	450,000,000.00	300,000,000.00	2019/2/28	2022/2/20	The company provides mortgage guarantee by real estate (Taizhou State Use 2014 No.11818), and meanwhile the company provides security guarantee
Huitai Construction Company	Agricultural Bank of China Taizhou Yangqiao Sub-branch	59,230,000.00	59,230,000.00	2016/11/10	2020/11/7	The company provides mortgage guarantee by real estate (Taizhou State Use (2003) No.0297-2, Tai Property Ownership Certificate Hailing Zi No.1000065673, Tai Property Ownership Certificate Hailing Zi No.1000065674), and meanwhile the Company provides security guarantee
Huitai Construction Company	Agricultural Bank of China Taizhou Yangqiao Sub-branch	60,000,000.00		2016/11/10	2022/11/10	The company provides mortgage guarantee by real estate (Taizhou State Use (2003) No.0297-2, Tai Property Ownership Certificate Hailing Zi No.1000065673, Tai Property Ownership Certificate Hailing Zi No.1000065674), and meanwhile the Company provides security guarantee
Huitai Construction Company	Agricultural Bank of China Taizhou Yangqiao Sub-branch	148,050,000.00		2017/1/2	2022/11/6	The company provides mortgage guarantee by real estate (Taizhou State Use (2003) No.0297-2, Tai Property Ownership Certificate Hailing Zi No.1000065673, Tai Property Ownership Certificate Hailing Zi No.1000065674), and meanwhile the Company provides security guarantee
Huitai Construction Company	Agricultural Bank of China Taizhou Yangqiao Sub-branch	347,770,000.00	4,770,000.00	2017/1/2	2021/11/7	The company provides mortgage guarantee by real estate (Taizhou State Use (2003) No.0297-2, Tai Property Ownership Certificate Hailing Zi No.1000065673, Tai Property Ownership Certificate Hailing Zi No.1000065674), and meanwhile the Company provides security guarantee
Huitai Construction Company	Agricultural Bank of China Taizhou Yangqiao Sub-branch	95,450,000.00		2017/6/20	2022/11/6	The company provides mortgage guarantee by real estate (Taizhou State Use (2003) No.0297-2, Tai Property Ownership Certificate Hailing Zi No.1000065673, Tai Property Ownership Certificate Hailing Zi No.1000065674), and meanwhile the company provides security guarantee
	Total	1,726,000,000.00	549,500,000.00			

6Haifing Real Estate Development Company is Taizhou Hailing Real Estate Development Company, the same below.

(XXIX) Bonds payable
1. Bonds payable statement

Item	Closing balance	Opening balance
2015 Taizhou Hailing Assets Management Co., Ltd. Corporate Bond [15 Hailing Bond]	478,752,077.85	477,991,349.48
Taizhou Hailing Assets Management Co., Ltd. 2016 Non-public Issuance of Corporate Bond [16 Hailing 01], [16 Hailing 02]		1,989,809,795.53
2017 Non-public Issuance of Corporate Bond (Phase III) [17 Hailing 03]	448,470,564.14	846,504,964.49
Taizhou Hailing Assets Management Co., Ltd. Last Period Phase I Bond Financing Plan [18 Su Hailing Assets ZR001]	99,533,982.97	98,864,531.13
Taizhou Hailing Assets Management Co., Ltd. 2019 Phase I Bond Financing Plan	397,799,057.54	396,606,119.75
Taizhou Hailing Assets Management Co., Ltd. 2019 Phase II Non-directional Debt Financing Tool	1,990,427,327.68	1,986,049,740.79
2019 Hailing Infrastructure Private Placement Bond [19 Hailing Infrastructure]	132,591,178.42	132,191,243.51
2019 Tianfeng Bond ABS Tianyun Jingyuan Affordable House Plan	151,532,847.65	202,850,322.23
2020 Hailing Infrastructure Private Placement Bond [20 Hailing Infrastructure]	56,068,740.61	
Taizhou Hailing Urban Development Group Co., Ltd. 2020 Non-public Corporate Bond (Phase I)	846,517,042.16	
Taizhou Hailing Urban Development Group Co., Ltd. 2020 Non-public Corporate Bond (Phase II)	497,343,627.99	
Debt Financing Plan [20 Su Hailing Urban Development ZR002]	998,772,278.29	
Total	6,097,808,725.30	6,130,868,066.91

2. Year-end bonds payable are as follows:

(1) In December 2015, the company was approved by the National Development and Reform Commission, to issue 2015 Taizhou Hailing Assets Management Co., Ltd. Corporate Bond, stock abbreviation: 15 Hailing Bond. The bond actually issued in the current period is RMB 1.2 billion, 7-year term, coupon rate of 4.60%. The bond in the current period is attached with early principal repayment clause that is to repay the principal of bond as per 20% of total bond issued year by year within five years after the bond duration period. Taizhou Urban Construction Investment Group Co., Ltd. provides a full unconditional and irrevocable joint liability security guarantee for the bond in the current period. As of the end of the current period, the face value of bond is RMB 720 million in the current period, of which the face value of bond due within one year is RMB 240 million.

(2) On April 10, 2017, the company issued Taizhou Hailing Assets Management Co., Ltd. 2017 Non-public Corporate Bond (Phase III), stock abbreviation: 17 Hailing 03, with a total stock issuance of RMB 850 million; bond of 5-year term in the current period, coupon rate of 6.00%. As of the end of the current period, the company has repaid the face value of bond of RMB 400 million in the current period, with face value balance of RMB 450 million. The bond is unguaranteed.

(3) On November 12, 2018, the company issued "Taizhou Hailing Assets Management Co., Ltd. 2018 Phase I Debt Financing Plan", stock abbreviation: 18 Su Hailing Assets ZR001, with a total stock issuance of RMB 100 million. This bond has a term of three years and coupon rate of 7.50%, unguaranteed.

(4) On January 18, 2019, the company issued "Taizhou Hailing Assets Management Co., Ltd. 2019 Phase I Bond Financing Plan", with a total bond issuance of RMB 400 million. This bond has a term of three years and coupon rate of 7.50%, unguaranteed.

(5) On March 27, 2019, April 5, 2019 and April 16, 2019, the company issued Taizhou Hailing Assets Management Co., Ltd. 2019 Phase II Non-directional Debt Financing Tool, with a total bond issuance of RMB 500 million, RMB 400 million and RMB 1.1 billion respectively; bond of 3-year term in the current period, coupon rate of 7.50%. The bond is unguaranteed.

(6) In October-December 2019, the company issued 2019 Hailing Infrastructure Private Placement Bond, stock abbreviation: 19 Hailing Infrastructure, with a total stock issuance of RMB 324.78 million, including 1-year bond of RMB 191.59 million, interest rate of 7.00% (adjusted to accounting under other current liabilities); 2-year bond of RMB 133.19 million, interest rate of 7.30%; the bond is unguaranteed.

(7) In November 2019, the company issued the 2019 Tianfeng Bond ABS Tianyun Jingyuan Affordable Housing Plan, with a total bond issuance of RMB 950 million (including self-owned posterior grade of RMB 50 million), coupon rate of 4.50-6.95%, 1-5-year term. As of the end of the current period, the company has accumulatively repaid bond of RMB 300 million in the current period, with face value balance of RMB 650 million (including self-owned posterior grade of RMB 50 million), of which the face value of bond due within one year is RMB 450 million.

(8) In January-June 2020, the company issued 2020 Hailing Infrastructure Private Placement Bond, stock abbreviation: 20 Hailing Infrastructure, with a total bond issuance of RMB 267.45 million, including 1-year bond of RMB 211.05 million, interest rate of 7.00% (adjusted to accounting under other current liabilities); 2-year bond of RMB 56.4 million, interest rate of 7.30%; the bond is unguaranteed.

(9) On March 26, 2020, the company issued Non-public Corporate Bond of RMB 850 million, name of bond

"Taizhou Hailing Urban Development Group Co., Ltd. 2020 Non-public Corporate Bond (Phase I)", coupon rate of 6.97%, 5-year term; the bond is unguaranteed.

(10) On August 28, 2020, the company issued Non-public Corporate Bond of RMB 500 million, name of bond "Taizhou Hailing Urban Development Group Co., Ltd. 2020 Non-public Corporate Bond (Phase II)", coupon rate of 5.50%, 5-year term; the bond is unguaranteed.

(11) On July 31, 2020, the company issued Taizhou Hailing Urban Development Group Co., Ltd. 2020 Phase I Debt Financing Plan of RMB 1 billion, bond abbreviation "20 Su Hailing Urban Development ZR002, coupon rate of 5.30%, 5-year term; the bond is unguaranteed.

(XXX) Long-term accounts payable

Item	Closing balance	Opening balance
Long-term accounts payable		
Special accounts payable	2,602,156,109.77	2,434,519,939.46
Total	2,602,156,109.77	2,434,519,939.46

1. Special accounts payable

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Special funds for pipe network construction	166,530,906.83		63,829.69	166,467,077.14
Special funds for old residential quarter rain and sewage diversion	6,100,000.00	11,000,000.00		17,100,000.00
Special funds for shanty renovation	957,900,000.00			957,900,000.00
Affordable house construction funds	311,114,800.00			311,114,800.00
Tongyang Line Channel Regulation Project Construction Service Command	64,195,500.00			64,195,500.00
Special funds for urban infrastructure construction	775,818,960.63			775,818,960.63
Yunmeiyuan Phase II supportive funds	10,850,000.00			10,850,000.00
Special funding for central water pollution control	13,009,772.00		13,000,000.00	9,772.00
Special bond funds for land	120,000,000.00	160,000,000.00		280,000,000.00
Special funds for three controls of unregulated shipbuilding	9,000,000.00	9,700,000.00		18,700,000.00
Total	2,434,519,939.46	180,700,000.00	13,063,829.69	2,602,156,109.77

(XXXI) Other non-current liabilities

Item	Closing balance	Opening balance
Long-term borrowings of other enterprises	39,097,696.00	53,886,958.00
Total	39,097,696.00	53,886,958.00

(XXXII) Paid-in capital

Name of Investors	Opening balance		Increase in current period	Decrease in current period	Closing balance	
	Amount	Ratio			Amount	Ratio
Taizhou Hailing District People's Government State-owned Assets Supervision and Administration Office	5,058,000,000.00	100%			5,058,000,000.00	100%
Total	5,058,000,000.00	100%			5,058,000,000.00	100%

(XXXIII) Capital reserve

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Capital premium	1,394,170.00			1,394,170.00
Other capital reserve	8,454,756,348.55		105,115,159.88	8,349,641,188.67
Total	8,456,150,518.55		105,115,159.88	8,351,035,358.67

(XXXIV) Surplus reserve

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Statutory surplus reserve	313,146,057.79			313,146,057.79
Total	313,146,057.79			313,146,057.79

(XXXV) Undistributed profit

Item	Closing balance	Opening balance
Year-beginning balance in current period	1,739,351,714.53	1,598,684,591.93
Plus: current transfer of net profit attributable to the owner of the parent company	159,897,696.05	169,307,074.28
Less: the amount of surplus reserves withdrawn in the current period		27,439,951.68
Revenues of turning over state-owned assets		1,200,000.00
Closing balance of the current period	1,899,249,410.58	1,739,351,714.53

(XXXVI) Operating income and operating cost

Category	Amount of this period		Amount of last period	
	Operating income	Operating cost	Operating income	Operating cost
Land arrangement	1,519,135,347.35	1,367,036,621.50	900,000,000.00	753,784,342.78
Construction consignment project	77,435,769.30	67,730,048.14	58,472,131.98	51,163,115.48
Agent construction management fee	32,393,236.64		44,141,426.23	
Sales of resettlement houses	684,600,838.74	624,714,742.06	71,340,695.65	70,448,685.20
Guarantee business	3,734,946.24		15,527,550.27	

Category	Amount of this period		Amount of last period	
	Operating income	Operating cost	Operating income	Operating cost
Leasing business	4,827,291.55	550,776.72	2,293,330.31	1,604,886.53
Financing lease interests	36,554,779.78	2,298,858.93	7,215,267.37	527,947.63
Engineering construction	44,984,858.91	39,189,634.53	206,775.96	
Merchandising	226,695,970.45	212,832,491.98		
Borrowing fund interests	17,615,369.80			
Inter-enterprise guarantee			1,698,113.21	
Entrusted loan interests			456,666.66	
Labor service	1,449,701.23	598,433.53		
Others	196,736.24	53,140.00	227,492.09	
Total	2,649,594,846.23	2,335,604,747.39	1,101,579,449.73	877,528,957.62

(XXXVII) Taxes and surcharges

Item	Amount of this period	Amount of last period
Urban maintenance and construction tax	9,163,180.71	675,208.29
Education surcharge	6,544,823.66	478,348.73
Housing property tax	1,449,631.17	3,207,316.73
Land use tax	2,522,923.22	9,969,875.16
Stamp duty	664,071.20	933,507.60
Environmental protection tax	5,158.40	1,913,834.31
Other taxes	81,658.75	1,311.00
Total	20,431,447.11	17,179,401.82

(XXXVIII) Financial expense

Item	Amount of this period	Amount of last period
Interest expense	267,402.69	53,064,730.86
Less: interest income	2,234,485.61	2,732,964.00
Bank handling fee and other	289,638.77	2,528,138.54
Total	-1,677,444.15	52,859,905.40

(XXXIX) Other revenues

Item	Amount of this period	Amount of last period
Government grants related to daily business operation activities	587,572.36	32,106.56
Total	587,572.36	32,106.56

Among them, the government subsidies related to daily corporate business activities are detailed as follows:

Subsidy item	Amount of this period	Amount of last period
Tax rebate or exemption	263,181.59	
VAT input plus deduction	324,390.77	32,106.56
Total	587,572.36	32,106.56

(XL) Investment income

Sources of investment Incomes	Amount of this period	Amount of last period
Income from long-term equity investment calculated	1,200,000.00	

Sources of investment incomes	Amount of this period	Amount of last period
with cost method		
Long-term equity investment incomes by equity methods	-14,647,690.95	1,336,960.30
Investment income earned from available-for-sale financial assets		
Entrusted loan revenues		
Other investment income	1,259,260.13	50,000.00
Total	-12,188,430.82	1,386,960.30

(XLI) Asset impairment loss

Item	Amount of this period	Amount of last period
Bad debt losses	7,158,955.21	-13,276,804.37
Total	7,158,955.21	-13,276,804.37

(XLII) Non-operating income

Classification conditions

Item	Amount of this period	Amount of last period
Penalty and confiscatory incomes	12,919.08	10,092.34
Demolition compensation incomes		196,279.61
Waste income	14,495.41	
Other incomes	135,984.57	188,846.83
Total	163,399.06	395,218.78

(XLIII) Non-operating expenses

Item	Amount of this period	Amount of last period
Non-current asset scraping losses	489.60	
Of which: abandonment of fixed assets loss	489.60	
Penalty and confiscatory expenditures	227,935.95	12.10
Donation contribution expenditures	300,000.00	
Other expenses	105,052.16	1,000.00
Total	633,477.71	1,012.10

(XLIV) Income tax expenses

Item	Amount of this period	Amount of last period
Current income tax expenses	56,833,692.94	19,188,785.17
Deferred income tax expenses	-132,270.18	-1,328,623.42
Total	56,701,422.76	17,860,161.75

(XLV) Supplementary information of cash flow statement

1. Supplementary information of cash flow statement

Item	Amount of this period	Amount of last period
1. Net profits adjusted to cash flow from operating activities:		
Net profit	161,142,223.96	84,902,224.16

Item	Amount of this period	Amount of last period
Plus: provision for impairment of assets	-7,158,955.21	13,276,804.37
Depreciation of fixed assets, depletion of oil and gas assets, and depreciation of productive biological assets	5,302,961.15	7,201,769.54
Amortization of intangible assets	1,065,530.62	1,047,267.75
Amortization of long-term prepaid expenses	171,992.00	1,023,132.92
Losses from disposing fixed assets, intangible assets and other long-term assets (revenues marked with "-")		9,194.47
Losses of fixed asset scrapping (revenues marked with "-")	489.60	
Losses of fair value change (revenues marked with "-")		
Financial expenses (revenues marked with "-")	267,402.69	53,064,730.86
Investment losses (revenues marked with "-")	12,188,430.82	-1,386,960.30
Decrease of deferred income tax assets (increase marked with "-")	-132,270.18	-1,328,623.42
Increase of deferred income tax liabilities (decrease marked with "-")		
Decrease of inventory (increase marked with "-")	561,059,303.72	-1,389,566,650.23
Decrease of operational receivables (increase marked with "-")	1,892,900,826.86	-334,759,241.55
Increase of operational payables (decrease marked with "-")	-1,947,333,149.54	-5,640,076,086.42
Others		
Net cash flow from operating activities	679,474,786.49	-7,206,592,437.85
II. Major investing and financing activities uninvolving cash receipts and expenditures:		
Debt conversion to capital		
Convertible corporate bonds due within 1 year		
Fixed assets acquired under finance leases		
III. Net change of cash and cash equivalents:		
Ending balance of cash	4,362,256,339.69	5,459,159,480.94
Less: opening balance of cash	6,332,886,973.14	8,318,378,734.22
Closing balance of cash equivalents		
Less: opening balance of cash equivalents		
Net increase of cash and cash equivalents	-1,970,630,633.45	-2,859,219,253.28

2. Cash and cash equivalents

Item	Amount of this period	Amount of last period
Cash	4,362,256,339.69	5,459,159,480.94
Of which: cash on hand	133,692.62	167,236.78
Bank deposits ready for payment	4,362,122,647.07	5,298,992,244.16
Other monetary assets ready for payment		160,000,000.00
Funds deposited in central bank that can be used for payment		
Cash equivalents		
Of which: bond investments due within three months		
Balance of cash and cash equivalents	4,362,256,339.69	5,459,159,480.94

V. Change in consolidation scope

1. New subsidiaries

Name of company	Shareholding ratio	Note
Taizhou Hailing District Guangsha Greening Engineering Co., Ltd.	100.00%	Equity transfer
Taizhou Mingguohui Trading Co., Ltd.	100.00%	Equity transfer
Jiangsu Haiyu Construction Engineering Co., Ltd.	100.00%	Equity transfer
Taizhou Haizhilong Department Store Trading Co., Ltd.	100.00%	Newly-established
Jiangsu Ejlskov Environmental Engineering Technology Co., Ltd.	51.00%	Equity investment
Taizhou Haihong Surveying and Mapping Geographic Information Co., Ltd.	100.00%	Newly-established
Jiangsu Kunki Intelligent Engineering Co., Ltd.	51.00%	Equity investment

2. Subsidiary decrease

Name of company	Shareholding ratio	Note
Taizhou Haicheng Financial Guarantee Co., Ltd.	63.03%	Management right has transferred to the District State-owned Assets Supervision and Administration Office, and industrial and commercial record has not changed

VI. Equity in other entities

(I) Interests in the subsidiaries

Name of enterprise	Level	Enterprise type	Registered place	Business scope	Registered capital (ten thousand Yuan)	Shareholding ratio	Acquisition mode
Taizhou Hailing Real Estate Development Company	1	1	Room 201, No.339 Qingnian North Road, Hailing District, Taizhou City	Main business of real estate development, concurrent business of urban infrastructure construction, asset management, interior decoration upholstering; wholesale (non-storage) of building materials, upholstering materials, construction hardware, pipe fittings, lighting appliances	30123.8	100%	Equity transfer-in
Taizhou Haifa Construction Investment Co., Ltd.	1	1	3F, No.505 Qingnian North Road, Hailing District, Taizhou City	Construction project investment and operation management; asset management operation; professional contracting of house construction works, municipal road works, pipeline works, house decoration furnishing engineering construction, architectural curtain wall works and ancient architecture garden works.	130720	100%	Capital contribution
Taizhou Haiyang Water Supply and Drainage Management Co., Ltd.	1	1	North of Gulou North Road and north of Senyuan Road, Taizhou City	Tap water pipe network investment management, sewage pipe network investment management, sewage collection and discharge, sewage pipe network facility maintenance	1000	100%	Capital contribution
Taizhou Huitai Construction Development Co., Ltd.	1	1	Room 201, Building 3, No.3 Fuqian Road, Hailing District, Taizhou City	Property management; investment consultation service; house and equipment leasing; ordinary cargo (excluding hazardous chemical) storage; building material, office equipment and communication apparatus sales; computer hardware, air conditioner, refrigeration equipment and home appliance sales, installation, repair, service, urban infrastructure construction; garment, hardware product wholesale.	100000	100%	Capital contribution
Taizhou Haiminghui Trading Co., Ltd.	2	1	No.14-1 Dongfeng North Road, Hailing District, Taizhou City	Sales of daily necessities, handicrafts, home appliances, sporting goods, electronic products, metal materials, metal products, fruits, refrigeration equipment, rubber and plastic products, glass products, knitting and textile products, leather products, suitcases and bags, garments, shoes and hats, cosmetics, office supplies, computers, software and auxiliary equipment, hardware products, sanitary ware, general labor protection supplies, wires and cables, anti-corrosion waterproof materials, building materials (non-warehousing), decoration upholstering materials (excluding painting) and pipe materials; metal door and window production and installation, food business (sales category) (operated according to items listed in the Food Business License); cigarette and cigar retail; installation and maintenance of home appliances, refrigeration equipment and heating equipment; general business information consultation; corporate management consultation.	2000	51%	Capital contribution
Taizhou Haizhilong Department Store	3	1	No.3-3 Zhaohui Jinyuan, Hailing	Sales of daily necessities, handicrafts, home appliances, office supplies, sport products, electronic products, metal materials, metal	RMB 300,000	100%	Capital contribution

Name of enterprise	Level	Enterprise type	Registered place	Business scope	Registered capital (ten thousand Yuan)	Shareholding ratio	Acquisition mode
Trading Co., Ltd.			District, Taizhou City	products, fruits, refrigeration equipment, rubber and plastic products, glass products, knitting textiles, leather products, suitcases and bags, shoes and hats, cosmetics, general labor protection appliances, computers and auxiliary equipment, hardware products, sanitary ware; food business (sales) (operate according to the items listed in the Food Business License); tobacco retail; general business information consultation; corporate management consultation.			
Taizhou Guorui Financial Leasing Co., Ltd.	1	1	No.30-2 Nantong Road, Hailing District, Taizhou City	Financial leasing business; leasing business; purchase of leased assets from home and abroad; residual value disposal and maintenance of leased property; leasing transaction consultation and guarantee; concurrent operation of commercial insurance business related to main business (non-bank financing category).	195189	75%	Equity acquisition, currency capital increase
Taizhou Gucheng Construction Investment Co., Ltd.	1	1	No.30-1 Nantong Road, Hailing District, Taizhou City	Construction project investment and management, historical and cultural block repair, renovation and reconstruction, house leasing, property management, real estate development and management, urban infrastructure construction project, landscaping engineering construction, building material sales (non-storage).	10000	100%	Capital contribution
Taizhou Haichuang Property Co., Ltd.	2	1	2F, Room 46, No.50 Fuqian Road, Hailing District, Taizhou City (Commercial Zone C, New Century City)	Real estate development; house leasing (excluding financial leasing); municipal works, construction works, landscaping green engineering construction, construction engineering consultation (excluding investment consultation).	10000	100%	Capital contribution
Jiangsu Haiyu Construction Engineering Co., Ltd.	2	1	3F, No.19 Wuling South Road, Hailing District, Taizhou City	General Contractor for Municipal Public Engineering Construction Class III, General Contractor for Architectural Engineering Construction Class III, Specialized Contractor for Landscape and Ancient Architecture Engineering Class III, Specialized Contractor for Architectural Decoration Engineering Class III, Specialized Contractor for Metal Door & Window Engineering Class III, landscape greening works, house demolition engineering, bridge demolition engineering, chimney demolition engineering, boiler demolition engineering, chemical equipment demolition engineering construction, wholesale and retail of plumbing equipment, architectural hardware, decoration materials.	100	100%	Equity transfer
Taizhou Haihong Surveying and Mapping Geographic Information Co., Ltd.	2	1	Room A-404, Zhibao Community, Hailing District, Taizhou City	Licensed items: surveying and mapping services; general items: geographic remote sensing information services	500	100%	Capital contribution

Name of enterprise	Level	Enterprise type	Registered place	Business scope	Registered capital (ten thousand Yuan)	Shareholding ratio	Acquisition mode
Jiangsu Kunki Intelligent Engineering Co., Ltd.	2	1	Room 402, No.2 Dongfeng North Road, Hailing District, Taizhou City	Licensed items: undertaking power facility installation, maintenance and debugging; construction engineering design; various engineering construction activities; real estate development business; residential interior decoration; refined oil retail (excluding hazardous chemicals); food business; tobacco product retail; civil defense engineering design; construction engineering survey; general items: intelligent control system integration; software development; software sales; network technology services; technical services, technical development, technical consultation, technical exchanges, technical transfer, technical promotion; computer and office equipment repair; computer software, hardware and auxiliary equipment wholesale; computer software, hardware and auxiliary equipment retail; information technology consultation services; security system monitoring services; electrical equipment sales; electrical equipment repair; digital video monitoring system sales; intelligent power transmission, distribution and control equipment sales; power distribution switch control equipment sales; electronic component wholesale; capacitor and its auxiliary equipment sales; electronic component retail; electronic special equipment sales; electronic special material sales; mechanical equipment sales; electrical machinery equipment sales; wire and cable business; electrical signal equipment device sales; lamp sales; lighting equipment manufacturing; lighting equipment sales; semiconductor lighting device sales; semiconductor device equipment sales; solar power generation technology services; photovoltaic equipment and component sales; hardware product wholesale; hardware product retail; landscape greening engineering construction; building material sales; engineering management services; property management; parking lot services; hotel management; refined oil wholesale (excluding hazardous chemicals); refined oil storage (excluding hazardous chemicals); lubricant oil sales; edible agricultural product retail; daily necessity sales; office supply sales; special chemical product sales (excluding hazardous chemicals); car wash services; knitting textile sales; garment and accessories retail; home appliance sales	1800	51.00%	Capital contribution
Taizhou Haisheng Real Estate Co., Ltd.	1	1	2F, Room 46, No.50 Fuqian Road, Hailing District, Taizhou City (Commercial Zone C, New Century City)	Real estate brokerage; marketing planning, corporate image planning, general business information consultation, housekeeping service (excluding home tutoring), corporate management consultation, market information investigation, legal and financial consultation (excluding agent bookkeeping, investment, financial management and finance category), housing repair works, interior decoration engineering design, construction, computer graphic design production, exhibition demonstration service, real estate marketing planning, general economic information consultation, conference service, house leasing	200	100%	Capital contribution

Name of enterprise	Level	Enterprise type	Registered place	Business scope	Registered capital (ten thousand Yuan)	Shareholding ratio	Acquisition mode
				(excluding financial leasing); software development, information technology, technical development, service, promotion and consultation in IT sector, design, production, agent and release of various domestic advertisements (excluding printed advertisements in fixed form), operation of charging pile facilities, sales of daily necessities, office supplies, office equipment.			
Jiangsu Haichi Construction Co., Ltd.	1	1	No.100-37, Guangda Road, Hailing District, Taizhou City	Housing construction works, interior and exterior decoration upholstering works, municipal public works, intelligent architecture works, building curtain wall works, electromechanical equipment installation works, firefighting facility installation works, steel structure works, waterproof anti-corrosion insulation works, ancient architecture works, lighting works, air purification works, metal door and window installation works, sport venue facility installation engineering design and construction; sales of metal materials, decoration upholstering materials (excluding painting); property management; design, production, agent and release of various domestic advertisements (except printed advertisements in fixed form).	1500	52%	Capital contribution
Taizhou Kangzhuang Business Management Co., Ltd.	2	1	No.14-19, 14-20, 14-21, Dongfeng North Road, Hailing District, Taizhou City	Business management consultation, corporate management consultation, engineering cost consultation, corporate image planning, corporate marketing planning, conference and exhibition service; design, production, agent and release of various domestic advertisements (excluding printed advertisements in fixed form); catering management, property management, real estate intermediary service, Class-II medical device sales; sales of building materials (excluding sandstones, bricks and tiles, non-storage), hardware products, daily necessities, garments, shoes and hats, electronic products, computers and auxiliary equipment, auto parts, arts, crafts, fruits, vegetables, furniture, metal materials, plastic products, office supplies and sport products; food business (operated according to items listed in the Food Business License); tobacco retail (operated according to the scope verified in the Tobacco Retail License); landscaping green engineering design and construction; interior and exterior decoration design and construction; architectural engineering machinery equipment lease; construction labor subcontracting.	100	100%	Capital contribution
Taizhou Hailing District Guangsha Greening Engineering Co., Ltd.	1	1	Room 301, No.339 Qingnian North Road, Hailing District, Taizhou City	Landscape greening engineering, construction engineering, earth and stone engineering design, construction, greening maintenance, cleaning services, garbage removal, flower rental, construction labor subcontracting, landscape greening engineering technology consultation, technical services, building materials (non-storage), decorative materials (excluding paint) sales, flower and seedling planting and sales.	100	100%	Equity transfer

Name of enterprise	Level	Enterprise type	Registered place	Business scope	Registered capital (ten thousand Yuan)	Shareholding ratio	Acquisition mode
Taizhou Mingguohui Trading Co., Ltd.	2	1	No.14-12, 13, 14 Dongfeng North Road, Hailing District, Taizhou City	Sales of fruits, flowers, bonsais, craft gifts, aquatic products, daily necessities, vegetables, fresh meat, primary edible agricultural products, office supplies, office equipment, cosmetics, hardware products, home appliances, sanitary products and computer consumables, food business (according to the scope approved on the Food Business License).	100	100%	Equity transfer
Jiangsu Ejlskov Environmental Engineering Technology Co., Ltd.	1	1	Chengbei Maichuang Space in the south of Jingdu Garden West Gate, Gulou North Road, Hailing District, Taizhou City (No.A441 inside Taizhou Maichuang Business Secretary Co., Ltd.)	Licensed projects: various engineering construction activities; construction engineering design; technical import and export; import and export agency; general items: resource recycling technology R&D; environmental protection consultation services; water pollution control; environmental protection equipment sales; environmental protection equipment manufacturing; environmental protection monitoring; sewage treatment and recycling; engineering management services; soil pollution control and restoration services; new material technology promotion services; standardization services; solid waste treatment	1000	51.00%	Capital contribution

Note: 1 Enterprise type: 1. Domestic non-financial subsidiaries; 2. Domestic financial subsidiaries; 3. Overseas subsidiaries; 4. Public institutions; 5. Capital construction institutions

(II) Equity in joint ventures and associated companies

Name of enterprise	Enterprise type	Registered place	Business scope	Registered capital	Shareholding ratio
Jiangsu Huachen Concrete Co., Ltd.	1	No. 12 West Hongqi Avenue, Agricultural Development Zone, Taizhou City	Commodity concrete manufacture and sales, special cargo transportation (tank type), port operation.	RMB 34,482,800	20.00%
Taizhou Baolong Real Estate Co., Ltd.	1	No.101-5 Guangda Road, Hailing District, Taizhou City	Real estate development; greening maintenance; property management; conference service; exhibition demonstration service; market information consultation and survey (social survey, social investigation, public opinion survey and public opinion poll are prohibited); marketing planning; corporate management consultation; general business information consultation; decoration upholstering works, architectural engineering design and construction; sales of parking lot equipment, traffic safety equipment, communication equipment, lighting equipment and building materials (excluding sandstones, bricks and tiles, non-storage).	RMB 370 million	40.00%
Taizhou Hailing Zhongshe CCCC SDC	1	21-421-521-6 Shop at Zhaohui Jinyuan	Environmental protection works, water supply facility installation engineering construction, technical consultation in environmental control field, environmental	RMB 180 million	30.00%

Name of enterprise	Enterprise type	Registered place	Business scope	Registered capital	Shareholding ratio
Environment Control Co., Ltd.		Community, Intersection of Chunlan Road and Senyuan Road, Hailing District, Taizhou City	protection facility operation management		
Beichen Supply Chain Management (Taizhou) Co., Ltd.	1	Room 116, Building 3, No.7 Xingfeng West Road, Hailing District, Taizhou City	Technical development and technical service of supply chain management; supply chain management software and system R&D; general cargo storage service; loading and unloading service; general cargo road transportation (operated according to items listed in the Road Transportation Business License); metal material sales; property management; house leasing (excluding financial leasing).	RMB 142 million	30.30%
Taizhou Chengrun Assets Management Co., Ltd.	1	Building 3, No.3 Fuqian Road, Hailing District, Taizhou City	State-owned assets and other assets management, industrial investment, investment project management, real estate development.	RMB 300 million	29.67%
Taizhou Hailing Yuanjing Cultural Industry Development Co., Ltd.	1	Room 118, No.30 Taishan Road, Hailing District, Taizhou City	Licensed items: real estate development business; network culture business; cultural relic protection project construction; various engineering construction activities; construction engineering design (for the items subject to approval according to laws, business activities may be implemented after approval by relevant departments, and specific business items are subject to the approval results) general items: intangible cultural heritage protection; cultural relic and cultural ruin protection services; organization of cultural and artistic exchange activities; organization of sports performance activities; marketing planning; land use right lease; property management; information technology consultation services; amusement park services; hotel management; travel agency service outlet tourism attraction and consultation services; urban and rural city appearance management; brand management; film production services; transportation and public management sign sales; advertisement production; advertisement publishing (non-radio, television, newspaper publishing entities); advertisement design and agency; housing lease; real estate consultation; non-residential real estate lease; commercial complex management services; artistic creation; sports security organization; project planning and public relation services; landscape greening engineering construction; external contracting engineering; planning design management; engineering management services; entrepreneurial space services; property service evaluation; scenic area management; urban park management; leisure sightseeing activities; real estate evaluation; park management services; etiquette services; professional design services; conference and exhibition services; bazaar market management services; rural folk crafts and products, leisure agriculture and rural tourism resource development business; information consultation services (excluding licensed category information consultation services); technical services, technical development, technical consultation, technical exchanges, technical transfer, technical promotion	RMB 10 million	35.00%

Enterprise type: 1. Domestic non-financial subsidiaries; 2. Domestic financial subsidiaries; 3. Overseas subsidiaries; 4. Public institutions; 5. Capital construction institutions

VII. Associated parties & associated transactions

1. The Company's controlling shareholder and ultimate controlling party

Controlling shareholder of the company is Taizhou Municipal Government State-owned Assets Supervision and Administration Committee, and ultimate controller is Taizhou Municipal Government State-owned Assets Supervision and Administration Committee.

2. Subsidiaries of the company

See Note VIII. 1. Equity in subsidiaries.

3. The Company's joint ventures and associated companies

Please refer to Note VIII. 2. Equity in joint ventures and associated companies.

4. Other associated parties

Name of enterprise	Enterprise type	Registered place	Business scope	Registered capital	Relationship with the company
Taizhou Huimin New City Construction Co., Ltd.	1	Room 201, No.3 Fuqian Road, Hailing District, Taizhou City	Settlement house construction, municipal construction, ancient city protection construction, old city renovation, rural infrastructure and supportive engineering construction, industrial project investment, sales of building materials (excluding painting, coating), plumbing equipment, hardware products, machinery equipment.	RMB 4,800 million	Top executive connection
Taizhou Huicheng Construction Development Co., Ltd.	1	Room 202, Building 3, No.3 Fuqian Road, Hailing District, Taizhou City	Settlement house construction, municipal construction, old city renovation, rural infrastructure and supportive engineering construction, urban infrastructure construction; sales of building materials (non-storage), plumbing equipment, hardware products and general machinery equipment.	RMB 1,000 million	Subsidiary of Taizhou Huimin New City Construction Co., Ltd.
Taizhou Haitong Assets Management Co., Ltd.	1	Building 2, No.3 Fuqian Road, Hailing District, Taizhou City	Asset investment, management, property management, education information infrastructure construction, school building construction, teaching equipment R&D and promotion application, community sanitation infrastructure construction, rehabilitation center infrastructure construction, sport training center facility construction, self-owned house leasing, sales of cultural supplies and sanitary products (excluding drugs, medical devices); land consolidation and development, shanty area renovation, vehicle information consultation service.	RMB 300 million	Same legal representative
Taizhou Zhenyuan Security Service Co., Ltd.	1	No.99 Dongfeng North Road, Hailing District, Taizhou City (5F Chengdong Police Station)	Gate guards, patrols, guards (excluding armed guards), regional order maintenance and other security services, alarm monitoring system sales, installation and maintenance, fire equipment repair and retail, garment and labor protection equipment sales, camera service, property cleaning, auto rental, parking lot management service, intelligent building engineering construction, security system on-duty, operation, maintenance and management.	RMB 10 million	Subsidiary of Taizhou Haitong Assets Management Co., Ltd.
Taizhou Anhua Property Management Co., Ltd.	1	No.157 Yangzhou Road, Hailing District, Taizhou City	Property management service, operational cleaning service of urban household garbage, parking lot management service, conference service, cleaning service, hospital logistics service, real estate brokerage service, water and electricity installation project, house repair engineering, landscaping engineering construction.	RMB 500,000	Subsidiary of Taizhou Haitong Assets Management Co., Ltd.
Taizhou Hailong Training Service Co., Ltd.	1	Building 2, No.3 Fuqian Road, Hailing District, Taizhou City	Engage in trainings beyond the scope of specific vocation and vocation standard approved by the state (excluding vocational certificate trainings uniformly accredited by the state); exhibition service.	RMB 1 million	Subsidiary of Taizhou Haitong Assets Management Co., Ltd.

Name of enterprise	Enterprise type	Registered place	Business scope	Registered capital	Relationship with the company
Jiangsu Guangyuan Cultural Development Co., Ltd.	1	Building 3-11, No.2 Jiangzhou South Road, Hailing District, Taizhou City	Cultural and artistic exchange event planning, corporate image planning, marketing planning, corporate management consultation; celebration etiquette service, conference and exhibition service, real estate intermediary service; office equipment lease; graphic design and production; municipal engineering, landscaping engineering, interior decoration engineering design and construction; sales of arts, crafts and collectibles, flowers, birds, insects, fish and stationery; venue and counter rental; accommodation service; food business (operated according to the scope verified by the Food Business License)	RMB 10 million	Subsidiary of Taizhou Haitong Assets Management Co., Ltd.
Taizhou Haihui Agricultural Trade Market Management Co., Ltd.	1	Room 201, Building 2, No.3 Fuqian Road, Hailing District, Taizhou City	Market management; non-fresh keeping fruit and vegetable sales.	RMB 1 million	Subsidiary of Taizhou Haitong Assets Management Co., Ltd.
Taizhou Haitai Logistics Co., Ltd.	1	Warehouse in the south of Linjia River and east of Xingchen Road, Hailing District, Taizhou City	Cargo road transportation business (operated according to items listed in the Road Transportation Business License); ordinary cargo storage (except ports); railway freight forwarding service.	RMB 10 million	Subsidiary of Taizhou Haitong Assets Management Co., Ltd.
Taizhou Taizheng Transportation Investment Co., Ltd.	1	No.103 Qingnian North Road, Hailing District, Taizhou City	Traffic infrastructure construction, investment, development and operation management; real estate brokerage, property management (operated by qualification certificates). Real estate development and management	RMB 1,020,444,707.22	Controlling shareholder of associated companies
Taizhou Huaao Trading Co., Ltd.	1	Room 209, Building 1, No.12 West Hongqi Avenue, Agricultural Development Zone, Taizhou City (inside Jiangsu Huachen Concrete Company)	Sales of electronic products, telecom apparatuses, home appliances, electromechanical equipment, hotel equipment	RMB 500,000	Shareholders of associated companies
Shanghai Pengye Enterprise Management Co., Ltd.	1	Room D2-7923, No.58 Fumin Branch Road, Hengsha Village, Chongming District, Shanghai City (Shanghai Hengtai Economic Development Zone)	Corporate management consultation, real estate information consultation, business consultation, financial consultation, economic information consultation, market information consultation and survey (social survey, social investigation, public opinion survey and public opinion poll are prohibited).	RMB 1,000 million	Controlling shareholder of associated companies
China Design Group Co., Ltd.	1	No.9 Ziyun Avenue, Qinhuai District, Nanjing City	Technical data and drawing photocopy, transportation engineering planning design, engineering management service, engineering survey design and planning management, engineering and technical research and test development, basic geological survey, technical service of geological survey, technical service of quality inspection, surveying and mapping service,	RMB 464,420,349	Shareholders of associated companies

Name of enterprise	Enterprise type	Registered place	Business scope	Registered capital	Relationship with the company
			architectural installation, building material sales, information system integration and technical transfer service, software development, technical consultation and promotion, property management, house leasing, self-operated and agent of import and export business for commodities and technologies, project contracting.		
CCCC Shanghai Dredging Co., Ltd.	1	No.13 Zhongshan East First Road, Huangpu District, Shanghai	Port and waterway engineering construction, municipal public engineering construction, water conservancy and hydropower engineering construction, highway engineering construction, housing engineering construction, railway engineering construction, professional river and lake regulation engineering construction, professional foundation and infrastructure engineering construction, professional environmental protection engineering construction, professional pre-mixed commercial concrete engineering construction, professional prefabricated concrete component engineering construction, professional steel structure engineering construction, professional water transportation construction engineering design, professional garden and ancient architecture engineering construction, mineral product, building material and chemical product wholesale, domestic waterway transportation, warehousing service (except for dangerous goods), loading, unloading and removal service, self-owned equipment leasing, application software development, intellectual property right agency, business consultation, real estate leasing operation, property management, professional waterway system training.	RMB 7,606,063,549	Shareholders of associated companies
Ruixue Supply Chain Management (Taizhou) Co., Ltd.	1	Room 209, Building 3, No.7 Xingfeng West Road, Hailing District, Taizhou City	Supply chain management, enterprise management, general cargo road transportation agency, computer network engineering construction, technical development, transfer, consultation and service in electronic and computer technology sector, IoT technical R&D, promotion and service.	RMB 60 million	Controlling shareholder of associated companies
Jiangsu Meijing Cultural Industry Operation Development Co., Ltd.	1	Room 1101, Building 4, Fenglong City Life Plaza, No.788 Zhongyuan Road, Suzhou Industrial Park, Suzhou Area, China (Jiangsu) Pilot Free Trade Zone	Cultural industry investment consultation; project investment, project management; tourism project investment; business information consultation; tourism management consultation; technical development, technical transfer, technical consultation and technical services in the computer field; undertaking: decoration engineering, sculpture engineering, landscape engineering, municipal engineering, construction engineering, environmental protection engineering; design, production, agent; domestic category advertising; graphic design; tourism planning design; product design; packaging design; software R&D; exhibition presentation planning; brand planning promotion; urban and rural planning design; technical development, technical consultation, technical transfer, technical services in the agricultural technology field; hotel management; exhibition and conference services; outdoor development training; flower planting and sales; artwork design and production; cultural tourism product, cultural product and sport product R&D and sales; cultural and artistic exchange activity organization planning; tourism marketing planning; corporate marketing planning, corporate management consultation; corporate image planning; marketing planning; property management; catering management and consultation; sport event planning; photography services. Park management	RMB 10 million	Controlling shareholder of associated companies

Name of enterprise	Enterprise type	Registered place	Business scope	Registered capital	Relationship with the company
			services; corporate headquarter management; landscape greening engineering construction; sport venue facility engineering construction; engineering management services; interior decoration; commercial complex management services; industrial design services; property management; bazaar market management services; travel agency service outlet tourism attraction and consultation services; artistic creation; professional design services; project planning and public relation services; real estate consultation; entrepreneurial space services; transportation and public management metal sign manufacturing; supply chain management services; planning and design management; natural heritage conservation management; zoo management services; scenic area management; urban park management; urban greening management; urban and rural appearance management; sport intermediary agency service		
Taizhou Zhonghai Runtai Real Estate Co., Ltd.	1	Room 418, No.88 Koutai Road, Hailing District, Taizhou City	Licensed items: real estate development business.	RMB 190 million	Other investment entities

Enterprise type: 1. Domestic non-financial subsidiaries; 2. Domestic financial subsidiaries; 3. Overseas subsidiaries; 4. Public institutions; 5. Capital construction institutions

5. Conditions of related party transactions

(1) Associated guarantee

1) The company as the guarantor

For associated guarantee of the Company as the guaranteeing party, please refer to "Note XI (2) Contingent liabilities arising from providing debt guarantee for other companies and the financial impact".

2) The company as the guaranteed

For associated guarantee of the Company as the guaranteed party, please refer to "Note VI (19) Short-term borrowings and (28) Long-term borrowings".

6. Receivables and payables of related parties

(1) Accounts receivable

Associated parties (projects)	Closing balance	Opening balance
Taizhou Zhenyuan Security Service Co., Ltd.		2,560.00
Taizhou Huimin New City Construction Co., Ltd.	2,436,389.78	
Taizhou Baolong Real Estate Co., Ltd.	7,400,217.59	
Taizhou Haitong Assets Management Co., Ltd.	249,651.57	
Taizhou Zhonghai Runtai Real Estate Co., Ltd.	891,384.54	
Total	10,977,643.48	2,560.00

(2) Advanced payment

Associated parties (projects)	Closing balance	Opening balance
Taizhou Huimin New City Construction Co., Ltd.	7,440,000.00	
Total	7,440,000.00	

(3) Other receivables

Associated parties (projects)	Closing balance	Opening balance
Taizhou Huimin New City Construction Co., Ltd.	152,951,434.46	737,360,477.87
Taizhou Baolong Real Estate Co., Ltd.	39,552,448.67	202,765,782.00
Taizhou Haitong Assets Management Co., Ltd.		24,431,278.68
Taizhou Chengrun Assets Management Co., Ltd.	45,789,568.53	
Taizhou Zhonghai Runtai Real Estate Co., Ltd.	146,658,176.70	
Total	384,951,628.36	964,557,538.55

(4) Accounts received in advance

Associated parties (projects)	Closing balance	Opening balance
Taizhou Baolong Real Estate Co., Ltd.	7,351,224.59	
Total	7,351,224.59	

(5) Other payables

Associated parties (projects)	Closing balance	Opening balance
Taizhou Haitong Assets Management Co., Ltd.	35,568,721.32	
Taizhou Taizheng Transportation Investment Co., Ltd.	100,000,000.00	
Taizhou Huicheng Construction Development Co., Ltd.	95,000,000.00	
Total	230,568,721.32	

VIII. Description of contingencies

(I) Contingent liabilities arising from pending litigation arbitration and the financial impact

1. Xu Lanfen sued Taitong (Taizhou) Industrial Co., Ltd. and Haifa Group for bankruptcy credit confirmation dispute. Xu Lanfen sued the manager of Taitong (Taizhou) Industrial Co., Ltd. to confirm bankruptcy credit of RMB 50,000 and corresponding interests. As of this report date, this case trial has not been concluded. Upon the judgment of corporate management, Taitong (Taizhou) Industrial Co., Ltd. has bankrupt assets for repayment, and this case exerts little impact on the corporate financial statements.

2. Zhao Zhenzhen sued Taitong (Taizhou) Industrial Co., Ltd. and Haifa Group for bankruptcy credit confirmation dispute. Zhao Zhenzhen sued the manager of Taitong (Taizhou) Industrial Co., Ltd. to confirm bankruptcy credit of RMB 200,000 and corresponding interests. As of this report date, this case trial has not been concluded. Upon the judgment of corporate management, Taitong (Taizhou) Industrial Co., Ltd. has bankrupt assets for repayment, and this case exerts little impact on the corporate financial statements.

3. Tang Feiteng sued Taitong (Taizhou) Industrial Co., Ltd. and Haifa Group for bankruptcy credit confirmation dispute. Tang Feiteng sued the manager of Taitong (Taizhou) Industrial Co., Ltd. to confirm bankruptcy credit of RMB 90,000 and corresponding interests. As of this report date, this case trial has not been concluded. Upon the judgment of corporate management, Taitong (Taizhou) Industrial Co., Ltd. has bankrupt assets for repayment, and this case exerts little impact on the corporate financial statements.

In addition to above litigation matters, the Group had no other significant pending litigation and arbitration matters for disclosure.

(II) Contingent liabilities formed by provision of debt guarantee for other organizations and its financial impact

1. External security guarantee:

For security guarantee provided mutually inside the Group as of the end of the current period, please refer to Note VI. (19) Short-term borrowings and (28) Long-term borrowings.

As of the end of the current period, the Group has provided the following security guarantee items for other companies:

No.	Guaranteed	Creditor	Guaranteed balance	Term
1	Taizhou Hengguan Plastic Technology Co., Ltd.	Taizhou Rural Commercial Bank	4,300.00	2019.09.03-2022.08.26
2	Taizhou Huimin New City Construction Development Co., Ltd.	Hengfeng Bank Nanjing Branch	8,500.00	2019.10.29-2020.10.28
3	Taizhou Hairun Movie Theater	Bank of Nanjing Taizhou Branch	500.00	2019.12.05-2020.12.04
4	Taizhou Hairun Movie Theater	Bank of Nanjing Taizhou Branch	500.00	2020.05.21-2021.05.19
5	Taizhou Industrial Commercial and Economic Service Company	Bank of Nanjing Taizhou Branch	500.00	2019.12.05-2020.12.04
6	Taizhou Industrial Commercial and Economic Service Company	Bank of Nanjing Taizhou Branch	500.00	2020.03.04-2021.03.03
7	Taizhou Weishui Agricultural & Sideline Product Market Operation Management Co., Ltd.	Bank of Nanjing Taizhou Branch	500.00	2019.12.05-2020.12.04
8	Taizhou Weishui Agricultural & Sideline Product Market Operation Management Co., Ltd.	Bank of Nanjing Taizhou Branch	500.00	2020.04.16-2021.04.14
9	Taizhou Hairun State-owned Assets Management Co., Ltd.	Bank of Jiangsu Taizhou Hailing Sub-branch	10,935.00	2020.01.20-2021.07.19
10	Taizhou Haitai New Rural Construction Development Co., Ltd.	Suzhou Rural Commercial Bank Taizhou Hailing Sub-branch	4,495.00	2020.01.20-2023.01.20
11	Taizhou Haitai New Rural Construction Development Co., Ltd.	Huaxia Bank Taizhou Branch	3,000.00	2020.05.07-2020.12.27
12	Taizhou Material Group Material Mall	Bank of Nanjing Taizhou Branch	500.00	2020.06.23-2021.06.22
13	Taizhou Haiqi Investment Co., Ltd.	Bank of Nanjing Taizhou Branch	500.00	2020.06.23-2021.06.22
14	Taizhou Haiqi Investment Co., Ltd.	Bank of Jiangsu New District Sub-branch	4,900.00	2020.07.02-2021.12.01
15	Taizhou Guangsha Property Management Center	Bank of Jiangsu New District Sub-branch	4,500.00	2020.09.18-2021.09.17
16	Haiyang Technology Co., Ltd.	Pudong Development Bank Taizhou Branch	5,000.00	2020.04.13-2020.10.13
17	Taizhou Tianxiao Environmental Protection Technology Co., Ltd.	Jiangyan Rural Commercial Bank	3,000.00	2019.07.08-2022.07.15
18	Taizhou Tianxiao Environmental Protection Technology Co., Ltd.	Jiangyan Rural Commercial Bank	1,500.00	2019.07.08-2022.07.15
19	Taizhou Meixiang Food Co., Ltd.	Jiangyan Rural Commercial Bank	1,500.00	2019.07.10-2022.07.08
20	Taizhou Hairong Park Management Co., Ltd.	Bank of Jiangsu Hailing Sub-branch	4,498.00	2020.03.12-2021.02.03
21	Taizhou Haida Multimodal Transportation Management Co., Ltd.	Bank of Jiangsu Hailing Sub-branch	4,500.00	2020.03.19-2021.02.25

No.	Guaranteed	Creditor	Guaranteed balance	Term
22	Taizhou Tianxiao Environmental Protection Technology Co., Ltd.	Bank of Jiangsu	5,500.00	2020.05.21-2021.04.19
23	Taizhou Tianye Metal Product Co., Ltd.	Bank of Jiangsu Taizhou Hailing Sub-branch	600.00	2020.06.04-2021.05.21
24	Taizhou Runhe New Energy Co., Ltd.	Bank of Jiangsu Taizhou Hailing Sub-branch	4,900.00	2020.06.10-2021.06.01
25	Taizhou Xinyuan Property Co., Ltd.	Rural Commercial Bank	9,400.00	2016.04.26-2021.04.15
26	Taizhou Dingxin Intelligent Industrial Park Investment Development Co., Ltd.	Rural Commercial Bank	6,400.00	2016.04.26-2021.04.15
27	Taizhou Xinyuan Property Co., Ltd.	Bank of Nanjing	6,250.00	2019.12.19-2022.12.18
28	Taizhou Xintai New Rural Construction Development Co., Ltd.	Bank of China Hailing Sub-branch	23,675.00	2020.09.02-2024.11.30
29	Taizhou No.4 People's Hospital	China Development Bank	200.00	2012.12.28-2020.12.27
30	Taizhou No.4 People's Hospital	Bank of Communications	1,000.00	2019.12.03-2020.10.17
31	Taizhou No.4 People's Hospital	China Zheshang Bank	1,500.00	2020.05.28-2020.11.27
32	Taizhou No.4 People's Hospital	Bank of Communications	1,000.00	2019.10.17-2020.10.17
33	Taizhou No.4 People's Hospital	Bank of Suzhou Taizhou Branch	3,000.00	2020.03.20-2021.03.20
34	Taizhou No.4 People's Hospital	Pudong Development Bank Taizhou Branch	3,500.00	2020.05.09-2021.05.09
35	Taizhou No.4 People's Hospital	Bank of Communications Taizhou Branch	3,000.00	2020.09.02-2021.09.02
36	Taizhou Zhongtian New Energy Industrial Development Co., Ltd.	Jiangsu Financial Leasing Co., Ltd.	5,688.99	2019.07.25-2024.07.25
37	Taizhou Zhongtian New Energy Industrial Development Co., Ltd.	Suzhou Trust Co., Ltd.	16,909.00	2019.09.30-2021.09.30
38	Taizhou Zhongtian New Energy Industrial Development Co., Ltd.	Hangzhou Industrial and Commercial Trust	20,000.00	2019.11.28-2021.11.28
39	Taizhou Zhongtian New Energy Industrial Development Co., Ltd.	Jiangsu International Trust	15,000.00	2020.01.20-2021.01.20
40	Taizhou Xinshunde Landscape Greening Engineering Co., Ltd.	Jiangnan Financial Leasing	18,366.74	2020.01.14-2025.01.10
41	Taizhou Zhongtian New Energy Industrial Development Co., Ltd.	Zijin Trust	14,800.00	2019.12.19-2021.12.27
42	Taizhou Golden Solar Energy Co., Ltd.	Bank of Jiangsu Hailing Sub-branch	3,500.00	2020.07.07-2021.07.06
43	Taizhou Urban Construction Investment Group	Taizhou Rural Commercial Bank	11,400.00	2016.05.03-2021.04.27
44	Taizhou Urban Construction Investment Group	China Development Bank	130,990.00	2016.04.25-2026.04.25
45	Taizhou Urban Construction Investment Group	China Everbright Bank Taizhou Branch	28,304.00	2019.09.10-2024.09.10
46	Jinchen Group Co., Ltd.	Huaxia Bank Yangzhou Branch	5,000.00	2020.03.26-2021.09.17

Apart from the above external guarantees, the details of the Group's overdue guarantees are set out below:

1)The Group has provided a guarantee in favour of Jiangsu Taizhou Rural Commercial Bank Co., Ltd. (江苏泰州农村商业银行) in relation to its loan to Taizhou Xianghe Seniors' Recreation Centre (泰州祥和老年康乐中心). The term of the loan is from 27 March 2017 to 17 May 2020. Taizhou Xianghe Seniors' Recreation Centre (泰州祥和老年

康乐中心) has provided counter-guarantees in favour of the Group including its leasing right of a senior home (with a value of approximately RMB110.0 million) and its equity interests in Yileju (Shanghai) Development Holding Co., Ltd. (颐乐居(上海)实业发展股份有限公司) and personal guarantees from Xu Zhe and Yu Juehui. As at the date of this report, the outstanding loan amount of RMB38,691,260.0 was overdue and Taizhou Xianghe Seniors' Recreation Centre (泰州祥和老年康乐中心) failed to fully repay the loan, which may have a material adverse effect on the Group. As considered by the management of the Group, given that the Group enjoys the aforementioned counter-guarantees, the adverse effect of the overdue guarantee on the financials of the Group is relatively small.

2) The Group has provided a guarantee in favour of Jiangsu Taizhou Rural Commercial Bank Co., Ltd. (江苏泰州农村商业银行) in relation to its loan to Taizhou Shuangyang Precision Seamless Steel Tube Co., Ltd. (泰州市双羊精密无缝钢管有限公司). The term of the loan is from 30 April 2019 to 6 March 2020. Taizhou Jintaiyang Energy Co., Ltd. (泰州市金太阳能源有限公司) (state-owned enterprise, ultimat controller of which is Taizhou New Energy Industrial Park Management Services Centre (泰州市新能源产业园区管理服务中心)) has provided a counter-guarantee in favour of the Group. As at the date of this report, the outstanding loan amount of RMB25,000,000.0 was overdue and Taizhou Shuangyang Precision Seamless Steel Tube Co., Ltd. (泰州市双羊精密无缝钢管有限公司) failed to fully repay the loan, which may have a material adverse effect on the Group. As considered by the management of the Group, given that the Group enjoys the aforementioned counter-guarantee, the adverse effect of the overdue guarantee on the financials of the Group is relatively small.

2. External mortgage guarantees

For mortgage guarantee provided mutually inside the Group as of the end of the current period, please refer to Note VI. (19) Short-term borrowings and (28) Long-term borrowings.

As of the end of the current period, the Group has not provided mortgage guarantee for other companies.

3. External pledge guarantees

For mutual provision of pledge guarantee inside the Group, as of the end of the current period, refer to Note VI. (19) Short-term borrowings and (28) Long-term borrowings.

As of the end of the current period, the Group has not provided pledge guarantee for other companies.

(III) As of the closing balance, except for the contingent matters mentioned above, the Group had no other significant contingent matters for disclosure.

IX. Events after balance sheet date

1. Upon the approval of Taizhou Hailing District People's Government, all equities of two companies of Taizhou Guangsha Property Management Center and Taizhou Hailing Municipal Engineering Division were allocated to the company free of charge. As of this reporting date, the allocation work of Taizhou Guangsha Property Management Center and Taizhou Hailing Municipal Engineering Division has not yet completed.

2. On March 13, 2020, the company obtained the letter of no objection to non-public issuance of short-term corporate bond listed on the Shanghai Stock Exchange for transfer, with a total issuance amount of no more than RMB 2 billion. As of this reporting date, RMB 1 billion of this bond has been non-publicly issued, and the company plans to continue non-public issuance of RMB 1 billion in the second half of 2020.

3. On November 12, 2020, the company received the Notice on the Registration of Corporate Bond Issued by Taizhou Hailing Urban Development Group Co., Ltd. from the National Development and Reform Commission, and the total issuance did not exceed RMB 1.25 billion. As of this reporting date, the bond has not been issued yet.

Except for above events, the Company had no major event after the balance sheet date for disclosure.

X. Project note of parent company main financial statement

(I) Accounts receivable

Category	Closing balance			
	Book balance	Ratio	Bad debt provision	Book value
Account receivable with significant amount of single item and separate allowance for bad debts				
Account receivable with allowance for bad debts according to combination of credit risk characteristics	401,820,547.21	100.00%		401,820,547.21
Of which: receivables from government units and state-owned holding companies	401,820,547.21	100.00%		401,820,547.21
Account receivable with insignificant amount of single item but separate allowance for bad debts				
Total	401,820,547.21	100.00%		401,820,547.21

(Continued)

Category	Opening balance			
	Book balance	Ratio	Bad debt provision	Book value
Account receivable with significant amount of single item and separate allowance for bad debts				
Account receivable with allowance for bad debts according to combination of credit risk characteristics	286,207,658.60	100.00%		286,207,658.60
Of which: receivables from government units and state-owned holding companies	286,207,658.60	100.00%		286,207,658.60
Account receivable with insignificant amount of single item but separate allowance for bad debts				
Total	286,207,658.60	100.00%		286,207,658.60

(II) Advanced payment

Aging	Closing balance		Opening balance	
	Amount	Ratio	Amount	Ratio
Within 1 year	39,215,340.33	100.00%	1,476,725,031.43	100.00%
Total	39,215,340.33	100.00%	1,476,725,031.43	100.00%

(III) Other receivables

1. Disclosure of other receivable classification:

Category	Closing balance			
	Book balance	Ratio	Amount of bad debt reserves	Book value
Account receivable with significant amount of single item and separate allowance for bad debts				
Account receivable with allowance for bad debts according to combination of credit risk characteristics	6,519,231,660.79	100.00%	5,863,697.29	6,513,367,963.50
Of which: portfolio of receivables of government units and state-owned holding companies	5,054,243,564.92	77.53%		5,054,243,564.92
Portfolio of associated party receivables	1,312,295,526.74	20.13%		1,312,295,526.74
Combination of security	5,480,000.00	0.08%		5,480,000.00
Portfolio of receivables secured by project funds	84,292,578.00	1.29%	421,462.89	83,871,115.11
Aging combination	62,919,991.13	0.97%	5,442,234.40	57,477,756.73
Account receivable with insignificant amount of single item but separate allowance for bad debts				
Total	6,519,231,660.79	100.00%	5,863,697.29	6,513,367,963.50

Continued

Category	Opening balance			
	Book balance	Ratio	Amount of bad debt reserves	Book value
Account receivable with significant amount of single item and separate allowance for bad debts				
Account receivable with allowance for bad debts according to combination of credit risk characteristics	4,663,265,980.49	100.00%	5,398,297.29	4,657,867,683.20
Of which: portfolio of receivables of government units and state-owned holding companies	2,783,714,329.37	59.69%		2,783,714,329.37
Portfolio of associated party receivables	1,662,028,014.61	35.64%		1,662,028,014.61
Combination of security	6,480,000.00	0.14%		6,480,000.00
Portfolio of receivables secured by project funds	84,292,578.00	1.81%	421,462.89	83,871,115.11
Aging combination	126,751,058.51	2.72%	4,976,834.40	121,774,224.11
Account receivable with insignificant amount of single item but separate allowance for bad debts				
Total	4,663,265,980.49	100.00%	5,398,297.29	4,657,867,683.20

2. In the portfolio, other receivables with bad debt provision by aging analysis method:

Aging	Closing balance		
	Other receivables	Bad debt provision	Accrual ratio
Within 1 year	57,477,756.73		0%
1-2 years			5%
2-3 years			10%
3-4 years			20%
4-5 years			50%
Over 5 years	5,442,234.40	5,442,234.40	100%
Total	62,919,991.13	5,442,234.40	

Continued

Aging	Opening balance		
	Other receivables	Bad debt provision	Accrual ratio
Within 1 year	121,308,824.11		0%
1-2 years			5%
2-3 years			10%
3-4 years			20%
4-5 years	930,800.00	465,400.00	50%
Over 5 years	4,511,434.40	4,511,434.40	100%
Total	126,751,058.51	4,976,834.40	

3. In the portfolio, other receivables for which the provision for bad debts is made by using percent of balance method:

Percentage of balance	Closing balance		
	Other receivables	Bad debt provision	Accrual ratio
Portfolio of receivables secured by project funds	84,292,578.00	421,462.89	0.50%
Total	84,292,578.00	421,462.89	

Continued

Percentage of balance	Opening balance		
	Other receivables	Bad debt provision	Accrual ratio
Portfolio of receivables secured by project funds	84,292,578.00	421,462.89	0.5%
Total	84,292,578.00	421,462.89	

(IV) Available-for-sale financial assets

1. Available-for-sale financial assets are as follows:

Item	Closing balance	Opening balance
Available-for-sale financial assets measured at cost	188,900,000.00	138,900,000.00
Of which: available-for-sale equity instruments	188,900,000.00	138,900,000.00
Less: provision for impairment		
Net value measured by costs	188,900,000.00	138,900,000.00
Total	188,900,000.00	138,900,000.00

2. Available-for-sale equity instruments measured at cost at the end of period:

Name of the invested entity	Opening balance		Increase in current period	Decrease in current period	Closing balance	
	Amount	Equity ratio			Amount	Equity ratio
Taizhou Golden Solar Energy Co., Ltd.	24,500,000.00	1.22%			24,500,000.00	1.22%
Taizhou Haiyang Investment Co., Ltd.	10,000,000.00	10.00%			10,000,000.00	10.00%
Taizhou Rural Commercial Bank Co., Ltd.	104,400,000.00	3.00%			104,400,000.00	3.00%
Taizhou Huimin New City Construction Co., Ltd.			50,000,000.00		50,000,000.00	1.04%
Total	138,900,000.00		50,000,000.00		188,900,000.00	

(V) Long-term equity investment

1. Classified long-term equity investment details:

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Investment in subsidiaries	3,481,105,811.96	21,452,135.58	164,500,000.00	3,338,057,947.54
Investment in associated companies	64,503,944.55	87,789,806.22		152,293,750.77
Subtotal	3,545,609,756.51	109,241,941.80	164,500,000.00	3,490,351,698.31
Less: long-term equity investment depreciation reserves				
Total	3,545,609,756.51	109,241,941.80	164,500,000.00	3,490,351,698.31

2. Subsidiary details:

Name of the invested entity	Opening balance		Increase in current period	Decrease in current period	Closing balance	
	Amount	Equity ratio			Amount	Equity ratio
Taizhou Hailing Real Estate Development Company	823,265,811.96	100.00%			823,265,811.96	100.00%
Taizhou Haifa Construction Investment Co., Ltd.	1,300,000,000.00	100.00%			1,300,000,000.00	100.00%
Taizhou Haiyang Water Supply and Drainage Management Co., Ltd.	8,000,000.00	80.00%			8,000,000.00	80.00%
Taizhou Haicheng Financial Guarantee Co., Ltd.	157,500,000.00	60.34%	7,000,000.00	164,500,000.00		
Taizhou Huitai Construction Development Co., Ltd.	1,000,000,000.00	100.00%			1,000,000,000.00	100.00%

Name of the invested entity	Opening balance		Increase in current period	Decrease in current period	Closing balance	
	Amount	Equity ratio			Amount	Equity ratio
Taizhou Guorui Financial Leasing Co., Ltd.	90,000,000.00	75.00%			90,000,000.00	75.00%
Taizhou Gucheng Construction Investment Co., Ltd.	100,000,000.00	100.00%			100,000,000.00	100.00%
Jiangsu Haichi Construction Co., Ltd.	2,340,000.00	52.00%	5,460,000.00		7,800,000.00	52.00%
Taizhou Hailing District Guangsha Greening Engineering Co., Ltd.			8,992,135.58		8,992,135.58	100.00%
Total	3,481,105,811.96		21,452,135.58	164,500,000.00	3,338,057,947.54	

3. Details of associated enterprises:

Name of the invested entity	Opening balance		Increase or decrease in current period			Closing balance	
	Balance	Equity ratio	Initial investment cost	Adjustment of profits and losses	Other changes	Balance	Equity ratio
Jiangsu Huachen Concrete Co., Ltd.	21,477,944.55	20.00%		-1,210,193.78		20,267,750.77	20.00%
Beichen Supply Chain Management (Taizhou) Co., Ltd.	43,026,000.00	30.30%				43,026,000.00	30.30%
Taizhou Chengrun Assets Management Co., Ltd.			89,000,000.00			89,000,000.00	29.67%
Total	64,503,944.55		89,000,000.00	-1,210,193.78		152,293,750.77	

(VI) Operating income and operating cost

Category	Amount of this period		Amount of last period	
	Operating income	Operating cost	Operating income	Operating cost
1. Main business				
Land arrangement	1,519,135,347.35	1,387,036,621.50	900,000,000.00	753,784,342.78
Construction consignment project	77,405,769.30	67,730,048.14	58,472,131.98	51,163,115.48
Agent construction management fee	32,393,236.64		44,141,426.23	
2. Other businesses				
Inter-enterprise guarantee incomes			1,698,113.21	
Rental income			412,127.40	
Interest income	3,773,584.80			
Labor income	667,431.20			
Other incomes	43,761.39			
Total	1,633,419,130.68	1,454,766,669.64	1,004,723,798.82	804,947,458.26

(VII) Investment income

Sources of Investment Incomes	Amount of this period	Amount of last period
Income from long-term equity investment calculated with cost method	2,551,925.29	1,816,915.71
Long-term equity investment incomes by equity methods	-1,210,193.78	1,336,960.30
Investment revenue of available-for-sale financial assets during holding period	1,259,260.13	
Total	2,600,991.64	3,153,876.01

Taizhou Hailing Urban Development Group Co., Ltd.

November 25, 2020

Legal representative: [illegible] Accounting director: [illegible] Accounting firm director: [illegible]



统一社会信用代码

91110102082881146K

营业执照

（副 本）(5-1)

扫描二维码登录"国家企业信用信息公示系统"了解更多登记、备案、许可、监管信息

名　　称　中兴华会计师事务所（特殊普通合伙）

类　　型　特殊普通合伙企业

执行事务合伙人　李尊农

经营范围　审查企业会计报表、出具审计报告；验证企业资本，出具验资报告；办理企业合并、分立、清算事宜中的审计业务，出具有关报告；基本建设年度财务决算审计；代理记账；会计咨询、税务咨询、管理咨询、会计培训；法律、法规规定的其他业务。（企业依法自主选择经营项目，开展经营活动；依法须经批准的项目，经相关部门批准后依批准的内容开展经营活动；不得从事本市产业政策禁止和限制类项目的经营活动。）

成立日期　2013年11月04日

合伙期限　2013年11月04日至 长期

主要经营场所　北京市西城区阜外大街1号东塔楼15层

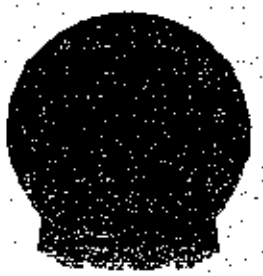
登记机关　北京市西城区市场监督管理局

2020年 03月 26日

国家企业信用信息公示系统网址：http://www.gsxt.gov.cn

市场主体应当于每年1月1日至6月30日通过国家企业信用信息公示系统报送公示年度报告。

国家市场监督管理总局监制



会计师事务所

执业证书

名　　称：中兴华会计师事务所（特殊普通合伙）

首席合伙人：李尊农

主任会计师：

经营场所：北京市西城区阜外大街1号东塔楼15层

组织形式：特殊普通合伙

执业证书编号：11000167

批准执业文号：京财会许可〔2013〕0066号

批准执业日期：2013年10月25日

证书序号：0000066

说　明

1、《会计师事务所执业证书》是证明持有人经财政部门依法审批，准予执行注册会计师法定业务的凭证。

2、《会计师事务所执业证书》记载事项发生变动的，应当向财政部门申请换发。

3、《会计师事务所执业证书》不得伪造、涂改、出租、出借、转让。

4、会计师事务所终止或执业许可注销的，应当向财政部门交回《会计师事务所执业证书》。

发证机关：北京市财政局

二〇一八年　三月　九日

中华人民共和国财政部制

证书序号：000368

会计师事务所
证券、期货相关业务许可证

经财政部、中国证券监督管理委员会审查，批准

中兴华会计师事务所（特殊普通合伙）

执行证券、期货相关业务。

首席合伙人：李尊农

证书号：24　　发证时间：二〇一九年十二月九日

证书有效期至：二〇二一年十二月八日

姓　　名 Full name 蔡春山
性　　别 Sex 男
出生日期 Date of birth 1969-07-03
工作单位 Working unit 江苏苏中会计师事务所
身份证号码 Identity card No. 370205690703551

证书编号 No. of Certificate 320000020004
批准注册协会 Authorized Institute of CPAs 江苏省注册会计师协会
发证日期 Date of Issue 1998 年 7 月 2 日

年度检验登记
Annual Renewal Registration

本证书经检验合格，持有人可以执行会计师业务。
This certificate is valid for the holder to practice as a CPA during this year.

2005

年度检验登记
Annual Renewal Registration

本证书经检验合格，持有人可以执行会计师业务。
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2006

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2007

年度检验登记
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本证书经检验合格，持有人可以执行会计师业务。
This certificate is valid for the holder to practice as a CPA during this year.

2008

蔡春山(321000020004)
经过2007年度检验合格
江苏省注册会计师协会

蔡春山(321000020004)
经过2008年度检验合格
江苏省注册会计师协会

蔡春山(321000020004)
经过2009年度检验合格
江苏省注册会计师协会

蔡春山(321000020004)
经过2010年度检验合格
江苏省注册会计师协会

注册会计师工作单位变更事项登记
Registration of the Change of Working Unit by a CPA

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Agree the holder to be transferred from

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年度检验登记
Annual Renewal Registration

本证书经检验合格，继续有效一年。
This certificate is valid for another year after this renewal.

证书编号：320300100160
No. of Certificate

批准注册协会：江苏省注册会计师协会
Authorized Institute of CPAs 2018 06 30

发证日期：
Date of Issuance

年 月 日
/y /m /d

4

姓名 Full name 黄志新
性别 Sex
出生日期 Date of Birth 1961-12-21
工作单位 Working unit 天衡会计师事务所有限公司南京分所
身份证号码 Identity card No. 320211811221411

5

注册会计师工作单位变更事项登记
Registration of the Change of Working Unit by a CPA

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注册会计师工作单位变更事项登记
Registration of the Change of Working Unit by a CPA

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Stamp of the transferor institute of CPAs

年 月 日
/y /m /d

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CPAs

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年 月 日
/y /m /d

11

年度检验登记
Annual Renewal Registration

本证书经检验合格，继续有效一年。
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黄志新(320300100160)
您已通过2018年年检
江苏省注册会计师协会

黄志新(320300100160)
您已通过2018年年检
江苏省注册会计师协会

年 月 日
/y /m /d

6

年度检验登记
Annual Renewal Registration

本证书经检验合格，继续有效一年。
This certificate is va
this renewal.

黄志新(320300100160)
您已通过2017年年检
江苏省注册会计师协会

黄志新(320300100160)
您已通过2018年年检
江苏省注册会计师协会

黄志新(320300100160)
您已通过2019年年检
江苏省注册会计师协会

声　明

此文本为中兴华阅字（2020）第020020号《泰州海陵城市发展集团有限公司审阅报告》的英文翻译文本，此文本完成时间为2020年10月30日。此文本中相关签字人员与中文原件签字人员不一致之处系人员变动所致。中英文文本内容及其理解不一致之处，则以中文文本为准。

Statement

This text is an English translation of ***Review Report of Taizhou Hailing Urban Development Group Co., Ltd.***, which the reference number is Zhongxinghua Review (2020) No.020020 , and this text is completed on October 30th, 2020. Any inconsistency between the signers of this text and the Chinese original text is due to personnel changes. In the event of any inconsistency between the content and understanding of the Chinese and English versions, the Chinese version shall prevail.

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7. Parent Company Cash Flow Statement

8. Parent Company Owner's Equity Change Statement

9. Notes to Financial Statements

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1. Zhongxinghua Certified Public Accountants LLP Business License Copy

2. Zhongxinghua Certified Public Accountants LLP Practice Certificate Copy

3. Zhongxinghua Certified Public Accountants LLP Securities & Futures Business Permit Copy

4. Certified Public Accountants Practice Certificate Copy

Audit Report

Zhongxinghua Audit (2020) No. 021021

All shareholders of Taizhou Hailing Urban Development Group Co., Ltd.:

I. Audit Opinions

We audited the financial statements in 2019 of Taizhou Hailing Urban Development Group Co., Ltd. (hereinafter referred to as "Taizhou Hai Development Group"), including the Consolidated & Parent Company Balance Sheet as of December 31, 2019, the 2019 Consolidated & Parent Company Income Statement, the Consolidated & Parent Company Cash Flow Statement, the Consolidated & Parent Company Owner's Equity Change Statement and relevant Notes to Financial Statements.

We deem that the attached financial statements are formulated in all material respects in accordance with Accounting Standards for Business Enterprises, which fairly reflect the financial conditions of consolidated and parent company of Taizhou Hai Development Group as of December 31, 2019, as well as operation achievement and cash flow of consolidated and parent company in 2019.

II. Foundation of audit opinions

We conducted the audit work as per provisions of the Chinese Certified Public Accountant Auditing Standards. The part of "CPA responsibilities for financial statement audit" in the audit report further elaborates on our responsibilities under the Standards. In compliance with the code of ethics for Chinese Certified Public Accountant, we are independent from Taizhou Hai Development Group, and fulfill other responsibilities of professional ethics. We believe the audit evidence we obtained is sufficient and appropriate, and provides the foundation for our audit opinions.

III. Liabilities of the management and those charged with governance for financial statement

The management is responsible for preparing the financial statements in accordance with the Accounting Standards for Business Enterprises and presenting them fairly; designing, implementing and maintaining necessary internal control so that there isn't any material misstatement in the financial statements due to fraud or error.

When preparing the financial statement, the management is responsible for assessing

Taizhou Hai Development Group's capabilities of sustainable operation, disclosing matters related to sustainable operation (if applicable), and adopting the assumption of sustainable operation, unless the management plans to liquidate Taizhou Hai Development Group, terminate the operation, or there is no other practical option.

Those charged with governance is responsible for supervising the financial report process of Taizhou Hai Development Group

IV. CPA's responsibilities for auditing financial statements

Our objective is to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement due to fraud or error, and issue an audit report containing audit opinions. Reasonable assurance is a high level of assurance, but it does not guarantee the audit performed in accordance with auditing standards can surely find a certain existing material misstatement. Misstatement may be caused by fraud or error; if a reasonably expected misstatement alone or aggregated may affect financial statement user's economic decision made based on financial statement, it is generally considered to be material misstatement.

As part of an audit in accordance with auditing standards, we exercise professional judgment and maintained professional skepticism throughout the audit. Meanwhile, we also perform the following tasks:

(1) Identify and assess material misstatement risks of financial statements due to fraud or error, design and implement audit process to address these risks, and obtain sufficient and appropriate audit evidences as the basis for giving audit opinions. Since fraud may involve collusion, forgery, intentional omission, false statement or overriding internal controls, the risk of failing to detect material misstatement due to fraud is higher than that due to error.

(2) Understand audit-related internal controls, to design appropriate audit process, but the purpose is not to give opinions on the effectiveness of internal controls.

(3) Evaluate the appropriateness of accounting policies adopted and the rationality of accounting estimates and related disclosures made by the management.

(4) Draw conclusions on the appropriateness of sustainable operation assumption by the management. Meanwhile, based on the audit evidences acquired, it may lead to conclusions on whether there are significant uncertainties in the matters or circumstances causing major doubts about the capabilities of Taizhou Hai Development Group's sustainable operation. If we conclude that there are significant uncertainties, the auditing standards require us to notify the users about relevant disclosures of the financial

statement in the audit report; if the disclosures are insufficient, we should express opinions without reservations. Our conclusions are based on the information available as of the audit report date. Nevertheless, future matters or circumstances may lead to the inability of Taizhou Hai Development Group for sustainable operation.

(5) Evaluate the overall presentation, structure and content of financial statement, and evaluate whether the financial statement has fairly reflected relevant transactions and events.

(6) Sufficient and appropriate audit evidences on the financial information of Taizhou Hai Development Group's entity or business activities are acquired, to express opinions on the financial statements. We are responsible for guiding, supervising and executing group audit. We hold full responsibilities for the audit opinions.

We communicate with those charged with governance about planned audit scope, schedule, major audit findings and other matters, including the noteworthy internal control flaws that we have identified during the audit.

ZHONGXINGHUA CERTIFIED PUBLIC ACCOUNTANTS LLP

Beijing China

China CPA:

China CPA:

April 25, 2020

Consolidated Balance Sheet

December 31, 2019

Prepared by: Taizhou Hailing Urban Development Group Co., Ltd. **Amount Unit: RMB yuan**

Item	Note	Closing balance	Opening balance
Current assets:			
Monetary fund	VI (1)	7,059,173,650.18	9,258,878,645.50
Financial assets measured at fair value with changes charged to current profits and losses			
Derivative financial assets			
Bills receivable	VI (2)	10,832,571.99	1,100,000.00
Accounts receivable	VI (3)	288,665,440.01	232,080,710.59
Advance payments	VI (4)	26,853,458.82	21,984,144.63
Other receivables	VI (5)	4,232,506,872.05	3,567,752,216.11
Inventories	VI (6)	29,411,939,146.44	27,801,691,105.06
Held-for-sale assets			
Non-current assets due within one year	VI (7)	45,259,055.50	6,480,572.61
Other current assets	VI (8)	614,524,583.00	571,326,805.11
Total current assets		41,689,754,777.99	41,461,254,199.81
Non-current assets:			
Available-for-sale financial assets	VI (9)	149,900,000.00	178,358,575.22
Held-to-maturity investments			
Long-term accounts receivable	VI (10)	256,339,135.02	15,361,293.34
Long-term equity investment	VI (11)	212,063,295.26	
Investment real estate	VI (12)	130,352,683.52	12,692,768.18
Fixed assets	VI (13)	205,361,553.88	326,257,639.22
Construction in process	VI (14)	42,646,279.38	30,066,315.48
Productive biological assets			
Oil and gas assets			
Intangible assets	VI (15)	39,144,498.97	40,276,521.70
Development expenditures			
Goodwill			
Long-term deferred expenses	VI (16)	1,003,151.10	1,364,177.22
Deferred income tax assets	VI (17)	4,857,882.80	4,253,744.92
Other non-current assets	VI (18)	649,261,040.00	991,245,535.73
Total non-current assets		1,690,929,519.93	1,599,876,570.99
Total assets		43,380,684,297.92	43,061,130,770.80

(The attached Notes to Financial Statements is an integral part of the financial statements)

Legal representative: **Accounting director:** **Accounting firm director:**

(Cont.)

Consolidated Balance Sheet (Continued)

December 31, 2019

Prepared by: Taizhou Haijing Urban Development Group Co., Ltd. **Amount Unit: RMB yuan**

Item	Note	Closing balance	Opening balance
Current liabilities:			
Short-term borrowings	VI (19)	187,000,000.00	715,000,000.00
Financial liabilities measured at fair value with changes charged to current profits and losses			
Derivative financial liabilities			
Bills payable	VI (20)	600,000,000.00	500,000,000.00
Accounts payable	VI (21)	763,820,936.62	461,094,917.72
Advance receipts	VI (22)	413,389,884.20	395,357,948.19
Employee remuneration payable	VI (23)	2,522,174.93	2,245,547.37
Taxes payable	VI (24)	388,103,457.93	290,757,801.94
Other payables	VI (25)	6,759,860,965.47	10,735,468,159.96
Held-for-sale liabilities			
Non-current liabilities due within one year	VI (26)	2,556,431,961.67	1,920,753,868.29
Other current liabilities	VI (27)	436,075,087.62	358,746,098.74
Total current liabilities		**12,107,204,450.64**	**15,379,424,342.21**
Non-current liabilities:			
Long-term borrowings	VI (28)	6,860,115,145.04	7,409,005,700.82
Bonds payable	VI (29)	6,130,868,066.91	4,387,059,079.28
Of which: preferred stock			
Perpetual debt			
Long-term accounts payable	VI (30)	2,434,519,939.46	2,480,125,365.10
Long-term employee remuneration payable			
Estimated liabilities			
Deferred incomes			
Deferred income tax liabilities			
Other non-current liabilities	VI (31)	53,886,958.00	210,866,849.87
Total non-current liabilities		**15,479,390,109.41**	**14,487,056,995.07**
Total liabilities		**27,586,594,560.05**	**29,866,481,337.28**
Owner's equity:			
Paid-in capital	VI (32)	5,058,000,000.00	2,072,095,800.00
Other equity instruments			
Of which: preferred stock			
Perpetual debt			
Capital reserve	VI (33)	8,456,150,518.55	8,988,598,050.51
Less: treasury stock			
Other comprehensive incomes			
Special reserve			
Surplus reserve	VI (34)	313,146,057.79	285,706,106.11
General risk reserve			
Undistributed profits	VI (35)	1,739,351,714.53	1,596,684,591.93
Total owner's equity attributable to the parent		15,566,648,290.87	12,943,084,548.55
Minority shareholder's equity		227,441,447.00	251,584,884.97
Total owner's equity		**15,794,089,737.87**	**13,194,649,433.52**
Total liabilities and owner's equity		**43,380,684,297.92**	**43,061,130,770.80**

(The attached Notes to Financial Statements is an integral part of the financial statements)

Legal representative: [illegible] **Accounting director:** [illegible] **Accounting firm director:** [illegible]

Consolidated Income Statement

2019

Prepared by: Taizhou Hailing Urban Development Group Co., Ltd. Amount Unit: RMB yuan

Item	Note	Amount of this period	Amount of last period
I. Total operating incomes		1,360,679,648.04	1,248,265,064.22
Of which: operating incomes	VI (36)	1,360,679,648.04	1,248,265,064.22
II. Total operating costs		1,285,568,178.53	1,146,667,426.37
Of which: operating costs	VI (36)	1,166,830,289.61	984,854,577.53
Taxes and surcharges	VI (37)	25,860,657.60	16,828,520.98
Sales expenses		11,115,375.31	16,806,614.63
Management expenses		32,766,810.08	[illegible]
R&D expenses			
Financial expenses	VI (38)	[illegible]	59,202,412.26
Of which: Interest expenses		53,173,505.13	100,000,644.91
Interest incomes		4,829,726.72	36,459,322.87
Plus: other incomes	VI (39)	171,989,303.32	103,793,675.33
Investment incomes (losses marked with "-")	VI (40)	-10,517,366.91	1,593,251.35
Of which: Investment incomes to associated enterprises and joint ventures		-10,568,477.02	3,050,249.30
Fair value change revenues (losses marked with "-")			
Asset impairment losses (losses marked with "-")	VI (41)	-11,533,411.02	-8,442,821.05
Asset disposal revenues (losses marked with "-")	VI (42)	-9,324.27	
III. Operating profits (losses marked with "-")		225,040,870.63	208,764,562.53
Plus: non-operating incomes	VI (43)	23,371.13	4,694,273.75
Less: non-operating expenditures	VI (44)	12.10	173,847.40
IV. Total profits (total losses marked with "-")		225,064,029.66	211,304,988.88
Less: Income tax expenses	VI (45)	49,953,050.77	41,196,221.54
V. Net profits (net losses marked with "-")		175,110,978.89	170,108,767.34
(I) Classified by business continuity:			
1. Net profits from sustainable operation (net losses marked with "-")		175,110,978.89	170,108,767.34
2. Net profits from discontinued operation (net losses marked with "-")			
(II) Classified by ownership			
1. Minority shareholders' profits and losses (net losses marked with "-")		5,803,904.61	6,527,962.65
2. Net profits attributable to parent company shareholders (net losses marked with "-")		169,307,074.28	163,580,804.69
VI. After-tax net amount of other comprehensive			
After-tax net amount of other comprehensive incomes attributable to the parent company owners			
(I) Other comprehensive income that cannot be reclassified into profit or loss			
1. Re-measure and re-define the variation in the benefit plan			
2. Other comprehensive income that falls to be transferred to profit or loss under the equity method			
(II) Other comprehensive revenues to be reclassified into profits and losses			
1. Other comprehensive income of convertible profit or loss under the Equity Method			
2. Profit and loss arising from changes in fair value of available-for-sale financial assets			
3. Profit and loss of held-to-maturity investments reclassified as available-for-sale financial assets			
4. Effective portion of profit and loss of cash flow hedging			
5. Converted Difference in Foreign Currency Statements			
6. Others			
After-tax net amount of other comprehensive incomes attributable to minority shareholders			
VII. Total comprehensive incomes		175,110,978.89	170,108,767.34
Total comprehensive incomes attributable to owners of parent company		169,307,074.28	163,580,804.69
Total comprehensive incomes attributable to the minority shareholders		5,803,904.61	6,527,962.65

(The attached Notes to Financial Statements is an integral part of the financial statements)

Legal representative: [signature] Accounting director: [signature] Accounting firm director: [signature]

Consolidated Cash Flow Statement

2019

Prepared by: Taizhou Hailing Urban Development Group Co., Ltd. Amount Unit: RMB yuan

Item	Note	Amount of this period	2018
I. Cash flow from operating activities:			
Cash received from selling goods and providing services		1,233,919,247.74	1,986,806,940.40
Tax refunds received			
Other cash received from operating activities		5,164,615,142.57	4,161,293,592.10
Subtotal cash inflow from operating activities		**6,398,534,390.31**	**6,148,100,532.50**
Cash paid to buy goods and receive labor service		2,689,967,981.14	3,647,991,605.17
Cash paid to and for employees		16,459,626.91	12,867,534.20
Taxes paid		19,975,040.40	15,764,515.62
Other cash paid related to operating activities		5,534,478,382.50	1,656,368,872.72
Subtotal cash outflow from operating activities		**8,260,881,230.95**	**5,332,990,527.71**
Net cash flow from operating activities		**-1,862,346,840.64**	**815,110,004.79**
II. Cash flow from investing activities			
Cash received from investment withdrawal			268,860,421.95
Cash received from investment returns		51,110.11	1,339,166.66
Net cash received from disposal of fixed assets, intangible assets and other long-term investments		380.78	
Net cash received from disposal of subsidiaries and other business units			
Other cash received from investing activities			
Subtotal cash inflow from investing activities		**51,490.89**	**270,199,588.61**
Cash paid for purchasing and constructing fixed assets, intangible assets and other long-term assets		166,814,007.92	50,956,117.14
Cash paid for investment		386,479,600.00	52,007,211.95
Net cash paid by subsidiaries and other business units			
Other cash paid related to investing activities			306,940,033.89
Subtotal cash outflow from investing activities		**553,293,607.92**	**409,903,362.98**
Net cash flow from investment activities		**-553,242,117.03**	**-139,703,774.37**
III. Cash flow from financing activities:			
Cash received from absorbing investments		3,030,415,295.43	1,900,000,000.00
Cash received from borrowings		13,860,806,946.41	5,240,829,585.30
Cash received from issuing bonds		3,491,784,723.77	338,680,000.00
Other cash received from financing activities		400,000,000.00	395,000,000.00
Subtotal of cash inflow from financing activities		**20,783,006,965.61**	**7,874,309,585.30**
Cash paid for repayment of debt		17,434,166,023.71	5,793,884,175.13
Cash paid for distributing dividends, profits or settling interests		2,152,462,804.73	1,676,986,369.87
Other cash paid related to financing activities		765,824,583.38	345,179,713.67
Subtotal cash outflow from financing activities		**20,352,553,411.82**	**7,816,050,258.67**
Net cash flow from financing activities		**430,453,553.79**	**58,259,326.63**
IV. Influence of exchange rate changes to cash and cash equivalents		-356,357.20	4,500,726.58
V. Net increase in cash and cash equivalents		-1,985,491,761.08	738,166,283.63
Plus: opening balance of cash and cash equivalents		8,318,378,734.22	7,580,212,450.59
VI. Closing balance of cash and cash equivalents		**6,332,886,973.14**	**8,318,378,734.22**

(The attached Notes to Financial Statements is an integral part of the financial statements)

Legal representative: Accounting director: Accounting firm director:

Consolidated Owner's Equity Change Statement

Prepared by: Taizhou Hailing Urban Development Group Co., Ltd.

Amount Unit: RMB yuan

Item	Amount of this period											
	Owner's equity attributable to the parent company										Minority shareholder's equity	Total owner's equity
	Paid-in capital	Other equity instruments		Capital reserve	Other comprehensive incomes	Special reserve	Surplus reserve	General risk reserve	Undistributed profits	Subtotal		
		Preferred stock	Perpetual debt									
I. Balance at the end of last year	2,072,095,800.00			8,986,598,050.51			285,706,106.11		1,596,664,591.93	12,943,064,548.55	251,564,884.97	13,194,649,433.52
Plus: accounting policy changes												
Correction of previous-period accounting errors												
Business combination under the same control												
Other												
II. Balance at the beginning of this year	2,072,095,800.00			8,986,598,050.51			285,706,106.11		1,596,664,591.93	12,943,064,548.55	251,564,884.97	13,194,649,433.52
III. Increase or decrease in the current period (decrease marked with "-")	2,985,904,200.00			-530,447,531.96			27,439,951.68		140,657,122.60	2,623,553,742.32	-24,123,437.97	2,599,440,304.35
(I) Total comprehensive incomes									169,307,074.28	169,307,074.28	5,803,904.51	175,110,978.89
(II) Capital increase or decrease from the owner	2,985,904,200.00			-530,447,531.96						2,455,456,668.04	-27,181,672.08	2,428,294,995.96
1. Invested capital by the Shareholders	2,985,904,200.00			-536,153,232.92						2,449,750,967.08	-20,155,700.94	2,429,595,266.14
2. Other interest owner invested capital												
3. Amount of stock payment included in owner's equity												
4. Others				5,705,700.96						5,705,700.96	-7,005,971.14	-1,300,270.18
(III) Profit distribution							27,439,951.68		-28,639,951.68	-1,200,000.00	-2,765,670.50	-3,965,670.50
1. Withdrawal of the surplus reserves							27,439,951.68		-27,439,951.68			
2. Withdrawal of the general risk reserves												
3. Distribution to owners									-1,200,000.00	-1,200,000.00	-2,765,670.50	-3,965,670.50
4. Others												
(IV) Internal transfer of shareholders' equity												
1. Capital reserve to increase capital												
2. Surplus reserve to increase capital												
3. Cover losses with surplus reserves												
4. Set the benefit plan variation to be carried out into retained earnings												
5. Others												
(V) Special reserve												
1. Withdrawal in this period												
2. Used in this period												
(VI) Others												
IV. Balance at the end of current year	5,058,000,000.00			8,456,150,518.55			313,146,057.79		1,739,321,714.53	15,566,618,290.87	227,441,447.00	15,794,059,737.87

(The attached Notes to Financial Statements is an integral part of the financial statements)

Legal representative: 陈洁刚 Accounting leader: 黄晓阳 Accounting firm director: 陈新华

Consolidated Owner's Equity Change Statement (Continued)

Prepared by: Taizhou Haijing Urban Development Group Co., Ltd.

Amount Unit: RMB yuan

Item	Amount of last period													
	Owner's equity attributable to the parent company												Minority shareholder's equity	Total owner's equity
	Paid-in capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profits	Subtotal		
		Preferred stock	Perpetual debt	Other										
I. Balance at the end of last year	2,072,095,800.00				7,585,977,670.88				253,328,148.41		1,467,481,746.94	11,478,883,364.23	156,875,365.09	11,635,758,729.32
Plus: accounting policy changes														
Correction of previous-period accounting errors														
Business combination under the same control														
Other														
II. Balance at the beginning of this year	2,072,095,800.00				7,585,977,670.88				253,328,148.41		1,467,481,746.94	11,478,883,364.23	156,875,365.09	11,635,758,729.32
III. Increase or decrease in the current period (decrease marked with "-")					1,300,620,379.63				32,377,959.70		131,202,844.89	1,464,201,184.32	94,689,519.88	1,558,890,704.20
(I) Total comprehensive incomes											163,580,804.59	163,580,804.59	6,527,962.65	170,108,767.24
(II) Capital increase or decrease from the owner					1,300,620,379.63							1,300,620,379.63	89,666,081.93	1,390,286,461.56
1. Invested capital by the Shareholders					1,300,620,379.63							1,300,620,379.63	90,844,689.34	1,391,465,068.97
2. Other interest owner invested capital														
3. Amount of stock payment included in owner's equity														
4. Others													-1,178,607.41	-1,178,607.41
(III) Profit distribution									32,377,959.70		-32,377,959.70		-1,506,504.70	-1,506,504.70
1. Withdrawal of the surplus reserves									32,377,959.70		-32,377,959.70			
2. Withdrawal of the general risk reserves														
3. Distribution to owners													-1,506,504.70	-1,506,504.70
4. Others														
(IV) Internal transfer of shareholders' equity														
1. Capital reserve to increase capital														
2. Surplus reserve to increase capital														
3. Cover losses with surplus reserves														
4. Set the benefit plan variation to be carried out into retained earnings														
5. Others														
(V) Special reserve														
1. Withdrawal in this period														
2. Used in this period														
(VI) Others														
IV. Balance at the end of current year	2,072,095,800.00				8,886,598,050.51				285,706,108.11		1,598,684,591.83	12,943,084,548.55	251,564,884.97	13,194,649,433.52

(The attached Notes to Financial Statements is an integral part of the financial statements)

Legal representative: 陈浩利 Accounting leader: 黄丽 Accounting firm director: 陈浩

Balance Sheet

December 31, 2019

Prepared by: Taizhou Hailing Urban Development Group Co., Ltd. Amount Unit: RMB yuan

Item	Note	Closing balance	Opening balance
Current assets:			
Monetary fund		4,680,764,304.36	5,556,117,916.70
Financial assets measured at fair value with changes charged to current profits and losses			
Derivative financial assets			
Bills receivable		10,000,000.00	
Accounts receivable	XII (1)	286,207,658.60	212,253,197.29
Advance payments	XII (2)	1,476,725,031.43	5,394,835,032.00
Other receivables	XII (3)	4,657,867,683.20	4,890,298,338.24
Inventories		27,554,737,151.85	19,033,768,258.74
Held-for-sale assets			
Non-current assets due within one year			
Other current assets			
Total current assets		**38,666,301,829.44**	**35,087,272,742.97**
Non-current assets:			
Available-for-sale financial assets	XII (4)	138,900,000.00	138,900,000.00
Held-to-maturity investments			
Long-term accounts receivable			
Long-term equity investment	XII (5)	3,545,609,758.51	3,952,972,883.63
Investment real estate			
Fixed assets		114,430,360.86	119,139,685.19
Construction in process			
Productive biological assets			
Oil and gas assets			
Intangible assets		39,129,047.18	40,262,521.70
Development expenditures			
Goodwill			
Long-term deferred expenses			
Deferred income tax assets		1,349,574.32	1,409,345.04
Other non-current assets		649,261,040.00	509,261,040.00
Total non-current assets		**4,488,679,778.87**	**4,761,945,475.56**
Total assets		**43,154,981,608.31**	**39,849,218,218.53**

(The attached Notes to Financial Statements is an integral part of the financial statements)

Legal representative: Accounting director: Accounting firm director:

Balance Sheet (Continued)

December 31, 2019

Prepared by: Taizhou Hailing Urban Development Group Co., Ltd. Amount Unit: RMB yuan

Item	Note	Closing balance	Opening balance
Current liabilities:			
Short-term borrowings		127,000,000.00	950,000,000.00
Financial liabilities measured at fair value with changes charged to current profits and losses			
Derivative financial liabilities			
Bill's payable	XII (6)	250,000,000.00	
Accounts payable	XII (7)	33,914,826.51	34,842,751.34
Advance receipts	XII (8)	278,135,557.27	471,921,364.71
Employee remuneration payable		1,525,773.04	1,106,389.40
Taxes payable		338,013,047.03	242,288,095.49
Other payables	XII (9)	12,563,977,127.02	14,899,478,834.19
Held-for-sale liabilities			
Non-current liabilities due within one year		1,628,729,265.44	1,220,080,634.36
Other current liabilities		350,858,744.45	236,931,369.86
Total current liabilities		**15,572,154,340.76**	**17,456,447,439.35**
Non-current liabilities:			
Long-term borrowings		3,302,500,000.00	3,000,318,592.26
Bonds payable		6,180,868,066.91	4,387,059,079.28
Of which: preferred stock			
Perpetual debt			
Long-term accounts payable		2,261,889,032.63	1,863,605,311.81
Long-term employee remuneration payable			
Estimated liabilities			
Deferred incomes			
Deferred income tax liabilities			
Other non-current liabilities			100,000,000.00
Total non-current liabilities		**11,745,257,099.54**	**9,350,982,983.35**
Total liabilities		**27,317,411,440.30**	**26,809,430,422.70**
Owner's equity:			
Paid-in capital		5,058,000,000.00	2,072,095,600.00
Other equity instruments			
Of which: preferred stock			
Perpetual debt			
Capital reserve		7,829,257,897.28	8,281,779,241.92
Less: treasury stock			
Other comprehensive incomes			
Special reserve			
Surplus reserve		313,146,057.79	285,708,106.11
Undistributed profits		2,637,166,212.94	2,390,206,647.80
Total owner's equity		**15,837,570,168.01**	**13,039,787,795.83**
Total liabilities and owner's equity		**43,154,981,608.31**	**39,849,218,218.53**

(The attached Notes to Financial Statements is an integral part of the financial statements)

Legal representative: Accounting director: Accounting firm director:

Income Statement

2019

Prepared by: Taizhou Hailing Urban Development Group Co., Ltd. Amount Unit: RMB

Item	Note	Amount of this period	Amount of last period
I. Operating Incomes	XII (10)	1,156,775,672.79	994,868,840.51
Less: operating costs	XII (10)	990,082,358.36	720,965,689.86
Taxes and surcharges		15,793,984.85	16,923,831.13
Sales expenses			
Management expenses		11,990,763.16	10,965,256.05
R&D expenses			
Financial expenses		63,378.28	44,548.45
Of which: Interest expenses			
Interest incomes			
Plus: other incomes		166,000,000.00	100,000,000.00
Investment incomes (losses marked with "-")	XII (11)	4,136,501.77	1,626,295.30
Of which: Investment incomes to associated enterprises and joint ventures		672,172.27	
Fair value change revenues (losses marked with "-")			
Asset impairment losses (losses marked with "-")		239,082.85	-467,740.18
Asset disposal revenues (losses marked with "-")			
Non-operating income			
Less: non-operating expenditures			172,741.79
III. Total profits (total losses marked with "-")		**309,220,774.76**	**358,773,428.35**
Less: Income tax expenses		34,821,257.94	34,993,831.40
IV. Net profits (net losses marked with "-")		**274,399,516.82**	**323,779,596.95**
(I) Net profits from sustainable operation (net losses marked with "-")		274,399,516.82	323,779,596.95
(II) Net profits from discontinued operation (net losses marked with "-")			
V. After-tax net amount of other comprehensive incomes			
(I) Other comprehensive income that cannot be reclassified into profit or loss			
1. Re-measure and re-define the variation in the benefit plan			
2. Other comprehensive income that fails to be transferred to profit or loss under the equity method			
(II) Other comprehensive revenues to be reclassified into profits and losses			
1. Other comprehensive income of convertible profit or loss under the Equity Method			
2. Profit and loss arising from changes in fair value of available-for-sale financial assets			
3. Profit and loss of held-to-maturity investments reclassified as available-for-sale financial assets			
4. Effective portion of profit and loss of cash flow hedging			
5. Converted Difference in Foreign Currency Statements			
6. Others			
VI. Total comprehensive incomes		274,399,516.82	323,779,596.95

(The attached Notes to Financial Statements is an integral part of the financial statements)

Legal representative: Accounting director: Accounting firm director:

Cash Flow Statement

2019

Prepared by: Taizhou Hailing Urban Development Group Co., Ltd. Amount Unit: RMB

Item	Note	Amount of this period	Amount of last period
I. Cash flow from operating activities:			
Cash received from selling goods and providing services		937,558,229.12	1,712,214,235.44
Tax refunds received			
Other cash received from operating activities		5,551,578,466.42	2,469,778,247.82
Subtotal cash inflow from operating activities		**6,489,136,695.54**	**4,181,992,483.26**
Cash paid to buy goods and receive labor service		3,313,598,485.75	2,102,944,317.18
Cash paid to and for employees		3,193,362.52	2,811,323.17
Taxes paid		9,322,276.32	2,136,003.10
Other cash paid related to operating activities		3,793,003,102.29	3,076,341,366.74
Subtotal cash outflow from operating activities		**7,119,117,226.88**	**5,183,233,010.19**
Net cash flow from operating activities		**-629,980,531.34**	**-1,001,240,526.93**
II. Cash flow from investing activities			
Cash received from investment withdrawal			
Cash received from investment returns		1,897,500.00	
Net cash received from disposal of fixed assets, intangible assets and other long-term investments			
Other cash received from investing activities			
Subtotal cash inflow from investing activities		**1,897,500.00**	-
Cash paid for purchasing and constructing fixed assets, intangible assets and other long-term assets		481,813.82	9,000.00
Cash paid for investment		226,679,600.00	190,000,000.00
Net cash paid by subsidiaries and other business units		2,340,000.00	
Other cash paid related to investing activities			
Subtotal cash outflow from investing activities		**229,701,413.82**	**190,009,000.00**
Net cash flow from investment activities		**-227,803,913.82**	**-190,009,000.00**
III. Cash flow from financing activities:			
Cash received from absorbing investments		3,022,855,295.43	1,900,000,000.00
Cash received from borrowings		11,191,241,105.14	2,954,026,732.30
Cash received from issuing bonds		3,541,784,723.77	338,680,000.00
Other cash received from financing activities			95,000,000.00
Subtotal of cash inflow from financing activities		**17,755,881,124.34**	**5,287,706,732.30**
Cash paid for repayment of debt		15,683,590,937.14	3,253,414,506.41
Cash paid for distributing dividends, profits or settling interests		2,082,253,908.93	1,533,689,480.31
Other cash paid related to financing activities		254,606,445.45	7,179,713.87
Subtotal cash outflow from financing activities		**18,020,450,291.52**	**4,794,283,700.39**
Net cash flow from financing activities		**-264,569,167.18**	**493,423,031.91**
IV. Influence of exchange rate changes to cash and cash equivalents			
V. Net increase in cash and cash equivalents		**-1,122,353,612.34**	**-697,826,495.02**
Plus: opening balance of cash and cash equivalents		5,553,117,916.70	6,250,944,411.72
VI. Closing balance of cash and cash equivalents		**4,430,764,304.36**	**5,553,117,916.70**

(The attached Notes to Financial Statements is an integral part of the financial statements)

Legal representative: [signature] Accounting director: [signature] Accounting firm director: [signature]

Statement of Changes in Owner's Equity

Prepared by: Taizhou Hailing Urban Development Group Co., Ltd. Amount Unit: RMB yuan

Item	Amount of this period									
	Paid-in capital	Other equity instruments			Capital reserve	Other comprehensive incomes	Special reserve	Surplus reserve	Undistributed profits	Total owner's equity
		Preferred stock	Perpetual debt	Other						
I. Balance at the end of last year	2,072,095,800.00				8,291,779,241.92			285,706,106.11	2,390,206,647.80	13,039,787,795.83
Plus: accounting policy changes										
Correction of previous-period accounting errors										
Other										
II. Balance at the beginning of this year	2,072,095,800.00				8,291,779,241.92			285,706,106.11	2,390,206,647.80	13,039,787,795.83
III. Increase or decrease in the current period (decrease marked with "-")	2,985,904,200.00				-462,521,344.64			27,439,951.68	246,959,565.14	2,797,782,372.18
(I) Total comprehensive incomes									274,399,516.82	274,399,516.82
(II) Capital increase or decrease from the owner	2,985,904,200.00				-462,521,344.64					2,523,382,855.36
1. Invested capital by the Shareholders	2,985,904,200.00				-462,521,344.64					2,523,382,855.36
2. Other interest owner invested capital										
3. Amount of stock payment included in owner's equity										
4. Others										
(III) Profit distribution								27,439,951.68	-27,439,951.68	
1. Withdrawal of the surplus reserves								27,439,951.68	-27,439,951.68	
2. Withdrawal of the general risk reserves										
3. Distribution to owners										
4. Others										
(IV) Internal transfer of shareholders' equity										
1. Capital reserve to increase capital										
2. Surplus reserve to increase capital										
3. Cover losses with surplus reserves										
4. Set the benefit plan variation to be carried out into retained earnings										
5. Others										
(V) Special reserve										
1. Withdrawal in this period										
2. Used in this period										
(VI) Others										
IV. Balance at the end of current year	5,058,000,000.00				7,829,257,897.28			313,146,057.79	2,637,166,212.94	15,837,570,168.01

(The attached Notes to Financial Statements is an integral part of the financial statements)

Legal representative: Accounting leader: Accounting firm director:

Statement of Changes in Owner's Equity (Continued)

Prepared by: Taizhou Hailing Urban Development Group Co., Ltd.

Amount Unit: RMB yuan

Item	Amount of last period								
	Paid-in capital	Other equity instruments		Capital reserve	Other comprehensive incomes	Special reserve	Surplus reserve	Undistributed profits	Total owner's equity
		Preferred stock	Perpetual debt						
I. Balance at the end of last year	2,072,095,800.00			7,035,451,973.92			253,326,146.41	2,098,805,010.55	**11,459,680,930.88**
Plus: accounting policy changes									
Correction of previous-period accounting errors									
Other									
II. Balance at the beginning of this year	2,072,095,800.00			7,035,451,973.92			253,326,146.41	2,098,805,010.55	**11,459,680,930.88**
III. Increase or decrease in the current period (decrease marked with "-")				1,256,327,268.00			32,377,959.70	291,401,637.25	**1,580,106,864.95**
(I) Total comprehensive incomes								323,779,596.95	**323,779,596.95**
(II) Capital increase or decrease from the owner				1,256,327,268.00					**1,256,327,268.00**
1. Invested capital by the Shareholders				1,256,327,268.00					**1,256,327,268.00**
2. Other interest owner invested capital									
3. Amount of stock payment included in owner's equity									
4. Others									
(III) Profit distribution							32,377,959.70	-32,377,959.70	
1. Withdrawal of the surplus reserves							32,377,959.70	-32,377,959.70	
2. Withdrawal of the general risk reserves									
3. Distribution to owners									
4. Others									
(IV) Internal transfer of shareholders' equity									
1. Capital (or Stock) Increase from Capital Reserves									
2. Capital (or Stock) Increase from Surplus Reserves									
3. Cover losses with surplus reserves									
4. Set the benefit plan variation to be carried out into retained earnings									
5. Others									
(V) Special reserve									
1. Withdrawal in this period									
2. Used in this period									
(VI) Others									
IV. Balance at the end of current year	2,072,095,800.00			8,291,779,241.92			285,706,106.11	2,390,206,647.80	**13,039,787,795.83**

(The attached Notes to Financial Statements is an integral part of the financial statements)

Legal representative: 陈涛 刘玥 Accounting leader: 黄 Accounting firm director:

I. Company profile

(I) Registered location, organization form and address of the company

Taizhou Hailing Urban Development Group Co., Ltd. (hereinafter referred to as "the Company", or collectively referred to as the "Group" when including subsidiaries) was incorporated on April 11, 2006. Enterprise type: limited liability company (wholly state-owned). Company unified social credit code: 91321202785993494H; legal representative: You Haorun; registered capital: RMB 5058 million; company address: Room 201, Building 1, No.3 Fuqian Road, Hailing District, Taizhou City.

The company, formerly known as Taizhou Hailing Assets Management Co., Ltd., was jointly funded by Taizhou Hailing District Housing System Reform Office and Taizhou Road Lamp Management Division at the time of establishment, with registered capital of RMB 100 million. Initial capital contribution was RMB 90 million, of which Taizhou Hailing District Housing System Reform Office contributed RMB 80 million, accounting for 80.00% of corporate registered capital; Taizhou Road Lamp Management Division contributed RMB 10 million, accounting for 10.00% of corporate registered capital. This capital contribution was verified by Jiangsu Jingwei Certified Public Accountants upon issuing the Capital Verification Report Jingwei Internal Verification [2006] No.029. Capital contribution in the second phase was RMB 10 million, all of which are funded by Taizhou Hailing District Housing System Reform Office, accounting for 10.00% of corporate registered capital. This capital contribution was verified by Jiangsu Jingwei Certified Public Accountants upon issuing the Capital Verification Report Jingwei Internal Verification [2006] No.043.

On January 14, 2007, according to the resolution of the shareholders meeting, the company's capital was increased by RMB 100 million, and the registered capital was changed to RMB 200 million. This capital contribution was wholly funded by Taizhou Hailing District Housing System Reform Office After capital increase, the equity structure was: Taizhou Hailing District Housing System Reform Office contributed RMB 190 million, accounting for 95.00% of corporate registered capital; Taizhou Road Lamp Management Division contributed RMB 10 million, accounting for 5.00% of corporate registered capital. This capital increase was verified by Jiangsu Jingwei Certified Public Accountants upon issuing the Capital Verification Report Jingwei Verification [2007] No.3008.

On March 31, 2007, according to the resolution of the shareholders meeting, the company's capital was increased by RMB 104 million, and the registered capital was changed to RMB 304 million. This capital contribution was wholly funded by Taizhou Hailing District Housing System Reform Office After capital increase, the equity structure was: Taizhou Hailing District Housing System Reform Office contributed RMB 294 million, accounting for 96.71% of corporate registered capital; Taizhou Road Lamp Management Division contributed RMB 10 million, accounting for 3.29% of corporate registered capital. This capital increase was verified by Jiangsu Jingwei Certified Public Accountants upon issuing the Capital Verification Report Jingwei Verification [2007] No.3047.

On August 3, 2008, the company held a shareholder's meeting, and all shareholders unanimously agreed to amend the articles of association: agreed to increase the corporate capital by RMB 138,095,800, and the registered capital was changed to RMB 442,095,800; agreed to

absorb Jiangsu Province Taizhou Halling District Community Service Center as a new corporate shareholder which contributed RMB 138,095,800, accounting for 31.24% of the registered capital. After this capital increase, the paid-in capital was RMB 442,095,800, of which: Taizhou Hailing District Housing System Reform Office contributed RMB 294 million, accounting for 66.50% of corporate registered capital; Taizhou Road Lamp Management Division contributed RMB 10 million, accounting for 2.26% of corporate registered capital; Jiangsu Province Taizhou Hailing District Community Service Center contributed RMB 138,095,800, accounting for 31.24% of corporate registered capital. This capital increase was verified by Jiangsu Jingwei Certified Public Accountants upon issuing the Capital Verification Report Jingwei Verification [2008] No.3060.

On October 21, 2010, Taizhou Hailing District People's Government released the Notice of District Government on Regulating the Management of State-owned Equity of Hailing Assets Company (Tai Hai Government Release [2010] No.149), to transfer the whole equity held by Taizhou Road Lamp Management Division, Taizhou Halling District Housing Reform Office and Taizhou Halling District Community Service Center to Hailing District Finance Bureau, and after the change, Hailing District Finance Bureau held whole equity of the company.

On June 24, 2011, according to the document of Taizhou Hailing District Finance Bureau (Tai Hai Finance Enterprise [2011] No.3) and the resolution of corporate shareholder's meeting, the company increased capital by RMB 200 million, and the registered capital was changed to RMB 642,095,800. This capital contribution was wholly funded by Taizhou Halling District Finance Bureau. After capital increase, Taizhou Halling District Finance Bureau contributed RMB 642,095,800, accounting for 100% of corporate registered capital. This capital increase was verified by Jiangsu Jingwei Certified Public Accountants upon issuing the Capital Verification Report Jingwei Verification [2011] No.3018.

On October 21, 2014, according to the document of Taizhou Hailing District People's Government Reply of District Government on Increasing Investment in Taizhou Hailing Assets Management Co., Ltd. (Tai Hai Government Reply [2014] No.28) and the resolution of corporate shareholder's meeting, the company increased capital by RMB 430 million, and the registered capital was changed to RMB 1,072,095,800. This capital contribution was wholly funded by Taizhou Halling District Finance Bureau. After capital increase, Taizhou Hailing District Finance Bureau contributed RMB 1,072,095,800, accounting for 100% of corporate registered capital. On October 31, 2014, the company completed industrial and commercial change.

On December 21, 2015, according to the approval of Taizhou Hailing District People's Government ([2015] Hai Government Zi No.624) and the resolution of corporate shareholder's meeting, the company increased capital by RMB 1,000,000,000 and the registered capital was changed to RMB 2,072,095,800. This capital contribution was wholly funded by Taizhou Hailing District Finance Bureau. After capital increase, Taizhou Hailing District Finance Bureau contributed RMB 2,072,095,800, accounting for 100% of corporate registered capital. This capital increase was verified by Jiangsu Zhongxing Certified Public Accountants upon issuing the Capital Verification

Report Zhongxing Verification Zi [2015] No.0045. On April 18, 2016, the company completed industrial and commercial change.

On May 30, 2019, upon the resolution of corporate shareholder's meeting, the name of company was changed to Taizhou Hailing Urban Development Group Co., Ltd., the registered capital was concurrently changed to RMB 3,732,095,800, and the newly added capital of RMB 1,660,000,000 was wholly funded by Taizhou Hailing District Finance Bureau.

On June 28, 2019, upon the approval of Taizhou Hailing District People's Government, corporate shareholder changed to Taizhou Hailing District People's Government State-owned Assets Supervision and Administration Office. After the change, Taizhou Hailing District People's Government State-owned Assets Supervision and Administration Office held 100% equity of the Company.

On April 11, 2019, upon the resolution of corporate shareholder's meeting, corporate registered capital was changed to RMB 5,058,000,000, and the newly added capital of RMB 1,325,904,200 was wholly funded by Taizhou Hailing District People's Government State-owned Assets Supervision and Administration Office. After capital increase, Taizhou Hailing District People's Government State-owned Assets Supervision and Administration Office contributed RMB 5,058,000,000, accounting for 100% of corporate registered capital.

(II) Business nature and main operating activities of the company

The Company belongs to the leasing and business service industry, with main business scope including: urban infrastructure construction, asset management, land consolidation and development.

(III) Name of parent company and group headquarter

Controlling shareholder of the Company is Taizhou Hailing District People's Government State-owned Assets Supervision and Administration Office, and the ultimate controller is Taizhou Hailing District People's Government. The Company sets up a board of directors which manages and controls major decision-making and daily task implementation of the company.

(IV) Approval of financial report

The Group's financial report is reported externally upon the approval of Board of Directors.

(V) Operation term

The Company's operation term is from April 2006 to April 2026.

(VI) Scope of consolidated financial statement in the current period

For subsidiaries included in consolidation scope of the Group in 2019, please refer to Note VIII "Equity in other entities". For consolidation scope changes of the Group in the current period, please refer to Note VII "Changes of consolidation scope".

II. Preparation basis of the financial statements

(I) Preparation basis

The Group's financial statements are based on continuing operations, which are prepared as actual transactions and events in accordance with the accounting standards and guidelines for

application, interpretation and other relevant regulations promulgated by the Ministry of Finance (collectively referred to as the "Accounting Standards for Business Enterprises"), in conformity with the Note IV Accounting policies and estimates in the "Significant Accounting Policies & Accounting Estimates".

Financial accounting of the Group should be based on accrual basis according to Accounting Standards for Business Enterprises. Unless otherwise specified, the financial statements are computed on the basis of historical costs. If an asset is impaired, the corresponding provision for impairment shall be made in accordance with the relevant provisions.

(II) Sustainable operations

The financial statement is presented based on sustainable operation, and the Group has the ability of sustainable operation within at least 12 months from the end of reporting period.

III. Statement on compliance with Accounting Standards for Business Enterprises

The financial statement prepared by the Group meets the requirements of Accounting Standards for Business Enterprises, which reflects the Group's financial condition, operation achievement, cash flow and other relevant information truly and completely.

IV. Significant accounting policies and accounting estimate

(I) Accounting period

The accounting period of the Group is from January 1 to December 31 of the Gregorian calendar.

(II) Functional currency

The Group adopts RMB as the functional currency.

(III) Accounting basis and valuation principle

The Group's accounting is based on the accrual basis of accounting, and historical cost is the principle of pricing.

(IV) Business combination

Business combination refers to the transactions or events of combining two or more than two separate businesses into one reporting entity. Business combination includes business combination involving entities under common control and business combination involving entities not under common control.

1. Business combination under the same control

The enterprises involved in combination are ultimately controlled by the same party or parties before and after the combination. The control is not temporary, and the combination is under the same control. For business combinations under the same control, the party that obtains control over other participating enterprises on the acquisition date is the acquirer, and other enterprises that participate in the combination are the acquirees. Combination date refers to the date on which the combing party actually obtains control to the combined party.

The assets and liabilities obtained by the combining party are measured at the carrying amounts as recorded by the combined party at the combination date. The difference between the

carrying amount of the net assets obtained by the combining party and the carrying amount of consideration paid for the combination is adjusted to share premium in the capital reserve. If the balance of share premium is insufficient, retained earnings shall be adjusted.

The direct expenses generated by the acquirer for the purpose of business combinations shall be recorded into the profits and losses for the current period.

2. Business combination under different control

If the enterprises participating in the combination are not ultimately controlled by the same party or parties before and after the combination, the business combination is facilitated under different controls. For business combinations not under the same control, the party that obtains control over other participating enterprises on the acquisition date is the acquirer, and other enterprises that participate in the combination are the acquirees. The acquisition date refers to the date when acquirer actually obtains control over acquiree.

For the business combinations under different controls, the combination cost includes the assets paid by the acquirer to obtain control over acquire on the acquisition date, the liabilities generated or undertaken and the fair value of the issued equity securities. The intermediary costs used for auditing, legal services, appraisal consulting and other administrative expenses during the process of business combination are included into the current profits and losses. Any transaction costs occurring in the process of issuing equity securities or debt securities as consideration paid for combination by the purchaser are included in the initially recognized amount of equity securities or debt securities. The involved contingent consideration is included in the consolidated cost as per its fair value on the purchasing date, if new or further evidences compared with existing circumstances on the purchasing date occur within 12 months after the purchasing date, so that contingent consideration needs to be adjusted, the consolidated goodwill shall be adjusted accordingly. The cost of combination incurred to the acquirer and the net identifiable assets obtained in the processing of combination shall be measured at the acquisition-date fair value. Goodwill is identified as the excess of combination cost over the fair value of identifiable net assets obtained by the acquirer in combination on the acquisition date. If the combination cost is less than the fair value of identifiable net assets obtained by acquiree in the combination, the fair value of identifiable assets, liabilities and/or contingent liabilities of the acquiree and the combination costs should be re-computed first. If the combination cost is still less than the fair value of identifiable net assets obtained by the acquiree in the combination, the difference shall be included into the current profits and losses.

When the deductible temporary difference obtained by the purchasing party from the purchased party is unrecognized due to incompliance with the deferred income tax asset recognition criteria on the purchasing date, within 12 months after the purchasing date, if new or further information shows relevant circumstances of the purchasing date have existed, and economic benefits of the purchased party brought by the deductible temporary difference on the purchasing date is expected to realize, the relevant deferred income tax assets are recognized,

while the goodwill is reduced; if the goodwill is insufficient to offset, the difference part is recognized as current profits and losses; except for the above circumstances, the deferred income tax assets recognized in connection with business combination are included in current profits and losses.

Where the business combination not under the same control is achieved through multiple transactions by steps, make judgment on whether such multiple transactions are "package deal", pursuant to the "package deal" judgment criteria in the Notice of the Ministry of Finance on Printing and Distributing the Interpretation of Accounting Standards for Business Enterprises No. 5 (Finance and Accounting [2012] No. 19) and Article 51 of the Accounting Standards for Business Enterprises No.33-Combined Financial Statement (see the Note IV. (5). 2) The deals belonging to "package-deal" are accounted based on the above description and Note IV. (13) Long-term equity investments; the deals not belonging to "package-deal" are accounted separately based on separate financial statements and consolidated financial statements.

In separate financial statements, the sum of the carrying amount of the acquirer's interest in the acquired entity's equity investments prior to the acquisition date and the additional investment costs at the acquisition date is recognized the initial investment cost; For the acquirer's interest in the acquired entity's equity investments prior to the acquisition date that is related to other comprehensive income, it shall be accounted, with other relevant comprehensive incomes, on the same basis of direct disposal of assets or liabilities in the disposal of the investment.

In the consolidated financial statements, the acquirer's interest in the acquired entity's equity investments prior to the acquisition date is measured at the fair value at acquisition date, and the difference between fair value and carrying amount is accounted into current investment income; For the acquirer's interest in the acquired entity's equity investments prior to the acquisition date that is related to other comprehensive income, it shall be accounted, with other relevant comprehensive incomes, on the same basis of direct disposal of assets or liabilities in the disposal of the investment.

(V) Consolidated financial statement preparation method

1. The principle of determining the scope of consolidated financial statements

The scope of financial statements consolidation is decided based on the control. Control means that the Group has the power over the invested entity, earns variable return by participating in relevant activities of the invested entity, and has the ability to influence the return amount by exercising its power over the invested entity. Consolidation scope includes the Group and all subsidiaries.

Once relevant factors involved in above definition of the control due to changes to relevant facts and conditions, it should be re-measured by the Group.

2. Method for compiling consolidated financial statements

Upon the date of obtaining control of the net assets and business operation of the subsidiary, the Group commences to incorporate it into the scope of combination; terminates to incorporate it into the scope of combination upon the date of losing control. For the subsidiary in disposal,

operation achievement and cash flow prior to the date of disposal has been included in the consolidated income statement and consolidated cash flow statement; For the subsidiary disposed in the current period, the opening balance in the consolidated balance sheet is not adjusted. For subsidiaries that are not under the same control and whose business combination is increased, the operating results and cash flows after the purchase date have been properly included in the consolidated income statement and the consolidated cash flow statement, and the opening balance and comparison of the consolidated financial statements are not adjusted. For the subsidiary acquired in the business combination under same control, the operation achievement and cash flow from the beginning of the period to the acquisition date has been included in the consolidated income statement and consolidated cash flow statement, and the comparative figures in the consolidated financial statements are correspondingly restated.

During preparation of consolidated financial statements, if different accounting policies or accounting periods are used by the subsidiaries and the Group, financial statements of the subsidiaries should be adjusted according to accounting policy and accounting period of the Group. For subsidiaries acquired under a business combination not under common control, the financial statements of the subsidiary are adjusted based on the fair value of the identifiable net assets at the acquisition date.

All major current balances, transactions and unrealized profits in the company are offset when the consolidated financial statements are prepared.

The parts in subsidiary owner's equity and current net profits and losses that do not belong to the Group are separately presented under the owner's equity and net profit item in the consolidated financial statement, as the minority shareholder's equity and the minority shareholder's profits and losses. The portion of subsidiary's current net profits and losses that is attributable to minority shareholder's equity is presented as "minority shareholder's profits and losses" under the net profits in the consolidated income statement. Where losses attributable to the minority shareholders of a subsidiary exceed the minority shareholders interest in of the equity of the subsidiary, they are still offset against the minority shareholders interest.

When the control over the original subsidiary is lost due to the disposal of part of the equity investment or other reasons, the remaining equity shall be re-measured based on the fair value on the date of loss of control. The difference between the consideration obtained by disposing of the equity and the fair value of the remaining equity, minus the share of the share of the net assets that would have been calculated by the original subsidiary from the date of purchase as calculated by the original shareholding ratio, is included in the current period of loss of control. Investment income. Other comprehensive income related to the equity investment of the original subsidiary, when the loss of control right is used, the accounting basis is the same as that of the purchased party that directly disposes of the relevant assets or liabilities. Thereafter, residual equity of the part can be provided with subsequent measurement according to Accounting Standards for Business Enterprises No. 2 - Long-term Equity Investment or Accounting Standards for Business Enterprises

No.22 - Recognition and Measurement of Financial Instruments, as detailed in Note IV. (13) "long-term equity investment" or Note IV. (9) "financial instruments".

If the Group loses control of the subsidiary due to disposing the equity interest through two or more deals, the above deals should be determined whether belong to a package-deal. When the terms, conditions and economic impacts of disposing subsidiary equity investment transactions comply with the following one or more circumstances, it generally indicates that multiple transactions shall be accounted as package deal: ① these transactions are signed simultaneously or when considering mutual impact; ② these transactions as a whole can achieve a complete business result; ③ the occurrence of a transaction depends on the occurrence of at least another transaction; ④ a transaction alone is deemed as uneconomical, but economical when considering with other transactions together. If they are not the package deal, for each transaction of them, accounting treatment is conducted according to the applicable principles in "partially dispose the long-term equity investment of subsidiary without losing the control right" (see Note IV. (13)) and "lose the control right on original subsidiary due to disposal of partial equity investment or other reasons" (see preceding paragraph). Disposal of the equity investment in the subsidiary until the loss of control of the transaction is a package transaction, the transaction will be treated as a transaction to dispose of the subsidiary and lose control; however, before the loss of control, the difference between the disposal price and the share of the net assets of the subsidiary corresponding to the disposition of the investment is recognized in the consolidated financial statements as other comprehensive income. When the control right is lost, it is transferred to the current profit or loss at the same time.

(VI) Classification of joint venture arrangements and accounting of joint operations

Joint arrangement refers to an arrangement that is jointly controlled by two or more participants. According to rights and obligations for the arrangement of joint ventures, the Group divides the joint ventures into joint-operated and cooperative enterprise. Joint operation refers to that the Group enjoys the relevant assets of the arrangement and assumes arrangement of joint ventures of relevant liabilities. Cooperative enterprise refers to an arrangement of joint ventures where the Group only has the right for net assets of the organization.

Investment of the Group on cooperative enterprise should be accounted with equity method and disposed according to accounting policy stated in Note IV. (13) "long-term equity investment".

As an associated enterprise, for joint operation, the Group should recognize assets independently held by the Group, liabilities independently assumed by the Group, and jointly held assets and jointly assumed liabilities according to the share of the Group; income from sales of output share of joint operation enjoyed by the Group; income from sales through joint operation according to the share of the Group; independently expenses of the Group and occurred expenses of joint operation according to the share of the Group.

When the Group, as an associate enterprise, invests or sells assets (the asset doesn't constitute a business, same hereunder) to the joint venture, or when the Group purchases assets from the joint venture, before such assets are sold to the third party, the Group only recognizes

parts of profits and losses generated from the transaction and belonging to other participants of the joint venture. If such assets are subject to asset impairment losses in accordance with the Accounting Standards for Business Enterprises No.8—Impairment of Assets, etc., the Group fully recognizes such losses, for the assets jointly invested or sold by the Group; and recognizes such losses as per the assumed portion, for the assets purchased from joint operation.

(VII) Determination standards of cash and cash equivalents

The Group's cash and cash equivalents include cash in stock, deposits that can be used to pay at any time, and investment held by the Group with short-term (usually due within three months from the date of purchase), strong liquidity, easy conversion to known amounts of cash, and little risk of change in value.

(VIII) Foreign currency transactions and conversion of foreign currency statements

1. Foreign currency transactions

For foreign currency transactions of the Group, foreign currency amount is converted into RMB amount according to the spot exchange rate on the transaction date. At the balance sheet date, foreign currency monetary items are translated into RMB at the spot exchange rate on the balance sheet date, and the translation difference is directly included in the current profit and loss, in addition to the foreign exchange differences from the foreign currency specific borrowings for the acquisition, construction or production of assets eligible for capitalization that is recorded as the principle of capitalization.

2. Conversion of foreign currency financial statements

The items of assets and liabilities in the foreign currency balance sheet are translated at the spot exchange rate on the balance sheet date; the owner's equity items are translated at the spot exchange rate at the time the business occurs except for "undistributed profits"; the income & cost items in the profit statement are converted at the spot exchange rate on the transaction date. The difference in translation of foreign currency statements from the above translation is shown as the "Other comprehensive income" item of the owner's equity. Foreign currency cash flows are translated at the spot exchange rate on the date of cash flow. The impact of exchange rate changes on cash is separately presented in the cash flow statement.

(IX) Financial instruments

A financial asset or financial liability shall be recognized in case that the Group becomes a party to a financial instrument contract. Financial assets and financial liabilities are measured at fair value on initial confirmation. For the financial assets and financial liabilities measured at fair value and the changes therein are recognized into current profit or loss, the transaction expenses thereof should be recognized directly in profit or loss, and for other categories of financial assets and financial liabilities, the transaction expenses thereof should be recognized into initially recognized amount.

1. Determining method of the fair value of financial assets and financial liabilities

Fair value refers to the price that a market participant can be received for the sale of an asset

or the price he needs to pay for transferring a liability in an orderly transaction occurring on the measurement date. The Group measures the fair value of financial assets and financial liabilities at the prices of major markets. If there is no major market, the fair value of financial assets and financial liabilities are measured at the most favorable market prices, the applicable available sufficient and current data and the other information supporting valuation techniques are also used. Input value for measurement of fair value can be divided into three levels, i.e. the first-level input value is unadjusted quotation on same assets or liabilities obtained in the active market at the date of measurement; the second-level input value is directly or indirectly observable input values of related assets or liabilities except the first-level input value; the third-level input value is non-observable input value of related assets or liabilities. The Group gives priority to use the first level of input values, and then the third level of input values. Level of the measurement result of fair value is decided according to the lowest level of input value with great significance for whole measurement of fair value.

2. Classification, confirmation and measurement of financial assets

The financial instruments traded in a conventional manner shall be conducted accounting recognition and de-recognition at the date of transaction. Financial assets are classified at initial recognition into financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, and available-for-sale financial assets.

① Financial assets measured at fair value with changes charged to current profits and losses

Including transactional financial assets and financial assets that are designated at fair value through profit or loss.

Transactional financial assets refer to the financial assets in accordance with one of the following criteria: A. the purpose of obtaining such financial assets is mainly for sales in the near future; B. belong to a part of recognizable financial instruments of centralized management, with objective evidence to show the Group has recently managed the portfolio by means of short-term profitability; C. belong to derivatives, but excluding the derivatives designated as effective hedging instruments, the derivatives of financial guarantee contract, as well as the derivatives connected with equity instrument investment of which the fair value cannot be reliably measured and unquoted on active market, and settlement by delivering such equity instruments.

Financial assets that meet one of the following criteria are designated as the financial assets measured at fair value with changes charged to current profits and losses at initial recognition: A. such designation can eliminate or apparently reduce the inconsistent recognition or measurement of relevant gains or losses caused by different measurement basis of such financial assets; B. corporate formal written document of risk management or investment strategy have stated to manage, evaluate the financial asset portfolio or combination of financial assets and financial liabilities in which the financial assets exist based on fair value, and report to key management personnel.

Financial assets measured at fair value through current profits or losses are subsequently

measured at fair value. Any gains or losses arising from changes in fair value and any dividends and interest income related to these financial assets are included in current profit or loss.

② Held-to-maturity investments

Refers to non-derivative financial assets with fixed expiry date, fixed or ascertainable recovery amount, and that the Group has clear intention and capability to hold to maturity.

Subsequent to initial recognition, held-to-maturity investments are stated at amortized cost using the effective interest method. The profit or loss arising in de-recognition, impairment or amortization is accounted into current profit or loss.

The effective interest rate method refers to the method of calculating the amortized cost and the interest income or expenses of each period according to the effective interest rate of the financial assets or financial liabilities (including a group of financial assets or financial liabilities). Effective interest rate is the interest rate at which the future cash flows of the financial asset or liability in the expected duration or during shorter applicable time period are discounted into its present nominal value.

When calculating the effective interest rate, the Group will estimate the future cash flow (irrespective of future credit losses) on the basis of all the contractual terms of the financial assets or financial liabilities, and will also consider the payment of financial assets or financial liabilities between the parties to the contract. Or fees collected, charges that are part of the effective interest rate, transaction fees, discounts or premiums, etc.

③ Loans and receivables

It refers to the non-derivative financial assets that have no quoted price in an active market, with a fixed or determinable recovery amount. Financial assets of the Group divided into loans and receivables include notes receivable, account receivables, interest receivable, dividend receivable and other receivables etc.

Subsequent to initial recognition, loans and receivables are stated at amortized cost using the effective interest method. The profit or loss arising in de-recognition, impairment or amortization is accounted into current profit or loss.

④ Available-for-sale financial assets

It includes the non-derivative financial assets that are designated as available for sale at initial recognition, and financial assets charged to profit or loss for the current period other than financial assets at fair value, loans and receivables, and financial assets out of held-to-maturity investments.

Cost of the available-for-sale debt instrument at the end of the period should be recognized with amortized cost method, which is initially recognized amount minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment. Cost of the available-for-sale equity instrument at the end of the period is the originally obtained cost.

Available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value, other than exchange differences related with impairment losses and

foreign currency monetary financial assets and amortized costs in profit or loss for the current period, are recognized in other comprehensive income. When the financial asset is derecognized, it is transferred out and included in the current profit and loss. However, the equity instrument investments that are not quoted in an active market and whose fair value cannot be reliably measured, and the derivative financial assets that are linked to the equity instrument and must be settled through delivery of the equity instrument are subsequently measured at cost. Interest on available-for-sale financial assets and cash dividend income that the invested entity declares are recognized in investment income.

Due to change of holding intention or ability, or fair value not reliably measured, or in accordance with Article 16 of the Accounting Standards for Business Enterprises No.22 – Recognition and Measurement of Financial Instruments, the held-to-maturity investments are reclassified as available-for-sale financial assets with the term that has exceeded two full fiscal years, so that when the financial assets are no longer suitable for measurement at fair value, the Group measures the available-for-sale financial assets at cost or amortized cost. On the reclassification date, the cost or amortized cost of such financial assets is the fair value or book value on that date.

If such financial assets have a fixed maturity date, the gains or losses related to such financial assets and originally included in other comprehensive incomes are amortized by the effective interest rate method during the remaining period of such financial assets, and included in current profits and losses; the difference between amortized cost of such financial assets and amount on the maturity date is amortized by effective interest rate method during the remaining period of such financial assets, and included in current profits and losses. If such financial assets have no fixed maturity date, the gains or losses originally included in other comprehensive incomes are still retained in the owner's equity, transferred out when such financial assets are disposed, and included in current profits and losses.

3. Impairment of Financial assets

Except for the financial assets that are measured at fair value through profit or loss, the Group checks the book value of other financial assets at each balance sheet date. If there is objective evidence that the financial assets are impaired, the Group should make the devaluation preparation.

The Group performs impairment tests individually for the financial assets whose amounts are significant; for the financial assets whose amounts are insignificant, the impairment tests can be performed individually or they are included in the portfolio of financial assets with similar credit risks to perform impairment test. The individual tested financial assets that have not been impaired (including single significant and insignificant financial assets) are included in the portfolio of financial assets with similar credit risk characteristics for impairment test. For financial assets whose impairment loss has been recognized in individual test, they do not need to be performed impairment tests included in the portfolio of financial assets with similar credit risks.

① Impairment of investments, loans and receivables held-to-maturity

The carrying amount of financial assets measured at costs or amortized costs should be reduced to present value of estimated future cash flows, and the reduced amount is recognized as impairment loss and recorded into current profit or loss. After the impairment loss is recognized in a financial asset, if there is an objective evidence that the value of the financial asset has been recovered, which is objectively related to the event that has occurred after the loss was confirmed, the previous recognized impairment loss is reversed. The book value of the financial asset reversed for loss does not exceed the amortized cost of the financial asset on the day of reverse under the assumption for no impairment,.

② Available-for-sale financial assets impairment

As the comprehensive related factors, when the decline in the fair value of available-for-sale equity instrument investment is a serious or non-transient decline, it indicates that the available-for-sale equity instrument investment is impaired. Among them, "serious decline" refers to the cumulative decline in fair value exceeding 20%; "non-temporary decline" refers to the continuous decline in fair value exceeding 12 months, the basis for determining continuous decline period is that the rebound increase during continuous decline or downward trend period is less than 20%, and if the continuous rebound time is no more than 6 months, it shall be regarded as continuous decline period.

When the available-for-sale financial asset is impaired, the accumulative loss that is originally recorded in other comprehensive income due to the decline in fair value is transferred to the profit or loss for the current period. The accumulated loss is the balance of the initial acquisition cost of the asset less the paid principal and amortized amount, the current fair value and the impairment loss that has been included in profit or loss.

After the impairment loss is confirmed, if there is objective evidence that the value of the financial asset has been recovered after the period and it is objectively related to the event occurred after the loss is confirmed, the previous recognized impairment loss is reversed. The impairment loss of the available-for-sale equity instrument investment is reversed and recognized as other comprehensive income. The impairment loss of the available-for-sale debt instrument is reversed and included in the current profit or loss.

Equity instrument investments that do not have a quotation in an active market and whose fair value cannot be reliably measured, or impairment losses of derivative financial assets that are linked to the equity instrument and are settled by delivery of the equity instrument, are not reversed.

4. Recognition basis and measurement method of financial assets transfer

Financial assets are de-recognized in one of the following criteria: ① the contractual right to receive cash flow of such financial assets is terminated; ② such financial assets have been transferred, and almost all risks and rewards on the financial asset ownership have been transferred to the transferor; ③ such financial assets have been transferred, and although the company has neither transferred nor retained almost all risks and rewards on the financial asset ownership, it has abandoned control of such financial assets.

If the enterprise neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it has not abandoned the control of that financial asset, the relevant financial asset is recognized at the extent of continuing involvement in the transferred financial asset and the corresponding liability is recognized accordingly. The term "continuous involvement in the transferred financial asset" refers to the risk level that the enterprise faces due to the change of the value of the financial asset.

Where a transfer of a financial asset in its entirely meets the criteria of de-recognition, the difference between the carrying amount of the financial asset transferred and the sum of the consideration received from the transfer and any cumulative change in fair value that has been recognized in other comprehensive incomes is recognized in current profit or loss.

Where a transfer of financial asset partly meets the criteria of de-recognition, the carrying amount of the financial asset transferred should be amortized between the part that is derecognized and the part that is not derecognized according to the fair value, and the difference between the sum of the consideration received from the transfer and any cumulative change in fair value that has been recognized in other comprehensive incomes and should be amortized to the derecognized part, and the amortized above-mentioned carrying amount, shall be recorded into current profit or loss.

Where the Group sells financial assets with recourse, or transfers financial assets by endorsement, the Group needs to determine whether all the risks and rewards of ownership of the financial asset have been transferred. If all the risks and rewards of ownership of the financial asset are almost transferred to the transferee, and the financial asset is derecognized; if all the risks and rewards on the ownership of the financial asset are retained, the financial asset is not derecognized; all the risks and rewards of ownership of financial assets are not almost transferred or retained, continue to determine whether the company retains the control over the assets and perform the accounting operation based on the principles described in the preceding paragraphs.

5. Classification and measurement of financial liabilities

Financial liabilities are initially classified into financial liabilities at fair value recorded in the current profit or loss and other financial liabilities. The initial recognized financial liabilities are measured at fair value. For financial liabilities at fair value through profit or loss, the transaction expenses thereof should be recognized directly in current profit or loss, and for other financial liabilities, the transaction expenses thereof should be recognized into initially recognized amount.

① Financial liabilities measured at fair value with changes charged to current profits and losses

The conditions of financial liabilities classified as transactional financial liabilities and the financial liabilities designated at initial recognition as fair value with the changes to the current profit or loss, and the conditions of financial assets classified as transactional financial assets and financial assets designated at initial recognition at fair value with the changes to the current profit or loss are consistent.

Financial liabilities at fair value to the current profit or loss are subsequently measured at fair value. Any gains or losses from changes in fair value and any dividends or interest payments relating to the financial liabilities are included in the current profit or loss.

② Other financial liabilities

Derivative financial liabilities that are linked to equity instruments unavailable to be quoted in an active market and whose fair value cannot be reliably measured, settled by delivery of the equity instruments, are subsequently measured at cost. Other financial liabilities shall adopt effect interest method, and be recognized at amortized costs in the subsequent measurement, and the gains or losses arising from de-recognition or amortization shall be recorded into current profit or loss.

6. De-recognition of Financial Liabilities

If the current obligation of a financial liability is discharged in whole or in part, and then the financial liability or part thereof may be derecognized. If the Group (debtor) signs an agreement with the creditor to replace the existing financial liabilities with new financial liabilities, and the terms of the new financial liabilities and the existing financial liabilities are substantially different, and then the existing financial liabilities should be derecognized for the new financial Liabilities.

Where entire or part of a financial liability is derecognized, the difference between the carrying value and the consideration (including transferred non-cash assets or assumed new financial liability) is charged to current profit or loss.

7. Derivatives and embedded derivatives

Derivatives are measured initially at fair value at the date of contract signing, and is measured subsequently at fair value. Changes to fair value of derivatives are included in the current profits and losses.

For the hybrid instruments containing embedded derivatives, if there are not designated as financial assets or financial liabilities at fair value with the changes to the current profit or loss, there is no close relationship between the embedded derivatives and the principal contract in terms of economic characteristics and risks, with the same condition of embedded derivatives and the separate existing tools are in accordance with the definition of the derivatives, and then the embedded derivatives are split from the hybrid tools and processed as the separate derivative financial instruments. If the embedded derivative cannot be measured separately at the acquisition date or subsequent balance sheet date, the hybrid instrument in its entirely is designated as financial asset or liability at fair value through current profit or loss.

8. Offset of financial assets and financial liabilities

When the Group has legal rights for offsetting recognized financial assets and financial liabilities, which are executable at present, and the Group plans to settle with net amount or realize the financial assets and liquidate the financial liabilities, amount of financial assets and financial liabilities after mutual offset should be listed in the balance sheet. In addition, financial assets and financial liabilities are separately presented in the balance sheet, which are not offset by each other.

9. Equity instruments

Equity instruments refer to contracts that residual rights of the Group for the assets can be obtained after deduction of all liabilities. Issuing (including refinancing), purchasing-back, sales or write-off of equity instruments by the Group should be disposed as changes to rights and interests. The Group doesn't recognize changes to fair value of equity instruments. Transaction costs related to equity transactions are deducted from equity.

All distributions of the Group to the equity instrument holders (excluding stock dividends) reduce owner's equity. The Group doesn't recognize change amount to fair value of equity instruments.

(X) Receivables

Receivables include notes receivable, account receivables and other receivables etc.

1. Bad debt preparation confirmation standards

The Group inspects book value of receivables on the balance sheet date, and if the following objective evidences indicate impairment of receivables, provision for impairment is made: ① the debtor has serious financial difficulties; ② the debtor breaches the contract terms (such as payment of interests or principals is breach of contract or overdue, etc.); ③ the debtor is likely to close down or conduct other financial restructuring; ④ other objective basis to indicate impairment of the receivables.

The allowance method is adopted for the possible bad debt losses, and the impairment test is conducted at the end of the period separately or in combination, and provision for bad debts is accrued and charged to the current profit and loss. If conclusive evidences indicate that it is indeed unable to recover the receivables, they write off the bad debt reserve as bad debt losses after approval of the Group according to the procedures.

2. Bad debt provision method:

(1) Receivables with single significant amount and single provision for bad debt reserve

The Group recognizes the receivables with an amount of more than RMB 3 million as receivables with significant single amount.

The Group conducts the individual impairment tests on individual significant receivables, and the individual test financial assets without impairment are included in the financial assets portfolio with similar characteristics of credit risk to perform the impairment tests. The receivables that have been confirmed for impairment losses in individual tests are no longer included in the portfolio of accounts receivable with similar credit risk characteristics for impairment testing.

(2) Receivables with bad debt reserve as per credit risk portfolio

The company conducts impairment testing on financial assets with single insignificant and significant amounts without impairment of individual tests, including financial asset portfolio with similar credit risk characteristics (the receivables that have been confirmed for impairment losses in individual tests are no longer included in the portfolio of accounts receivable with similar credit risk characteristics for impairment testing). These credit risks reflect generally the ability of the debtor to repay all amounts due according to the contractual terms of the assets, which are related to the measurement of the future cash flows of the assets inspected.

When the impairment test is conducted in a combined manner, the amount of bad debts reserves is determined on the basis of the loss assessment existing in the portfolio of historical loss experience, current economic conditions and expected receivables according to the portfolio structure of accounts receivable and similar credit risk characteristics (ability of the debtor to repay arrears according to the terms of the contract).

Recognition basis of different portfolios and bad debt reserve accrual method

Basis of determining the portfolio	
Portfolio of government unit and platform company receivables	A combination with the credit of trading object as credit risk characteristic
Portfolio of associated party receivables	Portfolio classified by trading object relationship as credit risk characteristics
Combination of security and deposits	Portfolio classified by nature of receivables as credit risk characteristics
Portfolio of receivables secured by project funds	Portfolio classified by transaction security measures of receivables as credit risk characteristics
Aging portfolio	Portfolio classified by aging of receivables as credit risk characteristics
Method for withdrawing bad debt reserve according to portfolio	
Portfolio of government unit and platform company receivables	If there is no objective evidence indicating occurrence of impairment, bad debt provision is not withdrawn
Portfolio of associated party receivables	If there is no objective evidence indicating occurrence of impairment, bad debt provision is not withdrawn
Combination of security and deposits	If there is no objective evidence indicating occurrence of impairment, bad debt provision is not withdrawn
Portfolio of receivables secured by project funds	Make provision for bad debts as per the balance percentage method
Aging portfolio	Bad debt provision according to aging analysis method

① The proportion of bad debt provisions for accounts receivable by aging analysis method is as follows:

Aging	Accrual ratio of notes receivable (%)	Accounts receivable ratio (%)	Accrual ratio of other receivables (%)
Within 1 years	0	0	0
1-2 years	5	5	5
2-3 years	10	10	10
3-4 years	20	20	20
4-5 years	50	50	50
Over 5 years	100	100	100

② Accrual ratio of bad debt reserve for receivables as per the balance percentage method is as follows:

Name of portfolio	Accounts receivable ratio (%)	Accrual ratio of other receivables (%)
Portfolio of receivables secured by project funds	0.5	0.5

(3) Receivables with individual insignificant amounts and single provision for bad debts

The Group conducts separate impairment test on the receivables with single insignificant

amount but bad debt provision by portfolio failing to reflect their risk characteristics, or with objective evidence indicating occurrence of their impairment. Impairment losses are recognized, and provision for bad debts is made, based on the difference between the present value of future cash flows lower than the book value.

3. Reversal of bad debt provision

If objective evidence shows the value of such receivables has been recovered and it is objectively related to the matters occurred after the loss has been recognized, the previously recognized impairment losses are reversed and charged to the current profits and losses. However, the book value after the reversal does not exceed the assumed amortized cost of such receivables on the reversal date without provision for impairment.

(XI) Inventories

The Group's inventories include turnover houses, low-value consumables, raw materials, development products, development costs, land consolidation, agent construction works, engineering construction, etc.

Inventories are valued at actual costs at the time of acquisition; as for inventories requisitioned or delivered, their actual costs are determined by using weighted average method. Inventory is subject to perpetual inventory system. Low-value consumables are amortized by one-time write-off method.

At the end of the period, the inventories shall be valued at the comparatively lower price of cost and net realizable value. In case that the inventory is damaged , all or part thereof is in obsolescence or the selling price is lower than the cost, which gives rise to the estimation that it is unrecoverable, the part thereof shall be provided with the inventory depreciation. The inventory depreciation reserve of land consolidation, development costs and bulk raw materials is withdrawn as per the difference between the cost of a single inventory item higher than its net realizable value; as for other raw and auxiliary materials with large quantity and relatively low unit price, the inventory depreciation reserve is withdrawn by category. The net realizable value of the inventory goods, work-in-processes and materials for sale and other merchandise inventories directly used for sale shall be determined in line with the amount that the estimated selling price of the inventories minus the estimated selling expenses and related taxes; the net realizable value of the held material inventory for production shall be determined in line with the amount that the estimated selling price of the finished product produced minus the estimated cost on completion, estimated selling expenses and related taxes. After accruing inventory depreciation reserve, if the influencing factors of the previous write-down of inventory value have been disappeared and the net realizable value of inventory exceeds its book value, and then it should be reversed from the provision for inventory devaluation accrued and the amount transferred back is included in the current profit or loss.

(XII) Held-for-sale assets

If the Group recovers its book value mainly through sale (including non-monetary asset exchange with commercial substance, the same below) instead of continuing usage a non-current

asset or disposal group, it should be classified as held for sale. The specific criteria are to meet the following conditions at the same time: a non-current asset or disposal group can be sold immediately under current conditions based on the convention of selling such assets or disposal groups in similar transactions; the Group has already made a resolution on the sale plan and the purchase promise; the expected sales would be completed within one year. Among them, the disposal group refers to a group of assets that are disposed of as a whole through sale or other means in a transaction, and the liabilities direct related to these assets transferred in the transaction. If the asset group or asset portfolio of disposal group shares the goodwill obtained in business combination according to the Accounting Standards for Business Enterprises No.8 – Impairment of Assets, such disposal group shall include the goodwill allocated to the disposal group.

When the Group measures initially or re-measures the non-current assets and disposal groups held for sale on the balance sheet date, if its book value is higher than the fair value minus the net amount after the sale expenses, the book value should be reduced to the net amount of fair value less costs to sell, the amount to write-down is recognized as asset impairment loss, included in the current profit or loss, and make the provision for impairment of held-for-sale assets at the same time. For the disposal group, the recognized asset impairment losses firstly deducts the book value of goodwill in the disposal group, and then proportionally deducts the book value of all non-current assets in such disposal group as specified in the applicable measurement provisions of the Accounting Standards for Business Enterprises No.42 - Held-for-sale Non-current Assets, Disposal Team & Discontinued Operations (hereinafter referred to as the "Held-for-sale Standards"). If the fair value of the disposal group held for sale on the follow-up balance sheet day minus the net amount after the sale expense is increased, the amount of the previous write-down should be restored, which is classified for holding the sale and reversed within the amount of impairment loss of assets confirmed by the measurement of non-current assets as held for sale. The reversed amount should be recorded in the current profit or loss, and the book value of various non-current assets should be increased according to the proportion stipulated as the standard held for sale in addition to goodwill in the disposal group; the book value of the goodwill that has been written off, and the confirmed amount of impairment loss of assets of the non-current assets subject to the holding measurement criteria are not allowed to be reversed before classified as held for sale. .

Non-current assets held for sale or non-current assets in the disposal group are not subject to depreciation or amortization. The interest and other expenses of the liabilities in the disposal group held for sale continue to be confirmed.

When the non-current asset or disposal group no longer meets the classification criteria for the held-for-sale category, the Group should no longer classify it as a held-for-sale category or remove the non-current assets from the disposal group held for sale. It is calculated as the lower of following two measures: (1) The book value before classified as held for sale is the amount adjusted according to the depreciation, amortization or impairment that should be confirmed if it is assumed not to be classified as held for sale; (2) Recoverable amount.

(XIII) Long-term equity investment

1. Determine the control, joint control or significant influence on the invested entity

The Group's long-term equity investment includes the long-term equity investment held by the Group with control, joint control or significant impact on the investee company. Long-term equity investment of the Group in the invested organization without control, joint control or significant influence should be used as available-for-sale financial assets or measured at fair value and its changes are included in current profits and losses for business accounting of financial assets; its accounting policy is detailed in Note IV. (9) "financial instruments".

Control means that the Group has power over the investee, enjoys variable returns by participating in related activities of the investee, and has the ability to use its power over the investee to influence the amount of its returns.

Joint control refers to the common control of an arrangement in accordance with the relevant agreement, and the related activities of the arrangement must be determined through the unanimous consent of the parties that share the right of control. A joint operation arrangement is an arrangement that is controlled jointly by two or more parties. A joint venture is a joint operation arrangement where the joint venture party has the only rights to the net assets of the arrangement.

Significant influence refers to the power to participate in decision-making on the financial and operating policies of the invested entity, but it does not control or control jointly the formulation of these policies with other parties. The basis for the determination of major influences is mainly represented in the board of directors or similar authority of the investee, exerting significant influence through the right to speak in the process of the development of the financial and operating decisions of the investee; the Group directly or indirectly (through subsidiaries) holds 20% (inclusive) or more but less than 50% of voting shares of the invested company, however, significant influence cannot be exerted if there is clear evidence that they cannot participate in the production and operation decision of the investee under such circumstances. When determining whether a significant influence can be exerted on the investee, the Group will consider the voting rights of the investee held directly or indirectly by the Group on the one hand, and the influence when the executable potential voting rights of current period which are held by the Group and other parties are assumed to be converted to the equity of the investee, such as the current convertible warrants, stock options and convertible corporate bonds issued by the invested entity.

2. Determination of long-term equity investment costs, follow-up measurement and recognition of profit and loss

(1) Recognition of investment costs

Consolidation of enterprises under the same control: the company takes book value portion of consolidated party's owner equity in the consolidated financial statement of the ultimate controlling party as the initial investment costs of long-term equity investment. The difference between the initial cost of the long-term equity investment and the payment in cash, non-cash assets transferred as well as the book value of the debts borne by the merging party shall offset against the capital

reserve. If capital reserve is insufficient, retain earnings shall be adjusted. Where the equity of the merged party under the same control is obtained through multiple transactions by steps, to ultimately form business combination under the same control, the treatment shall be subject to whether it is a "package deal": in case of a "package deal", the accounting treatment is made on each transaction as a transaction with control right. Where the deals do not belong to a package-deal, on the date of combination it shall regard the share of the book value of the owner's equity of the merged enterprise in the merger's consolidated financial statement as the initial cost of the long-term-equity investment. The difference between the initial cost of the long-term equity investment and the sum of the book value of long-term equity investment before the acquisition and book value of consideration paid for obtaining shares at the acquisition date shall offset against the capital reserve. If capital reserve is insufficient, retain earnings shall be adjusted. For the equity investment prior to the acquisition date that is recognized as other comprehensive incomes because it uses equity method or because it is an available-for-sale financial asset, it is not accounted temporarily.

For long-term equity investments acquired by business combinations under non common control, the initial cost of long-term equity investment is the merged cost on the purchase date. The merged costs include assets paid by the purchaser, liabilities incurred or assumed, and the fair value of equity securities issued. Where the equity of the purchased party is obtained through multiple transactions by steps, to ultimately form business combination under different control, the treatment shall be subject to whether it is a "package deal": in case of a "package deal", the accounting treatment is made on each transaction as a transaction with control right. Where the deals do not belong to a package-deal, it shall regard the sum of the share of the book value of the owner' s equity of the merged enterprise and new investment costs as the initial cost of the long-term-equity investment that using cost accounting method. Where the original held equity is accounted as the equity method, the related comprehensive income should not be accounted temporarily. Where the original equity investment is an available-for-sale financial asset, the difference between the fair value and the book value, and the accumulated fair value changes previous recognized in other comprehensive income are transferred to the current profit or loss.

Intermediary costs such as auditing, legal services, assessment and consulting, etc. incurred by the combining party or the purchaser for the business combination and the other management cost should be recorded in the current profit or loss when incurred.

Other equity investment, except the long-term equity investment, shall be measured initially as cost. The initial cost shall, based on how the long-term equity investment is obtained, be determined according to the purchase cost which is actually paid, the fair value of the equity securities issued, the value stipulated in the investment contract or agreement, the fair value or book value of the assets surrendered in the exchange of non-monetary assets, or the fair value of the long-term equity investment. Relevant costs directly attributed to the long-term equity investment, taxes, and other necessary expenditures shall be recorded into investment costs. In case of exerting significant

impact on the investee company due to additional investment or implementing joint control rather than constitute control, the long-term equity investment cost is the sum of fair value of original equity investment determined as per the Accounting Standards for Business Enterprises No.22 – Recognition and Measurement of Financial Instruments and the additional investment cost.

(2) Subsequent measurement and recognition of profit and loss

The Group adopts the cost method for accounting of long-term equity investments that can control the investee; the investment in joint ventures and associates is accounted for using the equity method.

① Long-term equity investment accounted as cost method

When using the cost method, the long-term equity investment is measured at the initial investment cost, and the cost of the long-term equity investment is adjusted when the investment is added or withdrawn. Except for the actual payment for the investment or the cash dividend or profit included in the consideration that has been announced but not yet issued, the current investment income should be recognized in accordance with the cash dividends or profits declared by the investee.

② Long-term equity investment employing the equity method

Under equity method, if the initial cost of a long-term equity investment is more than the investing enterprise's attributable share of the fair value of the invested entity's identifiable net assets for the investment, the initial cost of the long-term equity investment may not be adjusted; if the initial cost of long-term equity investment is less than the investing enterprise's attributable share of the fair value of the invested entity' s identifiable net assets for the investment, the difference shall be included in the current profit or loss, and the cost of the long-term equity investment shall be adjusted simultaneously.

When using the equity method, the investment income and other comprehensive income are recognized separately based on the net profit or loss realized by the invested entity and the share of other comprehensive income that should be shared or assumed, and the book value of the long-term equity investment is adjusted at the same time; The booked value of the long-term equity investment should be reduced correspondingly to the part of the distributed profit or cash dividend calculation declared by the investee; the book value of the long-term equity investment should be adjusted for other changes in the owner's equity of the invested entity except for the net profit or loss, other comprehensive income and profit distribution, which is included in capital reserve. When confirming the share of the net profits and losses of the investee, the net profits of the investee should be adjusted for confirmation based on the fair value of the identifiable assets of the investee etc. at the time of acquisition. If accounting policy and accounting period used by the invested organization are inconsistent with the Group, accounting policy and accounting period of the Group should be used to adjust financial statements of the invested organization, and determine investment income and other comprehensive income. For transactions between the Group and associated enterprises and cooperative enterprise, if invested or sold assets don't constitute an

business, part of unrealized profits and losses from internal transactions belonging to the Group measured according to its proportion should be offset, so as to determine investment profits and losses on this basis. But, unrealized internal transaction losses occurred between the Group and invested organization and belonging to impairment losses of transferred assets aren't offset. If the assets invested by the Group to associated enterprises constitutes a business, and the investor obtains a long-term equity investment without the right of control, the fair value of the investment is used as the initial investment cost of the new long-term equity investment. The difference between the initial investment cost and the book value of the investment business is fully accounted in the current profit or loss. If the assets sold by the Group to associated enterprise constitute a business, the difference between the consideration obtained and the book value of business is fully included in current profits and losses. Where the Group constitutes business by the assets purchased from associated enterprises and joint ventures, accounting treatment shall be conducted pursuant to the provisions of the Accounting Standards for Business Enterprises No.20 - Business Combination, and the gains or losses related to transactions are fully recognized.

When the net losses incurred by the invested entity are confirmed, the book value of the long-term equity investment and other actual long-term equity of net investment to the invested entity could be reduced to zero. Moreover, if the Group has obligations for additional losses of the invested organization, estimated liabilities should be recognized according to obligations predicted to be assumed and included in the current investment loss. If net profits are realized by the invested organization later, the Group should recovery determination of revenue-sharing amount after unconfirmed loss contribution is remedied by revenue-sharing amount.

For long-term equity investment in associated enterprise held by the Group before initial implementation of the new accounting standards, if there is equity investment debit difference related to such investment, the amount of straight-line amortization based on the original remaining period shall be included in current profits and losses.

③ Acquisition of minority shareholder' s interest

When preparing the consolidated financial statements, because of the difference between the new long-term equity investment from the acquisition of minority equity and the share of net assets that should be continuously calculated by the subsidiary since the purchase date (or the merged date) based on the new shareholding ratio. Capital reserve should be adjusted, in case of capital reserve less than offset, adjust the retained earnings.

④ Disposal of Long-term Equity Investment

In consolidated financial statements, if a parent disposes of partially the long-term equity investment to the subsidiary without losing control, the difference between disposal price and its share in the subsidiary' s net assets corresponding to the disposal of long-term equity investment shall be accounted into owner's equity; if a parent disposes of partially the long-term equity investment to the subsidiary and loses the control of the subsidiary for this reason, it shall be treated according to the relevant accounting policies stated in Note IV. (5) "Preparation of Consolidated

Financial Statements".

The disposal of long-term equity investment under other circumstances, for the disposal of equity, the difference between the book value and the actual purchase price should be included in the current profits or losses.

For the long-term equity investment measurement under equity method, the remaining equity after the disposal shall still be measured using equity method, when disposes of the long-term equity, other comprehensive income that has be accounted into owner's equity shall be treated, according to the relevant ratio, on the same basis on which the invested equity directly disposes of relevant assets or liabilities. The shareholder' s equity recognized because of other change in invested entity' s equity except for net profit or loss, other comprehensive income and profit distribution shall be carried forward in proportion to current profit or loss.

For the long-term equity investment accounted as the equity method, if the remaining equity after disposal is still accounted as the equity method, for the other comprehensive income recognized by the equity method or financial instrument and measurement criteria before the control of the investee is obtained, it should accounted with the same basis that the invested entity disposes of directly the relevant assets or liabilities, which is transferred in the current profit or loss in the proportion. The changes in the other owners' equity with equity method other than net profit or loss, other comprehensive income, and profit distribution of the investee are transferred in the current profit or loss.

If the Group loses the control to the invested entity due to the disposal of partial equity investment, when prepares the separate financial statements, the remaining equity after the disposal that still do joint control or has significant influences on the invested entity shall be measured using equity method instead, and the remaining equity shall be adjusted as if it was measured using equity method since obtained; For the remaining equity after the disposal that does not do joint control or have significant influences on the invested entity, it shall conduct accounting treatment according to relevant regulations of the financial instrument recognition and measurement criterion, and the difference between the fair value and book value since the date of losing control shall be included into current profit or loss. Before the company obtains control over the investee, for the other comprehensive income recognized as equity method or financial instrument recognition and measurement standard, it is recorded with the basis that the investee disposes of directly the related assets and liabilities when it loses control over the investee. The changes in the other owners' equity as the equity method other than net profit or loss, other comprehensive income, and profit distribution of the investee are transferred in the current profit or loss when it loses control over the investee. Among them, if the remaining equity after disposal is accounted as the equity method, other comprehensive income and other owners' equity are transferred in proportion; if the residual equity after disposal is accounted as according to the criteria for recognition and measurement of financial instruments, other comprehensive income and all other rights & interests are fully transferred.

If the Group loses joint control of significant influences on the invested entity due to the disposal of partial equity investment, the remaining equity after the disposal shall be measured using financial instrument recognition and measurement criterion, and the difference between the fair value and book value at the date of losing joint control of significant influences shall be included into the current profit or loss. For the other comprehensive income recognized in the original equity investment as the equity method, it is accounted with the same basis that the investee disposes of directly the related assets or liabilities when the equity method is terminated. The changes in the other owners' equity as the equity method other than net profit or loss, other comprehensive income, and profit distribution of the investee are transferred in the current profit or loss fully when the equity method is terminated.

Where the Group gradually disposes of the equity investment to the subsidiary by multiple transactions until losing control of the subsidiary, if the above transactions belong to a package-deal, all transactions shall be treated as a transaction of disposing the equity interest in subsidiary and losing control; Before losing control, the difference between each disposal price and the book value of long-term equity investment corresponding to the disposed equity shall first be recognized as other comprehensive income, and be carried forward to current profit or loss without control when losing control.

(XIV) Investment real estate

Investment real estate refers to real estate held to earn rent or capital appreciation, or both, including rented buildings, etc.

Investment real estate is initially measured at cost. Subsequent expenditures related to investment real estate should be included in the cost of investment real estate if the economic benefits associated with the asset are likely to flow in and its cost can be reliably measured. Other subsequent expenditures are included in the current profits and losses when occurring.

The Group uses the cost model for the subsequent measurement of investment real estate, and processes depreciation or amortization in accordance with policy consistent with the housing construction or land use rights.

For the details of impairment test method and withdrawal method of impairment provision of investment real estate, please refer to Note IV. (20) "Long-term asset impairment".

When real estate for personal use or inventory is converted to investment real estate or investment real estate is converted to real estate for personal use, the book value before conversion is regarded as the recorded value after conversion.

When the use of investment real estate is changed to personal use, the investment of real estate will be converted to fixed assets or intangible assets from the date of change. When the use of real estate for personal use is changed to earning rent or capital appreciation, the fixed assets or intangible assets is converted to investment real estate from the date of change. When conversion occurs, for those are converted to the investment real estate measured by the cost model, the book value before conversion is regarded as the recorded value after conversion; for those are converted

to the investment real estate measured by fair value m model, fair value on the conversion date is regarded as the value recorded after the conversion.

When the investment real estate is disposed of or permanently withdrawn from use and it is expected that no economic benefit can be obtained from its disposal, the recognition of the investment real estate should be terminated. The income from disposal of investment real estate sold, transferred, scrapped or damaged is deducted for its book value and related tax expenses and charged to the current profit or loss.

(XV) Fixed assets

1. Fixed asset recognition conditions

The Group's "fixed assets" refers to the tangible assets that are held for the sake of producing commodities, rendering labor service, renting or business management and their useful life is in excess of one fiscal year. Fixed assets are only recognized when the economic benefits associated with them are likely to flow into the Group and their costs can be measured reliably. Fixed assets are initially measured at cost and taken into account the impact of the estimated cost of disposal.

Fixed assets, including buildings and structures, machinery and equipment, transportation equipment, office equipment and others, shall be recorded at the cost of their acquisition. Among them, the cost of purchased fixed assets includes the relevant taxes such as purchase price and import tariff, and other expenses directly attributable to the asset before the fixed asset is ready for its intended use; the cost of self-constructed fixed asset shall be made up of the necessary expenses incurred before the asset is ready for its intended use; the fixed assets invested shall be recorded at the value agreed in the investment contract or agreement, notwithstanding the contracted or agreed value is unfair, the fair value shall be recorded; for the purpose of the fixed assets leased by finance lease, the relatively lower between the fair value of the leased assets at the lease start date and the minimum lease payment shall be recorded.

2. Depreciation methods of various fixed assets

Apart from fixed assets and land still in service and provided with sufficient depreciation, the Group shall withdraw depreciation from all fixed assets. The depreciation shall base on the average age method and be respectively included in the cost of the relevant assets or current expenses on the basis of the purpose. The classified depreciation period, the estimated net residual value rate and the depreciation rate of the Group's fixed assets are as follows:

Category	Depreciation year limit (years)	Estimated net residual value rate (%)	Yearly depreciation rate (%)
Sewage pipe network facilities (Note)			
House buildings and structures	40-50	5	1.90-2.38
Transportation equipment	5-10	5	9.50-19.00
Office and electronic devices	5-10	5	9.50-19.00
Other devices	5-10	5	9.50-19.00

[Note] Sewage pipe network facilities in the carrying fixed assets of Taizhou Haiyang Water Supply and Drainage Management Co., Ltd., a subsidiary of the Group, are used for sewage treatment in the Hailing area, and Taizhou Haiyang Water Supply and Drainage Management Co., Ltd. has not yet charged fees so far. Upon the approval by Taizhou Hailing District State-owned Assets Supervision and Administration Office, the depreciation for the above sewage pipe network facilities is not made, and at the time of scrapping, they are reported to Taizhou Hailing District State-owned Assets Supervision and Administration Office for approval and write off the book assets directly.

3. Impairment test method and withdrawal method of impairment provision of fixed assets

Impairment test method and provision method for impairment of fixed assets are detailed in Note IV. (20) "long-term impairment of assets".

4. Identification basis and pricing method of financing lease fixed assets

Financing leasing means leasing that all risks and rewards related to the ownership of the assets are transferred materially and its ownership may be finally transferred or not transferred. Fixed assets leased by financial leases are depreciated by the same policy as that of self-owned fixed assets. If it is reasonably certain that the ownership of the leased asset should be obtained when the lease expires, depreciation should be made within the useful life of the leased asset; if it cannot reasonably be determined that the leased asset can be acquired after the expiration of the lease term, the shorter period of the lease term and the useful life of the leased asset is used for the depreciation.

5. Other instructions

For the subsequent expenditures related to fixed assets, if the economic benefits associated with the fixed assets are likely to flow in and their costs can be reliably measured, they are included in the cost of fixed assets and the recognition of the book value of the replaced part is terminated. The other subsequent expenses are included in the current profit or loss when incurred.

The fixed assets are derecognized when the fixed assets are disposed or if no economic benefits are expected to generate from the use or disposal. The difference between the disposal income of fixed assets sold, transferred, scrapped or damaged after deducting their book value and related tax fees is included in the current profit or loss.

The Group reviews the use life, estimated net residual value, and depreciation method of fixed assets at least at the end of the year, and if any change, it is recorded as a change in accounting estimates.

(XVI) Construction in process

The measurement of an ongoing construction project shall be made at its cost. The self-constructed project shall be measured in accordance with direct materials, direct wages, and direct construction fees, etc.; the construction contract project shall be measured by the payable construction price. The equipment installation project shall be recognized with the cost according to the value of the installation equipment, the installation cost, the project operation expenditures, etc.

The costs of ongoing construction projects also include borrowing costs and exchange gains and losses that should be capitalized.

Starting from the date that reached the expected conditions for use, the ongoing construction shall be transferred to fixed assets according to the estimated value on the basis of the project budget, cost or actual cost of the project and start making depreciation from the next month. After the completion of the final accounts, the difference for the original cost of the fixed assets shall be adjusted.

Impairment test method and provision method for impairment of project under construction are detailed in Note IV. (20) "long-term impairment of assets".

(XVII) Borrowing costs

The borrowing costs shall include interest on borrowings, amortization of discounts or premiums on borrowings, ancillary expenses, and exchange balance on foreign currency borrowings. Where the borrowing costs incurred can be directly attributable to the acquisition and construction or production of assets eligible for capitalization, it shall be capitalized and recorded into the costs of relevant assets when the assets disbursements have already incurred, the borrowing costs has already incurred, and the acquisition and construction or production activities which are necessary to prepare the asset for its intended use or sale have already started. When the qualified asset under acquisition and construction or production is ready for the intended use or sale, the capitalization of the borrowing costs shall be ceased. Other borrowing costs shall be recognized as expenses at the present period.

The actual interest expenses of the special borrowings incurred in the current period should be capitalized after subtracting the interest income earned by the unutilized borrowing funds from bank or the investment income obtained from the temporary investment; the general borrowings should be determined for the amount of capitalization as following, the weighted average of asset expenditures that the accumulative assets expenditure exceeds the special borrowings is multiplied by the capitalization rate of general borrowings. The capitalization rate is determined on the basis of weighted average interest rate of the general borrowings. During the capitalization period, the foreign exchange differences on foreign currency specific borrowings should be capitalized; exchange differences on foreign currency general borrowings should be recorded in the current profits and losses.

Assets eligible for capitalization refer to the fixed assets that require a long period of time for acquisition, construction, or production for use or sale, investment real estate, inventory, etc.

Where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended till the acquisition and construction or production of the asset restarts.

(XVIII) Intangible assets

Intangible assets are identifiable non-monetary assets held or controlled by the Group and

without physical form.

Intangible assets are initially measured at cost. Expenditures related to intangible assets are included in the cost of intangible assets if the relevant economic benefits are likely to flow into the Group and their costs can be reliably measured. Expenditure for other items is included in the current profit or loss when incurred.

Land use rights acquired are usually accounted as intangible assets. The plant and other buildings of self-development and construction, the related land use rights expenditures and building construction costs are accounted as intangible assets and fixed assets, respectively. For the purchased houses and buildings, the relevant price should be allocated between the land use rights and the buildings. If it is difficult to allocate them reasonably, all of them should be treated as fixed assets.

Intangible assets with limited useful lives are amortized by the straight line method over their expected useful lives from the moment they are available for use, less their estimated net residual value and the accumulative amount of accrued impairment losses. Intangible assets with indefinite useful lives are not amortized.

At the end of the period, the useful life and amortization method of intangible assets with limited useful life are reviewed, if any change occurs, they are treated as changes in accounting estimates. In addition, the service life of an intangible asset with an indefinite useful life is reviewed. If there is evidence that the period during which the intangible asset brings economic benefits to the enterprise is predictable, the service life of the intangible asset is estimated and the intangible asset with a finite service life is amortized as the amortization policy.

Impairment test method and provision method for impairment of intangible assets are detailed in Note IV. (20) "long-term impairment of assets".

(XIX) Long-term deferred expenses

The Group's long-term deferred expenses refer to expenses that have incurred but shall be assumed in the current and subsequent periods and subject to amortization period of more than one year (excluding one year). The foresaid expenses shall be evenly amortized in the beneficiary periods. If the long term prepaid expense item does not benefit the subsequent accounting period, the surplus value of the item that has not been amortized shall be transferred to the current profits and losses.

(XX) Long-term asset impairment

For non-current non-financial assets such as fixed assets, construction in progress, intangible assets with limited service life, investment real estate measured in cost mode, and long-term equity investments in subsidiaries, associated enterprises, joint ventures, etc., the Group should determine whether there are signs of impairment on the balance sheet date. If there is any sign of impairment, its recoverable amount is estimated and the impairment test is conducted. For goodwill, intangible assets with an indefinite useful life, and intangible assets that have not yet reached their usable status are tested for impairment annually, irrespective of whether there is any sign of

impairment.

If the impairment test results indicate that the recoverable amount of the asset is less than its book value, the difference should be withdrawn and accounted as impairment loss. The recoverable amount is the higher of the fair value of the assets minus the disposal expenses and the present value of the estimated future cash flow of the assets. The fair value of the asset is determined on the basis of the price of the sales agreement in an arm's length transaction. If there is no sales agreement but there is an active market for assets, the fair value is determined on the basis of the buyer's bid for the asset; if there is no sales agreement and active asset market, the most available good information is based to estimate the fair value of asset. Disposal expenses include legal fees related to the disposition of assets, related taxes, handling expenses, and direct expenses incurred in bringing assets into a saleable state. The present value of the expected future cash flow of the assets is determined by the amount of discounted cash flow selected in accordance with the estimated future cash flow generated during the continuous use and final disposal of the assets. The impairment provision of assets is calculated and confirmed on the basis of individual assets. If it is difficult to estimate the recoverable amount of a single asset, the asset group to which the asset belongs should be used to determine the recoverable amount of the asset group. Asset groups are the smallest portfolio of assets that can generate cash inflows independently.

For the goodwill separate listed in the financial statements, the book value of goodwill is amortized to the asset group or combination of asset groups that are expected to benefit from the synergies of the business combination when assessing impairment. If the test result shows that the recoverable amount of an asset group or a combination of asset groups which includes the goodwill that have been apportioned to is lower than its book value, it shall be recognized as the corresponding impairment loss. The amount of the impairment loss shall first charge against the book value of the goodwill which are apportioned to the asset group or combination of asset groups, then charge it against the book value of other assets in proportion to the weight of other assets in the asset group or combination of asset groups with the goodwill excluded.

Once any loss of the above asset impairment is recognized, the value recoverable shall not be switched back in the future accounting periods.

(XXI) Employee remuneration

The employee remuneration of the Group refer to the various forms of remuneration or compensation provided by the Group in order to obtain services provided by employees or to terminate labor relations, including short-term remuneration, post service welfare, etc. The benefits provided by the Group to employees' spouses, children and other beneficiaries are also included in the employee remuneration.

1. Short-term remuneration refers to the remuneration of employees that the Group needs to in full within twelve months after the end of the annual reporting period in which employees provide related services, except for the compensation for the revocation of the labor relationship with employees. The short-term remuneration of the Group includes: wages, bonuses, allowances and

subsidies for employees, employee benefits, medical insurance, employment injury insurance, maternity insurance and other social insurances, housing funds, trade union funds and employee education funds and other short-term remuneration.

During the accounting period in which the employees provide services, the Group recognizes the actual short-term remuneration as liabilities, and makes it included in the current profits and losses or related asset costs according to the beneficiaries of the services provided by the employees. If the short-term remuneration is a non-monetary benefit, it is measured at fair value.

2. Post-employment welfare refers to all forms of remuneration or welfare granted by the Group after employee retirement or cancelation of labor relationship with the Group for the purpose of obtaining service provided by employee, except short-term remuneration and dismissal welfare.

The defined contribution plans of the Group refer to the contribution of the basic old-age insurance, unemployment insurance and so on according to the relevant regulations of the local government. During the accounting period in which the employees provide services, the amount to be paid is calculated on the basis of the local contribution base and proportion, which is recognized as liabilities and is included in the current profits and losses or related asset costs.

(XXII) Estimated liabilities

When the obligation related to contingencies simultaneously meets the following conditions, it is recognized as estimated liability: (1) such obligation is the current obligation assumed by the Group; (2) the performance of such obligation is likely to cause outflow of economic benefits; (3) the amount of such obligation can be reliably measured.

On the balance sheet date, the estimated liabilities are measured according to the best estimate of expenditures required for performing relevant current obligations, considering such factors as relevant risks of contingent event, uncertainties and currency time value, etc.

If all or part of expenditures required for liquidation of estimated liabilities are expected to be compensated by the third party, when the compensation amount is basically determined to be receivable, it is recognized separately as asset, and the recognized compensation amount does not exceed book value of the estimated liabilities.

(XXIII) Preferred stock, perpetual bond and other financial instruments

(1) Distinction between perpetual bond and preferred stock

The financial instruments issued by the Group such as perpetual bond that meet the following conditions are regarded as equity instruments:

① Such financial instruments do not include contractual obligations to deliver cash or other financial assets to the other party or exchange financial assets or financial liabilities with other parties under potentially adverse conditions;

② If such financial instruments must or may be settled by using the company's own equity instruments in the future, and if such financial instruments are underivative instruments, they exclude the contractual obligations to deliver variable number of own equity instruments for settlement; if they are derivative instruments, the Group can only settle such financial instruments

by exchanging fixed amount of cash or other financial assets with fixed number of own equity instruments.

Except for the financial instruments classified as equity instruments under the above conditions, other financial instruments issued by the Group shall be classified as financial liabilities.

If the financial instrument issued by the Group is compound financial instrument, it shall be recognized as a liability as per the fair value of liability component, and the amount after the actually received amount deducting the fair value of liability component shall be recognized as "other equity instrument". The transaction costs incurred for issuing compound financial instrument are apportioned between liability component and equity component as per their respective proportion to the total issuance price.

(2) Accounting method for perpetual bond

Financial instruments such as perpetual bonds and preferred stocks categorized as financial liabilities, their relevant interests, dividends, gains or losses, as well as gains or losses arising from redemption or refinancing, etc., except for the borrowing cost eligible for capitalization (see Note IV. (17) "Borrowing costs"), are included in the current profits and losses.

For the financial instruments of perpetual bond, preferred stock, etc. classified as equity instruments, during their issuance (including refinancing), repurchase, sale or cancellation, the Group handles as equity changes, and related transaction costs are also deducted from equity. The Group's distribution to holders of equity instruments is regarded as profit distribution.

The Group doesn't recognize changes to fair value of equity instruments.

(XXIV) Income recognition principle

The Group's operating incomes mainly include commodity sales incomes, labor service incomes, rental incomes, interest incomes and other business incomes, etc. Income recognition principle is as follows:

1. Commodity sales income

When major risks and rewards of the commodity ownership has been transferred to the buyer, without retaining the continuous management right normally associated with the ownership or effective control of the sold commodity, the amount of income can be reliably measured, relevant economic benefits are likely to flow into the company, and relevant costs that have incurred or will incur can be reliably measured, the commodity sales income is recognized as achieved.

2. Labor income provision

In case the result of provided labor transaction can be reliably estimated, the provided labor income is recognized as per the work completion percentage method on the balance sheet date. The progress of labor transaction completion is determined as per the proportion of incurred labor cost to the estimated total cost. The results of labor service provision transaction can be reliably estimated refer to simultaneously satisfying: ① the amount of incomes can be reliably measured; ② relevant economic benefits are likely to flow into the enterprise; ③ the progress of transaction completion can be reliably determined; ④ the costs that have incurred and will incur in transaction can be reliably measured. If the

result of provided labor transaction cannot be reliably estimated, the provided labor income shall be recognized according to the amount of labor cost that has incurred and is expected to be compensated, and the incurred labor cost is deemed as current expense. If the incurred labor cost is expected not to be compensated, the income is not recognized.

When the contract or agreement signed between the Group and other companies includes commodity sales or labor provision, if the part of commodity sales and the part of labor provision can be distinguished and measured separately, the part of commodity sales and the part of labor provision shall be handled separately; if the part of commodity sales and the part of labor provision cannot be distinguished, or they can be distinguished but not measured separately, such contract shall be wholly handled as commodity sales.

3. Rental incomes

According to the lease date stipulated in lease contract and agreement (if free lease period exists, it shall be considered) and the lease amount, when relevant rental fee has been received or receipt evidence has been obtained, the rental incomes are recognized as achieved.

4. Interest incomes

As calculated and determined according to the time of using the Group's monetary funds and the interest rate stipulated in relevant loan agreement, when relevant income amount has been received or receipt evidence has been obtained, the interest incomes are recognized as achieved.

5. Other business incomes:

As stipulated in relevant contract and agreement, when transaction-related economic benefits are likely to flow into the enterprise, income amount can be reliably measured, and income-related costs that have incurred or will incur can be reliably measured, other business incomes are recognized as achieved.

(XXV) Government grants

Government grants refer to monetary assets and non-monetary assets obtained by the Group free from the government, excluding the capital invested by the government as investor and entitled to corresponding owner's equity. Government grants are divided into asset-related government grants and revenue-related government grants. If government grants are monetary assets, measure according to received or receivable amount. Government grants as non-monetary assets shall be measured at fair value; if fair value can't be obtained reliably, it shall be measured at nominal amount. Government grants measured at nominal amount are directly charged to current profits and losses.

The Group usually recognizes and measures government grants as per the paid-in amount when actually received. Nevertheless, in case of conclusive evidence at the end of period to show compliance with relevant criteria of fiscal support policy provisions and expected receipt of fiscal support funds, measure in accordance with the amount receivable. Government grants measured in accordance with the amount receivable shall simultaneously satisfy the following criteria: (1) the amount of receivable grants has been confirmed by document of government authority, or may be

reasonably measured pursuant to relevant provisions of officially promulgated fiscal fund administration measures, and the amount is expected to have no significant uncertainty; (2) it is subject to the administrative measures for fiscal support project and fiscal fund officially promulgated by local fiscal authority and actively disclosed pursuant to the Government Information Disclosure Regulations, and such administrative measures should be generalized preferential (any enterprise that meets the specified criteria can apply), rather than formulated for a specific enterprise; (3) the time limit of payment has been clearly promised in relevant subsidy approval document, and the payment of such amount is guaranteed by corresponding fiscal budget, so as to reasonably ensure receipt within the prescribed time limit;

Asset-related government subsidy is recognized as deferred income and included in current profits and losses within the service life of relevant asset in a reasonable and systematic manner. If the income-related government subsidy is used to compensate for relevant costs or losses after the compensation period, it is recognized as deferred income and included in current profits and losses in the period of recognizing relevant costs or losses; if it is used for compensating the incurred relevant costs or losses, it is directly included in current profits and losses.

The government grants that include both asset-related part and income-refated part shall be accounted for respectively by distinguishing the different parts; in case of difficult to distinguish, they shall be classified as revenue-related government grants as a whole.

The government grants related to the daily activities of the Group are included in other income or write down related costs in accordance with the substance of the economic business; the government grants irrelevant to the daily activities are included in non-operating income.

In case the recognized government grants need to be returned, the related deferred income balance shall write down the relevant deferred income book balance and the exceeding part is included in the current profits and losses; and shall be directly charged to the current profits and losses.

(XXVI) Deferred income tax assets and deferred income tax liabilities

1. Current income tax

On the balance sheet date, the current income tax liabilities (or assets) formed in current and prior period are measured at the expected amount of income tax payable (or refundable) calculated in accordance with the tax law. The amount of taxable income based on which the current income tax expense is calculated is drawn after corresponding adjustment of this year's pre-tax accounting profit made pursuant to relevant tax law.

2. Deferred income tax assets/deferred income tax liabilities

For the gap between book value of some assets and liabilities and their tax basis, as well as the temporary difference arising from the gap between book value of the items which are not recognized as assets and liabilities but whose taxable basis can be determined according to the tax law, the balance sheet liability method is used to recognize deferred income tax assets and deferred income tax liabilities.

For the taxable temporary difference related to initial recognition of goodwill and initial recognition of assets or liabilities arising from the trade, instead of business combination, unaffecting accounting profit and taxable income (or deductible loss) when incurred, relevant deferred income tax liabilities are not recognized. In addition, for the taxable temporary difference related to investment of subsidiaries, associated enterprises and joint ventures, if the Group is able to control the time of temporary difference return, and such temporary difference is unlikely to reverse in the foreseeable future, relevant deferred income tax liabilities are not recognized as well. Apart from above exceptions, the Group recognizes deferred tax liabilities incurred from all other taxable temporary differences.

For the deductible temporary difference related to initial recognition of assets or liabilities arising from the trade, instead of business combination, unaffecting accounting profit and taxable income (or deductible loss) when incurred, relevant deferred income tax assets are not recognized. In addition, for the deductible temporary difference related to investment of subsidiaries, associated enterprises and joint ventures, if the temporary difference is unlikely to reverse in the foreseeable future, or the taxable income is unlikely to acquire to offset the deductible temporary difference in the future, relevant deferred income tax assets are not recognized. Except for the above exceptions, the Group recognizes deferred income tax assets arising from other deductible temporary differences, limited to the taxable income that is likely to obtain to offset the deductible temporary difference.

For the deductible losses and tax credits that can be carried forward in subsequent years, relevant deferred income tax assets are recognized, limited to the future taxable income that is likely to obtain to offset the deductible losses and tax credits.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured as per the applicable tax rate during the period of expected recovery for relevant assets or liquidation of relevant liabilities, according to the tax law.

On the balance sheet date, the book value of deferred income tax assets is reviewed; if it is likely not to obtain sufficient taxable income to offset the benefits of deferred income tax assets in the future, the book value of deferred income tax assets shall be written off. If sufficient taxable income may be obtained, the write-off amounts shall be reversed.

3. Income tax expenses

Income tax expenses include current income tax and deferred income tax.

Except that the current income tax and deferred income tax related to the transaction and matter recognized as other comprehensive income or directly charged to owner's equity are included in other comprehensive income or owner's equity, as well as the deferred income tax adjustment of goodwill book value arising from business combination, other current income taxes and deferred tax expenses or incomes are included in current profits and losses.

4. Income tax offsetting

When having legitimate right of net settlement, and intending to execute net settlement or

concurrently obtaining assets and settling liabilities, the Group's current income tax assets and current income tax liabilities are reported at the net amount after offsetting.

When having legitimate right of net settlement for current income tax assets and current income tax liabilities, and the deferred income tax assets and deferred income tax liabilities are related to the income tax levied on the same taxpayer by the same tax collection department or related to different taxpayers, but in every future period of reversal for the important deferred income tax assets and liabilities, the involved taxpayer intends to execute net settlement of current income tax assets and liabilities or simultaneously obtains assets and settles liabilities, the deferred income tax assets and deferred income tax liabilities are reported at the net amount after offsetting.

(XXVII) Leasing

Financing leasing means leasing that all risks and rewards related to the ownership of the assets are transferred materially and its ownership may be finally transferred or not transferred. The other lease in addition to financing lease is operating lease.

1. The Group records operating leasing business as the lessee

Rental expenses of operating leasing shall be recorded into related asset cost or current profit and loss using stralght line method in each period during lease. Initial direct expenses are charged to current profits and losses. Contingent rents shall be recorded into current profit and loss of the period in which they actually arise.

2. The Group records operating leasing business as the lessor

Rental income of operating leasing shall be recognized as current profit and loss using straight line method in each period during lease. The initial direct costs with large amounts shall be capitalized upon occurrence and shall be recorded into current profit and loss by stages in same base as the recognized rental income in the whole lease period; other initial direct costs with small amounts shall be recorded into current profit and loss upon occurrence. Contingent rents shall be recorded into current profit and loss of the period in which they actually arise.

3. The Group records financial leasing business as the lessee

On the lease start date, the lower between fair value of leased asset on the lease start date and current value of minimum lease payment is deemed as recorded value of leased asset, the minimum lease payment is deemed as recorded value of long-term payables, and the difference is deemed as unrecognized financing expense. In addition, the initial direct expenses incurred during lease negotiation and signing of lease contract, and attributable to the lease project are also included in the value of leased asset. The balances of minimum lease payment after deducting unrecognized financing expense are listed as long-term liabilities and long-term liabilities due within one year respectively.

Unrecognized financing expenses are calculated by the actual interest rate method during the lease period to recognize current financing expenses. Contingent rents shall be recorded into current profit and loss of the period in which they actually arise.

4. The Group records financial leasing business as the lessor

On the lease start date, the sum of minimum lease receipt amount on the lease start date and initial direct expense is deemed as recorded value of financing lease receivables, and the unguaranteed residual value is recorded simultaneously; the difference between the minimum lease receipt amount, initial direct expense and unguaranteed residual value sum and the present value sum is recognized as unrealized financing revenues. The balances of financial lease receivables after deducting unrealized financing revenues are listed as long-term claims and long-term claims due within one year respectively.

Unrealized financing revenues are calculated by the actual interest rate method during the lease period to recognize current financing incomes. Contingent rents shall be recorded into current profit and loss of the period in which they actually arise.

(XXVIII) Discontinued operation

Discontinued operations refer to the integral part that meets one of the following conditions, has been disposed of or classified as held-for-sale by the Group and can be separately classified during operation and preparation of financial statement: ① this integral part represents an independent primary business or a major operating area; ② this integral part is an intended part of disposal plan on an independent primary business or a major operating area; ③ this integral part is a subsidiary acquired solely for resale.

(XXIX) Major accounting policy and accounting estimate changes, accounting error corrections

1. Changes and influence of accounting policies

Pursuant to the Notice on Amending, Printing and Issuing the 2019 General Corporate Financial Statement Format (Accounting [2019] No.6) promulgated by the Ministry of Finance on April 30, 2019, as well as the Notice on Amending, Printing and Issuing the Consolidated Financial Statement Format (2019 Version) (Accounting [2019] No.16), upon the approval of Board of Directors, the Group leveraged trace-back adjustment method on the statement subjects involved in this accounting policy change, and the 2018 financial statement items were adjusted as follows:

Unit: Yuan Currency: RMB

Items and amounts of original presented statement		Items and amounts of new presented statement	
Notes receivable and accounts receivable	233,160,710.59	Bills receivable	1,100,000.00
		Accounts receivable	232,060,710.59
Notes payable and accounts payable	961,094,917.72	Bills payable	500,000,000.00
		Accounts payable	461,094,917.72

2. Important accounting estimate change and impact

During the statement period, the Group had no accounting estimate changes.

V. Tax items

Main tax types and tax rates applicable to the Group are as follows:

Tax items	Tax calculation basis	Tax rate	Note
VAT	Commodity sales income	16% (13%)	
	Agent construction management fee incomes	6%	
	Agent construction project incomes	5%	Simple collection

Tax Items	Tax calculation basis	Tax rate	Note
	Rental incomes	10% (9%), 5%	Simple collection 5%
	Resettlement house sales incomes	5%	Simple collection
	Interest incomes	6%	
Urban maintenance and construction tax	Payable turnover tax amount	7%	
Education surcharge	Payable turnover tax amount	5%	
Housing tax	Original value of house buildings × (1-30%)	1.2%	
	House rental incomes	12%	
Urban land use tax	First-grade land area in downtown Taizhou	RMB 16/m2	
	Second-grade land area in downtown Taizhou	RMB 12/m2	
	Third-grade land area in downtown Taizhou	RMB 8/m2	
	Fourth-grade land area in downtown Taizhou	RMB 5/m2	
	Fifth-grade land area in downtown Taizhou	RMB 3/m2	
Increment tax on land value	The added value arising from paid transfers of the right to the use of state-owned land and the property right of the above-ground buildings and other attachments	Calculate and pay as per four-level super-rate progressive tax rate. Pre-levy rate is 2%-4%	
Corporate income tax (Note 1)	Income tax payable	25%	

Note 1: Entrusted by Hailing District of Taizhou City, the company undertook urban infrastructure construction functions within the scope of authorization; in the past years, Taizhou Hailing District Government allocated certain special urban construction subsidy funds and discount interest subsidy funds, etc., and the above special government subsidy was used for infrastructure construction of Hailing District of Taizhou City, under separate financial accounting and supervision by Taizhou Hailing District Finance Bureau. As identified by Taizhou Hailing District Finance Bureau, aforesaid land consolidation incomes and financial subsidy incomes complied with provisions in the document Notice on the Issues Concerning the Treatment of Corporate Income Tax for Special-purpose Financial Funds (Financial Tax [2011] No.70), and were not treated as taxable incomes. Meanwhile, during tax collection and management work in the past years, the competent tax department did not levy corporate income tax on the aforesaid incomes obtained by the company. Therefore, when preparing financial statement, the company did not make provision for corporate income tax on the land consolidation incomes and government subsidy incomes from the Taizhou Hailing District Government.

Note 2: Pursuant to the Notice of Ministry of Finance and State Taxation Administration on the Deduction of Input Tax Amount of Leased Fixed Assets and Other VAT Policies (Financial Tax [2017] No.90) VI "From January 1, 2018 to December 31, 2019, the guarantee fee incomes obtained from taxpayers providing financing guarantee for bond issuance and borrowings of farmers, small-sized

enterprises, micro-sized enterprises and individual business households, as well as the re-guarantee fee incomes obtained from providing re-guarantee for the above financing guarantee (hereinafter referred to as "original guarantee") are exempted from VAT..." , guarantee fee incomes obtained by the subsidiary Taizhou Haicheng Financing Guarantee Co., Ltd. in compliance with the above regulation were exempted from VAT.

VI. Descriptions of important items in the consolidated financial statement

In the following notes (including the main item notes of corporate financial statement), unless otherwise specified, the beginning of year refers to January 1, 2019, the end of period refers to December 31, 2019, the current period refers to 2019, and the previous period refers to 2018.

(I) Monetary fund

1. Monetary fund balance

Item	Closing balance	Opening balance
Cash	122,096.62	90,215.48
Bank savings	6,535,659,676.42	8,718,288,518.74
Other monetary funds	523,491,877.14	540,499,911.28
Total	7,059,173,650.18	9,258,878,645.50

2. Details and restricted use of other monetary funds

Item	Closing balance	Reasons for restricted use
Security deposit	400,000,000.00	Bank bill deposit
Security deposit	113,286,677.04	Guarantee business-related refundable deposit
Time certificate of deposit	150,000,000.00	Provide pledged guarantee for bank bill issuance of Taizhou Huimin New City Construction Co., Ltd.
Time certificate of deposit	63,000,000.00	Provide pledged guarantee for RMB 60 million loan of Agricultural Bank of China Taizhou Hailing Sub-branch
Total	726,286,677.04	

(II) Bills receivable

1. Classified disclosure of notes receivable

Item	Closing balance	Opening balance
Bank acceptance bill	10,832,571.99	
Commercial acceptance bill		1,100,000.00
Less: impairment reserve of bills receivable		
Total	10,832,571.99	1,100,000.00

2. Bills receivable with bad debt provision by aging analysis method:

Aging	Closing balance		
	Bills receivable	Bad debt reserve	Accrual ratio
Within 1 years	10,832,571.99		0%
Total	10,832,571.99		

3. As of the end of current period, the Group had discounted undue bills receivable of RMB 150 million;

4. As of the end of current period, the Group had no bills receivable used for pledge;

5. As of the end of current period, the Group had endorsed undue bills receivable of RMB 192 million;

6. As of the end of current period, the Group had no bills converted to accounts receivable due to the drawer's failure to perform the agreement.

(III) Accounts receivable

1. Disclosure of receivable classification

Category	Closing balance			
	Book balance	Ratio	Bad debt reserve	Book value
Account receivable with significant amount of single item and separate allowance for bad debts				
Receivables with bad debt provision as per credit risk characteristic combinations	288,669,440.01	100.00%	4,000.00	288,665,440.01
Of which: receivables of government units and state-owned holding enterprises	287,116,272.80	99.46%		287,116,272.80
Receivables of associated parties	2,560.00	0.00%		2,560.00
Aging portfolio	1,550,607.21	0.54%	4,000.00	1,546,607.21
Account receivable with insignificant amount of single item but separate allowance for bad debts				
Total	288,669,440.01	100.00%	4,000.00	288,665,440.01

Continued

Category	Opening balance			
	Book balance	Ratio	Bad debt reserve	Book value
Account receivable with significant amount of single item and separate allowance for bad debts				
Receivables with bad debt provision as per credit risk characteristic combinations	237,483,788.09	100.00%	5,423,077.50	232,060,710.59
Of which: receivables of government units and state-owned holding enterprises	14,460,039.96	6.09%		14,460,039.96
Receivables of associated parties	210,253,197.29	88.53%		210,253,197.29
Aging portfolio	12,770,550.84	5.38%	5,423,077.50	7,347,473.34
Account receivable with insignificant amount of single item but separate allowance for bad debts				
Total	237,483,788.09	100.00%	5,423,077.50	232,060,710.59

2. In the portfolio, accounts receivable with bad debt provision by aging analysis method:

Aging	Closing balance		
	Accounts receivable	Bad debt reserve	Accrual ratio
Within 1 years	1,546,607.21		0%
1-2 years			5%
2-3 years			10%
3-4 years			20%
4-5 years			50%

Aging	Closing balance		
	Accounts receivable	Bad debt reserve	Accrual ratio
Over 5 years	4,000.00	4,000.00	100%
Total	1,550,607.71	4,000.00	

(Continued)

Aging	Opening balance		
	Accounts receivable	Bad debt reserve	Accrual ratio
Within 1 years	1,854,778.26		0%
1-2 years	3,009,477.35	150,473.87	5%
2-3 years	1,149,750.00	114,975.00	10%
3-4 years	1,741,057.00	348,211.40	20%
4-5 years	412,142.00	206,071.00	50%
Over 5 years	4,603,346.23	4,603,346.23	100%
Total	12,770,550.84	5,423,077.50	

3. Main accounts receivable of closing balance classified by the overdue party:

Overdue entities	Closing balance	Percentage of closing balance
Taizhou Hailing District Finance Bureau	284,207,658.60	98.45%
Total	284,207,658.60	98.45%

(IV) Advance payments

1. Advance payment is listed by age:

Aging	Closing balance		Opening balance	
	Amount	Ratio	Amount	Ratio
Within 1 years	23,436,832.83	87.27%	7,969,014.38	36.28%
1-2 years	3,417,625.99	12.73%	12,217,917.60	55.63%
2-3 years			380,000.00	1.73%
over 3 years			1,397,212.65	6.36%
Total	26,853,458.82	100.00%	21,964,144.63	100.00%

2. Top 5 closing balance of advance payments:

Overdue entities	Closing balance	Percentage of closing balance
Shanghai Mingzhi International Trade Co., Ltd.	9,840,000.00	36.64%
China City Construction No.13 Engineering Bureau	4,291,359.44	15.98%
Taizhou Xintai Construction Engineering Co., Ltd.	4,286,771.00	15.96%
Taizhou Haitong Energy Conservation Technology Co., Ltd.	2,587,980.00	9.64%
Taizhou Haitong Energy Conservation Technology Co., Ltd.	1,801,884.00	6.71%
Total	22,807,974.44	84.93%

(V) Other receivables

Item	Closing balance	Opening balance
Interests receivable		
Dividends receivable		
Other receivables	4,232,506,872.05	3,567,752,216.11

Item	Closing balance	Opening bafance
Total	4,232,506,872.05	3,567,752,216.11

1. Other receivables

(1) Disclosure of other receivable classification:

Category	Closing balance			
	Book balance	Ratio	Amount of bad debt reserves	Book value
Account receivable with significant amount of single item and separate allowance for bad debts				
Receivables with bad debt provision as per credit risk characteristic combinations	4,251,974,042.24	100.00%	19,467,170.19	4,232,506,872.05
Of which: receivables from government units and state-owned holding companies	2,837,963,631.75	66.75%		2,837,963,631.75
Receivables of associated parties	964,557,538.55	22.68%		964,557,538.55
Combination of security and deposits	6,480,000.00	0.15%		6,480,000.00
Portfolio of receivables secured by project funds	232,083,476.71	5.46%	1,160,417.38	230,923,059.33
Aging portfolio	210,889,395.23	4.96%	18,306,752.81	192,582,642.42
Account receivable with insignificant amount of single item but separate allowance for bad debts				
Total	4,251,974,042.24	100.00%	19,467,170.19	4,232,506,872.05

(Continued)

Category	Opening balance			
	Book balance	Ratio	Amount of bad debt reserves	Book value
Account receivable with significant amount of single item and separate allowance for bad debts				
Receivables with bad debt provision as per credit risk characteristic combinations	3,589,932,845.77	100.00%	22,180,629.66	3,567,752,216.11
Of which: receivables from government units and state-owned holding companies	2,600,855,748.10	72.45%		2,600,855,748.10
Receivables of associated parties	563,677,860.92	15.70%		563,677,860.92
Portfolio of receivables secured by project funds	137,562,278.76	3.83%	687,811.40	136,874,467.36
Aging portfolio	287,836,957.99	8.02%	21,492,818.26	266,344,139.73
Account receivable with insignificant amount of single item but separate allowance for bad debts				
Total	3,589,932,845.77	100.00%	22,180,629.66	3,567,752,216.11

2. In the portfolio, accounts receivable for which the provision for bad debts is made by the aging analysis method:

Aging	Closing balance

	Other receivables	Bad debt reserve	Accrual ratio
Within 1 years	173,665,046.97		0%
1-2 years	4,569,409.25	228,470.46	5%
2-3 years	6,783,689.33	678,368.93	10%
3-4 years	7,318,680.32	1,463,736.06	20%
4-5 years	5,232,780.00	2,616,390.00	50%
Over 5 years	13,319,787.36	13,319,787.36	100%
Total	210,869,395.23	18,306,752.81	

(Continued)

Aging	Opening balance		
	Other receivables	Bad debt reserve	Accrual ratio
Within 1 years	195,288,574.09		0%
1-2 years	21,999,157.29	1,099,957.88	5%
2-3 years	31,705,782.11	3,170,578.21	10%
3-4 years	24,875,032.05	4,975,006.41	20%
4-5 years	3,442,273.34	1,721,136.67	50%
Over 5 years	10,526,139.11	10,526,139.11	100%
Total	287,836,957.99	21,492,818.26	

3. Other receivables with withdrawal of bad debt reserves by using percent of balance method in the combination:

Percentage of balance	Closing balance		
	Other receivables	Bad debt reserve	Accrual ratio
Portfolio of receivables secured by project funds	232,083,476.71	1,160,417.38	0.5%
Total	232,083,476.71	1,160,417.38	

(Continued)

Percentage of balance	Opening balance		
	Other receivables	Bad debt reserve	Accrual ratio
Portfolio of receivables secured by project funds	137,562,278.76	687,811.40	0.5%
Total	137,562,278.76	687,811.40	

4. Other receivables of Top 5 closing balance classified by debtors:

Overdue entities	Closing balance	Percentage of closing balance
Taizhou Haitai New Rural Construction Development Co., Ltd.	1,195,575,306.46	28.12%
Taizhou Huimin New City Construction Co., Ltd.	737,360,477.87	17.34%
Taizhou New Energy Industrial Park Management Committee	310,000,000.00	7.29%
Taizhou Real Estate Management Division	210,582,513.68	4.95%
Taizhou Baolong Real Estate Co., Ltd.	202,765,782.00	4.77%
Total	2,656,284,080.02	62.47%

(VI) Inventories

Item	Closing balance	Opening balance
Development costs - self-built	20,887,274.00	1,765,432,864.49

Item	Closing balance	Opening balance
resettlement house		
Development costs – agent construction resettlement house	3,340,397,309.56	3,103,529,107.67
Developed products	2,352,323,370.43	1,037,140,659.96
Low-value consumables	5,260.86	39,402.05
Turnover house	67,800,347.64	53,686,082.32
Land arrangement	22,262,882,196.13	20,532,912,683.98
Construction consignment project	1,359,451,200.38	1,308,950,304.59
Engineering Construction	5,236,847.93	
Commodity stocks	2,955,339.51	
Total inventories	29,411,939,146.44	27,801,691,105.06
Less: inventory impairment reserve		
Net value of inventories	29,411,939,146.44	27,801,691,105.06

(VII) Non-current assets due within one year

Item	Closing balance	Opening balance
Financing lease receivables	45,259,055.50	6,480,572.81
Total	45,259,055.50	6,480,572.81

(VIII) Other current assets

Item	Closing balance	Opening balance
Structured deposits	100,000,000.00	
Prepaid tax	380,869,569.53	471,029,033.87
VAT input tax offset	1,659,239.19	297,771.24
Other short-term loans of financial leasing company	50,000,000.00	100,000,000.00
Funds collected for special Tianyun Jingyuan affordable house program	81,995,774.28	
Total	614,524,583.00	571,326,805.11

(IX) Available-for-sale financial assets

1. Available-for-sale financial assets are as follows:

Item	Closing balance	Opening balance
Available-for-sale financial assets measured by cost	149,900,000.00	178,358,575.22
Of which: available-for-sale equity tool:	149,900,000.00	178,358,575.22
Less: provision for impairment		
Net value measured by costs	149,900,000.00	178,358,575.22
Total	149,900,000.00	178,358,575.22

2. Available-for-sale equity instruments measured at cost at the end of the year:

Name of the invested entity	Opening balance		Increase in current period	Decrease in current period	Closing balance	
	Amount	Equity ratio			Amount	Equity ratio
Taizhou Haiyang Investment Co., Ltd.	20,000,000.00	20.00%		10,000,000.00	10,000,000.00	10.00%
Taizhou Golden Solar Energy Co., Ltd.	24,500,000.00	1.22%			24,500,000.00	1.22%
Taizhou Rural Commercial Bank Co., Ltd.	104,400,000.00	3.00%			104,400,000.00	3.00%
Taizhou Jiangcheng Municipal Facilities Maintenance Co., Ltd.	6,000,000.00	49.92%			6,000,000.00	49.92%
Jiangsu Haiyu Construction Engineering Co., Ltd.	3,400,000.00	45.29%			3,400,000.00	45.29%
Taizhou Haifa House Demolition Co., Ltd.	800,000.00	26.67%			800,000.00	26.67%
Taizhou North Suburb Vegetable Wholesale Trade Market	358,575.22	33.40%		358,575.22		
Jiangsu Haiwei Venture Capital Co., Ltd.	3,000,000.00	10.00%		3,000,000.00		
Jiangsu Chunlan Air Conditioning Equipment Co., Ltd.	5,000,000.00	3.37%		5,000,000.00		
Taizhou Sunshine Investment Guarantee Co., Ltd.	10,000,000.00	10.00%		10,000,000.00		
Taizhou Weishui Agricultural & Sideline Product Market Operation Management Co., Ltd.	900,000.00	10.00%		900,000.00		
Taizhou Haisheng Advertising Media Co., Ltd.			800,000.00		800,000.00	10.00%
Total	178,358,575.22		800,000.00	29,258,575.22	149,900,000.00	

Note:

(1) Although the Group held more than 20% equity of Taizhou Jiangcheng Municipal Facilities Maintenance Co., Ltd., Jiangsu Haiyu Construction Engineering Co., Ltd., Taizhou Haifa House Demolition Co., Ltd. and other companies, because the above investee companies were all founded by the government and directly managed by other government departments, and the Company did not have control, joint control or significant impact, the company accounted for the above investments as available-for-sale financial assets.

(2) Available-for-sale financial assets of the Company decreased this year due to changes in the consolidation scope.

(X) Long-term accounts receivable

Item	Closing balance	Opening balance
Financing lease receivables	256,339,135.02	15,361,293.34
Total	256,339,135.02	15,361,293.34

(XI) Long-term equity investment

1. Classified long-term equity investment details:

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Investment in associated enterprises		212,063,295.26		212,063,295.26
Subtotal		212,063,295.26		212,063,295.26
Minus: long-term equity investment depreciation reserves				
Total		212,063,295.26		212,063,295.26

2. Details of associated enterprises

Name of the invested entity	Opening balance		Increase or decrease in current period			Closing balance	
	Balance	Equity ratio	Initial investment cost	Adjustment of gains and losses	Other changes	Balance	Equity ratio
Jiangsu Huachen Concrete Co., Ltd.			21,843,600.00	872,172.27	-1,037,827.72	21,477,944.55	20.00%
Taizhou Baolong Real Estate Co., Ltd.			148,000,000.00	-11,240,649.29		136,759,350.71	40.00%
Taizhou Hailing Zhongshe CCCC SDC Environment Control Co., Ltd.			10,800,000.00			10,800,000.00	30.00%
Beichen Supply Chain Management (Taizhou) Co., Ltd.			43,026,000.00			43,026,000.00	30.30%
Total			223,669,600.00	-10,568,477.02	-1,037,827.72	212,063,295.26	

(XII) Investment real estate

1. Investment real estate with the model of cost measurement

Item	Investment property – house buildings	Investment property – under construction	Investment property – land	Total
I. Original book value				
1. Opening balance	24,176,701.29			24,176,701.29
2. Increased amount in current period	3,542,360.00	1,399,559.37	126,824,345.36	131,766,264.73
(1) Outsourcing	3,542,360.00		126,824,345.36	130,366,705.36
(2) Land cost amortization		1,399,559.37		1,399,559.37
3. Decreased amount in current period	24,176,701.29			24,176,701.29

Item	Investment property – house buildings	Investment property – under construction	Investment property – land	Total
(1) Consolidation scope changes	24,176,701.29			24,176,701.29
4. Closing balance	3,542,360.00	1,399,559.37	126,824,345.36	131,766,264.73
II. Cumulative depreciation & amortization				
1. Opening balance	11,483,933.11			11,483,933.11
2. Increased amount in current period	588,218.50		1,399,559.37	1,987,777.87
(1) Provision	588,218.50		1,399,559.37	1,987,777.87
3. Decreased amount in current period	12,058,129.77			12,058,129.77
(1) Consolidation scope changes	12,058,129.77			12,058,129.77
4. Closing balance	14,021.84		1,399,559.37	1,413,581.21
III. Impairment reserve				
1. Opening balance				
2. Increased amount in current period				
3. Decreased amount in current period				
4. Closing balance				
IV. Book value				
1. Opening balance	12,692,768.18			12,692,768.18
2. Closing balance	3,528,338.16	1,399,559.37	125,424,785.99	130,352,683.52

2. At the end of period, the company had no external mortgage on investment property.

3. Amount and reason of investment property without handling property ownership certificate:

Name of projects	Book value	Reasons for uncompleting the Property Ownership Certificate
Land plot in the north of Nantong Road and east of Laodonghe Road	89,157,571.64	Ownership certificate in handling process

Name of projects	Book value	Reasons for uncompleting the Property Ownership Certificate
Land plot in the west of Zhibao Road and north of Yunhui Road	37,666,773.72	Ownership certificate in handling process

(XIII) Fixed assets are as follows:

1. Classification conditions

Item	Houses and buildings	Transportation	Office and electronic devices	Other devices	Sewage pipe network facilities	Total
I. Original book value						
1. Opening balance	330,979,485.81	2,885,713.76	1,840,016.92	2,071,165.06	58,457,176.05	396,233,557.60
2. Increased amount in current period	15,864,622.31	885,440.71	874,111.31	621,584.71	7,297,860.08	25,543,619.12
(1) Outsourcing	15,864,622.31	885,440.71	874,111.31	621,584.71		18,245,759.04
(2) Transfer of engineering under construction					7,297,860.08	7,297,860.08
3. Decreased amount in current period	163,106,942.41	460,941.00		1,511,175.06		165,079,058.47
(1) Disposal or scraping	1,564,840.00	191,501.00		2,600.00		1,758,941.00
(2) Consolidation scope changes	161,542,102.41	269,440.00		1,508,575.06		163,320,117.47
4. Closing balance	183,737,165.71	3,310,213.47	2,714,128.23	1,181,574.71	65,755,036.13	256,698,118.25
II. Cumulative depreciation						
1. Opening balance	64,567,608.70	2,534,305.15	1,554,351.53	1,319,653.00		69,975,918.38
2. Increased amount in current period	7,342,454.97	138,527.34	164,011.85	217,553.18		7,862,547.34
(1) Provision	7,342,454.97	138,527.34	164,011.85	217,553.18		7,862,547.34
3. Decreased amount in current period	25,086,402.68	437,893.95		977,604.72		26,501,901.35
(1) Disposal or scraping	476,950.31	181,925.95		2,470.00		661,346.26
(2) Consolidation scope	24,609,452.37	255,968.00		975,134.72		25,840,555.09

Item	Houses and buildings	Transportation	Office and electronic devices	Other devices	Sewage pipe network facilities	Total
changes						
4. Closing balance	46,823,660.99	2,234,938.54	1,718,363.38	559,601.46		51,336,564.37
III. Impairment reserve						
1. Opening balance						
2. Increased amount in current period						
3. Decreased amount in current period						
4. Closing balance						
IV. Book value						
1. Opening balance	266,411,877.11	351,408.61	285,665.39	751,512.06	58,457,176.05	326,257,639.22
2. Closing balance	136,913,504.72	1,075,274.93	995,764.85	621,973.25	65,755,036.13	205,361,553.88

2. At the end of period, the company had no significant and temporarily idle fixed assets; no fixed assets rent through operating lease; no fixed assets held for sale at the end of year; no fixed assets leased through financing lease.

3. For external mortgage of fixed assets, please refer to "Note VI (19) Short-term borrowings, (28) Long-term borrowings" and "Note XI (2) 2 External mortgage guarantees".

(XIV) Construction in process

Item	Opening balance	Increase in current period	Decrease in current period		Closing balance
			Current transfer to fixed assets	Other decreases	
North City Sewage Treatment Plant Ancillary Pipe Network Project	11,251,101.55	1,043,610.14	1,704,226.75		10,590,484.94
North City Sewage Treatment Plant Pipe Network Extension Project	8,799,280.22	2,493,128.90			11,292,409.12
Northwest Pipe Network Project	10,015,933.69	7,833,951.13	3,174,113.77		14,675,771.05
Old Residential Quarter Rain and Sewage Diversion Project		6,561,803.83	2,419,519.56		4,142,284.27
Haisheng Property Brokerage Warehouse Renovation Project		12,297.17			12,297.17

Item	Opening balance	Increase in current period	Decrease in current period		Closing balance
			Current transfer to fixed assets	Other decreases	
Luckin Coffee Peace Elite Store Project		40,500.00			40,500.00
Luckin Coffee West Station Peace Elite Container Project		5,521.46			5,521.46
Taizhou Stone Material Market Project		1,887,011.37			1,887,011.37
Book balance	30,066,315.46	19,877,824	7,297,860.08		42,646,279.38
Less: provision for depreciation					
Book value	30,066,315.46				42,646,279.38

(XV) Intangible assets

Item	Land use right	Software	Total
I. Original book value			
1. Opening balance	54,166,333.95	17,500.00	54,183,833.95
2. Increased amount in current period		269,049.52	269,049.52
(1) Outsourcing		269,049.52	269,049.52
3. Decreased amount in current period			
4. Closing balance	54,166,333.95	286,549.52	54,452,883.47
II. Accumulated Amortization			
1. Opening balance	13,903,812.25	3,500.00	13,907,312.25
2. Increased amount in current period	1,357,115.78	43,956.47	1,401,072.25
(1) Provision	1,357,115.78	43,956.47	1,401,072.25
3. Decreased amount in current period			
4. Closing balance	15,260,928.03	47,456.47	15,308,384.50
III. Impairment reserve			
1. Opening balance			
2. Increased amount in current period			
3. Decreased amount in current period			
4. Closing balance			
IV. Book value			
1. Opening balance	40,262,521.70	14,000.00	40,276,521.70
2. Closing balance	38,905,405.92	239,093.05	39,144,498.97

Note: For external mortgage of intangible assets at the end of year, please refer to "Note VI (19) Short-term borrowings, (28) Long-term borrowings" and "Note XI (2) 2 External mortgage guarantees".

(XVI) Long-term deferred expenses

Item	Weishui market decoration	Office Building Decoration	Organization costs	Total
I. Original book value				
1. Opening balance	6,820,886.10			6,820,886.10
2. Increased amount in current period		1,094,346.65	268,470.96	1,362,817.61
(1) Outsourcing		1,094,346.65	268,470.96	1,362,817.61
3. Decreased amount in current period	6,820,886.10			6,820,886.10
(1) Consolidation scope changes	6,820,886.10			6,820,886.10
4. Closing balance		1,094,346.65	268,470.96	1,362,817.61
II. Accumulated Amortization				

Item	Weishui market decoration	Office Building Decoration	Organization costs	Total
1. Opening balance	5,456,708.88			5,456,708.88
2. Increased amount in current period	1,023,132.92	91,195.55	268,470.96	1,382,799.43
(1) Provision	1,023,132.92	91,195.55	268,470.96	1,382,799.43
3. Decreased amount in current period	6,479,841.80			6,479,841.80
(1) Consolidation scope changes	6,479,841.80			6,479,841.80
4. Closing balance		91,195.55	268,470.96	359,666.51
III. Impairment reserve				
1. Opening balance				
2. Increased amount in current period				
3. Decreased amount in current period				
4. Closing balance				
IV. Book value				
1. Opening balance	1,364,177.22			1,364,177.22
2. Closing balance		1,003,151.10		1,003,151.10

(XVII) Deferred income tax assets

1. Deferred income tax asset items

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Asset impairment reserve	18,198,607.13	4,549,651.78	17,014,979.64	4,253,744.92
Unrealized profits of internal transaction	1,232,924.07	308,231.02		
Total	19,431,531.20	4,857,882.80	17,014,979.64	4,253,744.92

2. Unrecognized deferred income tax assets

Item	Closing balance	Opening balance
Deductible temporary difference	1,272,563.06	10,588,727.52
Total	1,272,563.06	10,588,727.52

(XVIII) Other non-current assets

Item	Closing balance	Opening balance
Underground road pipe network facilities - sewage pipe network	509,261,040.00	509,261,040.00
Everbright Xinglong trust product	140,000,000.00	
Deferred incomes from sale-leaseback of fixed assets		121,984,430.69
Providing services by installment payment		360,000,065.04
Total	649,261,040.00	991,245,535.73

(XIX) Short-term borrowings

Borrowings category	Closing balance	Opening balance
Credit borrowings		50,000,000.00
Security borrowings	127,000,000.00	170,000,000.00
Pledge borrowings	60,000,000.00	495,000,000.00
Total	187,000,000.00	715,000,000.00

Explanations on classification of short-term borrowings:

1. Guarantee borrowings are detailed as follows:

Borrower	Loan unit	Loan balance	Borrowing date	Repayment date	Guarantor
The Company	Taizhou Rural Commercial Bank Business Department	29,000,000.00	4/28/2019	4/24/2020	Haiyang Technology Co., Ltd. provides security guarantee
The Company	Jiangsu International Trust Co., Ltd.	98,000,000.00	11/18/2019	11/18/2020	Taizhou Golden Sunshine Energy Co., Ltd. provides security guarantee
	Total	127,000,000.00			

2. Pledge borrowings are detailed as follows:

Borrower	Loan unit	Loan balance	Borrowing date	Repayment date	Pledge
Gucheng Construction Company	Agricultural Bank of China Taizhou Hailing Sub-branch	60,000,000.00	6/20/2019	6/19/2020	Gucheng Construction Company provides RMB 63 million certificate of deposit guarantee
	Total	60,000,000.00			

(XX) Bills payable

Item	Closing balance	Opening balance
Bank acceptance bill	400,000,000.00	500,000,000.00
Commercial acceptance bill	200,000,000.00	
Total	600,000,000.00	500,000,000.00

(XXI) Accounts payable

1. Other payables presented by nature of funds

Aging	Closing balance		Opening balance	
	Amount	Ratio	Amount	Ratio
Within 1 years	326,721,575.00	42.77%	30,399,154.20	6.59%
1-2 years	26,481,426.95	3.47%	105,486,389.83	22.88%
2-3 years	97,862,257.13	12.81%	149,834,124.64	32.50%
over 3 years	312,755,679.74	40.95%	175,375,249.05	38.03%
Total	763,820,938.82	100.00%	461,094,917.72	100.00%

2. Top 5 closing balance of accounts payable:

Name of creditor's right unit	Closing balance	Percentage of closing balance
Tianyun Jingyuan valuation	282,219,954.80	36.95%
Xieqiao Xincun valuation	74,260,869.07	9.72%
Jiangsu Jinhe Construction Engineering Co., Ltd.	55,928,405.00	7.32%
Jiangsu Guangyu Construction Group Co., Ltd.	52,875,473.50	6.92%

Zhibao Resettlement Area Phase III valuation	42,785,218.83	5.60%
Total	508,089,921.20	66.51%

(XXII) Advance receipts

1. Advance receipts presented by nature of funds:

Aging	Closing balance		Opening balance	
	Amount	Ratio	Amount	Ratio
Within 1 years	84,635,573.47	20.47%	80,651,832.51	20.40%
1-2 years	77,154,502.99	18.66%	192,427,550.85	48.67%
2-3 years	175,928,043.10	42.56%	92,551,073.97	23.41%
over 3 years	75,671,764.64	18.31%	29,727,490.86	7.52%
Total	413,389,884.20	100.00%	395,357,948.19	100.00%

2. Top 5 closing balance of advance receipts:

Overdue entities	Closing balance	Percentage of closing balance
Taizhou Urban Construction Investment Group Co., Ltd.	175,058,486.21	42.35%
Advance receipts of Tianyun Jingyuan housing funds	68,889,172.80	16.66%
Advance receipts of Zhibao Phase III resettlement housing funds	58,676,839.94	14.19%
Taizhou Urban Infrastructure Construction Development Co., Ltd.	54,679,162.97	13.23%
Taizhou Hailing District Feipeng Material Trading Co., Ltd.	10,039,753.96	2.43%
Total	367,323,415.88	88.86%

(XXIII) Employee remuneration payable

1. Presentation of employee remuneration payable

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Short-term remuneration	2,245,547.37	15,511,777.42	15,235,892.36	2,521,432.43
Post-employment welfare - defined contribution plan		1,227,726.24	1,226,983.74	742.50
Total	2,245,547.37	16,739,503.66	16,462,876.10	2,522,174.93

2. Short-term remuneration

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Wages, bonuses, allowances and subsidies	2,157,519.70	11,935,089.87	11,973,559.82	2,119,029.75
Employee welfare	86,967.60	1,289,543.33	976,645.69	400,865.24
Social insurance charges		586,451.60	585,988.10	463.50
Of which: medical insurance premium		548,776.40	548,335.40	441.00
Work-related injury insurance premium		29,101.91	29,079.41	22.50
Birth insurance premium		8,573.29	8,573.29	
Housing fund		1,226,386.40	1,226,386.40	
Trade union funds and staff education funds	1,060.07	341,685.90	341,672.03	1,073.94

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Enterprise annuity		132,640.32	132,640.32	
Total	2,245,647.37	15,511,777.42	15,235,892.36	2,521,432.43

3. Setting up withdrawing and deposit plan

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Basic endowment insurance		1,174,980.75	1,174,260.75	720.00
Unemployment insurance premium		52,745.49	52,722.99	22.50
Total		1,227,726.24	1,226,983.74	742.50

(XXIV) Taxes payable

Item	Closing balance	Opening balance
VAT payable	185,511,842.15	120,986,049.68
Business tax payable	5,908,737.38	7,777,942.38
City maintenance and construction tax payable	10,705,741.86	6,597,390.60
Educational fee payable	7,646,958.47	4,709,789.03
Property tax payable	935,697.61	5,072,674.66
Urban land use tax payable	316,381.25	6,425,089.54
Enterprise income tax payable	175,901,277.75	137,879,441.37
Withholding personal income tax	45,174.53	43,320.74
Stamp tax payable	1,131,583.93	1,266,034.94
Other taxes payable	63.00	89.00
Total	388,103,457.93	290,757,801.94

(XXV) Other payables

Item	Closing balance	Opening balance
Interests Payable	281,949,519.05	156,943,267.50
Dividends payable		
Other payables	6,477,911,446.42	10,578,524,892.46
Total	6,759,860,965.47	10,735,468,159.96

1. Interests Payable

Item	Closing balance	Opening balance
Bond interest payable	272,012,120.68	155,906,829.14
Interest payable on special shanty renovation bond	9,124,356.17	1,036,438.36
Other interest on borrowings	813,042.00	
Total	281,949,519.05	156,943,267.50

2. Other payables

(1) Other accounts payable are presented by the aging

Aging	Closing balance		Opening balance	
	Amount	Ratio	Amount	Ratio
Within 1 years	1,480,741,720.87	22.86%	5,638,730,844.76	53.31%
1-2 years	1,453,752,459.85	22.44%	4,562,504,866.70	43.13%
2-3 years	3,294,416,543.00	50.86%	37,243,428.00	0.35%

Aging	Closing balance		Opening balance	
	Amount	Ratio	Amount	Ratio
over 3 years	249,000,722.70	3.84%	340,045,653.00	3.21%
Total	6,477,911,446.42	100.00%	10,578,524,892.46	100.00%

(2) Top 5 closing balance of other payables:

Name of creditor's right unit	Amount	Percentage of closing balance
Taizhou Jianye Investment Construction Group Co., Ltd.	3,288,110,000.00	50.76%
Jiangsu Urban and Rural Construction Investment Co., Ltd.	1,400,000,000.00	21.61%
Taizhou Hairun State-owned Assets Management Co., Ltd.	840,714,313.53	12.98%
Taizhou Taizheng Transportation Investment Co., Ltd.	100,000,000.00	1.54%
Chengnan Zhongnan Community	85,000,000.00	1.31%
Total	5,713,824,313.53	88.20%

(XXVI) Non-current liabilities due within one year

Item	Closing balance	Opening balance
Long-term borrowings due within one year	2,003,018,287.48	1,428,024,043.20
Of which: credit borrowing	685,000,000.00	10,500,000.00
Security borrowings	665,018,287.48	1,287,524,043.20
Mortgage borrowings	653,000,000.00	110,000,000.00
Pledge borrowings		20,000,000.00
Bonds payable due within one year	553,413,674.19	492,729,825.09
Total	2,556,431,961.67	1,920,753,868.29

Note: Please refer to Note VI (28) Long-term borrowings and (29) Bonds payable

(XXVII) Other current liabilities

Item	Closing balance	Opening balance
2018 Hailing Infrastructure Private Placement Bond	159,941,780.82	238,931,369.86
2019 Hailing Infrastructure Private Placement Bond	190,916,963.63	
Reserve provision of Haicheng Guarantee Company	85,216,323.17	119,814,728.88
Of which: guarantee compensation reserve	77,804,725.95	111,642,512.88
Undue liability reserve	7,411,597.22	8,172,216.00
Total	436,075,067.62	358,746,098.74

Note:

(1) The Company issued the 2018 Hailing Infrastructure Private Placement Bond, securities abbreviation: 18 Hailing Infrastructure, of which: RMB 160 million was issued in 2019, with term of one year and coupon rate of 7.30%; this bond is not guaranteed.

(2) The Company issued the 2019 Hailing Infrastructure Private Placement Bond, securities abbreviation: 19 Hailing Infrastructure, with face value of RMB 191,590,000, term of one year and coupon rate of 7.00%; this bond is not guaranteed.

(XXVIII) Long-term borrowings

Item	Closing balance	Opening balance
Credit borrowings	400,000,000.00	1,134,000,000.00
Security borrowings	4,312,615,145.04	4,195,005,700.82
Mortgage borrowings	2,147,500,000.00	600,000,000.00
Pledge borrowings		1,480,000,000.00
Total	6,860,115,145.04	7,409,005,700.82

Details of long-term borrowings

(1) Credit borrowings

Borrower	Loan unit	Loan balance	Of which: due within one year	Borrowing date	Repayment date
The Company	Bank of Jiangsu Hailing Sub-branch	585,000,000.00	585,000,000.00	1/25/2017	1/20/2020
The Company	Bank of Jiangsu Hailing Sub-branch			2/3/2017	1/20/2020
The Company	Bank of Jiangsu Hailing Sub-branch			3/1/2017	1/20/2020
The Company	Bank of Jiangsu Hailing Sub-branch			6/30/2017	1/20/2020
Huitai Construction Company	Bank of Nanjing Taizhou Branch	400,000,000.00	100,000,000.00	1/25/2017	1/25/2022
Huitai Construction Company	Bank of Nanjing Taizhou Branch	100,000,000.00		2/7/2017	1/25/2022
	Total	1,085,000,000.00	685,000,000.00		

(2) Guarantee borrowings are detailed as follows:

Borrower	Loan unit	Loan balance	Of which: due within one year	Borrowing date	Repayment date	Guarantor
The Company	Bank of Communications Taizhou Branch	595,000,000.00	10,000,000.00	3/24/2016	12/31/2020	Taizhou Xinhai Investment Co., Ltd. and Taizhou Xinhong Cultural Industry Development Co., Ltd. provide security guarantee
The Company	Industrial Bank Taizhou Branch	200,000,000.00	100,000,000.00	12/16/2016	12/15/2021	Taizhou Huimin New City Construction Co., Ltd. provides security guarantee
The Company	Industrial Bank Taizhou Branch	300,000,000.00	50,000,000.00	12/16/2016	12/15/2021	Taizhou Huimin New City Construction Co., Ltd. provides security guarantee
The Company	Huaxia Bank Taizhou Branch	95,500,000.00		1/3/2017	12/29/2021	Taizhou Xinhai Investment Co., Ltd. provides security guarantee
The Company	Huaxia Bank Taizhou Branch	37,500,000.00	20,500,000.00	12/29/2016	12/29/2021	Taizhou Xinhai Investment Co., Ltd. provides security guarantee
The Company	Jiangsu International Trust Co., Ltd.	210,000,000.00		10/18/2019	10/18/2021	Taizhou Hairun State-owned Assets Management Co., Ltd. provides security guarantee
The Company	Jiangsu International Trust Co., Ltd.	140,000,000.00		9/5/2019	9/5/2022	Taizhou Golden Solar Energy Co., Ltd. provides security guarantee
The Company	Wanjiang Financial Leasing Co., Ltd.	11,315,591.25	11,315,591.25	11/13/2015	9/12/2020	Essentially Taizhou Hairun State-owned Assets Management Co., Ltd. provides security guarantee
The Company	Bank of Nanjing Taizhou Branch	100,000,000.00		1/14/2019	12/14/2021	Taizhou Huimin New City Construction Co., Ltd. and Taizhou Haitong Assets Management Co., Ltd. provide security guarantee
The Company	Bank of Nanjing Taizhou Branch	100,000,000.00		1/29/2019	12/20/2021	Taizhou Huimin New City Construction Co., Ltd. and Taizhou Haitong Assets Management Co., Ltd. provide security guarantee
The Company	Bank of Nanjing Taizhou Branch	100,000,000.00		2/1/2019	12/20/2021	Taizhou Huimin New City Construction Co., Ltd. and Taizhou Haitong Assets Management Co., Ltd. provide security guarantee
The Company	Bank of Nanjing Taizhou Branch	325,000,000.00		4/15/2019	4/7/2022	Taizhou Huimin New City Construction Co., Ltd. and Taizhou Haitong Assets Management Co., Ltd. provide security guarantee
The Company	Bank of China Chengzhong Sub-branch	112,500,000.00	17,500,000.00	12/10/2019	5/31/2023	Taizhou Urban Construction Investment Group Co., Ltd. provides security guarantee

Borrower	Loan unit	Loan balance	Of which: due within one year	Borrowing date	Repayment date	Guarantor
The Company	Minsheng Bank Taizhou Branch	120,000,000.00	60,000,000.00	12/4/2019	12/4/2026	Taizhou Urban Construction Investment Group Co., Ltd. provides security guarantee
The Company	China CITIC Bank Taizhou Branch	590,000,000.00	101,500,000.00	9/27/2018	6/21/2025	Taizhou Huimin New City Construction Co., Ltd. and Taizhou Haitong Assets Management Co., Ltd. provide security guarantee
The Company	China CITIC Bank Taizhou Branch	690,000,000.00	118,500,000.00	7/30/2018	6/21/2025	Taizhou Huimin New City Construction Co., Ltd. and Taizhou Haitong Assets Management Co., Ltd. provide security guarantee
Huitai Construction Company	Taizhou Rural Commercial Bank	12,270,000.00	12,270,000.00	11/11/2016	11/7/2020	The Company provides security guarantee
Huitai Construction Company	Taizhou Rural Commercial Bank	18,180,000.00	230,000.00	1/2/2017	11/7/2022	The Company provides security guarantee
Huitai Construction Company	Taizhou Rural Commercial Bank	4,550,000.00		6/10/2017	11/6/2022	The Company provides security guarantee
Huitai Construction Company	Industrial Bank Taizhou Branch	180,000,000.00		7/19/2017	12/31/2024	The Company provides security guarantee
Huitai Construction Company	Industrial Bank Taizhou Branch	91,472,000.00		8/11/2017	12/31/2024	The Company provides security guarantee
Huitai Construction Company	Industrial Bank Jingzhujiang Road Sub-branch	357,200,000.00		6/28/2018	12/31/2024	The Company provides security guarantee
Huitai Construction Company	Industrial Bank Jingzhujiang Road Sub-branch	154,560,000.00		12/19/2019	12/31/2024	The Company provides security guarantee
Huitai Construction Company	Everbright Bank Nanjing Branch	190,000,000.00		3/14/2017	12/31/2021	The Company provides security guarantee
Water Supply and	Far East Horizon (Tianjin) Financial	242,585,841.27	163,202,696.23	7/25/2019	1/25/2022	The Company, Huitai Jianfa Company, Taizhou Hairun State-owned Assets Management Co., Ltd. and Taizhou

Borrower	Loan unit	Loan balance	Of which: due within one year	Borrowing date	Repayment date	Guarantor
Drainage Company	Leasing Co., Ltd.					Huimin New City Construction Co., Ltd. provide joint and several liability guarantee
	Total	4,977,633,432.52	665,018,287.48			

(3) Mortgage borrowings are detailed as follows:

Borrower	Loan unit	Loan balance	Of which: due within one year	Borrowing date	Repayment date	Mortgaged property
The Company	Bank of Guangzhou Nanjing Branch	66,000,000.00	1,000,000.00	4/12/2018	4/12/2021	The Company provides mortgage guarantee by land use right (Taizhou State Use 2014 No.11800), and meanwhile Taizhou Huimin New City Construction Co., Ltd. provides security guarantee
Haifa Construction Investment Company	China Development Bank Jiangsu Branch	100,000,000.00	80,000,000.00	1/29/2013	1/28/2023	1. The Company provides mortgage by 7 land use rights [Taizhou State Use [2009] No.2080, Taizhou State Use [2009] No.2824, Taizhou State Use [2009] No.2830, Taizhou State Use [2009] No.2829, Taizhou State Use [2009] No.2827, Taizhou State Use [2009] No.2826, Taizhou State Use [2009] No.2819];
Haifa Construction Investment Company	China Development Bank Jiangsu Branch	200,000,000.00		1/29/2013	1/28/2023	2. Haifa Construction Investment Co., Ltd. provides pledge guarantee by accounts receivable, namely the repayment difference of Taizhou North Shanty Area Renovation Engineering Project signed by it with Taizhou People's Government to replenish all rights, interests and benefits entitled under the agreement
Haifa Construction Investment Company	China CITIC Bank Qingnian Road Sub-branch	215,000,000.00	55,000,000.00	12/29/2015	11/25/2025	The Company provides mortgage guarantee by land use right [Taizhou State Use (2015) No.16264]
Haifa Construction Investment Company	China CITIC Bank Qingnian Road Sub-branch	100,000,000.00		11/27/2015	11/25/2025	
Hailing Real Estate Development Company	Minsheng Bank Taizhou Branch	600,000,000.00	150,000,000.00	2/28/2019	2/20/2022	The Company provides mortgage guarantee by real estate (Taizhou State Use 2014 No.11818), and meanwhile the company provides security guarantee

Borrower	Loan unit	Loan balance	Of which: due within one year	Borrowing date	Repayment date	Mortgaged property
Hailing Real Estate Development Company	Bank of Guangzhou Nanjing Branch	680,000,000.00		9/27/2019	9/26/2027	Taizhou Taishan Electronic City Co., Ltd., with its held real estate located at No.480 Qingnian South Road, Hailing District, provides mortgage, plus Hailing property receivables pledge guarantee, and the Company and Taishan Electronic City provide security guarantee
Huitai Construction Company	Agricultural Bank of China Hailing Sub-branch	92,000,000.00	92,000,000.00	4/29/2016	10/28/2020	The Company provides mortgage guarantee by real estate (Taizhou State Use (2003) No.0297-2, Tai Property Ownership Certificate Hailing Zi No.1000065673, Tai Property Ownership Certificate Hailing Zi No.1000065674), and meanwhile the Company provides security guarantee
		12,500,000.00	12,500,000.00	4/29/2016	10/28/2020	
Huitai Construction Company	Agricultural Bank of China Taizhou Yangqiao Sub-branch	257,730,000.00	257,730,000.00	11/10/2016	11/7/2020	The Company provides mortgage guarantee by real estate (Taizhou State Use (2003) No.0297-2, Tai Property Ownership Certificate Hailing Zi No.1000065673, Tai Property Ownership Certificate Hailing Zi No.1000065674), and meanwhile the Company provides security guarantee
Huitai Construction Company	Agricultural Bank of China Taizhou Yangqiao Sub-branch	60,000,000.00		11/10/2016	11/10/2022	The Company provides mortgage guarantee by real estate (Taizhou State Use (2003) No.0297-2, Tai Property Ownership Certificate Hailing Zi No.1000065673, Tai Property Ownership Certificate Hailing Zi No.1000065674), and meanwhile the Company provides security guarantee
Huitai Construction Company	Agricultural Bank of China Taizhou Yangqiao Sub-branch	54,550,000.00		1/2/2017	11/6/2022	The Company provides mortgage guarantee by real estate (Taizhou State Use (2003) No.0297-2, Tai Property Ownership Certificate Hailing Zi No.1000065673, Tai Property Ownership Certificate Hailing Zi No.1000065674), and meanwhile the Company provides security guarantee
Huitai Construction Company	Agricultural Bank of China Taizhou Yangqiao Sub-branch	95,450,000.00		6/20/2017	11/6/2022	The Company provides mortgage guarantee by real estate (Taizhou State Use (2003) No.0297-2, Tai Property Ownership Certificate Hailing Zi No.1000065673, Tai Property Ownership Certificate Hailing Zi No.1000065674), and meanwhile the Company provides security guarantee
Huitai Construction	Agricultural Bank of	267,270,000.00	4,770,000.00	1/2/2017	11/7/2021	The Company provides mortgage guarantee by real estate (Taizhou State Use (2003) No.0297-2, Tai Property Ownership

Borrower	Loan unit	Loan balance	Of which: due within one year	Borrowing date	Repayment date	Mortgaged property
Company	China Taizhou Yangqiao Sub-branch					Certificate Hailing Zi No.1000065673, Tai Property Ownership Certificate Hailing Zi No.1000065674), and meanwhile the Company provides security guarantee
	Total	2,800,500,000.00	653,000,000.00			

(XXIX) Bonds payable

1. Bonds payable statement

Item	Closing balance	Opening balance
2015 Taizhou Hailing Assets Management Co., Ltd. Corporate Bond [15 Hailing Bond]	477,991,349.48	716,271,720.02
Taizhou Hailing Assets Management Co., Ltd. 2016 Non-public Issuance of Corporate Bond [16 Hailing 01], [16 Hailing 02]	1,989,809,795.53	1,981,949,265.23
Taizhou Hailing Assets Management Co., Ltd. 2016 Non-public Issuance of Corporate Bond [16 Hailing Bond 03]		496,206,036.41
2017 Non-public Issuance of Corporate Bond (Phase II) [17 Hailing 02]		248,628,224.03
2017 Non-public Issuance of Corporate Bond (Phase III) [17 Hailing 03]	846,504,964.49	844,117,832.11
Taizhou Hailing Assets Management Co., Ltd. Last Period Phase I Bond Financing Plan	98,864,531.13	99,886,001.48
Taizhou Hailing Assets Management Co., Ltd. 2019 Phase I Bond Financing Plan	396,606,119.75	
Taizhou Hailing Assets Management Co., Ltd. 2019 Phase II Non-directional Debt Financing Tool	1,986,049,740.79	
2019 Hailing Infrastructure Private Placement Bond	132,191,243.51	
2019 Tianfeng Bond ABS Tianyun Jingyuan Affordable House Plan	202,850,322.23	
Total	6,130,868,066.91	4,387,059,079.28

2. Increase and decrease of bond payable

Bond name	Issue amount	Issue date	Bond maturity	Closing balance face value	Opening balance
2012 Taizhou Hailing Assets Management Co., Ltd. Bond [12 Hailing Bond]	RMB 800 million	March 2012	7 years		159,871,757.49
2015 Taizhou Hailing Assets Management Co., Ltd. Corporate Bond [15 Hailing Bond]	RMB 1,200,000,000	December 2015	7 years	720,000,000.00	955,028,960.02
Taizhou Hailing Assets Management Co., Ltd. 2016 Non-public Issuance of Corporate Bond [16 Hailing 01], [16 Hailing 02]	RMB 1400 million, RMB 600 million	March 2016, April 2016	5 years	2,000,000,000.00	1,981,949,265.23

Bond name	Issue amount	Issue date	Bond maturity	Closing balance face value	Opening balance
Taizhou Hailing Assets Management Co., Ltd. 2016 Non-public Issuance of Corporate Bond [16 Hailing Bond 03]	RMB 500 million	August 2016	3+2 years		496,206,036.41
2017 Non-public Issuance of Corporate Bond (Phase II) [17 Hailing 02]	RMB 250 million	March 2017	2+1 years		248,628,224.03
2017 Non-public Issuance of Corporate Bond (Phase III) [17 Hailing 03]	RMB 850 million	April 2017	3+2 years	850,000,000.00	844,117,832.11
2017 Hailing Infrastructure Private Placement Bond [17 Hailing Infrastructure]	RMB 94.42 million	September-December 2017	2 years		94,100,827.60
Taizhou Hailing Assets Management Co., Ltd. Last Period Phase I Bond Financing Plan	RMB 100 million	November 2018	3 years	100,000,000.00	99,886,001.48
Taizhou Hailing Assets Management Co., Ltd. 2019 Phase I Bond Financing Plan	RMB 400 million	January 2019	3 years	400,000,000.00	
Taizhou Hailing Assets Management Co., Ltd. 2019 Phase II Non-directional Debt Financing Tool	RMB 2000 million	March 2019	3 years	2,000,000,000.00	
2019 Hailing Infrastructure Private Placement Bond	RMB 133.19 million	October-December 2019	2 years	133,190,000.000	
2019 Tianfeng Bond ABS Tianyun Jingyuan Affordable House Plan	RMB 950 million	November 2019	2 years	800,000,000.00	
Subtotal				7,003,190,000.00	4,879,788,904.37
Less: bonds payable due within one year					492,729,825.09
Total					4,387,059,079.28

Continued

Bond name	Issue in current period	Less: underwriting fee	Premium discount amortization	Less: repayment in the current period	Closing balance
2012 Taizhou Hailing Assets Management Co., Ltd. Bond [12 Hailing Bond]			128,242.51	160,000,000.00	
2015 Taizhou Hailing Assets Management Co., Ltd. Corporate Bond [15 Hailing Bond]			1,958,064.20	240,000,000.00	716,987,024.22
Taizhou Hailing Assets Management Co., Ltd. 2016 Non-public Issuance of Corporate Bond [16 Hailing 01], [16 Hailing 02]	2,000,000,000.00		7,860,530.30	2,000,000,000.00	1,989,809,795.53

Bond name	Issue in current period	Less: underwriting fee	Premium discount amortization	Less: repayment in the current period	Closing balance
Taizhou Hailing Assets Management Co., Ltd. 2016 Non-public Issuance of Corporate Bond [16 Hailing Bond 03]			3,793,963.59	500,000,000.00	
2017 Non-public Issuance of Corporate Bond (Phase II) [17 Hailing 02]			1,371,775.97	250,000,000.00	
2017 Non-public Issuance of Corporate Bond (Phase III) [17 Hailing 03]			2,387,132.38		846,504,964.49
2017 Hailing Infrastructure Private Placement Bond [17 Hailing Infrastructure]			319,172.40	94,420,000.00	
Taizhou Hailing Assets Management Co., Ltd. Last Period Phase I Bond Financing Plan			-1,021,470.35		98,864,531.13
Taizhou Hailing Assets Management Co., Ltd. 2019 Phase I Bond Financing Plan	400,000,000.00	4,800,000.00	1,406,119.75		396,606,119.75
Taizhou Hailing Assets Management Co., Ltd. 2019 Phase II Non-directional Debt Financing Tool	2,000,000,000.00	18,000,000.00	4,049,740.79		1,986,049,740.79
2019 Hailing Infrastructure Private Placement Bond	133,190,000.00	1,065,520.00	66,763.51		132,191,243.51
2019 Tianfeng Bond ABS Tianyun Jingyuan Affordable House Plan	660,000,000.00	4,443,396.23	11,711,717.91	150,000,000.00	517,268,321.68
Subtotal	5,193,190,000.00	28,308,916.23	34,031,752.96	3,394,420,000.00	6,684,281,741.10
Less: bonds payable due within one year					553,413,674.19
Total					6,130,868,066.91

(XXX) Long-term accounts payable

Item	Closing balance	Opening balance
Long-term accounts payable		
Special accounts payable	2,434,519,939.46	2,480,125,365.10
Total	2,434,519,939.46	2,480,125,365.10

1. Special accounts payable

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Special funds for pipe network construction	140,340,053.29	26,190,853.54		166,530,906.83
Special funds for old residential quarter rain and sewage diversion		6,100,000.00		6,100,000.00
Special funds for shanty renovation	630,987,100.00	326,912,900.00		957,900,000.00
Affordable house construction funds	227,153,000.00	88,856,400.00	4,894,600.00	311,114,800.00
Tongyang Line Channel Regulation Project Construction Service Command	64,195,500.00			64,195,500.00
Special funds for urban infrastructure construction	1,388,873,711.81	85,473,079.79	698,527,830.97	775,818,960.63
Yunmeiyuan Phase II supportive funds	10,850,000.00			10,850,000.00
Special funding for central water pollution control	16,000,000.00	45,283,000.00	48,273,228.00	13,009,772.00
Special funds for state land investigation and rectification	1,726,000.00	576,080.00	2,302,080.00	
Special bond funds for land		120,000,000.00		120,000,000.00
Special funds for three controls of unregulated shipbuilding		9,000,000.00		9,000,000.00
Total	2,480,125,365.10	708,392,313.33	753,997,738.97	2,434,519,939.46

(XXXI) Other non-current liabilities

Item	Closing balance	Opening balance
Special bond for shanty renovation		100,000,000.00
Bankrupt enterprise staff resettlement funds payable, etc.		110,866,849.87
Long-term borrowings of other enterprises	53,886,958.00	
Total	53,886,958.00	210,866,849.87

(XXXII) Paid-in capital

Name of investors	Opening balance		Increase in current period	Decrease in current period	Closing balance	
	Amount	Ratio			Amount	Ratio
Taizhou Hailing District Finance Bureau	2,072,095,800.00	100%		2,072,095,800.00		

Taizhou Hailing District People's Government State-owned Assets Supervision and Administration Office			5,058,000,000.00		5,058,000,000.00	100 %
Total	2,072,095,800.00	100%	5,058,000,000.00	2,072,095,800.00	5,058,000,000.00	100 %

(XXXIII) Capital reserve

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Capital premium	1,394,170.00			1,394,170.00
Other capital reserves	8,985,203,880.51	39,401,427.99	569,848,959.95	8,454,756,348.55
Total	8,986,598,050.51	39,401,427.99	569,848,959.95	8,456,150,518.55

Note: Other capital reserves were mainly state-owned exclusive capital reserves such as equity, land and monetary funds injected by Taizhou Hailing District People's Government or Hailing District Finance Bureau. The increase in current period included land transfer fee refund allocated by Finance Bureau, etc. amounting to RMB 33,695,700, capital gains from the Company acquiring share capital of minority shareholder Haicheng Guarantee Company as per the carrying cost amounting to RMB 5,705,700, and the decrease in current period was equity change of former subsidiary Hairun State-owned Assets Co., Ltd. amounting to RMB 569,849,000.

(XXXIV) Surplus reserve

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Statutory surplus reserve	285,706,106.11	27,439,951.68		313,146,057.79
Total	285,706,106.11	27,439,951.68		313,146,057.79

(XXXV) Undistributed profits

Item	Closing balance	Opening balance
Year-beginning balance in current period	1,598,684,591.93	1,467,481,746.94
Plus: current transfer of net profit attributable to the owner of the parent company	169,307,074.28	163,580,804.69
Less: the amount of surplus reserves withdrawn in the current period	27,439,951.68	32,377,959.70
Revenues of turning over state-owned assets	1,200,000.00	
Closing balance in the current period	1,739,351,714.53	1,598,684,591.93

(XXXVI) Operating incomes and operating costs

Category	Amount of this period		Amount of last period	
	Operating incomes	Operating costs	Operating incomes	Operating costs
Land arrangement	917,557,680.49	837,770,056.10	626,873,860.44	509,485,641.90
Construction	123,117,176.67	107,727,529.59	241,691,483.38	211,480,047.96

Category	Amount of this period		Amount of last period	
	Operating Incomes	Operating costs	Operating Incomes	Operating costs
consignment project				
Agent construction management fee	63,235,147.90		122,347,830.97	
Sales of resettlement houses	202,474,005.40	203,545,115.98	222,711,882.29	250,545,996.05
Guarantee business	14,823,194.44		16,344,432.00	
Leasing business	2,539,607.82	1,618,908.37	8,005,534.26	11,505,099.26
Financing lease interests	21,357,948.70	11,409,123.44	3,926,589.31	1,837,792.38
Engineering Construction	311,560.94	262,743.76		
Merchandising	4,687,155.86	4,496,812.37		
Real estate brokerage incomes	95,240.59			
Entrusted loan interests			2,389,685.85	
Borrowing fund interests	8,888,576.40		77,539.30	
Inter-enterprise guarantee	1,792,452.83		3,896,226.42	
Total	1,360,679,648.04	1,166,830,289.61	1,248,265,064.22	984,854,577.53

(XXXVII) Taxes and surcharges

Item	Amount of this period	Amount of last period
Urban maintenance and construction tax	4,856,730.57	2,197,947.62
Education surcharge	3,465,150.37	1,568,530.61
Housing tax	3,660,237.91	4,561,522.16
Land use tax	10,340,769.94	6,116,737.40
Increment tax on land value	18,294.33	
Stamp duty	964,146.40	747,667.83
Environmental protection tax	2,551,779.08	1,589,440.00
Other taxes	3,549.00	46,675.36
Total	25,860,657.60	16,828,520.98

(XXXVIII) Financial expenses

Item	Amount of this period	Amount of last period
Interest expenses	53,173,505.13	100,000,644.91
Less: Interest income	4,829,726.72	36,459,322.87
Exchange gains and losses	356,367.20	-4,500,726.58
Bank handling fee and other	272,910.32	161,816.80
Total	48,973,045.93	59,202,412.26

(XXXIX) Other revenues

Item	Amount of this period	Amount of last period
Government grants related to daily business operation activities	171,989,303.32	103,793,675.33
Total	171,989,303.32	103,793,675.33

Among them, the government subsidies related to daily corporate business activities are detailed as follows:

Subsidy Item	Amount of this period	Amount of last period
Urban infrastructure construction subsidies	166,000,000.00	100,000,000.00
Special funds for inclusive financial development	1,304,800.00	2,871,700.00
Finance-supported technological innovation and industrial transformation upgrading promotion incentives and subsidies		676,500.00
Entrepreneurial loan subsidies		245,475.33
Special funds for municipal SME development	1,000,000.00	
Guarantee business risk compensation subsidies	1,065,000.00	
Taixinbao, Fumindai guarantee subsidies	2,392,113.34	
Weighted deduction or exemption of VAT input	227,389.98	
Total	171,989,303.32	103,793,675.33

(XL) Investment income

Sources of Investment Incomes	Amount of this period	Amount of last period
Income from long-term equity investment calculated with cost method	50,000.00	
Long-term equity investment incomes by equity methods	-10,568,477.02	3,050,249.30
Equity investment disposal revenues (less: losses)		-2,796,164.61
Investment income earned from available-for-sale financial assets	1,110.11	1,339,166.66
1. Entrusted loan revenues		1,289,166.66
2. Other investment income	1,110.11	50,000.00
Total	-10,517,366.91	1,593,251.35

(XLI) Asset impairment losses

Item	Amount of this period	Amount of last period
Bad debt losses	-11,533,411.02	-8,442,821.05
Total	-11,533,411.02	-8,442,821.05

(XLII) Asset disposal gains

Item	Amount of this period	Amount of last period
Gains from disposal of fixed assets	-9,324.27	
Total	-9,324.27	

(XLIII) Non-operating Income

1. Classification conditions

Item	Amount of this period	Amount of last period
Government subsidies unrelated to daily corporate business activities		1,400,000.00
Penalty and confiscatory incomes	1,500.11	5,300.00
Demolition compensation incomes		1,111,790.00
Other incomes	21,871.02	2,177,183.75
Total	23,371.13	4,694,273.75

2. Government subsidies recorded in current profits and losses

Item	Amount of this period	Amount of last period
2013-2015 urban water environment region compensation funds		400,000.00
Special funds for municipal SME development		1,000,000.00
Total		1,400,000.00

(XLIV) Non-operating expenses

Item	Amount of this period	Amount of last period
Non-current asset scraping losses		779.00
Of which: abandonment of fixed assets loss		779.00
Penalty and confiscatory expenditures	12.10	300.00
Other expenses		172,768.40
Total	12.10	173,847.40

(XLV) Income tax expenses

Item	Amount of this period	Amount of last period
Current income tax expense	50,557,186.65	42,969,575.42
Deferred income tax expenses	-604,137.88	-1,773,353.88
Total	49,953,050.77	41,196,221.54

(XLVI) Supplementary information of Cash Flow Statement

1. Supplementary information of Cash Flow Statement

Item	Amount of this period	Amount of last period
I. Net profits adjusted to cash flow from operating activities:		
Net profits	175,110,978.89	170,108,767.34
Plus: asset impairment reserve	11,533,411.02	8,442,821.05
Depreciation of fixed assets, depletion of oil and gas assets, and depreciation of productive biological assets	8,450,765.84	11,907,202.84
Amortization of intangible assets	1,401,072.25	1,364,515.78
Amortization of long-term deferred expenses	1,382,799.43	2,490,972.06
Losses from disposing fixed assets, intangible assets and other long-term assets (revenues marked with "-")	9,324.27	
Losses of fixed asset scrapping (revenues marked with "-")		779.00
Losses of fair value change (revenues marked with "-")		
Financial expenses (revenues marked with "-")	53,529,862.33	95,499,918.33
Investment losses (revenues marked with "-")	10,517,366.91	-1,593,251.35
Decrease of deferred income tax assets (increase marked with "-")	-604,137.88	-1,773,353.88
Increase of deferred income tax liabilities (decrease marked with "-")		
Decrease of inventory (increase marked with "-")	-781,163,422.46	-2,353,621,494.55
Decrease of operational receivables (increase marked with "-")	-788,917,647.63	-2,028,211,957.94
Increase of operational payables (decrease marked with "-")	-553,597,213.61	4,910,495,086.11
Other		
Net cash flow from operating activities	-1,862,346,840.64	815,110,004.79
II. Major investing and financing activities uninvolving cash		

Item	Amount of this period	Amount of last period
receipts and expenditures:		
Debt conversion to capital		
Convertible corporate bonds due within one year		
Fixed assets acquired under finance lease		
III. Net change of cash and cash equivalents:		
Closing balance of cash	6,332,886,973.14	8,318,378,734.22
Less: opening balance of cash	8,318,378,734.22	7,580,212,450.59
Closing balance of cash equivalents		
Less: opening balance of cash equivalents		
Net increase of cash and cash equivalents	-1,985,491,761.08	738,166,283.63

2. Cash and cash equivalents

Item	Amount of this period	Amount of last period
I. Cash	6,332,886,973.14	8,318,378,734.22
Of which: cash on hand	122,096.62	90,215.48
Bank deposits for payment at any time	6,322,559,676.42	8,318,288,518.74
Other monetary assets for payment at any time	10,205,200.10	
Funds deposited in central bank that can be used for payment		
II. Cash equivalents		
Of which: bond investments due within three months		
III. Balance of cash and cash equivalents	6,332,886,973.14	8,318,378,734.22

VII. Consolidation scope changes

1. New subsidiaries

Name of enterprise	Shareholding ratio	Note
Taizhou Haiminghui Trading Co., Ltd.	51.00%	Newly-established
Taizhou Haisheng Real Estate Brokerage Co., Ltd.	100.00%	Newly-established
Jiangsu Haichi Construction Co., Ltd.	52.00%	Newly-established
Taizhou Kangzhuang Business Management Co., Ltd.	100.00%	Newly-established

2. Reduced subsidiaries

Name of enterprise	Reasons for not being incorporated
Taizhou Hairun State-owned Assets Management Co., Ltd.	Equity transfer
Taizhou Movie Theater Co., Ltd.	Equity transfer
Taizhou Haihui Property Co., Ltd.	Equity transfer
Taizhou Youlong Photovoltaic Technology Co., Ltd.	Equity transfer
Taizhou Haiqi Investment Co., Ltd.	Equity transfer

Note: On October 8, 2019, according to the document of Hailing District State-owned Assets Supervision and Administration Office, the shareholder Taizhou Hairun State-owned Assets Management Co., Ltd. was changed to Hailing District State-owned Assets Supervision and

Administration Office. The Company handled relevant management right transfer procedures with Hailing District State-owned Assets Supervision and Administration Office on October 8, 2019, and from October 8, 2019, the Company no longer included Taizhou Hairun State-owned Assets Management Co., Ltd. into consolidated statement scope of the Company. As of this report date, the industrial and commercial change of Taizhou Hairun State-owned Assets Management Co., Ltd. has not yet been completed.

VIII. Equity in other entities

(I) Equity in subsidiaries

Name of enterprise	Level	Enterprise type	Registered place	Main business place	Business scope	Registered capital (ten thousand Yuan)	Shareholding ratio	Acquisition mode
Taizhou Hailing Real Estate Development Company	1	1	Room 201, No.339 Qingnian North Road, Hailing District, Taizhou City	Taizhou Jiangsu	Main business of real estate development, concurrent business of urban infrastructure construction, asset management, interior decoration upholstering; wholesale (non-storage) of building materials, upholstering materials, construction hardware, pipe fittings, lighting appliances	30123.8	100%	Equity transfer-in
Taizhou Haifa Construction Investment Co., Ltd.	1	1	3F, No.505 Qingnian North Road, Hailing District, Taizhou City	Taizhou Jiangsu	Construction project investment and operation management; asset management operation; professional contracting of house construction works, municipal road works, pipeline works, house decoration furnishing engineering construction, architectural curtain wall works and ancient architecture garden works.	130720	100%	Capital contribution
Taizhou Haiyang Water Supply and Drainage Management Co., Ltd.	1	1	North of Gulou North Road and north of Senyuan Road, Taizhou City	Taizhou Jiangsu	Tap water pipe network investment management, sewage pipe network investment management, sewage collection and discharge, sewage pipe network facility maintenance	1000	100%	Capital contribution
Taizhou Huitai Construction Development Co., Ltd.	1	1	Room 201, Building 3, No.3 Fuqian Road, Hailing District, Taizhou City	Taizhou Jiangsu	Property management; investment consultation service; house and equipment leasing; ordinary cargo (excluding hazardous chemical) storage; building material, office equipment and communication apparatus sales; computer hardware, air conditioner, refrigeration equipment and home appliance sales, installation, repair, service, urban infrastructure construction; garment, hardware product wholesale.	100000	100%	Capital contribution
Taizhou Haiminghui	2	1	No.14-1 Dongfeng	Taizhou Jiangsu	Sales of daily necessities, handicrafts, home appliances, sporting goods, electronic products, metal materials, metal	2000	51%	Capital contribution

Name of enterprise	Level	Enterprise type	Registered place	Main business place	Business scope	Registered capital (ten thousand Yuan)	Shareholding ratio	Acquisition mode
Trading Co., Ltd.			North Road, Hailing District, Taizhou City		products, fruits, refrigeration equipment, rubber and plastic products, glass products, knitting and textile products, leather products, suitcases and bags, garments, shoes and hats, cosmetics, office supplies, computers, software and auxiliary equipment, hardware products, sanitary ware, general labor protection supplies, wires and cables, anti-corrosion waterproof materials, building materials (non-warehousing), decoration upholstering materials (excluding painting) and pipe materials; metal door and window production and installation, food business (sales category) (operated according to items listed in the Food Business License); cigarette and cigar retail; installation and maintenance of home appliances, refrigeration equipment and heating equipment; general business information consultation; corporate management consultation.			
Taizhou Haicheng Financial Guarantee Co., Ltd.	1	1	Room 101, 102, 201, 301 Roadside Wenxinyuan Commercial Building, Hailing District, Taizhou City	Taizhou Jiangsu	Loan guarantee, bill acceptance guarantee, trade financing guarantee, project financing guarantee, letter of credit guarantee and other financing guarantees. Litigation preservation guarantee, bid guarantee, advance payment guarantee, project performance guarantee, contractual balance payment guarantee and other agreement performance guarantee services, guarantee business-related financing consultation, financial consultant and other intermediary services, investment with own funds.	26100	60.34%	Equity transfer-in, currency capital increase
Taizhou Guorui Financial Leasing Co., Ltd.	1	1	No.30-2 Nantong Road, Hailing District, Taizhou City	Taizhou Jiangsu	Financial leasing business; leasing business; purchase of leased assets from home and abroad; residual value disposal and maintenance of leased property; leasing transaction consultation and guarantee; concurrent operation of commercial insurance business related to main business (non-bank financing category).	195189	75%	Equity acquisition, currency capital increase
Taizhou Gucheng	1	1	No.30-1 Nantong	Taizhou Jiangsu	Construction project investment and management, historical and cultural block repair, renovation and	10000	100%	Capital contribution

Name of enterprise	Level	Enterprise type	Registered place	Main business place	Business scope	Registered capital (ten thousand Yuan)	Shareholding ratio	Acquisition mode
Construction Investment Co., Ltd.			Road, Hailing District, Taizhou City		reconstruction, house leasing, property management, real estate development and management, urban infrastructure construction project, landscaping engineering construction, building material sales (non-storage).			
Taizhou Haichuang Property Co., Ltd.	2	1	2F, Room 46, No.50 Fuqian Road, Hailing District, Taizhou City (Commercial Zone C, New Century City)	Taizhou Jiangsu	Real estate development; house leasing (excluding financial leasing); municipal works, construction works, landscaping green engineering construction, construction engineering consultation (excluding investment consultation).	10000	100%	Capital contribution
Taizhou Haisheng Real Estate Brokerage Co., Ltd.	1	1	2F, Room 46, No.50 Fuqian Road, Hailing District, Taizhou City (Commercial Zone C, New Century City)	Taizhou Jiangsu	Real estate brokerage, marketing planning, corporate image planning, general business information consultation, housekeeping service (excluding home tutoring), corporate management consultation, market information investigation, legal and financial consultation (excluding agent bookkeeping, investment, financial management and finance category), housing repair works, interior decoration engineering design, construction, computer graphic design production, exhibition demonstration service, real estate marketing planning, general economic information consultation, conference service, house leasing (excluding financial leasing), software development, information technology, technical development, service, promotion and consultation in IT sector, design, production, agent and release of various domestic advertisements (excluding printed advertisements in fixed form), operation of charging pile facilities, sales of daily necessities, office supplies, office equipment.	200	100%	Capital contribution

Name of enterprise	Level	Enterprise type	Registered place	Main business place	Business scope	Registered capital (ten thousand Yuan)	Shareholding ratio	Acquisition mode
Jiangsu Haichi Construction Co., Ltd.	1	1	No.100-37, Guangda Road, Hailing District, Taizhou City	Taizhou Jiangsu	Housing construction works, interior and exterior decoration upholstering works, municipal public works, intelligent architecture works, building curtain wall works, electromechanical equipment installation works, firefighting facility installation works, steel structure works, waterproof anti-corrosion insulation works, ancient architecture works, lighting works, air purification works, metal door and window installation works, sport venue facility installation engineering design and construction; sales of metal materials, decoration upholstering materials (excluding painting); property management; design, production, agent and release of various domestic advertisements (except printed advertisements in fixed form).	1500	52%	Capital contribution
Taizhou Kangzhuang Business Management Co., Ltd.	2	1	No.14-19, 14-20, 14-21, Dongfeng North Road, Hailing District, Taizhou City	Taizhou Jiangsu	Business management consultation, corporate management consultation, engineering cost consultation, corporate image planning, corporate marketing planning, conference and exhibition service; design, production, agent and release of various domestic advertisements (excluding printed advertisements in fixed form); catering management, property management, real estate intermediary service, Class-II medical device sales; sales of building materials (excluding sandstones, bricks and tiles, non-storage), hardware products, daily necessities, garments, shoes and hats, electronic products, computers and auxiliary equipment, auto parts, arts, crafts, fruits, vegetables, furniture, metal materials, plastic products, office supplies and sport products; food business (operated according to items listed in the Food Business License); tobacco retail (operated according to the scope verified in the Tobacco Retail License); landscaping green engineering design and construction; interior and exterior decoration design and construction; architectural engineering machinery equipment lease; construction labor subcontracting.	100	100%	Capital contribution

Enterprise type: 1. Domestic non-financial subsidiaries; 2. Domestic financial subsidiaries; 3. Overseas subsidiaries; 4. Public institutions; 5. Capital construction institutions

(II) Equity in joint ventures and associated companies

Name of enterprise	Enterprise type	Registered place	Main business place	Business scope	Registered capital	Shareholding ratio
Jiangsu Huachen Concrete Co., Ltd.	1	No. 12 West Hongqi Avenue, Agricultural Development Zone, Taizhou City	Taizhou Jiangsu	Commodity concrete manufacture and sales, special cargo transportation (tank type), port operation.	RMB 34,482,800	20.00%
Taizhou Baolong Real Estate Co., Ltd.	1	No.101-5 Guangda Road, Hailing District, Taizhou City	Taizhou Jiangsu	Real estate development; greening maintenance; property management; conference service; exhibition demonstration service; market information consultation and survey (social survey, social investigation, public opinion survey and public opinion poll are prohibited); marketing planning; corporate management consultation; general business information consultation; decoration upholstering works, architectural engineering design and construction; sales of parking lot equipment, traffic safety equipment, communication equipment, lighting equipment and building materials (excluding sandstones, bricks and tiles, non-storage).	37000 万元	40.00%
Taizhou Hailing Zhongshe CCCC SDC Environment Control Co., Ltd.	1	21-421-521-6 Shop at Zhaohui Jinyuan Community, Intersection of Chunlan Road and Senyuan Road, Hailing District, Taizhou City	Taizhou Jiangsu	Environmental protection works, water supply facility installation engineering construction, technical consultation in environmental control field, environmental protection facility operation management	RMB 180 million	30.00%
Beichen Supply Chain Management (Taizhou) Co., Ltd.	1	Room 116, Building 3, No.7 Xingfeng West Road, Hailing District, Taizhou City	Taizhou Jiangsu	Technical development and technical service of supply chain management; supply chain management software and system R&D; general cargo storage service; loading and unloading service; general cargo road transportation (operated according to items listed in the Road Transportation Business License); metal material sales; property management; house leasing (excluding financial leasing).	RMB 142 million	30.30%
Taizhou Chengrun Assets Management	1	Building 3, No.3 Fuqian Road, Hailing District,	Taizhou Jiangsu	State-owned assets and other assets management, industrial investment, investment project management, real estate	RMB 300 million	29.67%

Name of enterprise	Enterprise type	Registered place	Main business place	Business scope	Registered capital	Shareholding ratio
Co., Ltd.		Taizhou City		development.		

Enterprise type: 1. Domestic non-financial subsidiaries; 2.Domestic financial subsidiaries; 3. Overseas subsidiaries; 4. Public institutions; 5. Capital construction institutions

IX. Associated parties and associated transactions

1. The Company's controlling shareholder and ultimate controlling party

Controlling shareholder of the Company is Taizhou Hailing District People's Government State-owned Assets Supervision and Administration Office, and the ultimate controller is Taizhou Hailing District People's Government.

2. Subsidiaries of the Company

See Note VIII. 1. Equity in subsidiaries.

3. The Company's joint ventures and associated companies

Please refer to Note VIII. 2. Equity in joint ventures and associated companies.

4. Other associated parties

Name of enterprise	Enterprise type	Registered place	Business scope	Registered capital	Relationship with the Company
Taizhou Huimin New City Construction Co., Ltd.	1	Room 201, No.3 Fuqian Road, Hailing District, Taizhou City	Settlement house construction, municipal construction, ancient city protection construction, old city renovation, rural infrastructure and supportive engineering construction, industrial project investment, sales of building materials (excluding painting, coating), plumbing equipment, hardware products, machinery equipment.	RMB 4,800 million	Top executive connection
Taizhou Huicheng Construction Development Co., Ltd.	1	Room 202, Building 3, No.3 Fuqian Road, Hailing District, Taizhou City	Settlement house construction, municipal construction, old city renovation, rural infrastructure and supportive engineering construction, urban infrastructure construction; sales of building materials (non-storage), plumbing equipment, hardware products and general machinery equipment.	RMB 1,000 million	Subsidiary of Taizhou Huimin New City Construction Co., Ltd.
Taizhou Haitong Assets Management Co.,	1	Building 2, No.3 Fuqian Road, Hailing District,	Asset investment, management, property management, education information infrastructure construction, school building construction, teaching equipment R&D and promotion application, community	RMB 300 million	Same legal representative

Name of enterprise	Enterprise type	Registered place	Business scope	Registered capital	Relationship with the Company
Ltd.		Taizhou City	sanitation infrastructure construction, rehabilitation center infrastructure construction, sport training center facility construction, self-owned house leasing, sales of cultural supplies and sanitary products (excluding drugs, medical devices); land consolidation and development, shanty area renovation, vehicle information consultation service.		
Taizhou Zhenyuan Security Service Co., Ltd.	1	No.99 Dongfeng North Road, Hailing District, Taizhou City (5F Chengdong Police Station)	Gate guards, patrols, guards (excluding armed guards), regional order maintenance and other security services, alarm monitoring system sales, installation and maintenance, fire equipment repair and retail, garment and labor protection equipment sales, camera service, property cleaning, auto rental, parking lot management service, intelligent building engineering construction, security system on-duty, operation, maintenance and management.	RMB 10 million	Subsidiary of Taizhou Haitong Assets Management Co., Ltd.
Taizhou Anhua Property Management Co., Ltd.	1	No.157 Yangzhou Road, Hailing District, Taizhou City	Property management service, operational cleaning service of urban household garbage, parking lot management service, conference service, cleaning service, hospital logistics service, real estate brokerage service, water and electricity installation project, house repair engineering, landscaping engineering construction.	RMB 500,000	Subsidiary of Taizhou Haitong Assets Management Co., Ltd.
Taizhou Haitong Training Service Co., Ltd.	1	Building 2, No.3 Fuqian Road, Hailing District, Taizhou City	Engage in trainings beyond the scope of specific vocation and vocation standard approved by the state (excluding vocational certificate trainings uniformly accredited by the state); exhibition service.	RMB 1 million	Subsidiary of Taizhou Haitong Assets Management Co., Ltd.
Jiangsu Guangyuan Cultural Development Co., Ltd.	1	Building 3-11, No.2 Jiangzhou South Road, Hailing District, Taizhou City	Cultural and artistic exchange event planning, corporate image planning, marketing planning, corporate management consultation; celebration etiquette service, conference and exhibition service, real estate intermediary service; office equipment lease; graphic design and production; municipal engineering, landscaping engineering, interior decoration engineering design and construction; sales of arts, crafts and collectibles, flowers, birds, insects, fish and stationery; venue and counter rental; accommodation service; food business (operated according to the scope verified by the Food Business License)	RMB 10 million	Subsidiary of Taizhou Haitong Assets Management Co., Ltd.
Taizhou Haihui Agricultural Trade Market Management Co.,	1	Room 201, Building 2, No.3 Fuqian Road, Hailing District, Taizhou City	Market management; non-fresh keeping fruit and vegetable sales.	RMB 1 million	Subsidiary of Taizhou Haitong Assets Management

Name of enterprise	Enterprise type	Registered place	Business scope	Registered capital	Relationship with the Company
Ltd.					Co., Ltd.
Taizhou Haitai Logistics Co., Ltd.	1	Warehouse in the south of Linjia River and east of Xingchen Road, Hailing District, Taizhou City	Cargo road transportation business (operated according to items listed in the Road Transportation Business License); ordinary cargo storage (except ports); railway freight forwarding service.	RMB 10 million	Subsidiary of Taizhou Haitong Assets Management Co., Ltd.
Taizhou Taizheng Transportation Investment Co., Ltd.	1	No.103 Qingnian North Road, Hailing District, Taizhou City	Traffic infrastructure construction, investment, development and operation management; real estate brokerage, property management (operated by qualification certificates). Real estate development and management	RMB 1,020,444,707.22	Controlling shareholder of associated companies
Taizhou Huaao Trading Co., Ltd.	1	Room 209, Building 1, No.12 West Hongqi Avenue, Agricultural Development Zone, Taizhou City (inside Jiangsu Huachen Concrete Company)	Sales of electronic products, telecom apparatuses, home appliances, electromechanical equipment, hotel equipment	RMB 500,000	Shareholders of associated companies
Shanghai Pengye Enterprise Management Co., Ltd.	1	Room D2-7923, No.58 Fumin Branch Road, Hengsha Village, Chongming District, Shanghai City (Shanghai Hengtai Economic Development Zone)	Corporate management consultation, real estate information consultation, business consultation, financial consultation, economic information consultation, market information consultation and survey (social survey, social investigation, public opinion survey and public opinion poll are prohibited).	RMB 1,000 million	Controlling shareholder of associated companies
China Design Group Co., Ltd.	1	No.9 Ziyun Avenue, Qinhuai District, Nanjing City	Technical data and drawing photocopy, transportation engineering planning design, engineering management service, engineering survey design and planning management, engineering and technical research and test development, basic geological survey, technical service of geological survey, technical service of quality inspection, surveying and mapping service, architectural installation, building material sales, information system integration and technical transfer service, software development, technical consultation and promotion, property	RMB 464,420,349	Shareholders of associated companies

Name of enterprise	Enterprise type	Registered place	Business scope	Registered capital	Relationship with the Company
			management, house leasing, self-operated and agent of import and export business for commodities and technologies, project contracting.		
CCCC Shanghai Dredging Co., Ltd.	1	No.13 Zhongshan East First Road, Huangpu District, Shanghai	Port and waterway engineering construction, municipal public engineering construction, water conservancy and hydropower engineering construction, highway engineering construction, housing engineering construction, railway engineering construction, professional river and lake regulation engineering construction, professional foundation and infrastructure engineering construction, professional environmental protection engineering construction, professional pre-mixed commercial concrete engineering construction, professional prefabricated concrete component engineering construction, professional steel structure engineering construction, professional water transportation construction engineering design, professional garden and ancient architecture engineering construction, mineral product, building material and chemical product wholesale, domestic waterway transportation, warehousing service (except for dangerous goods), loading, unloading and removal service, self-owned equipment leasing, application software development, intellectual property right agency, business consultation, real estate leasing operation, property management, professional waterway system training.	RMB 7,606,063,549	Shareholders of associated companies
Ruixue Supply Chain Management (Taizhou) Co., Ltd.	1	Room 209, Building 3, No.7 Xingfeng West Road, Hailing District, Taizhou City	Supply chain management, enterprise management, general cargo road transportation agency, computer network engineering construction, technical development, transfer, consultation and service in electronic and computer technology sector, IoT technical R&D, promotion and service.	RMB 60 million	Controlling shareholder of associated companies

Enterprise type: 1. Domestic non-financial subsidiaries; 2.Domestic financial subsidiaries; 3. Overseas subsidiaries; 4. Public institutions; 5. Capital construction institutions

5. Conditions of associated party transactions

(1) Associated transaction for purchasing and selling commodities, providing and accepting labor service

Name of associated party	Associated transaction content	Amount of this period	Amount of last period
Hailing District People's Government	Land consolidation business	966,388,619.80	626,873,860.44
	Agent construction business	123,117,176.87	241,691,483.38
	Agent construction management business	63,235,147.90	122,347,830.97
Taizhou Huimin New City Construction Co., Ltd.	Engineering construction incomes	176,500.73	
Taizhou Zhenyuan Security Service Co., Ltd.	Commodity sales income	215,684.02	

(2) Associated guarantee

1) The Company as the guarantor

For associated guarantee of the Company as the guaranteeing party, please refer to "Note XI (2) Contingent liabilities arising from providing debt guarantee for other companies and the financial impact".

2) The Company as the guaranteed

For associated guarantee of the Company as the guaranteed party, please refer to "Note VI (19) Short-term borrowings and (28) Long-term borrowings".

3) Associated party fund borrowing

Name of associated companies	Net borrowing	Net lending
Taizhou Huimin New City Construction Co., Ltd.	737,360,477.87	
Taizhou Baolong Real Estate Co., Ltd.	202,765,782.00	
Taizhou Haitong Assets Management Co., Ltd.	24,431,278.68	
Total	964,557,538.55	

6. Receivables and payables of related parties

(1) Accounts receivable

Associated parties (projects)	Closing balance	Opening balance
Hailing District Finance Bureau		210,253,197.29
Taizhou Haitong Assets Management Co., Ltd.	2,560.00	
Total	2,560.00	210,253,197.29

(2) Other receivables

Associated parties (projects)	Closing balance	Opening balance
Hailing District Finance Bureau		40,000,000.00
Taizhou Haitai New Rural Construction Development Co., Ltd.		523,677,860.92
Taizhou Huimin New City Construction Co., Ltd.	737,360,477.87	
Taizhou Baolong Real Estate Co., Ltd.	202,765,782.00	
Taizhou Haitong Assets Management Co., Ltd.	24,431,278.68	
Total	964,557,538.55	563,677,860.92

(3) Other non-current assets

Associated parties (projects)	Closing balance	Opening balance
Hailing District Finance Bureau – fund collection by installments for labor service provision		360,000,065.04
Total		360,000,065.04

(4) Other payables

Associated parties (projects)	Closing balance	Opening balance
Taizhou Huicheng Construction Development Co., Ltd.		1,864,467,809.72
Taizhou Haitong Assets Management Co., Ltd.		16,158,578.46
Taizhou Huimin New City Construction Co., Ltd.		2,649,097,726.84
Total		4,519,724,115.02

X. Description of contingencies

(I) Contingent liabilities arising from pending litigation arbitration and the financial impact

1. House demolition resettlement compensation contract dispute case of Wang Zhongshan v. the Company [(2019) Su 1202 Minchu No.3002]. Wang Zhongshan sued the Company for granting resettlement of 118 m2 demolished house and paying transition fee of RMB 82,400. As of this report date, this case trial has not been concluded. As judged by corporate management, this case had no impact on corporate financial statement.

2. House demolition resettlement compensation contract dispute case of Sun Xi and Sun Hailu v. the Company [(2020) Su 1202 v. Suqiantiao No.22]. Sun Xi and Sun Hailu sued the company for granting house demolition resettlement compensation of RMB 50,000. As of this report date, court session of this case had not opened. As judged by corporate management, this case had no impact on corporate financial statement.

3. Gift contract dispute case of Liu Guangfu v. Zhuang Guang'an (defendant) and the Company (third party) [(2019) Su 1202 Minchu No.5349]. Liu Guangfu appealed to confirm that the gift agreement signed with the defendant Zhuang Guang'an was invalid, and request the Company (third party) to assist in changing the Demolition Compensation Agreement under the name of the plaintiff. As of this report date, court session of this case had not opened. As judged by corporate management, this case had no impact on corporate financial statement.

In addition to above litigation matters, the Group had no other significant pending litigation and arbitration matters for disclosure.

(II) Contingent liabilities formed by provision of debt guarantee for other organizations and its financial impact

1. External security guarantee:

For security guarantee provided mutually inside the Group as of the closing balance, please refer to Note VI. (19) Short-term borrowings and (28) Long-term borrowings.

As of the closing balance, the security guarantee provided by the Group for other companies are presented as follows:

No.	Guarantor	Guarantor units	Guaranteed	Guarantee balance (RMB ten thousand)	Guarantee Period
1	The Company	Taizhou Children's Palace	China CITIC Bank Taizhou Branch	1800	2019.08.30-2020.09.19
2	The Company	Taizhou Xianghe Elderly Recreation Center	Taizhou Rural Commercial Bank	3995.1	2017.03.27-2020.05.17
3	The Company	Taizhou Hengguan Plastic Technology Co., Ltd.	Taizhou Rural Commercial Bank	4300	2019.09.03-2022.08.26
4	The Company	Taizhou Guangsha Property Management Center	Bank of Jiangsu New District Sub-branch, Taizhou Rural Commercial Bank Business Department	4500	2019.08.01-2020.09.18
5	The Company	Taizhou Haiqi Investment Co., Ltd.	Bank of Nanjing Taizhou Branch	500	2019.06.04-2020.06.02
6	The Company	Taizhou Haiqi Investment Co., Ltd.	Huaxia Bank Taizhou Branch	960	2019.09.26-2020.09.10
7	The Company	Taizhou Haiqi Investment Co., Ltd.	Bank of Jiangsu Taizhou Branch	4900	2017.07.03-2020.07.02
8	The Company	Taizhou Material Group Material Mall	Huaxia Bank Taizhou Branch	1000	2019.09.25-2020.09.10
9	The Company	Taizhou Material Group Material Mall	Bank of Nanjing Taizhou Branch	500	2019.06.04-2020.06.02
10	The Company	Taizhou Weishui Agricultural & Sideline Product Market Operation Management Co., Ltd.	Bank of Nanjing Taizhou Branch	500	2019.11.28-2020.12.4
11	The Company	Taizhou Weishui Agricultural & Sideline Product Market Operation Management Co., Ltd.	Huaxia Bank Taizhou Branch	1900	2019.09.26-2020.09.10
12	The Company	Taizhou Haitai New Rural Construction Development Co., Ltd.	Hengfeng Bank Nanjing Branch	2500	2019.09.27-2020.09.26

No.	Guarantor	Guarantor units	Guaranteed	Guarantee balance (RMB ten thousand)	Guarantee Period
13	The Company	Taizhou Hairun Movie Theater	Bank of Nanjing Taizhou Branch	500	2019.11.28-2020.12.4
14	The Company	Taizhou Industrial Commercial and Economic Service Company	Huaxia Bank Taizhou Branch	1900	2019.09.25-2020.09.10
15	The Company	Taizhou Industrial Commercial and Economic Service Company	Bank of Nanjing Taizhou Branch	500	2019.11.28-2020.12.4
16	The Company	Jiangsu Haiyang Chemical Fiber Co., Ltd.	Pudong Development Bank Taizhou Branch	8260	2019.02.21-2020.02.21
17	The Company	Taizhou Haiyang Investment Co., Ltd.	China Huarong Shipping Financial Leasing Co., Ltd.	6000	2015.11.19-2020.3.5
18	The Company	Taizhou Hairong Park Management Co., Ltd.	Bank of Jiangsu Taizhou Hailing Sub-branch	4498	2019.04.04-2020.3.12
19	The Company	Taizhou Haida Multimodal Transportation Management Co., Ltd.	Bank of Jiangsu Taizhou Hailing Sub-branch	4500	2019.04.04-2020.3.19
20	The Company	Taizhou Tianye Metal Product Co., Ltd.	Bank of Jiangsu Taizhou Hailing Sub-branch	600	2019.04.04-2020.06.04
21	The Company	Taizhou Tianxiao Environmental Protection Technology Co., Ltd.	Bank of Jiangsu Taizhou Hailing Sub-branch	5500	2019.04.04-2020.05.21
22	The Company	Taizhou Tianxiao Environmental Protection Technology Co., Ltd.	Jiangyan Rural Commercial Bank	4500	2019.07.04-2020.07.15
23	The Company	Taizhou Runhe New Energy Co., Ltd.	Bank of Jiangsu Taizhou Hailing Sub-branch	4900	2019.04.04-2020.06.10
24	The Company	Taizhou Meixiang Food Co., Ltd.	Jiangyan Rural Commercial Bank	1500	2019.07.04-2020.07.08
25	The Company	(Taitong) Taizhou Industrial Co., Ltd.	China CITIC Bank Taizhou Branch	4500	2018.12.27-2019.12.27
26	The Company	(Taitong) Taizhou Industrial Co., Ltd.	Taizhou Rural Commercial Bank	1998.81	2019.03.29-2020.03.14
27	The Company	(Taitong) Taizhou Industrial Co., Ltd.	Taizhou Rural Commercial Bank	11941	2019.03.29-2020.03.20
28	The Company	Taizhou Xinyuan Property Co., Ltd.	Taizhou Rural Commercial Bank	9600	2016.04.26-2021.04.15

No.	Guarantor	Guarantor units	Guaranteed	Guarantee balance (RMB ten thousand)	Guarantee Period
32	The Company	Taizhou Xinyuan Property Co., Ltd.	Bank of Nanjing Taizhou Branch	6500	2019.12.19-2022.12.18
33	The Company	Taizhou Dingxin Intelligent Industrial Park Investment Development Co., Ltd.	Jiangyan Rural Commercial Bank	6700	2016.04.26-2021.04.15
34	The Company	Taizhou Xintai New Rural Construction Development Co., Ltd.	Jiangyan Rural Commercial Bank	4100	2016.04.26-2021.05.5
35	The Company	Taizhou Xintai New Rural Construction Development Co., Ltd.	Jiangyan Rural Commercial Bank	8200	2016.04.26-2021.05.10
36	The Company	Taizhou Xintai New Rural Construction Development Co., Ltd.	Jiangyan Rural Commercial Bank	4100	2016.04.26-2021.05.19
37	The Company	Taizhou Xinhai Investment Co., Ltd.	Jiangyan Rural Commercial Bank	1500	2018.09.27-2020.09.20
38	The Company	Taizhou Xinhai Investment Co., Ltd.	Bank of Nanjing Taizhou Branch	1000	2013.09.26-2020.09.23
39	The Company	Taizhou No.4 People's Hospital	China Development Bank Jiangsu Province Branch	400	2012.12.28-2020.12.27
40	The Company	Taizhou No.4 People's Hospital	Bank of Communications Taizhou Branch	2000	2018.08.29-2020.08.28
41	The Company	Taizhou No.4 People's Hospital	Bank of Suzhou Taizhou Branch	6000	2019.03.11-2020.03.14
42	The Company	Taizhou No.4 People's Hospital	Minsheng Bank Taizhou Branch	2500	2019.04.23-2020.04.24
43	The Company	Taizhou No.4 People's Hospital	Bank of Communications Taizhou Branch	1000	2019.03.20-2020.08.16
44	The Company	Taizhou No.4 People's Hospital	Pudong Development Bank Taizhou Branch	1100	2019.05.08-2020.05.07
45	The Company	Taizhou No.4 People's Hospital	China Zheshang Bank Taizhou Branch	1600	2019.08.29-2020.02.28
46	The Company	Taizhou No.4 People's Hospital	Bank of Communications Taizhou Branch	1000	2019.12.03-2020.08.16
47	The Company	Taizhou No.4 People's Hospital	China Zheshang Bank Taizhou Branch	1500	2019.11.29-2020.05.28

No.	Guarantor	Guarantor units	Guaranteed	Guarantee balance (RMB ten thousand)	Guarantee Period
48	The Company	Taizhou No.4 People's Hospital	Pudong Development Bank Taizhou Branch	2400	2019.12.25-2020.12.26
49	The Company	Taizhou No.4 People's Hospital	Bank of Communications Taizhou Branch	1000	2019.10.18-2020.10.17
50	The Company	Taizhou Zhongtian New Energy Industrial Development Co., Ltd.	Ping An International Financial Leasing Co., Ltd.	20000	2016.05.26-2021/11/28
51	The Company	Taizhou Zhongtian New Energy Industrial Development Co., Ltd.	Zijin Trust Co., Ltd.	14800	2019.12-2021.12.27
52	The Company	Taizhou Zhongtian New Energy Industrial Development Co., Ltd.	Jiangsu Financial Leasing Co., Ltd.	6292.13	2019.07.25-2024.07.25
53	The Company	Taizhou Zhongtian New Energy Industrial Development Co., Ltd.	Suzhou Trust Co., Ltd.	16683	2019.09.30-2021.09.30
54	The Company	Taizhou Zhongtian New Energy Industrial Development Co., Ltd.	Suzhou Trust Co., Ltd.	226	2019.09.30-2022.2.15
55	The Company	Taizhou Shuangyang Precision Seamless Steel Tube Co., Ltd.	Taizhou Rural Commercial Bank Business Department	2500	2019.04.30-2020.03.06
56	The Company	Taizhou Golden Solar Energy Co., Ltd.	Bank of Jiangsu Taizhou Hailing Sub-branch	3500	2019.07.17-2020.07.07
57	The Company	Taizhou Haotian New Energy Industrial Development Co., Ltd.	Bank of Nanjing High-tech District Sub-branch	1500	2019.07.25-2020.06.25
58	The Company	Taizhou Haobo Investment Development Co., Ltd.	Bank of Jiangsu Taizhou Branch	5000	2019.06.26-2020.06.17
59	The Company	Taizhou Urban Construction Investment Group	Taizhou Rural Commercial Bank Business Department	8200	2016.05.03-2021.04.27
60	The Company	Taizhou Urban Construction Investment Group	Taizhou Rural Commercial Bank Business Department	4100	2016.05.03-2021.04.27
61	The Company	Taizhou Urban Construction Investment Group	China Development Bank Jiangsu Province Branch	145630	2016.04.25-2026.04.24
62	The Company	Taizhou Urban Construction Investment Group	China Everbright Bank Taizhou Branch	14640	2019.09.10-2024.09.10
63	The Company	Taizhou Municipal Engineering Co., Ltd.	Bank of Jiangsu Taizhou Hailing Sub-branch	1000	2019.07.04-2020.09.18

No.	Guarantor	Guarantor units	Guaranteed	Guarantee balance (RMB ten thousand)	Guarantee Period
64	The Company	Jinchen Group Co., Ltd.	Huaxia Bank Taizhou Branch	4000	2019.01.02-2020.02.03
65	The Company	Taizhou Xintai Group Co., Ltd.	Huishang Bank Financial Leasing Co., Ltd.	30000	2015.06.17-2020.06.16
66	The Company	Taizhou Hairun State-owned Assets Management Co., Ltd.	Bank of Jiangsu Taizhou Hailing Sub-branch	13500	2017.2.4-2020/1/20
67	The Company	Taizhou Haitai New Rural Construction Development Co., Ltd.	Suzhou Rural Commercial Bank Hailing Sub-branch	5000	2017/2/7-2020/2/7

Except for above external guarantee matters, as of the closing balance, Haicheng Guarantee Company's balance under guarantee was RMB 982,255,000.

2. External mortgage guarantees

For mortgage guarantee provided mutually inside the Group as of the closing balance, please refer to Note VI. (19) Short-term borrowings and (28) Long-term borrowings.

As of the closing balance, the Group had no matters of mortgage guarantee provided for other companies.

3. External pledge guarantees

For mortgage guarantee provided mutually inside the Group as of the closing balance, please refer to Note VI. (19) Short-term borrowings and (28) Long-term borrowings.

As of the closing balance, the Group had no matters of pledge guarantee provided for other companies.

(III) As of the closing balance, except for the contingent matters mentioned above, the Group had no other significant contingent matters for disclosure.

XI. Events after the balance sheet date

(I) Consolidated statement scope changes

1. Upon the approval of Taizhou Hailing District People's Government, all equities of four companies including Taizhou Hailing District Guangsha Green Engineering Co., Ltd., Taizhou Guangsha Property Management Center, Taizhou Hailing Municipal Engineering Division and Jiangsu Haiyu Construction Engineering Co., Ltd. were transferred to the Company free of charge. As of this report date, Taizhou Hailing District Guangsha Green Engineering Co., Ltd. and Jiangsu Haiyu Construction Engineering Co., Ltd. have completed industrial and commercial changes, and the transfer works of Taizhou Guangsha Property Management Center and Taizhou Hailing Municipal Engineering Division have not been completed.

(II) Significant financing matters

2. On March 16, 2020, the company issued Non-public Issuance of Corporate Bond of RMB 850 million, named "Taizhou Hailing Urban Development Group Co., Ltd. 2020 Non-public Issuance of Corporate Bond (Phase I)", with coupon rate of 6.97%.

3. On March 13, 2020, the company obtained the letter of no objection to non-public issuance of short-term corporate bond listed on the Shanghai Stock Exchange for transfer, with a total issuance amount of no more than RMB 2 billion. As of this report date, this bond of RMB 1 billion has been issued, with coupon rate of 4.50% and term of one year.

(III) Miscellaneous

4. Whereas the current outbreak of COVID-19 epidemic will exert a certain impact on business operations in all industries and even overall economic operations, to possibly further affect the Group's financial status and operational results at a certain degree, the degree of impact will depend on the epidemic control situation, duration and implementation of various regulatory policies. Upon prudent evaluation of the Group's management, this COVID-19 epidemic does not have a significant impact on sustained operation of the Group. Meanwhile, the Group's management will continuously pay close attention to the development of COVID-19 epidemic, evaluate and actively respond to its impact on financial status, operational results and other aspects of the Group.

Except for above events, the Company had no major event after the balance sheet date for disclosure.

XII. Project Note of parent company main financial statement

(I) Accounts receivable

1. Disclosure of receivable classification

Category	Closing balance			
	Book balance	Ratio	Bad debt reserve	Book value
Account receivable with significant amount of single item and separate allowance for bad debts				
Receivables with bad debt provision as per credit risk characteristic combinations	286,207,658.60	100.00%		286,207,658.60
Of which: receivables from government units and state-owned holding companies	286,207,658.60	100.00%		286,207,658.60
Account receivable with insignificant amount of single item but separate allowance for bad debts				
Total	286,207,658.60	100.00%		286,207,658.60

(Continued)

Category	Opening balance			
	Book balance	Ratio	Bad debt reserve	Book value
Account receivable with significant amount of single item and separate allowance for bad debts				
Receivables with bad debt provision as per credit risk characteristic combinations	212,253,197.29	100.00%		212,253,197.29
Of which: receivables from government units and state-owned holding companies	2,000,000.00	0.94%		2,000,000.00
Receivables of associated parties	210,253,197.29	99.06%		210,253,197.29
Account receivable with insignificant amount of single item but separate allowance for bad debts				
Total	212,253,197.29	100.00%		212,253,197.29

2. Major transaction entities with year-end balance of accounts receivable classified by the overdue party:

Overdue entities	Amount	Percentage of year-end balance
Taizhou Hailing District Finance Bureau	284,207,658.60	99.30%
Total	284,207,658.60	99.30%

(II) Advance payments

1. Advance payments are detailed as follows:

Aging	Closing balance		Opening balance	
	Amount	Ratio	Amount	Ratio
Within 1 years	1,476,725,031.43	100.00%	829,328,797.03	15.37%
1-2 years			876,001,205.88	16.24%
2-3 years			3,689,505,029.09	68.39%
Total	1,476,725,031.43	100.00%	5,394,835,032.00	100.00%

2. Major transaction entities with closing balance of advance payments:

Overdue entities	Amount	Percentage of year-end balance
Taizhou Hailing Real Estate Development Company	1,475,133,031.43	99.89%
Total	1,475,133,031.43	99.89%

(III) Other receivables

1. Disclosure of other receivable classification:

Category	Closing balance			
	Book balance	Ratio	Amount of bad debt reserves	Book value
Account receivable with significant amount of single item and separate allowance for bad debts				
Receivables with bad debt provision as per credit risk characteristic combinations	4,663,265,980.49	100.00%	5,398,297.29	4,657,867,683.20
Of which: portfolio of receivables of government units and state-owned holding companies	2,783,714,329.37	59.69%		2,783,714,329.37
Portfolio of associated party receivables	1,662,028,014.61	35.64%		1,662,028,014.61
Combination of security	6,480,000.00	0.14%		6,480,000.00
Portfolio of receivables secured by project funds	84,292,578.00	1.81%	421,462.89	83,871,115.11
Aging portfolio	126,751,058.51	2.72%	4,976,834.40	121,774,224.11
Account receivable with insignificant amount of single item but separate allowance for bad debts				
Total	4,663,265,980.49	100.00%	5,398,297.29	4,657,867,683.20

Continued

Category	Opening balance			
	Book balance	Ratio	Bad debt reserve	Book value
Account receivable with significant amount of single item and separate allowance for bad debts				
Receivables with bad debt provision as per credit risk characteristic combinations	4,895,935,718.38	100.00%	5,637,380.14	4,890,298,338.24
Of which: portfolio of receivables of government units and state-owned holding companies	1,903,095,261.78	38.87%		1,903,095,261.78
Portfolio of associated party receivables	2,864,471,108.75	58.51%		2,864,471,108.75
Portfolio of receivables secured by project funds	84,292,578.00	1.72%	421,462.89	83,871,115.11
Aging portfolio	44,076,769.85	0.90%	5,215,917.25	38,860,852.60
Account receivable with insignificant amount of single item but separate allowance for bad debts				
Total	4,895,935,718.38	100.00%	5,637,380.14	4,890,298,338.24

2. In the portfolio, other receivables with bad debt provision by aging analysis method:

Aging	Closing balance		
	Other receivables	Bad debt reserve	Accrual ratio
Within 1 years	121,308,824.11		0%
1-2 years			5%
2-3 years			10%

Aging	Closing balance		
	Other receivables	Bad debt reserve	Accrual ratio
3-4 years			20%
4-5 years	930,800.00	465,400.00	50%
Over 5 years	4,511,434.40	4,511,434.40	100%
Total	126,751,058.51	4,976,834.40	

Continued

Aging	Opening balance		
	Other receivables	Bad debt reserve	Accrual ratio
Within 1 years	31,652,069.98		0%
1-2 years			5%
2-3 years	4,101,750.47	410,175.05	10%
3-4 years	3,127,259.00	625,451.80	20%
4-5 years	2,030,800.00	1,015,400.00	50%
Over 5 years	3,164,890.40	3,164,890.40	100%
Total	44,076,769.85	5,215,917.25	

3. Other receivables with withdrawal of bad debt reserves by using percent of balance method in the combination:

Percentage of balance	Closing balance		
	Other receivables	Bad debt reserve	Accrual ratio
Portfolio of receivables secured by project funds	84,292,578.00	421,462.89	0.50%
Total	84,292,578.00	421,462.89	

Continued

Percentage of balance	Opening balance		
	Other receivables	Bad debt reserve	Accrual ratio
Portfolio of receivables secured by project funds	84,292,578.00	421,462.89	0.5%
Total	84,292,578.00	421,462.89	

4. Other receivables of top five year-end balance classified by the overdue party

Overdue entities	Amount	Percentage of year-end balance
Taizhou Haitai New Rural Construction Development Co., Ltd.	1,196,075,306.46	25.66%
Taizhou Huimin New City Construction Co., Ltd.	737,360,477.87	15.81%
Taizhou Haichuang Property Co., Ltd.	434,865,090.00	9.33%
Taizhou New Energy Industrial Park Management Committee	310,000,000.00	6.65%
Taizhou Gucheng Construction Investment Co., Ltd.	290,371,168.06	6.23%
Total	2,968,672,042.39	63.67%

(IV) Available-for-sale financial assets

1. Available-for-sale financial assets are as follows:

Item	Closing balance	Opening balance

Available-for-sale financial assets measured by cost	138,900,000.00	138,900,000.00
Of which: available-for-sale equity instruments	138,900,000.00	138,900,000.00
Other debt investment tools		
Less: provision for impairment		
Net value measured by costs	138,900,000.00	138,900,000.00
Total	138,900,000.00	138,900,000.00

2. Available-for-sale equity instruments measured at cost at the end of period:

Name of the invested entity	Opening balance		Increase in current period	Decrease in current period	Closing balance	
	Amount	Equity ratio			Amount	Equity ratio
Taizhou Golden Solar Energy Co., Ltd.	24,500,000.00	1.22%			24,500,000.00	1.22%
Taizhou Haiyang Investment Co., Ltd.	10,000,000.00	10.00%			10,000,000.00	10.00%
Taizhou Rural Commercial Bank Co., Ltd.	104,400,000.00	3.00%			104,400,000.00	3.00%
Total	138,900,000.00				138,900,000.00	

(V) Long-term equity investment

1. Classified long-term equity investment details:

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Investment in subsidiaries	3,952,972,883.63	24,350,000.00	496,217,071.67	3,481,105,811.96
Investment in associated companies		64,503,944.55		64,503,944.55
Subtotal	3,952,972,883.63	88,853,944.55	496,217,071.67	3,545,609,756.51
Minus: long-term equity investment depreciation reserves				
Total	3,952,972,883.63	88,853,944.55	496,217,071.67	3,545,609,756.51

2. Subsidiary details:

Name of the invested entity	Opening balance		Increase in current period	Decrease in current period	Closing balance	
	Amount	Equity ratio			Amount	Equity ratio
Taizhou Hairun State-owned Assets Management Co., Ltd.	496,217,071.67	100.00%		496,217,071.67		
Taizhou Hailing Real Estate Development Company	823,265,811.96	100.00%			823,265,811.96	100.00 %
Taizhou Haifa Construction Investment Co., Ltd.	1,300,000,000.00	100.00%			1,300,000,000.00	100.00 %
Taizhou Haiyang Water Supply and Drainage Management Co., Ltd.	8,000,000.00	80.00%			8,000,000.00	80.00%
Taizhou Haicheng Guarantee Co., Ltd.	135,490,000.00	51.912%	22,010,000.00		157,500,000.00	60.34%
Taizhou Huitai Construction Development Co., Ltd.	1,000,000,000.00	100.00%			1,000,000,000.00	100.00

Name of the invested entity	Opening balance		Increase in current period	Decrease in current period	Closing balance	
	Amount	Equity ratio			Amount	Equity ratio
						%
Taizhou Guorui Financial Leasing Co., Ltd.	90,000,000.00	75.00%			90,000,000.00	75.00%
Taizhou Gucheng Construction Investment Co., Ltd.	100,000,000.00	100.00%			100,000,000.00	100.00 %
Jiangsu Haichi Construction Co., Ltd.			2,340,000.00		2,340,000.00	52.00%
Total	3,952,972,883.63		24,350,000.00	496,217,071.67	3,481,105,811.96	

3. Details of associated enterprises

Name of the invested entity	Opening balance		Increase or decrease in current period			Closing balance	
	Balance	Equity ratio	Initial investment cost	Adjustment of gains and losses	Other changes	Balance	Equity ratio
Jiangsu Huachen Concrete Co., Ltd.			21,843,600.00	672,172.27	-1,037,827.72	21,477,944.55	20.00%
Beichen Supply Chain Management (Taizhou) Co., Ltd.			43,026,000.00			43,026,000.00	30.30%
Total			64,869,600.00	672,172.27	-1,037,827.72	64,503,944.55	

(VI) Bills payable

Item	Closing balance	Opening balance
Bank acceptance bill	250,000,000.00	
Total	250,000,000.00	

(VII) Accounts payable

1. Accounts payable presented by nature of payment:

Aging	Closing balance		Opening balance	
	Amount	Ratio	Amount	Ratio
Within 1 years	79,600.00	0.23%	15,262,955.00	44.06%
1-2 years	14,620,810.00	43.11%	157,855.00	0.46%
2-3 years	70,000.00	0.21%	70,000.00	0.20%
over 3 years	19,144,416.51	56.45%	19,151,941.34	55.28%
Total	33,914,826.51	100.00%	34,642,751.34	100.00%

2. Major accounts payable in year-end balance:

Overdue entities	Closing balance	Percentage of year-end balance
Taizhou Hairun State-owned Assets Management Company	14,462,955.00	42.64%
Cultural protection project demolition compensation funds payable, etc.	8,453,501.20	24.93%
Taizhou Hailing Real Estate Development Company	5,104,802.07	15.05%
Jiangsu Xintai Construction Engineering Company	4,446,654.00	13.11%
Total	32,467,912.27	95.73%

(VIII) Advance receipts

1. Advance receipts are detailed as follows:

Aging	Closing balance		Opening balance	
	Amount	Ratio	Amount	Ratio
Within 1 years	6,000,000.00	2.16%	54,500,977.50	11.55%
1-2 years	20,578,033.31	7.40%	167,183,247.18	35.43%
2-3 years	154,480,452.90	55.54%	76,034,877.33	16.11%
over 3 years	97,077,071.06	34.90%	174,202,262.70	36.91%
Total	278,135,557.27	100.00%	471,921,364.71	100.00%

2. Major advance receipts in year-end balance:

Overdue entities	Closing balance	Percentage of year-end balance
Taizhou Urban Construction Investment Group Co., Ltd.	181,259,882.96	65.17%
Taizhou Urban Infrastructure Construction Development Co., Ltd.	54,679,162.97	19.66%
Taizhou Haiyang Water Supply and Drainage Management Company	29,800,000.00	10.71%
Total	265,739,045.93	95.54%

(IX) Other payables

Item	Closing balance	Opening balance
Interests Payable	281,136,477.05	156,943,267.50

Dividends payable		
Other payables	12,282,840,649.97	14,742,533,566.69
Total	12,563,977,127.02	14,899,476,834.19

1. Interests Payable

Item	Closing balance	Opening balance
Bond interest payable	272,012,120.88	155,906,829.14
Interest payable on special shanty renovation bond	9,124,356.17	1,036,438.36
Total	281,136,477.05	156,943,267.50

2. Other payables are detailed as follows:

Aging	Closing balance		Opening balance	
	Amount	Ratio	Amount	Ratio
Within 1 years	5,620,012,734.36	45.75%	10,087,287,266.72	68.42%
1-2 years	1,201,997,639.66	9.79%	4,459,427,441.05	30.25%
2-3 years	5,368,084,268.02	43.70%	15,185,283.38	0.10%
over 3 years	92,746,007.93	0.76%	180,633,575.54	1.23%
Total	12,282,840,649.97	100.00%	14,742,533,566.69	100.00%

(1) Top 5 year-end balance of other payables:

Overdue entities	Closing balance	Percentage of year-end balance
Taizhou Huitai Construction Development Co., Ltd.	3,531,377,121.26	28.75%
Taizhou Jianye Investment Construction Group Co., Ltd.	3,288,110,000.00	26.77%
Jiangsu Urban and Rural Construction Investment Co., Ltd.	1,400,000,000.00	11.40%
Taizhou Haifa Construction Investment Co., Ltd.	1,365,193,719.30	11.11%
Taizhou Hairun State-owned Assets Management Co., Ltd.	861,161,627.53	7.01%
Total	10,445,842,468.09	85.04%

(X) Operating income and operating cost

Category	Amount of this period		Amount of last period	
	Operating incomes	Operating costs	Operating incomes	Operating costs
1. Main business				
Land arrangement	966,388,619.80	882,354,826.77	626,873,860.44	509,485,641.90
Construction consignment project	123,117,176.67	107,727,529.59	241,691,483.38	211,480,047.96
Agent construction management fee	63,235,147.90		122,347,830.97	
2. Other businesses				
Inter-enterprise guarantee incomes	1,792,452.83		3,896,226.42	
Rental incomes	378,098.53		77,539.30	
Interest incomes	1,864,177.06			
Total	1,156,775,672.79	990,082,356.36	994,886,940.51	720,965,689.86

(XI) Investment income

Sources of Investment Incomes	Amount of this period	Amount of last period
Income from long-term equity investment calculated with cost method	3,464,329.50	1,626,295.30
Long-term equity investment incomes by equity methods	672,172.27	
Total	4,136,501.77	1,626,295.30

(XII) Supplementary information on parent company's cash flow statement

1. Supplementary information of Cash Flow Statement

Item	Amount of this period	Amount of last period
1. Net profits adjusted to cash flow from operating activities:		
Net profits	274,399,516.82	323,779,596.95
Plus: asset impairment reserve	-239,082.65	467,740.18
Depreciation of fixed assets, depletion of oil and gas assets, and depreciation of productive biological assets	3,840,141.09	3,866,928.93
Amortization of intangible assets	1,396,581.89	1,357,115.78
Amortization of long-term deferred expenses		
Losses from disposing fixed assets, intangible assets and other long-term assets (revenues marked with "-")		
Fixed asset scrapping losses (revenues marked with "-")		
Losses and revenues of fair value change (revenues marked with "-")		
Financial expenses (revenues marked with "-")		
Investment losses (revenues marked with "-")	-4,136,501.77	-1,626,295.30
Decrease of deferred income tax assets (increase marked with "-")	59,770.72	-116,935.05
Increase of deferred income tax liabilities (decrease marked with "-")		
Decrease of inventory (increase marked with "-")	-1,012,812,235.23	-1,111,016,477.96
Decrease of operational receivables (increase marked with "-")	-1,155,662,501.43	-891,723,251.63
Increase of operational payables (decrease marked with "-")	1,263,173,779.42	673,771,051.17
Other		
Net cash flow from operating activities	-629,980,531.34	-1,001,240,526.93
2. Major investing and financing activities uninvolving cash receipts and expenditures:		
Debt conversion to capital		
Convertible corporate bonds due within one year		
Fixed assets acquired under finance lease		
3. Net change of cash and cash equivalents:		
Closing balance of cash	4,430,764,304.36	5,553,117,916.70
Less: opening balance of cash	5,553,117,916.70	6,250,944,411.72
Plus: closing balance of cash equivalents		
Less: opening balance of cash equivalents		
Net increase of cash and cash equivalents	-1,122,353,612.34	-697,826,495.02

2. Cash and cash equivalents

Item	Amount of this period	Amount of last period
I. Cash	4,430,764,304.36	5,553,117,916.70
Of which: cash on hand	23,297.80	3,499.51
Bank deposits for payment at any time	4,430,741,006.56	5,553,114,417.19
Other monetary assets for payment at any time		
Funds deposited in central bank that can be used for payment		
II. Cash equivalents		
Of which: bond investments due within three months		
III. Balance of cash and cash equivalents	4,430,764,304.36	5,553,117,916.70

Taizhou Hailing Urban Development Group Co., Ltd.

April 25, 2020

Legal representative: [illegible] Accounting director: [illegible] Accounting firm director: [illegible]

统一社会信用代码

91110102082881146K

营业执照

（副 本）（5-1）

扫描二维码登录"国家企业信用信息公示系统"，了解更多登记、备案、许可、监管信息

名　　称　中[illegible]会计师事务所（特殊普通合伙）

类　　型　特殊普通合伙企业

执行事务合伙人　李尊农

经营范围　审查企业会计报表、出具审计报告；验证企业资本，出具验资报告；办理企业合并、分立、清算事宜中的审计业务，出具有关报告；基本建设年度财务决算审计；代理记账；会计咨询、税务咨询、管理咨询、会计培训；法律、法规规定的其他业务。（企业依法自主选择经营项目，开展经营活动；依法须经批准的项目，经相关部门批准后依批准的内容开展经营活动；不得从事本市产业政策禁止和限制类项目的经营活动。）

成立日期　2013年11月04日

合伙期限　2013年11月04日至 长期

主要经营场所　北京市西城区阜外大街1号东塔楼15层

登记机关　北京市西城区市场监督管理局

2020年 03月 26日

国家企业信用信息公示系统网址：http://www.gsxt.gov.cn

市场主体应当于每年1月1日至6月30日通过国家企业信用信息公示系统报送公示年度报告。

国家市场监督管理总局监制



会计师事务所

执业证书

名　　称：中兴华会计师事务所（特殊普通合伙）

首席合伙人：李尊农

主任会计师：

经营场所：北京市西城区阜外大街1号东塔楼15层

组织形式：特殊普通合伙

执业证书编号：11000167

批准执业文号：京财会许可〔2013〕0066号

批准执业日期：2013年10月25日

证书序号：0000066

说　明

1、《会计师事务所执业证书》是证明持有人经财政部门依法审批，准予执行注册会计师法定业务的凭证。

2、《会计师事务所执业证书》记载事项发生变动的，应当向财政部门申请换发。

3、《会计师事务所执业证书》不得伪造、涂改、出租、出借、转让。

4、会计师事务所终止或执业许可注销的，应当向财政部门交回《会计师事务所执业证书》。

发证机关：北京市财政局

二〇一八年　三月　九日

中华人民共和国财政部制

证书序号：000368

会计师事务所
证券、期货相关业务许可证

经财政部、中国证券监督管理委员会审查，批准

中兴华会计师事务所（特殊普通合伙）

执行证券、期货相关业务。

首席合伙人：李尊农

证书号：24　　发证时间：二〇一一年十二月九日

证书有效期至：二〇二一年十二月八日

姓　　名 裴华山
Full name
性　　别 男
Sex
出生日期 1969-07-03
Date of birth
工作单位 江苏苏中会计师事务所
Working unit
身份证号码 370205690703551
Identity card No.

年度检验登记
Annual Renewal Registration

证书编号：321000020004
No. of Certificate
批准注册协会：江苏省注册会计师协会
Authorized Institute of CPAs
发证日期：1 年 1 月 1 日
Date of Issuance

本证书持有人经本年度检验合格，准予继续执行注册会计师业务。
This certificate is valid for another year after this renewal.

年度检验登记
Annual Renewal Registration

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This certificate is valid for another year after this renewal.

年度检验登记
Annual Renewal Registration

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This certificate is valid for another year after this renewal.

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Annual Renewal Registration

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This certificate is valid for another year after this renewal.

注册会计师工作单位变更事项登记
Registration of the Change of Working Unit by a CPA

原单位名称
Name of the former working unit

转入单位名称
Name of the new working unit

年度检验登记
Annual Renewal Registration

本证书经检验合格，继续有效一年。
This certificate is valid for another year after this renewal.

证书编号：320000100160
No. of Certificate

批准注册协会：江苏省注册会计师协会
Authorized Institute of CPAs

发证日期：2008 年 08 月 30 日
Date of Issuance

4

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注册会计师工作单位变更事项登记
Registration of the Change of Working Unit by a CPA

同意转出
Agree the holder to be transferred from

事务所 CPAs

转出协会盖章
Stamp of the transferor institute of CPAs

年 月 日
Yr Mo Da

同意调入
Agree the holder to be transferred to

事务所 CPAs

转入协会盖章
Stamp of the transferee institute of CPAs

年 月 日
Yr Mo Da

10

11

姓名 Full name 黄志新

性别 Sex 男

出生日期 Date of birth 1981-12-21

工作单位 Working unit 天衡会计师事务所有限公司

身份证号码 Identity card No. 320211811221411

持证人签名 Signature of the holder

年度检验登记
Annual Renewal Registration

本证书经检验合格，继续有效一年。
This certificate is valid for another year after this renewal.

黄志新(320000100160)
您已通过2015年年检
江苏省注册会计师协会

黄志新(320000100160)
您已通过2016年年检
江苏省注册会计师协会

年 月 日
Yr Mo Da

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年度检验登
Annual Renewal Regis

本证书经检验合
This certificate is va
this renewal.

黄志新(320000100160)
您已通过2017年年检
江苏省注册会计师协会

黄志新(320000100160)
您已通过2018年年检
江苏省注册会计师协会

黄志新(320000100160)
您已通过2019年年检
江苏省注册会计师协会

声　明

此文本为中兴华审字（2020）第021021号《泰州海陵城市发展集团有限公司2019年度财务报表审计报告书》的英文翻译文本，此文本完成时间为2020年10月30日。此文本中相关签字人员与中文原件签字人员不一致之处系人员变动所致。中英文文本内容及其理解不一致之处，则以中文文本为准。

Statement

This text is an English translation of ***Audit Report on the Financial Statements for the Year 2019 of Taizhou Hailing Urban Development Group Co., Ltd.***, which the reference number is Zhongxinghua Audit (2020) No.021021 , and this text is completed on October 30th, 2020. Any inconsistency between the signers of this text and the Chinese original text is due to personnel changes. In the event of any inconsistency between the content and understanding of the Chinese and English versions, the Chinese version shall prevail.

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1. Zhongxinghua Certified Public Accountants LLP Business License Copy

2. Zhongxinghua Certified Public Accountants LLP Practice Certificate Copy

3. Zhongxinghua Certified Public Accountants LLP Securities & Futures Business Permit Copy

4. Certified Public Accountants Practice Certificate Copy

Audit Report

Zhongxinghua Audit (2019) No. 020950

All shareholders of Taizhou Hailing Assets Management Co., Ltd.:

I. Audit Opinions

We audited the financial statements in 2018 of Taizhou Hailing Assets Management Co., Ltd. (hereinafter referred to as "Taizhou Hailing Assets Company"), including the Consolidated & Parent Company Balance Sheet on December 31, 2018, the 2018 Consolidated & Parent Company Income Statement, the Consolidated & Parent Company Cash Flow Statement, the Consolidated & Parent Company Owner's Equity Change Statement and relevant Notes to Financial Statements.

We deem that the attached financial statements are formulated in all material respects in accordance with Accounting Standards for Business Enterprises, which fairly reflects the financial conditions of consolidated and parent company of Taizhou Hailing Assets Company on December 31, 2018, as well as operation achievement and cash flow of consolidated and parent company in 2018.

II. Foundation of audit opinions

We conducted the audit work as per provisions of the Chinese Certified Public Accountant Auditing Standards. The part of "CPA responsibilities for financial statement audit" in the audit report further elaborates on our responsibilities under the Standards. In compliance with the code of ethics for Chinese Certified Public Accountant, we are independent from Taizhou Hailing Assets Company, and fulfill other responsibilities of professional ethics. We believe the audit evidence we obtained is sufficient and appropriate, and provides the foundation for our audit opinions.

III. Liabilities of the management and those charged with governance for financial statement

The management level is responsible for preparing the financial statements in accordance with the Accounting Standards for Business Enterprises and presenting them fairly; designing, implementing and maintaining necessary internal control so that there isn't any material misstatement in the financial statements due to fraud or error.

When preparing the financial statement, the management is responsible for assessing Taizhou Hailing Assets Company's capabilities of sustainable operation, disclosing matters related to sustainable operation (if applicable), and adopting the assumption of sustainable operation, unless the management plans to liquidate Taizhou Hailing Assets Company, terminate the operation, or there is no other practical option.

Those charged with governance is responsible for supervising the financial report process of Taizhou Hailing Assets Company.

IV. CPA's responsibilities for auditing financial statements

Our objective is to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement due to fraud or error, and issue an audit report containing audit opinions. Reasonable assurance is a high level of assurance, but it does not guarantee the audit performed in accordance with auditing standards can surely find a certain existing material misstatement. Misstatement may be caused by fraud or error; if a reasonably expected misstatement alone or aggregated may affect financial statement user's economic decision made based on financial statement, it is generally considered to be material misstatement.

As part of an audit in accordance with auditing standards, we exercise professional judgment and maintained professional skepticism throughout the audit. Meanwhile, we also perform the following tasks:

(1) Identify and assess material misstatement risks of financial statements due to fraud or error, design and implement audit process to address these risks, and obtain sufficient and appropriate audit evidences as the basis for giving audit opinions. Since fraud may involve collusion, forgery, intentional omission, false statement or overriding internal controls, the risk of failing to detect material misstatement due to fraud is higher than that due to error.

(2) Understand audit-related internal controls, to design appropriate audit process, but the purpose is not to give opinions on the effectiveness of internal controls.

(3) Evaluate the appropriateness of accounting policies adopted and the rationality of accounting estimates and related disclosures made by the management.

(4) Draw conclusions on the appropriateness of sustainable operation assumption by the management level. Meanwhile, based on the audit evidences acquired, it may lead to conclusions on whether there are significant uncertainties in the matters or circumstances causing major doubts about the capabilities of Taizhou Hailing Assets Company's sustainable operation. If we conclude that there are significant uncertainties, the auditing standards require us to notify the users about relevant disclosures of the financial statement in the audit report; if the disclosures are insufficient, we should express opinions without reservations. Our conclusions are based on the information available as of the audit report date. Nevertheless, future matters or circumstances may lead to the inability of Taizhou Hailing Assets Company for sustainable operation.

(5) Evaluate the overall presentation, structure and contents (including disclosures) of financial statements, and evaluate whether the financial statements fairly reflect relevant transactions and events.

(6) Sufficient and appropriate audit evidences on the financial information of Taizhou Hailing Assets Company's entity or business activities are acquired, to express opinions on the financial statements. We are responsible for guiding, supervising and executing group audit. We hold full responsibilities for the audit opinions.

We communicate with the governance level about planned audit scope, schedule, major audit findings and other matters, including the noteworthy internal control flaws that we have identified during the audit.

No text below

ZHONGXINGHUA CERTIFIED PUBLIC ACCOUNTANTS LLP

Beijing, China

China CPA:

China CPA:

April 20, 2019

Consolidated Balance Sheet

December 31, 2018

Prepared by: Taizhou Haling Assets Management Co., Ltd. **Amount Unit: RMB yuan**

Item	Note	December 31, 2018	December 31, 2017
Current assets:			
Monetary fund	VI (1)	9,258,878,645.50	9,746,272,191.28
Financial assets measured at fair value with changes charged to current profits and losses			
Derivative financial assets			
Notes receivable and accounts receivable	VI (2)	233,160,710.59	1,080,269,621.26
Advance payments	VI (3)	21,964,144.63	51,088,394.71
Other receivables	VI (4)	3,567,752,216.11	5,211,740,989.24
Inventories	VI (5)	27,801,691,105.06	26,773,439,571.68
Held-for-sale assets			
Non-current assets due within one year	VI (6)	6,480,572.81	
Other current assets	VI (7)	571,326,805.11	645,387,489.67
Total current assets		41,461,254,199.81	43,508,143,257.84
Non-current assets:			
Available-for-sale financial assets	VI (8)	178,358,575.22	178,358,575.22
Held-to-maturity investments			
Long-term accounts receivable	VI (9)	15,361,293.34	
Long-term equity investment	VI (10)		59,127,828.81
Investment real estate	VI (11)	12,692,768.18	13,458,363.72
Fixed assets	VI (12)	326,257,639.22	413,638,393.11
Construction in process	VI (13)	30,066,315.46	27,950,363.58
Productive biological assets			
Oil and gas assets			
Intangible assets	VI (14)	40,276,521.70	41,649,537.48
Development expenditures			
Goodwill			
Long-term deferred expenses	VI (15)	1,364,177.22	11,742,712.99
Deferred income tax assets	VI (16)	4,253,744.92	5,436,715.60
Other non-current assets	VI (17)	991,245,535.73	994,776,847.36
Total non-current assets		1,599,876,570.99	1,746,139,337.87
Total assets		43,061,130,770.80	45,254,282,595.71

(The attached annex to the financial statements is an integral part of the financial statements)

Legal representative: **Accounting director:** **Accounting firm director:**

(Cont.)

Consolidated Balance Sheet (Continued)

December 31, 2018

Prepared by: Taizhou Hailing Assets Management Co., Ltd. Amount Unit: RMB yuan

Item	Note	December 31, 2018	December 31, 2017
Current liabilities:			
Short-term borrowings	VI (19)	715,000,000.00	953,328,750.00
Financial liabilities measured at fair value with changes charged to current profits and losses			
Derivative financial liabilities			
Notes payable and accounts payable	VI (20)	961,094,917.72	1,387,203,957.17
Advance receipts	VI (21)	395,357,948.19	360,912,466.86
Employee remuneration payable	VI (22)	2,245,547.37	1,391,619.56
Taxes payable	VI (23)	290,757,801.94	217,675,473.56
Other payables	VI (24)	10,735,468,159.96	9,651,604,677.29
Held-for-sale liabilities			
Non-current liabilities due within one year	VI (25)	1,920,753,868.29	3,682,807,917.33
Other current liabilities	VI (26)	358,746,098.74	303,177,815.31
Total current liabilities		**15,379,424,342.21**	**16,538,102,677.08**
Non-current liabilities:			
Long-term borrowings	VI (27)	7,409,005,700.82	7,888,693,744.04
Bonds payable	VI (28)	4,387,059,079.28	4,770,563,970.41
Of which: preferred stock			
Perpetual debt			
Long-term accounts payable	VI (29)	2,480,125,365.10	480,981,016.86
Long-term employee payroll payable			
Estimated liabilities			
Deferred incomes			
Deferred income tax liabilities			
Other non-current liabilities	VI (30)	210,866,849.87	3,940,182,458.00
Total non-current liabilities		**14,487,056,995.07**	**17,080,421,189.31**
Total liabilities		**29,866,481,337.26**	**33,618,523,866.39**
Owner's equity:			
Paid-in capital	VI (31)	2,072,095,800.00	2,072,095,800.00
Other equity instruments			
Of which: preferred stock			
Perpetual debt			
Capital reserve	VI (32)	8,986,598,050.51	7,685,977,670.88
Less: treasury stock			
Other comprehensive incomes			
Special reserve			
Surplus reserve	VI (33)	285,706,106.11	253,328,146.41
General risk reserve			
Undistributed profits	VI (34)	1,598,684,591.93	1,467,481,746.94
Total owner's equity attributable to the parent company		**12,943,084,548.55**	**11,478,883,364.23**
Minority shareholder's equity		251,564,884.97	156,875,365.09
Total owner's equity		**13,194,649,433.52**	**11,635,758,729.32**
Total liabilities and owner's equity		**43,061,130,770.80**	**45,254,282,595.71**

(The attached annex to the financial statements is an integral part of the financial statements)

Legal representative: [illegible] Accounting director: [illegible] Accounting firm director: [illegible]

Consolidated Income Statement

Year 2018

Prepared by: Taizhou Hailing Assets Management Co., Ltd. Amount Unit: RMB yuan

Item	Note	Year 2018	Year 2017
I. Total operating incomes	VI (35)	1,249,265,084.22	1,372,157,240.45
Of which: operating incomes	VI (35)	1,249,265,084.22	1,372,157,240.45
II. Total operating costs		1,146,867,428.37	1,279,021,485.56
Of which: operating costs	VI (35)	984,854,577.53	1,102,254,081.19
Taxes and surcharges	VI (36)	38,828,520.98	38,993,816.19
Sales expenses		18,606,514.53	18,854,499.31
Management expenses		58,732,582.02	51,612,113.76
R&D expenses			
Financial expenses	VI (37)	69,202,412.26	71,806,084.61
Of which: interest expenses		100,000,944.91	84,716,121.45
Interest incomes		36,459,322.87	13,471,112.45
Asset impairment losses	VI (38)	8,442,821.06	-2,499,129.50
Plus: other incomes	VI (40)	103,793,875.33	111,816,382.40
Investment incomes (losses marked with "-")	VI (39)	1,593,251.35	265,598.89
Of which: investment incomes to associated enterprises and joint ventures		3,050,249.30	207,598.89
Fair value change revenues (losses marked with "-")			
Asset disposal revenues (losses marked with "-")			
III. Operating profits (losses marked with "-")		208,784,582.53	205,017,734.18
Plus: non-operating incomes	VI (41)	4,694,273.75	4,970,309.31
Less: non-operating expenditures	VI (42)	173,847.40	1,973,444.32
IV. Total profits (total losses marked with "-")		211,304,988.88	208,014,599.17
Less: income tax expenses	VI (43)	41,196,221.54	40,537,407.59
V. Net profits (net losses marked with "-")		170,108,767.34	167,477,191.58
(I) Classified by business continuity:			
1. Net profits from sustainable operation (net losses marked with "-")		170,108,767.34	167,477,191.58
2. Net profits from discontinued operation (net losses marked with "-")			
(II) Classified by ownership			
1. Minority shareholders' profits and losses (net losses marked with "-")		6,527,962.65	7,549,442.55
2. Net profits attributable to parent company shareholders (net losses marked with "-")		163,580,804.69	159,927,749.03
VI. After-tax net amount of other comprehensive incomes			
After-tax net amount of other comprehensive incomes attributable to the parent company owners			
(I) Other comprehensive income that cannot be reclassified into profit or loss			
1. Re-measure and re-define the variation in the benefit			
2. Other comprehensive income that fails to be transferred to profit or loss under the equity method			
(II) Other comprehensive revenues to be reclassified into profits and losses			
1. Other comprehensive income of convertible profit or loss under the Equity Method			
2. Profit and loss arising from changes in fair value of available-for-sale financial assets			
3. Profit and loss of held-to-maturity investments reclassified as available-for-sale financial assets			
4. Effective portion of profit and loss of cash flow hedging			
5. Converted Difference in Foreign Currency Statements			
6. Others			
After-tax net amount of other comprehensive incomes attributable to minority shareholders			
VII. Total comprehensive incomes		170,108,767.34	167,477,191.58
Total comprehensive incomes attributable to owners of parent company		163,580,804.69	159,927,749.03
Total comprehensive incomes attributable to the minority shareholders		6,527,962.65	7,549,442.55

(The attached annex to the financial statements is an integral part of the financial statements)

Legal representative: Accounting director: Accounting firm director:

Consolidated Cash Flow Statement

Year 2018

Prepared by: Taizhou Haiting Assets Management Co., Ltd. Amount Unit: RMB yuan

Item	Note	Year 2018	Year 2017
I. Cash flow from operating activities:			
Cash received from selling goods and providing services		1,986,806,940.40	1,063,960,093.16
Tax refunds received			
Other cash received from operating activities		4,161,293,592.10	35,261,972,722.71
Subtotal cash inflow from operating activities		**6,148,100,532.50**	**8,325,932,815.87**
Cash paid to buy goods and receive labor service		3,647,991,605.17	4,322,964,150.02
Cash paid to and for employees		12,867,534.20	11,028,547.44
Taxes paid		15,764,515.62	38,538,289.21
Other cash paid related to operating activities		1,656,366,872.72	5,851,608,499.13
Subtotal cash outflow from operating activities		**5,332,990,527.71**	**10,224,137,485.80**
Net cash flow from operating activities		**815,110,004.79**	**-3,898,204,669.93**
II. Cash flow from investing activities			
Cash received from investment withdrawal		268,860,421.95	263,000,000.00
Cash received from investment returns		1,339,166.66	58,000.00
Net cash received from disposal of fixed assets, intangible assets and other long-term investments			
Net cash received from disposal of subsidiaries and other business units			
Other cash received from investing activities			
Subtotal cash inflow from investing activities		**270,199,588.61**	**263,058,000.00**
Cash paid for purchasing and constructing fixed assets, intangible assets and other long-term assets		50,956,117.14	80,237,152.80
Cash paid for investment		52,007,211.95	290,400,000.00
Net cash paid by subsidiaries and other business units			
Other cash paid related to investing activities		306,940,033.89	
Subtotal cash outflow from investing activities		**409,903,362.98**	**370,637,152.80**
Net cash flow from investment activities		**-139,703,774.37**	**-107,579,152.80**
III. Cash flow from financing activities:			
Cash received from absorbing investments		1,900,000,000.00	1,000,000,000.00
Cash received from borrowings		5,240,629,585.30	14,109,250,528.31
Cash received from issuing bonds		338,680,000.00	1,184,693,480.00
Other cash received from financing activities		395,000,000.00	607,000,000.00
Subtotal of cash inflow from financing activities		**7,874,309,585.30**	**16,900,944,008.31**
Cash paid for repayment of debt		5,793,884,175.13	7,289,942,735.42
Cash paid for distributing dividends, profits or settling interests		1,676,986,369.87	1,592,649,895.23
Other cash paid related to financing activities		345,179,713.67	57,276,644.80
Subtotal cash outflow from financing activities		**7,816,050,258.67**	**8,939,869,275.45**
Net cash flow from financing activities		**58,259,326.63**	**7,961,074,732.86**
IV. Influence of exchange rate changes to cash and cash equivalents		4,500,726.58	-4,714,919.12
V. Net increase in cash and cash equivalents		738,166,283.63	3,950,575,991.01
Plus: opening balance of cash and cash equivalents		7,580,212,450.59	3,629,636,459.58
VI. Closing balance of cash and cash equivalents		**8,318,378,734.22**	**7,580,212,450.59**

(The attached annex to the financial statements is an integral part of the financial statements)

Legal representative: Accounting director: Accounting firm director:

Consolidated Owner's Equity Change Statement

Year 2018

Prepared by: Taizhou Hailong Assets Management Co., Ltd. Amount Unit: RMB yuan

Item	Year 2018											
	Owner's equity attributable to the parent company										Minority shareholder's equity	Total owner's equity
	Paid-in capital	Other equity instruments		Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profits	Subtotal		
		Preferred stock	Perpetual debt									
I. Balance at the end of last year	2,072,095,800.00			7,695,977,670.88			253,328,146.41		1,467,481,746.94	11,478,883,364.23	136,873,365.09	11,635,756,729.32
Plus: accounting policy changes												
Correction of previous-period accounting errors												
Consolidation of enterprises under the same control												
Other												
II. Balance at the beginning of this year	2,072,095,800.00			7,695,977,670.88			253,328,146.41		1,467,481,746.94	11,478,883,364.23	136,873,365.09	11,635,756,729.32
III. Increase or decrease in the current period (decreases marked with "-")				1,300,620,379.63			32,377,959.70		131,202,644.98	1,464,201,184.30	94,669,519.66	1,558,890,704.20
(I) Total comprehensive incomes									163,580,604.68	163,580,604.68	8,527,982.66	172,108,787.34
(II) Capital increase or decrease from the owner				1,300,620,379.63						1,300,620,379.63	89,868,061.93	1,390,288,441.56
1. Invested capital by the Shareholders				1,300,620,379.63						1,300,620,379.63	90,844,609.34	1,391,465,048.97
2. Other Interest Owner invested capital												
3. Amount of stock payment included in owner's equity												
4. Others											-1,176,607.41	-1,176,607.41
(III) Profit distribution							32,377,959.70		-32,377,959.70		-1,506,504.70	-1,506,504.70
1. Withdrawal of the Surplus Reserves							32,377,959.70		-32,377,959.70			
2. Withdrawal of the General Risk Reserves												
3. Distribution to owners											-1,506,504.70	-1,506,504.70
4. Others												
(IV) Internal Transfer of Shareholders' Equity												
1. Capital reserve to increase capital												
2. Surplus reserve to increase capital												
3. Cover losses with surplus reserves												
4. Set the benefit plan variation to be carried out into retained earnings												
5. Others												
(V) Special reserve												
1. Withdrawal in the period												
2. Used in the period												
(VI) Others												
IV. Balance at the end of current year	2,072,095,800.00			8,995,598,050.51			285,706,106.11		1,598,684,391.93	12,943,084,648.55	251,984,894.07	13,194,849,432.52

[The attached annex to the financial statements is an integral part of the financial statements]

Legal representative: Accounting leader: Accounting firm director:

Consolidated Owner's Equity Change Statement (Continued)

Year 2018

Prepared by: Taizhou Hailing Assets Management Co., Ltd.

Amount Unit: RMB yuan

Item	Year 2017											
	Owner's equity attributable to the parent company										Minority shareholder's equity	Total owner's equity
	Paid-in capital	Other equity instruments		Capital reserve	Other comprehensive incomes	Special reserve	Surplus reserve	General risk reserve	Undistributed profits	Subtotal		
		Preferred stock	Perpetual debt									
I. Balance at the end of last year	2,072,095,800.00			6,885,753,334.11			218,427,297.78		1,343,554,846.54	10,319,831,278.43	156,054,473.91	10,475,885,752.34
Plus: accounting policy changes												
Correction of previous-period accounting errors												
Consolidation of enterprises under the same control												
Other												
II. Balance at the beginning of this year	2,072,095,800.00			6,885,753,334.11			218,427,297.78		1,343,554,846.54	10,319,831,278.43	156,054,473.91	10,475,885,752.34
III. Increase or decrease in the current period (decrease marked with "-")				1,300,224,336.77			34,900,848.63		123,926,999.40	1,159,052,085.80	820,891.18	1,159,872,976.98
(I) Total comprehensive incomes									159,927,749.03	159,927,749.03	7,549,442.56	167,477,191.59
(II) Capital increase or decrease from the owner				1,300,224,336.77						1,300,224,336.77	-1,224,336.77	999,000,000.00
1. Invested capital by the Shareholders				1,300,000,000.00						1,300,000,000.00	-1,000,000.00	999,000,000.00
2. Other Interest Owner Invested capital												
3. Amount of stock payment included in owner's equity												
4. Others				224,336.77						224,336.77	-224,336.77	
(III) Profit distribution							34,900,848.63		-38,000,848.63	-1,100,000.00	-5,504,214.60	-6,604,214.60
1. Withdrawal of the Surplus Reserves							34,900,848.63		-34,900,848.63			
2. Withdrawal of the General Risk Reserves												
3. Distribution to owners									-1,100,000.00	-1,100,000.00	-5,504,214.60	-6,604,214.60
4. Others												
(IV) Internal Transfer of Shareholders' Equity												
1. Capital reserve to increase capital												
2. Surplus reserve to increase capital												
3. Cover losses with surplus reserves												
4. Set the benefit plan variation to be carried out into retained earnings												
5. Others												
(V) Special reserve												
1. Withdrawal in this period												
2. Used in this period												
(VI) Others												
IV. Balance at the end of current year	2,072,095,800.00			7,885,977,670.88			253,328,146.41		1,467,481,746.94	11,478,883,364.23	156,875,365.09	11,635,758,729.32

(The attached annex to the financial statements is an integral part of the financial statements)

Legal representative: [signature] Accounting leader: [signature] Accounting firm director: [signature]

Balance sheet

December 31, 2018

Prepared by: Taizhou Haiting Assets Management Co., Ltd. Amount Unit: RMB yuan

Item	Note	December 31, 2018	December 31, 2017
Current assets:			
Monetary fund		5,556,117,916.70	6,348,944,411.72
Financial assets measured at fair value with changes charged to current profits and losses			
Derivative financial assets			
Notes receivable and accounts receivable	XIII (1)	212,253,197.29	12,885,170,382.07
Advance payments	XIII (2)	5,394,635,032.00	5,129,632,634.69
Other receivables	XIII (3)	4,890,298,338.24	3,795,820,906.73
Inventories		19,033,768,258.74	16,381,164,315.58
Held-for-sale assets			
Non-current assets due within one year			
Other current assets			
Total current assets		**35,087,272,742.97**	**32,540,732,650.79**
Non-current assets:			
Available-for-sale financial assets	XIII (4)	138,900,000.00	138,900,000.00
Held-to-maturity investments			
Long-term accounts receivable			
Long-term equity investment	XIII (5)	3,952,972,883.63	4,434,229,435.63
Investment real estate			
Fixed assets		119,139,685.19	122,997,614.12
Construction in process			
Productive biological assets			
Oil and gas assets			
Intangible assets		40,262,521.70	41,619,637.48
Development expenditures			
Goodwill			
Long-term deferred expenses			
Deferred income tax assets		1,409,345.04	1,292,409.99
Other non-current assets		509,261,040.00	509,261,040.00
Total non-current assets		**4,761,945,475.56**	**5,248,300,137.22**
Total assets		**39,849,218,218.53**	**37,789,032,788.01**

(The attached annex to the financial statements is an integral part of the financial statements)

Legal representative: [illegible] **Accounting director:** [illegible] **Accounting firm director:** [illegible]

Balance Sheet (Continued)

December 31, 2018

Prepared by: Taizhou Hailing Assets Management Co., Ltd. Amount Unit: RMB yuan

Item	Note	December 31, 2018	December 31, 2017
Current liabilities:			
Short-term borrowings		350,000,000.00	100,000,000.00
Financial liabilities measured at fair value with changes charged to current profits and losses			
Derivative financial liabilities			
Notes payable and accounts payable	XIII (6)	34,642,751.39	40,188,204.34
Advance receipts	XIII (7)	471,921,364.71	447,209,613.21
Employee remuneration payable		1,106,389.40	886,987.60
Taxes payable		242,288,095.49	184,885,541.41
Other payables	XIII (8)	14,899,476,834.19	12,439,409,609.38
Held-for-sale liabilities			
Non-current liabilities due within one year		1,220,080,634.38	2,347,330,998.61
Other current liabilities		238,931,369.86	193,670,150.62
Total current liabilities		**17,458,447,439.35**	**15,753,200,985.17**
Non-current liabilities:			
Long-term borrowings		3,000,318,592.26	2,472,669,401.55
Bonds payable		4,387,059,079.28	4,770,563,970.41
Of which: preferred stock			
Perpetual debt			
Long-term accounts payable		1,863,805,311.81	325,953,000.00
Long-term employee payroll payable			
Estimated liabilities			
Deferred incomes			
Deferred income tax liabilities			
Other non-current liabilities		100,000,000.00	3,006,964,500.00
Total non-current liabilities		**9,350,982,983.35**	**10,576,150,871.96**
Total liabilities		**26,809,430,422.70**	**26,329,351,857.13**
Owner's equity:			
Paid-in capital		2,072,095,800.00	2,072,095,800.00
Other equity instruments			
Of which: preferred stock			
Perpetual debt			
Capital reserve		8,291,779,241.92	7,035,451,973.92
Less: treasury stock			
Other comprehensive incomes			
Special reserve			
Surplus reserve		285,706,106.11	253,328,146.41
Undistributed profits		2,390,206,847.80	2,098,805,010.55
Total owner's equity		**13,039,787,795.83**	**11,459,680,930.88**
Total liabilities and owner's equity		**39,849,218,218.53**	**37,789,032,788.01**

(The attached annex to the financial statements is an integral part of the financial statements)

Legal representative: [illegible] Accounting director: [illegible] Accounting firm director: [illegible]

Income statement

Year 2018

Prepared by: Taizhou Haiting Assets Management Co., Ltd. Amount Unit: RMB

Item	Note	Year 2018	Year 2017
I. Operating incomes	XIII (9)	994,886,940.61	957,768,083.62
Less: operating costs	XIII (9)	720,965,689.86	657,498,392.24
Taxes and surcharges		5,123,831.13	22,895,813.09
Sales expenses			
Management expenses		10,986,258.05	11,818,028.41
R&D expenses			
Financial expenses		40,546.46	31,406.98
Of which: interest expenses			
Interest incomes			
Asset impairment losses		487,740.18	560,832.12
Plus: other incomes		100,000,000.00	109,000,000.00
Investment incomes (losses marked with "-")	XIII (10)	1,828,295.30	5,941,885.40
Of which: investment incomes to associated enterprises and joint ventures			
Fair value change revenues (losses marked with "-")			
Asset disposal revenues (losses marked with "-")			
Non-operating income			
Less: non-operating expenditures		172,741.79	1,156,715.06
III. Total profits (total losses marked with "-")		**358,773,428.33**	**378,660,783.12**
Less: income tax expenses		34,993,831.40	29,642,296.87
IV. Net profits (net losses marked with "-")		**323,779,596.93**	**349,008,486.25**
(I) Net profits from sustainable operation (net losses marked with "-")		**323,779,596.93**	**349,008,486.25**
(II) Net profits from discontinued operation (net losses marked with "-")			
V. After-tax net amount of other comprehensive incomes			
(I) Other comprehensive income that cannot be reclassified into profit or loss			
1. Re-measure and re-define the variation in the benefit plan			
2. Other comprehensive income that fails to be transferred to profit or loss under the equity method			
(II) Other comprehensive revenues to be reclassified into profits and losses			
1. Other comprehensive income of convertible profit or loss under the Equity Method			
2. Profit and loss arising from changes in fair value of available-for-sale financial assets			
3. Profit and loss of held-to-maturity investments reclassified as available-for-sale financial assets			
4. Effective portion of profit and loss of cash flow hedging			
5. Converted Difference in Foreign Currency Statements			
6. Others			
VI. Total comprehensive incomes		**323,779,596.93**	**349,008,486.25**

(The attached annex to the financial statements is an integral part of the financial statements)

Legal representative: [illegible] Accounting director: [illegible] Accounting firm director: [illegible]

Cash flow statement

Year 2018

Prepared by: Taizhou Haiting Assets Management Co., Ltd. Amount Unit: RMB yuan

Item	Note	Year 2018	Year 2017
I. Cash flow from operating activities:			
Cash received from selling goods and providing services		1,712,214,235.34	600,811,967.77
Tax refunds received			
Other cash received from operating activities		2,469,778,247.82	3,847,583,492.40
Subtotal cash inflow from operating activities		**4,181,992,483.26**	**4,448,395,460.17**
Cash paid to buy goods and receive labor service		2,102,944,317.18	3,770,458,140.89
Cash paid to and for employees		2,811,323.17	2,634,480.77
Taxes paid		2,136,003.10	19,194,982.66
Other cash paid related to operating activities		3,075,341,366.74	4,066,868,061.05
Subtotal cash outflow from operating activities		**5,183,233,010.19**	**7,859,155,665.37**
Net cash flow from operating activities		**-1,001,240,526.93**	**-3,410,760,205.20**
II. Cash flow from investing activities			
Cash received from investment withdrawal			
Cash received from investment returns			1,300,500.00
Net cash received from disposal of fixed assets, intangible assets and other long-term investments			
Other cash received from investing activities			
Subtotal cash inflow from investing activities		**-**	**1,300,500.00**
Cash paid for purchasing and constructing fixed assets, intangible assets and other long-term assets		9,000.00	33,500.00
Cash paid for investment		190,000,000.00	105,400,000.00
Other cash paid related to investing activities			
Subtotal cash outflow from investing activities		**190,009,000.00**	**105,433,500.00**
Net cash flow from investment activities		**-190,009,000.00**	**-104,133,000.00**
III. Cash flow from financing activities:			
Cash received from absorbing investments		1,900,000,000.00	1,000,000,000.00
Cash received from borrowings		2,954,026,732.30	9,178,483,463.31
Cash received from issuing bonds		338,680,000.00	1,184,693,480.00
Other cash received from financing activities		95,000,000.00	158,000,000.00
Subtotal of cash inflow from financing activities		**5,287,706,732.30**	**11,521,176,943.31**
Cash paid for repayment of debt		3,253,414,606.41	3,008,472,868.40
Cash paid for distributing dividends, profits or settling		1,533,689,480.31	1,432,376,767.33
Other cash paid related to financing activities		7,179,713.67	2,276,644.80
Subtotal cash outflow from financing activities		**4,794,283,700.39**	**4,443,126,280.53**
Net cash flow from financing activities		**493,423,031.91**	**7,078,050,662.78**
IV. Influence of exchange rate changes to cash and cash equivalents		-	-
V. Net increase in cash and cash equivalents		-697,826,495.02	3,563,157,457.58
Plus: opening balance of cash and cash equivalents		6,250,944,411.72	2,687,786,954.14
VI. Closing balance of cash and cash equivalents		**5,553,117,916.70**	**6,250,944,411.72**

(The attached annex to the financial statements is an integral part of the financial statements)

Legal representative: Accounting director: Accounting firm director:

Statement of Changes in Owner's Equity

Year 2018

Prepared by: Taizhou Hailing Assets Management Co., Ltd. Amount Unit: RMB yuan

Item	Year 2018								
	Paid-in capital	Other equity instruments		Capital reserve	Other comprehensive incomes	Special reserve	Surplus reserve	Undistributed profits	Total owner's equity
		Preferred stock	Perpetual debt						
I. Balance at the end of last year	2,072,095,800.00			7,035,451,973.92			253,328,146.41	2,098,805,010.55	11,459,680,930.88
Plus: accounting policy changes									
Correction of previous-period accounting errors									
Other									
II. Balance at the beginning of this year	2,072,095,800.00			7,035,451,973.92			253,328,146.41	2,098,805,010.55	11,459,680,930.88
III. Increase or decrease in the current period (decrease marked with "-")				1,256,327,268.00			32,377,959.70	291,401,637.25	1,580,106,864.95
(I) Total comprehensive incomes								[illegible]	323,779,596.95
(II) Capital increase or decrease from the owner				1,256,327,268.00					1,256,327,268.00
1. Invested capital by the Shareholders				1,256,327,268.00					1,256,327,268.00
2. Other Interest Owner invested capital									
3. Amount of stock payment included in owner's equity									
4. Others									
(III) Profit distribution							32,377,959.70	-32,377,959.70	
1. Withdrawal of the Surplus Reserves							32,377,959.70	-32,377,959.70	
2. Withdrawal of the General Risk Reserves									
3. Distribution to owners									
4. Others									
(IV) Internal Transfer of Shareholders' Equity									
1. Capital reserve to increase capital									
2. Surplus reserve to increase capital									
3. Cover losses with surplus reserves									
4. Set the benefit plan variation to be carried out into retained earnings									
5. Others									
(V) Special reserve									
1. Withdrawal in this period									
2. Used in this period									
(VI) Others									
IV. Balance at the end of current year	2,072,095,800.00			8,291,779,241.92			285,706,106.11	2,390,206,647.80	13,039,787,795.83

(The attached annex to the financial statements is an integral part of the financial statements)

Legal representative [illegible] Accounting leader: [illegible] Accounting firm director: [illegible]

Statement of Changes in Owner's Equity (Continued)

Year 2018

Prepared by: Taizhou Haiting Assets Management Co., Ltd. Amount Unit: RMB yuan

Item	Year 2017								
	Paid-in capital	Other equity instruments		Capital reserve	Other comprehensive incomes	Special reserve	Surplus reserve	Undistributed profits	Total owner's equity
		Preferred stock	Perpetual debt						
I. Balance at the end of last year	2,072,095,800.00			6,035,451,973.92			218,427,297.78	1,784,697,372.93	10,110,672,444.63
Plus: accounting policy changes									
Correction of previous-period accounting errors									
Other									
II. Balance at the beginning of this year	2,072,095,800.00			6,035,451,973.92			218,427,297.78	1,784,697,372.93	10,110,672,444.63
III. Increase or decrease in the current period (decrease marked with "-")				1,000,000,000.00			34,900,848.63	314,107,637.62	1,349,008,486.25
(I) Total comprehensive incomes								349,008,486.25	349,008,486.25
(II) Capital increase or decrease from the owner				1,000,000,000.00					1,000,000,000.00
1. Invested capital by the Shareholders				1,000,000,000.00					1,000,000,000.00
2. Other Interest Owner invested capital									
3. Amount of stock payment included in owner's equity									
4. Others									
(III) Profit distribution							34,900,848.63	-34,900,848.63	
1. Withdrawal of the Surplus Reserves							34,900,848.63	-34,900,848.63	
2. Withdrawal of the General Risk Reserves									
3. Distribution to owners									
4. Others									
(IV) Internal Transfer of Shareholders' Equity									
1. Capital (or Stock) Increase from Capital Reserves									
2. Capital (or Stock) Increase from Surplus Reserves									
3. Cover losses with surplus reserves									
4. Set the benefit plan variation to be carried out into retained earnings									
5. Others									
(V) Special reserve									
1. Withdrawal in this period									
2. Used in this period									
(VI) Others									
IV. Balance at the end of current year	2,072,095,800.00			7,035,451,973.92			253,328,146.41	2,098,805,010.55	11,459,680,930.88

(The attached annex to the financial statements is an integral part of the financial statements)

Legal representative: Accounting leader: Accounting firm director:

I. Company profile

(I) Registered location, organization form and address of the company

Taizhou Hailing Assets Management Co., Ltd (hereinafter referred to as the company), founded on April 11, 2006, is a limited liability company (wholly state-owned) approved and registered by the Jiangsu Province Taizhou Administration for Industry and Commerce. Company unified social credit code: 91321202785993494H; legal representative: You Haorun; registered capital: RMB 2072095800; company address: Room 301, No. 15, Funan Street, Taizhou City.

The Company was jointly funded by Taizhou Hailing District Housing System Reform Office and Taizhou Road Lamp Management Division at the time of establishment, with registered capital of RMB 100 million. Initial capital contribution was RMB 90 million, of which Taizhou Hailing District Housing System Reform Office contributed RMB 80 million, accounting for 80.00% of corporate registered capital; Taizhou Road Lamp Management Division contributed RMB 10 million, accounting for 10.00% of corporate registered capital. This capital contribution was verified by Jiangsu Jingwei Certified Public Accountants upon issuing the Capital Verification Report Jingwei Internal Verification [2006] No.029. Capital contribution in the second phase was RMB 10 million, all of which are funded by Taizhou Hailing District Housing System Reform Office, accounting for 10.00% of corporate registered capital. This capital contribution was verified by Jiangsu Jingwei Certified Public Accountants upon issuing the Capital Verification Report Jingwei Internal Verification [2006] No.043.

On January 14, 2007, according to the resolution of the shareholders meeting, the company's capital was increased by RMB 100 million, and the registered capital was changed to RMB 200 million. This capital contribution was wholly funded by Taizhou Hailing District Housing System Reform Office After capital increase, the equity structure was: Taizhou Hailing District Housing System Reform Office contributed RMB 190 million, accounting for 95.00% of corporate registered capital; Taizhou Road Lamp Management Division contributed RMB 10 million, accounting for 5.00% of corporate registered capital. This capital increase was verified by Jiangsu Jingwei Certified Public Accountants upon issuing the Capital Verification Report Jingwei Verification [2007] No.3008.

On March 31, 2007, according to the resolution of the shareholders meeting, the company's capital was increased by RMB 104 million, and the registered capital was changed to RMB 304 million. This capital contribution was wholly funded by Taizhou Hailing District Housing System Reform Office After capital increase, the equity structure was: Taizhou Hailing District Housing System Reform Office contributed RMB 294 million, accounting for 96.71% of corporate registered capital; Taizhou Road Lamp Management Division contributed RMB 10 million, accounting for 3.29% of corporate registered capital. This capital increase was verified by Jiangsu Jingwei Certified Public Accountants upon issuing the Capital Verification Report Jingwei Verification [2007] No.3047.

On August 3, 2008, the company held a shareholder's meeting, and all shareholders unanimously agreed to amend the articles of association: agreed to increase the corporate capital by RMB 138,095,800, and the registered capital was changed to RMB 442,095,800; agreed to

absorb Jiangsu Province Taizhou Hailing District Community Service Center as a new corporate shareholder which contributed RMB 138,095,800, accounting for 31.24% of the registered capital. After this capital increase, the paid-in capital was RMB 442,095,800, of which: Taizhou Hailing District Housing System Reform Office contributed RMB 294 million, accounting for 66.50% of corporate registered capital; Taizhou Road Lamp Management Division contributed RMB 10 million, accounting for 2.26% of corporate registered capital; Jiangsu Province Taizhou Hailing District Community Service Center contributed RMB 138,095,800, accounting for 31.24% of corporate registered capital. This capital increase was verified by Jiangsu Jingwei Certified Public Accountants upon issuing the Capital Verification Report Jingwei Verification [2008] No.3060.

On October 21, 2010, Taizhou Hailing District People's Government released the Notice of District Government on Regulating the Management of State-owned Equity of Hailing Assets Company (Tai Hai Government Release [2010] No.149), to transfer the whole equity held by Taizhou Road Lamp Management Division, Taizhou Hailing District Housing Reform Office and Taizhou Hailing District Community Service Center to Hailing District Finance Bureau, and after the change, Hailing District Finance Bureau held whole equity of the company.

On June 24, 2011, according to the document of Taizhou Hailing District Finance Bureau (Tai Hai Finance Enterprise [2011] No.3) and the resolution of corporate shareholder's meeting, the company increased capital by RMB 200 million, and the registered capital was changed to RMB 642,095,800. This capital contribution was wholly funded by Taizhou Hailing District Finance Bureau. After capital increase, Taizhou Hailing District Finance Bureau contributed RMB 642,095,800, accounting for 100% of corporate registered capital. This capital increase was verified by Jiangsu Jingwei Certified Public Accountants upon issuing the Capital Verification Report Jingwei Verification [2011] No.3018.

On October 21, 2014, according to the document of Taizhou Hailing District People's Government Reply of District Government on Increasing Investment in Taizhou Hailing Assets Management Co., Ltd. (Tai Hai Government Reply [2014] No.28) and the resolution of corporate shareholder's meeting, the company increased capital by RMB 430 million, and the registered capital was changed to RMB 1,072,095,800. This capital contribution was wholly funded by Taizhou Hailing District Finance Bureau. After capital increase, Taizhou Hailing District Finance Bureau contributed RMB 1,072,095,800, accounting for 100% of corporate registered capital. On Friday, October 31, 2014, the company completed industrial and commercial change.

On December 21, 2015, according to the approval of Taizhou Hailing District People's Government ([2015] Hai Government Zi No.624) and the resolution of corporate shareholder's meeting, the company increased capital by RMB 1,000,000,000 and the registered capital was changed to RMB 2,072,095,800. This capital contribution was wholly funded by Taizhou Hailing District Finance Bureau. After capital increase, Taizhou Hailing District Finance Bureau contributed RMB 2,072,095,800, accounting for 100% of corporate registered capital. This capital increase was verified by Jiangsu Zhongxing Certified Public Accountants upon issuing the Capital Verification

Report Zhongxing Verification Zi [2015] No.0045. On April 18, 2016, the company completed industrial and commercial change.

(II) Business nature and main operating activities of the company

The company belongs to leasing and commercial service industry, and its business scope mainly includes: asset management, urban infrastructure construction, freezing and refrigeration equipment lease, land consolidation development.

(III) Name of parent company and group headquarter

Controlling shareholder of the company is Taizhou Hailing District Finance Bureau, and the ultimate controller of the company is Taizhou Hailing District People's Government. The company sets up Board of Directors and General Manager Office, to manage and control corporate major decision-making and routine work.

(IV) Approval of financial report

Financial report of the company is reported externally upon the approval by the Board of Directors.

(V) Operation term

The Company's operation term is from April 2006 to April 2026

(VI) Scope of consolidated financial statement this year

For subsidiaries of the company included in the consolidation scope in 2018, please refer to Note VIII "Equity in other entities". For consolidation scope changes of the company in the current period, please refer to Note VII "Consolidation scope changes".

II. Preparation Basis of the Financial Statements

(I) Preparation basis

The company's financial statements are based on continuing operations, which are prepared as actual transactions and events in accordance with the accounting standards and guidelines for application, interpretation and other relevant regulations promulgated by the Ministry of Finance (collectively referred to as the "Accounting Standards for Enterprises"), in conformity with the Note. IV. Accounting policies and estimates in the "Significant Accounting Policies & Accounting Estimates".

According to relevant provisions of the accounting standards for enterprises, accounting in the company is conducted based on the accrual system. Unless otherwise specified, the financial statements are computed on the basis of historical costs. If an asset is impaired, the corresponding provision for impairment shall be made in accordance with the relevant provisions.

(II) Sustainable operations

The financial statement is presented based on sustainable operation, and the company has the ability of sustainable operation within at least 12 months from the end of reporting period.

III. Statement on compliance with Accounting Standards for Business Enterprises

The financial statement prepared by the company meets the requirements of the enterprise accounting standards, which reflects the company's financial status, operating results, cash flow and other relevant information truly and completely.

IV. Significant accounting policies and accounting estimate

(I) Accounting period

The company's accounting period is from January 1 to December 31 of the Gregorian calendar.

(II) Functional currency

Renminbi serves as the functional currency of the Company.

(III) Accounting basis and valuation principle

The Company's accounting is based on the accrual basis of accounting, and historical cost is the principle of pricing.

(IV) Enterprise merger

Business Combination, refers to the transactions or events of combining two or more than two separate businesses into one reporting entity. Business Combination includes Business Combination Involving Entities Under Common Control and Business Combination Involving Entities Not Under Common Control.

1. Consolidation of enterprises under the same control

The enterprises involved in combination are ultimately controlled by the same party or parties before and after the combination. The control is not temporary, and the combination is under the same control. For business combinations under the same control, the party that obtains control over other participating enterprises on the acquisition date is the acquirer, and other enterprises that participate in the combination are the acquirees. Combination date refers to the date on which the combing party actually obtains control to the combined party.

The assets and liabilities obtained by the combining party are measured at the carrying amounts as recorded by the combined party at the combination date. The difference between the carrying amount of the net assets obtained by the combining party and the carrying amount of consideration paid for the combination is adjusted to share premium in the capital reserve. If the balance of share premium is insufficient, retained earnings shall be adjusted.

The direct expenses generated by the acquirer for the purpose of business combinations shall be recorded into the profits and losses for the current period.

2. Consolidation of enterprises under different control

If the enterprises participating in the merger are not ultimately controlled by the same party or parties before and after the combination, the business combination is facilitated under different controls. For business combinations not under the same control, the party that obtains control over other participating enterprises on the acquisition date is the acquirer, and other enterprises that participate in the combination are the acquirees. The acquisition date refers to the date when acquirer actually obtains control over acquiree.

For the business combinations under different controls, the combination cost includes the assets paid by the acquirer to obtain control over acquire on the acquisition date, the liabilities generated or undertaken and the fair value of the issued equity securities. The intermediary costs used for auditing, legal services, appraisal consulting and other administrative expenses during the process of

business combination are included into the current profits and losses. Any transaction costs occurring in the process of issuing equity securities or debt securities as consideration paid for combination by the purchaser are included in the initially recognized amount of equity securities or debt securities. The involved contingent consideration is included in the consolidated cost as per its fair value on the purchasing date, if new or further evidences compared with existing circumstances on the purchasing date occur within 12 months after the purchasing date, so that contingent consideration needs to be adjusted, the consolidated goodwill shall be adjusted accordingly. The cost of combination incurred to the acquirer and the net identifiable assets obtained in the processing of combination shall be measured at the acquisition-date fair value. Goodwill is identified as the excess of combination cost over the fair value of identifiable net assets obtained by the acquirer in combination on the acquisition date. If the combination cost is less than the fair value of identifiable net assets obtained by acquiree in the combination, the fair value of identifiable assets, liabilities and/or contingent liabilities of the acquiree and the combination costs should be re-computed first. If the combination cost is still less than the fair value of identifiable net assets obtained by the acquiree in the combination, the difference shall be included into the current profits and losses.

When the deductible temporary difference obtained by the purchasing party from the purchased party is unrecognized due to incompliance with the deferred income tax asset recognition criteria on the purchasing date, within 12 months after the purchasing date, if new or further information shows relevant circumstances of the purchasing date have existed, and economic benefits of the purchased party brought by the deductible temporary difference on the purchasing date is expected to realize, the relevant deferred income tax assets are recognized, while the goodwill is reduced; if the goodwill is insufficient to offset, the difference part is recognized as current profits and losses; except for the above circumstances, the deferred income tax assets recognized in connection with enterprise consolidation are included in current profits and losses.

Where the consolidation of enterprises not under the same control is achieved through multiple transactions by steps, make judgment on whether such multiple transactions are "package deal", pursuant to the "package deal" judgment criteria in the Notice of the Ministry of Finance on Printing and Distributing the Interpretation of Accounting Standards for Business Enterprises No. 5 (Finance and Accounting [2012] No. 19) and Article 51 of the Accounting Standards for Business Enterprises No. 33-Combined Financial Statement (see the Note IV. (5). 2) The deals belonging to package-deal are accounted based on the above description and Note IV. (13) - Long-term equity investments; the deals not belonging to package-deal are accounted separately based on separate financial statements and consolidated financial statements.

In separate financial statements, the sum of the carrying amount of the acquirer's interest in the acquired entity's equity investments prior to the acquisition date and the additional investment costs at the acquisition date is recognized the initial investment cost; For the acquirer's interest in the acquired entity's equity investments prior to the acquisition date that is related to other comprehensive income, it shall be accounted, with other relevant comprehensive incomes, on the

same basis of direct disposal of assets or liabilities in the disposal of the investment.

In the consolidated financial statements, the acquirer's interest in the acquired entity's equity investments prior to the acquisition date is measured at the fair value at acquisition date, and the difference between fair value and carrying amount is accounted into current investment income; For the acquirer's interest in the acquired entity's equity investments prior to the acquisition date that is related to other comprehensive income, it shall be accounted, with other relevant comprehensive incomes, on the same basis of direct disposal of assets or liabilities in the disposal of the investment.

(V) Consolidated financial statement preparation method

1. The principle of determining the scope of consolidated financial statements

The scope of financial statements consolidation is decided based on the control. Control means that the Company has the power over the invested entity, earns variable return by participating in relevant activities of the invested entity, and has the ability to influence the return amount by exercising its power over the invested entity. The scope of consolidation includes the company and all its subsidiaries.

The company will conduct a reassessment once the relevant facts and changes in circumstances have caused changes in the relevant elements involved in the above control definition.

2. Method for compiling consolidated financial statements

From the date of obtaining the actual control of the subsidiary's net assets and production and business decisions, the company began to include it in the scope of consolidation; and ceased to be included in the scope of consolidation from the date of loss of actual control. For the subsidiary in disposal, business performance and cash flows prior to the date of disposal has been included in the consolidated income statement and consolidated cash flow statement; For the subsidiary disposed in the current period, the opening balance in the consolidated balance sheet is not adjusted. For subsidiaries that are not under the same control and whose business combination is increased, the operating results and cash flows after the purchase date have been properly included in the consolidated income statement and the consolidated cash flow statement, and the opening balance and comparison of the consolidated financial statements are not adjusted. For the subsidiary acquired in the business combination under same control, the business performance and cash flows from the beginning of the period to the acquisition date has been included in the consolidated income statement and consolidated cash flow statement, and the comparative figures in the consolidated financial statements are correspondingly restated.

In preparing of the consolidated financial statements, when the accounting policies or accounting period of a subsidiary are different from those of the Company, the Company makes necessary adjustments to the financial statements of the subsidiary based on the Company' s own accounting policies and accounting period. For subsidiaries acquired under a business combination not under common control, the financial statements of the subsidiary are adjusted based on the fair value of the identifiable net assets at the acquisition date.

All major current balances, transactions and unrealized profits in the company are offset when the consolidated financial statements are prepared.

The parts in subsidiary owner's equity and current net profits and losses that do not belong to the company are separately presented under the owner's equity and net profit item in the consolidated financial statement, as the minority owner's equity and the minority shareholder's profits and losses. The portion of subsidiary's current net profits and losses that is attributable to minority shareholder's equity is presented as "minority shareholder's profits and losses" under the net profits in the consolidated income statement. Where losses attributable to the minority shareholders of a subsidiary exceed the minority shareholders interest in of the equity of the subsidiary at the beginning of the period, they are still offset against the minority shareholders interest.

When the control over the original subsidiary is lost due to the disposal of part of the equity investment or other reasons, the remaining equity shall be re-measured based on the fair value on the date of loss of control. The difference between the consideration obtained by disposing of the equity and the fair value of the remaining equity, minus the share of the share of the net assets that would have been calculated by the original subsidiary from the date of purchase as calculated by the original shareholding ratio, is included in the current period of loss of control. Investment income. Other comprehensive income related to the equity investment of the original subsidiary, when the loss of control right is used, the accounting basis is the same as that of the purchased party that directly disposes of the relevant assets or liabilities. Thereafter, residual equity of the part can be provided with subsequent measurement according to Accounting Standards for Enterprises No. 2 - Long-term Equity Investment or Accounting Standards for Enterprises No.22 - Recognition and Measurement of Financial Instruments, as detailed in Note IV. (13) "long-term equity investment" or Note IV. (9) "financial instruments".

If the company disposes of the equity investment in a subsidiary through multiple transactions until it loses control, it needs to distinguish whether each transaction that deals with the equity investment in the subsidiary until the control is lost is a package transaction. When the terms, conditions and economic impacts of disposing subsidiary equity investment transactions comply with the following one or more circumstances, it generally indicates that multiple transactions shall be accounted as package deal: ① these transactions are signed simultaneously or when considering mutual impact; ② these transactions as a whole can achieve a complete business result; ③ the occurrence of a transaction depends on the occurrence of at least another transaction; ④ a transaction alone is deemed as uneconomical, but economical when considering with other transactions together. If they are not the package deal, for each transaction of them, accounting treatment is conducted according to the applicable principles in "partially dispose the long-term equity investment of subsidiary without losing the control right" (see Note IV (13)) and "lose the control right on original subsidiary due to disposal of partial equity investment or other reasons" (see

preceding paragraph). Disposal of the equity investment in the subsidiary until the loss of control of the transaction is a package transaction, the transaction will be treated as a transaction to dispose of the subsidiary and lose control; however, before the loss of control, the difference between the disposal price and the share of the net assets of the subsidiary corresponding to the disposition of the investment is recognized in the consolidated financial statements as other comprehensive income. When the control right is lost, it is transferred to the current profit or loss at the same time.

(VI) Classification of joint venture arrangements and accounting of joint operations

Joint arrangement refers to an arrangement that is jointly controlled by two or more participants. The Company classifies joint arrangements into joint operations and joint ventures based on the rights it enjoys and the obligations it assumes during the joint venture arrangement. Joint operation refers to the joint venture arrangement in which the company enjoys the relevant assets of the arrangement and bears the liabilities of the arrangement. A joint venture refers to a joint venture arrangement where the company only has rights to the net assets of the arrangement.

Investment of the Company on cooperative enterprise should be accounted with equity method and disposed according to accounting policy stated in Note IV. (13) "long-term equity investment".

The company operates jointly as a joint venture, confirming the assets held by the company alone, the liabilities the company assumed alone, and confirming jointly held assets and jointly assumed liabilities according to the shares of the company; confirming the income generated from the sale of the company's joint operating output share; the income generated from the sales of joint operations according to the company's share; confirming the expenses incurred by the company alone, and confirming the cost of joint operations according to the company's share.

When the company operates as a joint venture to jointly sell or sell assets (this asset does not constitute a business, the same below), or when purchasing assets from a joint operation, before the assets are sold to a third party. The company only recognizes the portion of profit or loss arising from this transaction that is attributable to other participants of the joint venture. If such assets meet the asset impairment loss as stipulated in the "Accounting Standards for Enterprises No. 8 - Asset Impairment", etc., for the case of the assets invested or sold by the company to the joint operations, the company fully confirms the losses; Where the company purchases assets from a joint operation, the company confirms the loss according to its share of commitments.

(VII) Determination standards of cash and cash equivalents

The company's cash and cash equivalents include cash on hand, deposits that can be used for payment at any time, investments that owned by the company which are in short-term (usually due within three months from the purchase date), highly liquid, easy to convert to a known amount of cash, low risk of value change.

(VIII) Foreign currency transactions and conversion of foreign currency statements

1. Foreign currency transactions

The foreign currency transaction of the company converts the foreign currency amount into the RMB amount according to the spot exchange rate on the transaction date. At the balance sheet date,

foreign currency monetary items are translated into RMB at the spot exchange rate on the balance sheet date, and the translation difference is directly included in the current profit and loss, in addition to the foreign exchange differences from the foreign currency specific borrowings for the acquisition, construction or production of assets eligible for capitalization that is recorded as the principle of capitalization.

2. Conversion of foreign currency financial statements

The items of assets and liabilities in the foreign currency balance sheet are translated at the spot exchange rate on the balance sheet date; the owner's equity items are translated at the spot exchange rate at the time the business occurs except for "undistributed profits"; the income & cost items in the profit statement are converted at the spot exchange rate on the transaction date. The difference in translation of foreign currency statements from the above translation is shown as the "Other comprehensive income" item of the owner's equity. Foreign currency cash flows are translated at the spot exchange rate on the date of cash flow. The impact of exchange rate changes on cash is separately presented in the cash flow statement.

(IX) Financial instruments

When the company becomes a party to a contract of a financial instrument, the company shall recognize a financial asset or financial liability. Financial assets and financial liabilities are measured at fair value on initial confirmation. For the financial assets and financial liabilities measured at fair value and the changes therein are recognized into current profit or loss, the transaction expenses thereof should be recognized directly in profit or loss, and for other categories of financial assets and financial liabilities, the transaction expenses thereof should be recognized into initially recognized amount.

1. Determining method of the fair value of financial assets and financial liabilities

Fair value refers to the price that a market participant can be received for the sale of an asset or the price he needs to pay for transferring a liability in an orderly transaction occurring on the measurement date. The Company measures fair values of financial assets and financial liabilities at the price in the major market. If no major market, the price best favorable to the market should be used to measure the fair values of financial assets and financial liabilities and current applicable valuation technique with sufficient applicable data and other information support is used. Input value for measurement of fair value can be divided into three levels, i.e. the first-level input value is unadjusted quotation on same assets or liabilities obtained in the active market at the date of measurement; the second-level input value is directly or indirectly observable input values of related assets or liabilities except the first-level input value; the third-level input value is non-observable input value of related assets or liabilities. The company prefers to use the first-level input value, and use the third-level input value finally. Level of the measurement result of fair value is decided according to the lowest level of input value with great significance for whole measurement of fair value.

2. Classification, confirmation and measurement of financial assets

The financial instruments traded in a conventional manner shall be conducted accounting recognition and de-recognition at the date of transaction. Financial assets are classified at initial recognition into financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, and available-for-sale financial assets.

① Financial assets measured at fair value with changes charged to current profits and losses

Including transactional financial assets and financial assets that are designated at fair value through profit or loss.

Transactional financial assets refer to the financial assets in accordance with one of the following criteria: A. the purpose of obtaining such financial assets is mainly for sales in the near future; B. belong to a part of recognizable financial instruments of centralized management, with objective evidence to show the company has recently managed the portfolio by means of short-term profitability; C. belong to derivatives, but excluding the derivatives designated as effective hedging instruments, the derivatives of financial guarantee contract, as well as the derivatives connected with equity instrument investment of which the fair value cannot be reliably measured and unquoted on active market, and settlement by delivering such equity instruments.

Financial assets that meet one of the following criteria are designated as the financial assets measured at fair value with changes charged to current profits and losses at initial recognition: A. such designation can eliminate or apparently reduce the inconsistent recognition or measurement of relevant gains or losses caused by different measurement basis of such financial assets; B. corporate formal written document of risk management or investment strategy have stated to manage, evaluate the financial asset portfolio or combination of financial assets and financial liabilities in which the financial assets exist based on fair value, and report to key management personnel.

Financial assets measured at fair value through current profits or losses are subsequently measured at fair value. Any gains or losses arising from changes in fair value and any dividends and interest income related to these financial assets are included in current profit or loss.

② Held-to-maturity investments

Refers to non-derivative financial assets with a fixed due date, a fixed or recyclable amount, and the company's clear intention and ability to hold until maturity.

Subsequent to initial recognition, held-to-maturity investments are stated at amortized cost using the effective interest method. The profit or loss arising in de-recognition, impairment or amortization is accounted into current profit or loss.

The effective interest rate method refers to the method of calculating the amortized cost and the interest income or expenses of each period according to the effective interest rate of the financial assets or financial liabilities (including a group of financial assets or financial liabilities). Effective interest rate is the interest rate at which the future cash flows of the financial asset or liability in the expected duration or during shorter applicable time period are discounted into its present nominal value.

When calculating the effective interest rate, the Company will estimate the future cash flow (irrespective of future credit losses) on the basis of all the contractual terms of the financial assets or financial liabilities, and will also consider the payment of financial assets or financial liabilities between the parties to the contract. Or fees collected, charges that are part of the effective interest rate, transaction fees, discounts or premiums, etc.

③ Loans and receivables

It refers to the non-derivative financial assets that have no quoted price in an active market, with a fixed or determinable recovery amount. The financial assets classified by the company as loans and receivables include notes receivable, accounts receivable, interest receivable, dividends receivable and other receivables.

Subsequent to initial recognition, loans and receivables are stated at amortized cost using the effective interest method. The profit or loss arising in de-recognition, impairment or amortization is accounted into current profit or loss.

④ Available-for-sale financial assets

It includes the non-derivative financial assets that are designated as available for sale at initial recognition, and financial assets charged to profit or loss for the current period other than financial assets at fair value, loans and receivables, and financial assets out of held-to-maturity investments.

Cost of the available-for-sale debt instrument at the end of the period should be recognized with amortized cost method, which is initially recognized amount minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment. Cost of the available-for-sale equity instrument at the end of the period is the originally obtained cost.

Available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value, other than exchange differences related with impairment losses and foreign currency monetary financial assets and amortized costs in profit or loss for the current period, are recognized in other comprehensive income. When the financial asset is derecognized, it is transferred out and included in the current profit and loss. However, the equity instrument investments that are not quoted in an active market and whose fair value cannot be reliably measured, and the derivative financial assets that are linked to the equity instrument and must be settled through delivery of the equity instrument are subsequently measured at cost. Interest on available-for-sale financial assets and cash dividend income that the invested entity declares are recognized in investment income.

Due to change of holding intention or ability, or fair value not reliably measured, or in accordance with Article 16 of the Accounting Standards for Business Enterprises No.22 – Recognition and Measurement of Financial Instruments, the held-to-maturity investments are reclassified as available-for-sale financial assets with the term that has exceeded two full fiscal years, so that when the financial assets are no longer suitable for measurement at fair value, the company measures the available-for-sale financial assets at cost or amortized cost. On the reclassification date, the cost or

amortized cost of such financial assets is the fair value or book value on that date.

If such financial assets have a fixed maturity date, the gains or losses related to such financial assets and originally included in other comprehensive incomes are amortized by the effective interest rate method during the remaining period of such financial assets, and included in current profits and losses; the difference between amortized cost of such financial assets and amount on the maturity date is amortized by effective interest rate method during the remaining period of such financial assets, and included in current profits and losses. If such financial assets have no fixed maturity date, the gains or losses originally included in other comprehensive incomes are still retained in the owner's equity, transferred out when such financial assets are disposed, and included in current profits and losses.

3. Impairment of Financial assets

Except for the financial assets that are measured at fair value through profit or loss, the company checks the book value of other financial assets at each balance sheet date. If there is objective evidence that the financial assets are impaired, the company should make the devaluation preparation.

The Company conducts the individual impairment tests on the individual significant financial assets; for the individual financial assets not significant, they are individually tested for impairment or included in the portfolio of financial assets with similar credit risk characteristics for impairment test. The individual tested financial assets that have not been impaired (including single significant and insignificant financial assets) are included in the portfolio of financial assets with similar credit risk characteristics for impairment test. For financial assets whose impairment loss has been recognized in individual test, they do not need to be performed impairment tests included in the portfolio of financial assets with similar credit risks.

① Impairment of investments, loans and receivables held-to-maturity

The carrying amount of financial assets measured at costs or amortized costs should be reduced to present value of estimated future cash flows, and the reduced amount is recognized as impairment loss and recorded into current profit or loss. After the impairment loss is recognized in a financial asset, if there is an objective evidence that the value of the financial asset has been recovered, which is objectively related to the event that has occurred after the loss was confirmed, the previous recognized impairment loss is reversed. The book value of the financial asset reversed for loss does not exceed the amortized cost of the financial asset on the day of reverse under the assumption for no impairment.

② Available-for-sale financial assets impairment

As the comprehensive related factors, when the decline in the fair value of available-for-sale equity instrument investment is a serious or non-transient decline, it indicates that the available-for-sale equity instrument investment is impaired. Among them, "serious decline' refers to the cumulative decline in fair value exceeding 20%; "non-temporary decline" refers to the continuous decline in fair value exceeding 12 months, the basis for determining continuous decline period is that

the rebound increase during continuous decline or downward trend period is less than 20%, and if the continuous rebound time is no more than 6 months, it shall be regarded as continuous decline period.

When the available-for-sale financial asset is impaired, the accumulative loss that is originally recorded in other comprehensive income due to the decline in fair value is transferred to the profit or loss for the current period. The accumulated loss is the balance of the initial acquisition cost of the asset less the paid principal and amortized amount, the current fair value and the impairment loss that has been included in profit or loss.

After the impairment loss is confirmed, if there is objective evidence that the value of the financial asset has been recovered after the period and it is objectively related to the event occurred after the loss is confirmed, the previous recognized impairment loss is reversed. The impairment loss of the available-for-sale equity instrument investment is reversed and recognized as other comprehensive income. The impairment loss of the available-for-sale debt instrument is reversed and included in the current profit or loss.

Equity instrument investments that do not have a quotation in an active market and whose fair value cannot be reliably measured, or impairment losses of derivative financial assets that are linked to the equity instrument and are settled by delivery of the equity instrument, are not reversed.

4. Recognition basis and measurement method of financial assets transfer

Financial assets are de-recognized in one of the following criteria: ① the contractual right to receive cash flow of such financial assets is terminated; ② such financial assets have been transferred, and almost all risks and rewards on the financial asset ownership have been transferred to the transferor; ③ such financial assets have been transferred, and although the company has neither transferred nor retained almost all risks and rewards on the financial asset ownership, it has abandoned control of such financial assets.

If the enterprise neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it has not abandoned the control of that financial asset, the relevant financial asset is recognized at the extent of continuing involvement in the transferred financial asset and the corresponding liability is recognized accordingly. The term "continuous involvement in the transferred financial asset" refers to the risk level that the enterprise faces due to the change of the value of the financial asset.

Where a transfer of a financial asset in its entirely meets the criteria of de-recognition, the difference between the carrying amount of the financial asset transferred and the sum of the consideration received from the transfer and any cumulative change in fair value that has been recognized in other comprehensive incomes is recognized in current profit or loss.

Where a transfer of financial asset partly meets the criteria of de-recognition, the carrying amount of the financial asset transferred should be amortized between the part that is derecognized

and the part that is not derecognized according to the fair value, and the difference between the sum of the consideration received from the transfer and any cumulative change in fair value that has been recognized in other comprehensive incomes and should be amortized to the derecognized part, and the amortized above-mentioned carrying amount, shall be recorded into current profit or loss.

When the company uses financial assets sold with recourse or sells financial assets held in an endorsement, it must determine whether all risks and rewards of ownership of the financial assets have been almost transferred. If all the risks and rewards of ownership of the financial asset are almost transferred to the transferee, and the financial asset is derecognized; if all the risks and rewards on the ownership of the financial asset are retained, the financial asset is not derecognized; all the risks and rewards of ownership of financial assets are not almost transferred or retained, continue to determine whether the company retains the control over the assets and perform the accounting operation based on the principles described in the preceding paragraphs.

5. Classification and measurement of financial liabilities

Financial liabilities are initially classified into financial liabilities at fair value recorded in the current profit or loss and other financial liabilities. The initial recognized financial liabilities are measured at fair value. For financial liabilities at fair value through profit or loss, the transaction expenses thereof should be recognized directly in current profit or loss, and for other financial liabilities, the transaction expenses thereof should be recognized into initially recognized amount.

① Financial liabilities measured at fair value with changes charged to current profits and losses

The conditions of financial liabilities classified as transactional financial liabilities and the financial liabilities designated at initial recognition as fair value with the changes to the current profit or loss, and the conditions of financial assets classified as transactional financial assets and financial assets designated at initial recognition at fair value with the changes to the current profit or loss are consistent.

Financial liabilities at fair value to the current profit or loss are subsequently measured at fair value. Any gains or losses from changes in fair value and any dividends or interest payments relating to the financial liabilities are included in the current profit or loss.

② Other financial liabilities

Derivative financial liabilities that are linked to equity instruments unavailable to be quoted in an active market and whose fair value cannot be reliably measured, settled by delivery of the equity instruments, are subsequently measured at cost. Other financial liabilities shall adopt effect interest method, and be recognized at amortized costs in the subsequent measurement, and the gains or losses arising from de-recognition or amortization shall be recorded into current profit or loss.

6. De-recognition of Financial Liabilities

If the current obligation of a financial liability is discharged in whole or in part, and then the financial liability or part thereof may be derecognized. If the company (debtor) signs an agreement with the creditor to replace the existing financial liabilities with new financial liabilities, and the terms of the new financial liabilities and the existing financial liabilities are substantially different, and then

the existing financial liabilities should be derecognized for the new financial Liabilities.

Where entire or part of a financial liability is derecognized, the difference between the carrying value and the consideration (including transferred non-cash assets or assumed new financial liability) is charged to current profit or loss.

7. Derivatives and embedded derivatives

Derivatives are measured initially at fair value at the date of contract signing, and is measured subsequently at fair value. Changes to fair value of derivatives are included in the current profits and losses.

For the hybrid instruments containing embedded derivatives, if there are not designated as financial assets or financial liabilities at fair value with the changes to the current profit or loss, there is no close relationship between the embedded derivatives and the principal contract in terms of economic characteristics and risks, with the same condition of embedded derivatives and the separate existing tools are in accordance with the definition of the derivatives, and then the embedded derivatives are split from the hybrid tools and processed as the separate derivative financial instruments. If the embedded derivative cannot be measured separately at the acquisition date or subsequent balance sheet date, the hybrid instrument in its entirely is designated as financial asset or liability at fair value through current profit or loss.

8. Offset of financial assets and financial liabilities

When the company has the statutory right to offset the recognized financial assets and financial liabilities and it is currently able to implement such statutory rights, at the same time, the company plans to settle the net or realize simultaneously the financial assets and liquidate the financial liabilities, the financial assets and the financial liabilities are shown in the balance sheet as the amount of offset by each other. In addition, financial assets and financial liabilities are separately presented in the balance sheet, which are not offset by each other.

9. Equity instruments

Equity instruments refer to contracts that demonstrate the ownership of the company's remaining equity in the assets after deducting all liabilities. The company issues (including refinancing), repurchases, sells or cancels equity instruments as a change in equity. The company does not recognize the fair value changes of equity instruments. Transaction costs related to equity transactions are deducted from equity.

All distributions of the company to the equity instrument holders (excluding stock dividends) reduce owner's equity. The company does not recognize the changes in fair value of equity instruments.

(X) Receivables

Receivables include notes receivable, account receivables and other receivables etc.

1. Bad debt preparation confirmation standards

The Company inspects book value of receivables on the balance sheet date, and if the following

objective evidences indicate impairment of receivables, provision for impairment is made: ① the debtor has serious financial difficulties; ② the debtor breaches the contract terms (such as payment of interests or principals is breach of contract or overdue, etc.); ③ the debtor is likely to close down or conduct other financial restructuring; ④ other objective basis to indicate impairment of the receivables.

The allowance method is adopted for the possible bad debt losses, and the impairment test is conducted at the end of the period separately or in combination, and provision for bad debts is accrued and charged to the current profit and loss. For those receivables with conclusive evidence that they cannot be recovered, they should be written off as bad-debt losses after being approved by the company according to the prescribed procedures, and the bad-debt provisions should be written off.

2. Bad debt provision method:

(1) Receivables with single significant amount and single provision for bad debt reserve

The company recognizes account receivable of RMB 3 million and above as the account receivable with significant amount of single item.

The Company conducts the individual impairment tests on individual significant receivables, and the individual test financial assets without impairment are included in the financial assets portfolio with similar characteristics of credit risk to perform the impairment tests. The receivables that have been confirmed for impairment losses in individual tests are no longer included in the portfolio of accounts receivable with similar credit risk characteristics for impairment testing.

(2) Receivables with bad debt reserve as per credit risk portfolio

The company conducts impairment testing on financial assets with single insignificant and significant amounts without impairment of individual tests, including financial asset portfolio with similar credit risk characteristics (the receivables that have been confirmed for impairment losses in individual tests are no longer included in the portfolio of accounts receivable with similar credit risk characteristics for impairment testing). These credit risks reflect generally the ability of the debtor to repay all amounts due according to the contractual terms of the assets, which are related to the measurement of the future cash flows of the assets inspected.

When the impairment test is conducted in a combined manner, the amount of bad debts reserves is determined on the basis of the loss assessment existing in the portfolio of historical loss experience, current economic conditions and expected receivables according to the portfolio structure of accounts receivable and similar credit risk characteristics (ability of the debtor to repay arrears according to the terms of the contract).

Recognition basis of different portfolios and bad debt reserve accrual method

Basis of determining the portfolio	
Portfolio of government unit and platform company	A combination with the credit of trading object as credit

receivables	risk characteristic
Portfolio of associated party receivables	Portfolio classified by trading object relationship as credit risk characteristics
Portfolio of receivables secured by project funds	Portfolio classified by transaction security measures of receivables as credit risk characteristics
Aging portfolio	Portfolio classified by aging of receivables as credit risk characteristics
Method for withdrawing bad debt reserve according to portfolio	
Portfolio of government unit and platform company receivables	If there is no objective evidence indicating occurrence of impairment, bad debt provision is not withdrawn
Portfolio of associated party receivables	If there is no objective evidence indicating occurrence of impairment, bad debt provision is not withdrawn
Portfolio of receivables secured by project funds	Make provision for bad debts as per the balance percentage method
Aging portfolio	Bad debt provision according to aging analysis method

① The proportion of bad debt provisions for accounts receivable by aging analysis method is as follows:

Aging	Accrual ratio of notes receivable (%)	Accounts receivable ratio (%)	Accrual ratio of other receivables (%)
Within 1 year	0	0	0
1-2 years	5	5	5
2-3 years	10	10	10
3-4 years	20	20	20
4-5 years	50	50	50
Over 5 years	100	100	100

② Accrual ratio of bad debt reserve for receivables as per the balance percentage method is as follows:

Name of portfolio	Accounts receivable ratio (%)	Accrual ratio of other receivables (%)
Portfolio of receivables secured by project funds	0.5	0.5

(3) Receivables with individual insignificant amounts and single provision for bad debts

The Company conducts separate impairment test on the receivables with single insignificant amount but bad debt provision by portfolio failing to reflect their risk characteristics, or with objective evidence indicating occurrence of their impairment. Impairment losses are recognized, and provision for bad debts is made, based on the difference between the present value of future cash flows lower than the book value.

3. Reversal of bad debt provision

If objective evidence shows the value of such receivables has been recovered and it is objectively related to the matters occurred after the loss has been recognized, the previously recognized impairment losses are reversed and charged to the current profits and losses. However, the book value after the reversal does not exceed the assumed amortized cost of such receivables on the reversal date without provision for impairment.

(XI) Inventories

The Company's inventories include turnover houses, low-value consumables, raw materials, development products, development costs, land consolidation, agent construction project, etc.

Inventories are valued at actual costs at the time of acquisition; as for inventories requisitioned or delivered, their actual costs are determined by using weighted average method. Inventory is subject to perpetual inventory system. Low-value consumables are amortized by one-time write-off method.

At the end of the period, the inventories shall be valued at the comparatively lower price of cost and net realizable value. In case that the inventory is damaged , all or part thereof is in obsolescence or the selling price is lower than the cost, which gives rise to the estimation that it is unrecoverable, the part thereof shall be provided with the inventory depreciation. The inventory depreciation reserve of land consolidation, development costs and bulk raw materials is withdrawn as per the difference between the cost of a single inventory item higher than its net realizable value; as for other raw and auxiliary materials with large quantity and relatively low unit price, the inventory depreciation reserve is withdrawn by category. The net realizable value of the inventory goods, work-in-processes and materials for sale and other merchandise inventories directly used for sale shall be determined in line with the amount that the estimated selling price of the inventories minus the estimated selling expenses and related taxes; the net realizable value of the held material inventory for production shall be determined in line with the amount that the estimated selling price of the finished product produced minus the estimated cost on completion, estimated selling expenses and related taxes. After accruing inventory depreciation reserve, if the influencing factors of the previous write-down of inventory value have been disappeared and the net realizable value of inventory exceeds its book value, and then it should be reversed from the provision for inventory devaluation accrued and the amount transferred back is included in the current profit or loss.

(XII) Held-for-sale assets

If the company recovers its book value mainly through sale (including non-monetary asset exchange with commercial substance, the same below) instead of continuing usage a non-current asset or disposal group, it should be classified as held for sale. The specific criteria are to meet the following conditions at the same time: a non-current asset or disposal group can be sold immediately under current conditions based on the convention of selling such assets or disposal groups in similar transactions; the company has already made a resolution on the sale plan and the purchase promise; the expected sales would be completed within one year. Among them, the disposal group refers to a group of assets that are disposed of as a whole through sale or other means in a transaction, and the liabilities direct related to these assets transferred in the transaction. If the asset group or asset portfolio of disposal group shares the goodwill obtained in enterprise consolidation according to the Accounting Standards for Business Enterprises No.8 – Impairment of Assets, such disposal group shall include the goodwill allocated to the disposal group.

When the company measures initially or re-measures the non-current assets and disposal groups held for sale on the balance sheet date, if its book value is higher than the fair value minus

the net amount after the sale expenses, the book value should be reduced to the net amount of fair value less costs to sell, the amount to write-down is recognized as asset impairment loss, included in the current profit or loss, and make the provision for impairment of held-for-sale assets at the same time. For the disposal group, the recognized asset impairment losses firstly deducts the book value of goodwill in the disposal group, and then proportionally deducts the book value of all non-current assets in such disposal group as specified in the applicable measurement provisions of the Accounting Standards for Business Enterprises No.42 - Held-for-sale Non-current Assets, Disposal Team & Discontinued Operations (hereinafter referred to as the "Held-for-sale Standards"). If the fair value of the disposal group held for sale on the follow-up balance sheet day minus the net amount after the sale expense is increased, the amount of the previous write-down should be restored, which is classified for holding the sale and reversed within the amount of impairment loss of assets confirmed by the measurement of non-current assets as held for sale. The reversed amount should be recorded in the current profit or loss, and the book value of various non-current assets should be increased according to the proportion stipulated as the standard held for sale in addition to goodwill in the disposal group; the book value of the goodwill that has been written off, and the confirmed amount of impairment loss of assets of the non-current assets subject to the holding measurement criteria are not allowed to be reversed before classified as held for sale. .

Non-current assets held for sale or non-current assets in the disposal group are not subject to depreciation or amortization. The interest and other expenses of the liabilities in the disposal group held for sale continue to be confirmed.

When the non-current asset or disposal group no longer meets the classification criteria for the held-for-sale category, the company should no longer classify it as a held-for-sale category or remove the non-current assets from the disposal group held for sale. It is calculated as the lower of following two measures: (1) The book value before classified as held for sale is the amount adjusted according to the depreciation, amortization or impairment that should be confirmed if it is assumed not to be classified as held for sale; (2) Recoverable amount.

(XIII) Long-term equity investment

1. Determine the control, joint control or significant influence on the invested entity

The Company's long-term equity investment includes the long-term equity investment held by the Company with control, joint control or significant impact on the investee company. The long-term equity investment of which the company does not have control, joint control or significant impact on the investee company is measured at fair value or as available-for-sale financial assets with the changes charged to current losses and profits, and the accounting policy is shown in "Note IV (9) Financial instruments".

Control means that the company has the power over the investee, the company enjoys the variable returns by participating in related activities of the investee, and the company has the ability to use its power over the investee to influence the amount of its return.

Joint control refers to the common control of an arrangement in accordance with the relevant

agreement, and the related activities of the arrangement must be determined through the unanimous consent of the parties that share the right of control. A joint operation arrangement is an arrangement that is controlled jointly by two or more parties. A joint venture is a joint operation arrangement where the joint venture party has the only rights to the net assets of the arrangement.

Significant influence refers to the power to participate in decision-making on the financial and operating policies of the invested entity, but it does not control or control jointly the formulation of these policies with other parties. The determination basis of major influences is mainly to nominate the representative in the board of directors or similar authority of the invested company, which exerts a significant influence through the right to speak in the process to develop the financial and operating decisions of the invested company; the company has 20% (inclusive) or more but less than 50% of the voting shares of the invested company directly or through subsidiaries, if there is clear evidence that they cannot participate in the production and operation decision of the invested entity under such circumstances, and then it may not have significant influence. When determining whether a significant influence can be exerted on the investee, the company should consider the voting rights of the investee held by the company directly or indirectly, and consider the influence of current feasible potential voting rights held by the company and other parties after it is assumed to have been converted to the equity of the invested entity, such as the influence of convertible warrants, stock options and convertible corporate bonds issued by the invested entity.

2. Determination of long-term equity investment costs, follow-up measurement and recognition of profit and loss

(1) Recognition of Investment Costs

Consolidation of enterprises under the same control: the company takes book value portion of consolidated party's owner equity in the consolidated financial statement of the ultimate controlling party as the initial investment costs of long-term equity investment. The difference between the initial cost of the long-term equity investment and the payment in cash, non-cash assets transferred as well as the book value of the debts borne by the merging party shall offset against the capital reserve. If capital reserve is insufficient, retain earnings shall be adjusted. Where the equity of the merged party under the same control is obtained through multiple transactions by steps, to ultimately form consolidation of enterprises under the same control, the treatment shall be subject to whether it is a "package deal"; in case of a "package deal", the accounting treatment is made on each transaction as a transaction with control right. Where the deals do not belong to a package-deal, it shall on the date of merger, regard the share of the book value of the owner' s equity of the merged enterprise in the merger' s consolidated financial statement as the initial cost of the long-term-equity investment. The difference between the initial cost of the long-term equity investment and the sum of the book value of long-term equity investment before the acquisition and book value of consideration paid for obtaining shares at the acquisition date shall offset against the capital reserve. If capital reserve is insufficient, retain earnings shall be adjusted. For the equity investment prior to the acquisition date that is recognized as other comprehensive incomes because it uses equity method or because it is

an available-for-sale financial asset, it is not accounted temporarily.

For long-term equity investments acquired by business combinations under non common control, the initial cost of long-term equity investment is the merged cost on the purchase date. The merged costs include assets paid by the purchaser, liabilities incurred or assumed, and the fair value of equity securities issued. Where the equity of the purchased party is obtained through multiple transactions by steps, to ultimately form consolidation of enterprises under different control, the treatment shall be subject to whether it is a "package deal": in case of a "package deal", the accounting treatment is made on each transaction as a transaction with control right. Where the deals do not belong to a package-deal, it shall regard the sum of the share of the book value of the owner' s equity of the merged enterprise and new investment costs as the initial cost of the long-term-equity investment that using cost accounting method. Where the original held equity is accounted as the equity method, the related comprehensive income should not be accounted temporarily. Where the original equity investment is an available-for-sale financial asset, the difference between the fair value and the book value, and the accumulated fair value changes previous recognized in other comprehensive income are transferred to the current profit or loss.

Intermediary costs such as auditing, legal services, assessment and consulting, etc. incurred by the combining party or the purchaser for the business combination and the other management cost should be recorded in the current profit or loss when incurred.

Except the long-term equity investment formed by the business combination, the other equity investment is initially measured at the cost. Based on the different way that the long-term equity investment is obtained. The cost should be determined respectively, such as the actual cash paid by the company, the fair value of equity securities issued by the company, the value agreed in the investment contract or agreement, the fair value or original book value of the assets in the exchange transaction of non-monetary assets, and the fair value of the long-term equity investment. Relevant costs directly attributed to the long-term equity investment, taxes, and other necessary expenditures shall be recorded into investment costs. In case of exerting significant impact on the investee company due to additional investment or implementing joint control rather than constitute control, the long-term equity investment cost is the sum of fair value of original equity investment determined as per the Accounting Standards for Business Enterprises No.22 – Recognition and Measurement of Financial Instruments and the additional investment cost.

(2) Subsequent measurement and recognition of profit and loss

The long-term equity investments that the company can control the investee are calculated as the cost method; the investment in joint ventures and associates is accounted as the equity method.

① Long-term equity investment accounted as cost method

When using the cost method, the long-term equity investment is measured at the initial investment cost, and the cost of the long-term equity investment is adjusted when the investment is added or withdrawn. Except for the actual payment for the investment or the cash dividend or profit included in the consideration that has been announced but not yet issued, the current investment

income should be recognized in accordance with the cash dividends or profits declared by the investee.

② Long-term equity investment employing the equity method

Under equity method, if the initial cost of a long-term equity investment is more than the investing enterprise' s attributable share of the fair value of the invested entity' s identifiable net assets for the investment, the initial cost of the long-term equity investment may not be adjusted; if the initial cost of long-term equity investment is less than the investing enterprise' s attributable share of the fair value of the invested entity' s identifiable net assets for the investment, the difference shall be included in the current profit or loss, and the cost of the long-term equity investment shall be adjusted simultaneously.

When using the equity method, the investment income and other comprehensive income are recognized separately based on the net profit or loss realized by the invested entity and the share of other comprehensive income that should be shared or assumed, and the book value of the long-term equity investment is adjusted at the same time; The booked value of the long-term equity investment should be reduced correspondingly to the part of the distributed profit or cash dividend calculation declared by the investee; the book value of the long-term equity investment should be adjusted for other changes in the owner's equity of the invested entity except for the net profit or loss, other comprehensive income and profit distribution, which is included in capital reserve. When confirming the share of the net profits and losses of the investee, the net profits of the investee should be adjusted for confirmation based on the fair value of the identifiable assets of the investee etc. at the time of acquisition. If the investee adopts the accounting policy and the accounting period inconsistent with that of the company, the financial statements of the investee should be adjusted in accordance with the accounting policies and accounting periods of the company and the investment income and other comprehensive income should be also confirmed. For transactions between the company and its associated companies and joint ventures, if the assets invested or sold do not constitute a business, the unrealized profits and losses of internal transactions are calculated based on the proportion, the shares that are attributable to the company are offset. On this basis, confirm investment profit and loss. However, if the unrealized internal transaction losses incurred by the company and the invested entity belong to the impairment loss of the transferred assets, they should not be offset. If the assets invested by the company to joint venture or associate constitutes a business, If the investor obtains a long-term equity investment without the right of control, the fair value of the investment is used as the initial investment cost of the new long-term equity investment. The difference between the initial investment cost and the book value of the investment business is fully accounted in the current profit or loss. If the assets sold by the Company to associated enterprise constitute a business, the difference between the consideration obtained and the book value of business is fully included in current profits and losses. Where the company constitutes business by the assets purchased from associated enterprises and joint ventures, accounting treatment shall be conducted pursuant to the provisions of the Accounting Standards for Business

Enterprises No.20 – Enterprise Consolidation, and the gains or losses related to transactions are fully recognized.

When the net losses incurred by the invested entity are confirmed, the book value of the long-term equity investment and other actual long-term equity of net investment to the invested entity could be reduced to zero. In addition, if the company has the obligation to bear additional losses to the invested entity, recognize the estimated liabilities according to the expected obligations, which is included in the current investment losses. For the net profit realized by the invested entity in the subsequent period, the Company should resume the share of unrecognized losses of its share of profits, and then recover the amount of its share of profits.

For the company's long-term equity investments in associates and joint ventures that have been held prior to the first implementation of the new accounting standards, if there is a debit difference of the equity investment related to the investment, the amount should be amortized on a straight-line basis of the original remaining period, which is included in the current profit or loss.

⑤ Acquisition of minority shareholder' s interest

When preparing the consolidated financial statements, because of the difference between the new long-term equity investment from the acquisition of minority equity and the share of net assets that should be continuously calculated by the subsidiary since the purchase date (or the merged date) based on the new shareholding ratio. Capital reserve should be adjusted, in case of capital reserve less than offset, adjust the retained earnings.

④ Disposal of Long-term Equity Investment

In consolidated financial statements, if a parent disposes of partially the long-term equity investment to the subsidiary without losing control, the difference between disposal price and its share in the subsidiary' s net assets corresponding to the disposal of long-term equity investment shall be accounted into shareholder' s equity; if a parent disposes of partially the long-term equity investment to the subsidiary and loses the control of the subsidiary for this reason, it shall be treated according to the relevant accounting policies stated in Note IV. (5) - Methods of Preparing Consolidated Financial Statements.

The disposal of long-term equity investment under other circumstances, for the disposal of equity, the difference between the book value and the actual purchase price should be included in the current profits or losses.

For the long-term equity investment measurement under equity method, the remaining equity after the disposal shall still be measured using equity method, when disposes of the long-term equity, other comprehensive income that has be accounted into shareholder's equity shall be treated, according to the relevant ratio, on the same basis on which the invested equity directly disposes of relevant assets or liabilities. The shareholder' s equity recognized because of other change in invested entity' s equity except for net profit or loss, other comprehensive income and profit distribution shall be carried forward in proportion to current profit or loss.

For the long-term equity investment accounted as the equity method, if the remaining equity

after disposal is still accounted as the equity method, for the other comprehensive income recognized by the equity method or financial instrument and measurement criteria before the control of the investee is obtained, it should accounted with the same basis that the invested entity disposes of directly the relevant assets or liabilities, which is transferred in the current profit or loss in the proportion. The changes in the other owners' equity with equity method other than net profit or loss, other comprehensive income, and profit distribution of the investee are transferred in the current profit or loss.

If the company disposes of part of the equity investment and loses control of the invested entity, when the individual financial statements are prepared, if the remaining equity after disposal can exert joint control or significant influence on the investee, it should be calculated according to the equity method, and the residual equity is regarded as being adjusted as equity method when it is obtained; if the remaining equity after disposal cannot exert joint control or significant influence on the invested entity, it should be accounted in accordance with the relevant provisions of the criteria for recognition and measurement of financial instruments. The difference between the fair value on the date of loss of control and the book value is included in the current profit or loss. Before the company obtains control over the investee, for the other comprehensive income recognized as equity method or financial instrument recognition and measurement standard, it is recorded with the basis that the investee disposes of directly the related assets and liabilities when it loses control over the investee. The changes in the other owners' equity as the equity method other than net profit or loss, other comprehensive income, and profit distribution of the investee are transferred in the current profit or loss when it loses control over the investee. Among them, if the remaining equity after disposal is accounted as the equity method, other comprehensive income and other owners' equity are transferred in proportion; if the residual equity after disposal is accounted as according to the criteria for recognition and measurement of financial instruments, other comprehensive income and all other rights & interests are fully transferred.

If the company disposes of part of the equity investment and loses the joint control or significant influence on the investee, the remaining equity after disposal should be calculated according to the criteria for confirmation and measurement of financial instruments, and the difference between the book value and the fair value on the date of loss of joint control or significant influence is included in the current profit or loss. For the other comprehensive income recognized in the original equity investment as the equity method, it is accounted with the same basis that the investee disposes of directly the related assets or liabilities when the equity method is terminated. The changes in the other owners' equity as the equity method other than net profit or loss, other comprehensive income, and profit distribution of the investee are transferred in the current profit or loss fully when the equity method is terminated.

The company disposes of the equity investment in the subsidiary company through multiple transactions step by step until it loses control. If the above transaction belongs to a "package deal", the each transaction should be accounted to dispose of the equity investment in the subsidiary and

lose control. Before the loss of control, for the difference between the book value of the disposal equity corresponding to the long-term equity investment and each disposal price, it is at first recognized as other comprehensive income, and then transferred to the current profit or loss at the time of loss of control.

(XIV) Investment real estate

Investment real estate refers to real estate held to earn rent or capital appreciation, or both. Including rented buildings, etc.

Investment real estate is initially measured at cost. Subsequent expenditures related to investment real estate should be included in the cost of investment real estate if the economic benefits associated with the asset are likely to flow in and its cost can be reliably measured. Other subsequent expenditures are included in the current profits and losses when occurring.

The Company adopts a cost model for subsequent measurement of investment real estate, and depreciates or amortizes in accordance with policies that are consistent with the use right of buildings or land.

For the details of impairment test method and withdrawal method of impairment provision of investment real estate, please refer to Note IV. (20) "Long-term asset impairment".

When real estate for personal use or inventory is converted to investment real estate or investment real estate is converted to real estate for personal use, the book value before conversion is regarded as the recorded value after conversion.

When the use of investment real estate is changed to personal use, the investment of real estate will be converted to fixed assets or intangible assets from the date of change. When the use of real estate for personal use is changed to earning rent or capital appreciation, the fixed assets or intangible assets is converted to investment real estate from the date of change. When conversion occurs, for those are converted to the investment real estate measured by the cost model, the book value before conversion is regarded as the recorded value after conversion; for those are converted to the investment real estate measured by fair value m model, fair value on the conversion date is regarded as the value recorded after the conversion.

When the investment real estate is disposed of or permanently withdrawn from use and it is expected that no economic benefit can be obtained from its disposal, the recognition of the investment real estate should be terminated. The income from disposal of investment real estate sold, transferred, scrapped or damaged is deducted for its book value and related tax expenses and charged to the current profit or loss.

(XV) Fixed assets

1. Fixed asset recognition conditions

The term "fixed assets" refers to the tangible assets that are held for the sake of producing commodities, rendering labor service, renting or business management and their useful life is in excess of one fiscal year. No fixed asset may be recognized unless the economic benefits pertinent to the fixed asset are likely to flow into the company and the cost of the fixed asset can be measured

reliably. Fixed assets are initially measured at cost and taken into account the impact of the estimated cost of disposal.

Fixed assets, including houses and buildings, machinery and equipment, transportation equipment, office equipment and others, shall be recorded at the cost of their acquisition. Among them, the cost of purchased fixed assets includes the relevant taxes such as purchase price and import tariff, and other expenses directly attributable to the asset before the fixed asset is ready for its intended use; the cost of self-constructed fixed asset shall be made up of the necessary expenses incurred before the asset is ready for its intended use; the fixed assets invested shall be recorded at the value agreed in the investment contract or agreement, notwithstanding the contracted or agreed value is unfair, the fair value shall be recorded; for the purpose of the fixed assets leased by finance lease, the relatively lower between the fair value of the leased assets at the lease start date and the minimum lease payment shall be recorded.

2. Depreciation methods of various fixed assets

Other than the fixed assets that have been fully depreciated and continue to be used and the land that is separately priced and accounted for, the Company has accrued depreciation for all fixed assets. The depreciation shall base on the average age method and be respectively included in the cost of the relevant assets or current expenses on the basis of the purpose. The classified depreciation period, estimated net salvage value rate and depreciation rate of the Company's fixed assets are as follows:

Category	Depreciation year limit (years)	Estimated net residual value rate (%)	Yearly depreciation rate (%)
Sewage pipe network facilities [Note]			
House buildings and structures	40-50	5	1.90-2.38
Transportation equipment	5-10	5	9.50-19.00
Office and electronic devices	5-10	5	9.50-19.00
Other devices	5-10	5	9.50-19.00

[Note] Sewage pipe network facilities in the carrying fixed assets of Taizhou Haiyang Water Supply and Drainage Management Co., Ltd., a subsidiary of the Company, are used for sewage treatment in the Hailing area, and Taizhou Haiyang Water Supply and Drainage Management Co., Ltd. has not yet charged fees so far. Upon the approval by Taizhou Hailing District Finance Bureau, the depreciation for the above sewage pipe network facilities is not made, and at the time of scrapping, they are reported to Taizhou Hailing District Finance Bureau for approval and write off the book assets directly.

3. Impairment test method and withdrawal method of impairment provision of fixed assets

Impairment test method and provision method for impairment of fixed assets are detailed in Note IV. (20) "long-term impairment of assets".

4. Identification basis and pricing method of financing lease fixed assets

Financing leasing means leasing that all risks and rewards related to the ownership of the assets are transferred materially and its ownership may be finally transferred or not transferred. Fixed assets leased by financial leases are depreciated by the same policy as that of self-owned fixed

assets. If it is reasonably certain that the ownership of the leased asset should be obtained when the lease expires, depreciation should be made within the useful life of the leased asset; if it cannot reasonably be determined that the leased asset can be acquired after the expiration of the lease term, the shorter period of the lease term and the useful life of the leased asset is used for the depreciation.

5. Other Instructions

For the subsequent expenditures related to fixed assets, if the economic benefits associated with the fixed assets are likely to flow in and their costs can be reliably measured, they are included in the cost of fixed assets and the recognition of the book value of the replaced part is terminated. The other subsequent expenses are included in the current profit or loss when incurred.

The fixed assets are derecognized when the fixed assets are disposed or if no economic benefits are expected to generate from the use or disposal. The difference between the disposal income of fixed assets sold, transferred, scrapped or damaged after deducting their book value and related tax fees is included in the current profit or loss.

The company reviews the use life, estimated net residual value, and depreciation method of fixed assets at least at the end of the year, and if any change, it is recorded as a change in accounting estimates.

(XVI) Construction in process

The measurement of an ongoing construction project shall be made at its cost. The self-constructed project shall be measured in accordance with direct materials, direct wages, and direct construction fees, etc.; the construction contract project shall be measured by the payable construction price. The equipment installation project shall be recognized with the cost according to the value of the installation equipment, the installation cost, the project operation expenditures, etc. The costs of ongoing construction projects also include borrowing costs and exchange gains and losses that should be capitalized.

Starting from the date that reached the expected conditions for use, the ongoing construction shall be transferred to fixed assets according to the estimated value on the basis of the project budget, cost or actual cost of the project and start making depreciation from the next month. After the completion of the final accounts, the difference for the original cost of the fixed assets shall be adjusted.

Impairment test method and provision method for impairment of project under construction are detailed in Note IV. (20) "long-term impairment of assets".

(XVII) Borrowing costs

The borrowing costs shall include interest on borrowings, amortization of discounts or premiums on borrowings, ancillary expenses, and exchange balance on foreign currency borrowings. Where the borrowing costs incurred can be directly attributable to the acquisition and construction or production of assets eligible for capitalization, it shall be capitalized and recorded into the costs of relevant assets when the assets disbursements have already incurred, the borrowing costs has

already incurred, and the acquisition and construction or production activities which are necessary to prepare the asset for its intended use or sale have already started. When the qualified asset under acquisition and construction or production is ready for the intended use or sale, the capitalization of the borrowing costs shall be ceased. Other borrowing costs shall be recognized as expenses at the present period.

The actual interest expenses of the special borrowings incurred in the current period should be capitalized after subtracting the interest income earned by the unutilized borrowing funds from bank or the investment income obtained from the temporary investment; the general borrowings should be determined for the amount of capitalization as following, the weighted average of asset expenditures that the accumulative assets expenditure exceeds the special borrowings is multiplied by the capitalization rate of general borrowings. The capitalization rate is determined on the basis of weighted average interest rate of the general borrowings. During the capitalization period, the foreign exchange differences on foreign currency specific borrowings should be capitalized; exchange differences on foreign currency general borrowings should be recorded in the current profits and losses.

Assets eligible for capitalization refer to the fixed assets that require a long period of time for acquisition, construction, or production for use or sale, investment real estate, inventory, etc.

Where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended till the acquisition and construction or production of the asset restarts.

(XVIII) Intangible assets

Intangible assets are identifiable non-monetary assets that are owned or controlled by the company, without physical shape.

Intangible assets are initially measured at cost. The expenditures related to intangible assets are included in the costs of intangible assets, if relevant economic benefits are likely to flow into the company and their costs can be reliably measured. Expenditure for other items is included in the current profit or loss when incurred.

Land use rights acquired are usually accounted as intangible assets. The plant and other buildings of self-development and construction, the related land use rights expenditures and building construction costs are accounted as intangible assets and fixed assets, respectively. For the purchased houses and buildings, the relevant price should be allocated between the land use rights and the buildings. If it is difficult to allocate them reasonably, all of them should be treated as fixed assets.

Intangible assets with limited useful lives are amortized by the straight line staging average method over their expected useful lives from the moment they are available for use, less their estimated net residual value and the accumulative amount of accrued impairment losses. Intangible assets with indefinite useful lives are not amortized.

At the end of the period, the useful life and amortization method of intangible assets with limited useful life are reviewed, if any change occurs, they are treated as changes in accounting estimates. In addition, the service life of an intangible asset with an indefinite useful life is reviewed. If there is evidence that the period during which the intangible asset brings economic benefits to the enterprise is predictable, the service life of the intangible asset is estimated and the intangible asset with a finite service life is amortized as the amortization policy.

Impairment test method and provision method for impairment of intangible assets are detailed in Note IV. (20) "long-term impairment of assets".

(XIX) Long-term deferred expenses

The Company's long-term deferred expenses refer to expenses that have incurred but shall be assumed in the current and subsequent periods and subject to amortization period of more than one year (excluding one year). The foresaid expenses shall be evenly amortized in the beneficiary periods. If the long term prepaid expense item does not benefit the subsequent accounting period, the surplus value of the item that has not been amortized shall be transferred to the current profits and losses.

(XX) Long-term asset impairment

For non-current non-financial assets such as fixed assets, construction in progress, intangible assets with limited service life, investment real estate measured in cost mode, and long-term equity investments in subsidiaries, associated enterprises, joint ventures, etc., the company should determine whether there are signs of impairment on the balance sheet date. If there is any sign of impairment, its recoverable amount is estimated and the impairment test is conducted. For goodwill, intangible assets with an indefinite useful life, and intangible assets that have not yet reached their usable status are tested for impairment annually, irrespective of whether there is any sign of impairment.

If the impairment test results indicate that the recoverable amount of the asset is less than its book value, the difference should be withdrawn and accounted as impairment loss. The recoverable amount is the higher of the fair value of the assets minus the disposal expenses and the present value of the estimated future cash flow of the assets. The fair value of the asset is determined on the basis of the price of the sales agreement in an arm's length transaction. If there is no sales agreement but there is an active market for assets, the fair value is determined on the basis of the buyer's bid for the asset; if there is no sales agreement and active asset market, the most available good information is based to estimate the fair value of asset. Disposal expenses include legal fees related to the disposition of assets, related taxes, handling expenses, and direct expenses incurred in bringing assets into a saleable state. The present value of the expected future cash flow of the assets is determined by the amount of discounted cash flow selected in accordance with the estimated future cash flow generated during the continuous use and final disposal of the assets. The impairment provision of assets is calculated and confirmed on the basis of individual assets. If it is difficult to estimate the recoverable amount of a single asset, the asset group to which the asset

belongs should be used to determine the recoverable amount of the asset group. Asset groups are the smallest portfolio of assets that can generate cash inflows independently.

For the goodwill separate listed in the financial statements, the book value of goodwill is amortized to the asset group or combination of asset groups that are expected to benefit from the synergies of the business combination when assessing impairment. If the test result shows that the recoverable amount of an asset group or a combination of asset groups which includes the goodwill that have been apportioned to is lower than its book value, it shall be recognized as the corresponding impairment loss. The amount of the impairment loss shall first charge against the book value of the goodwill which are apportioned to the asset group or combination of asset groups, then charge it against the book value of other assets in proportion to the weight of other assets in the asset group or combination of asset groups with the goodwill excluded.

Once any loss of the above asset impairment is recognized, the value recoverable shall not be switched back in the future accounting periods.

(XXI) Employee remuneration

The employee remuneration of the Company refer to the various forms of remuneration or compensation provided by the Company in order to obtain services provided by employees or to terminate labor relations, including short-term remuneration, post service welfare, etc. The benefits provided by the Company to employees' spouses, children and other beneficiaries are also included in the employee remuneration.

1. Short-term employee benefits are employee benefits (other than compensation for termination of employment relationship) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. The short-term remuneration of the group includes: wages, bonuses, allowances and subsidies for employees, employee benefits, medical insurance, employment injury insurance, maternity insurance and other social insurances, housing funds, trade union funds and employee education funds and other short-term compensations.

In the accounting period of the service provided by the employee, the company shall recognize the actual short-term employee benefits as liabilities and charge to the current profits and losses or the cost of the related assets according to the benefit objects provided by the employee. If the short-term remuneration is a non-monetary benefit, it is measured at fair value.

2. Post-employment benefits are any remuneration and benefits (other than short-term employee benefits and termination benefits) in exchange for service rendered by employees that are payable after the retirement of the employees or termination of employment relationship.

Defined contribution plans refers to the payment of the basic endowment insurance, unemployment insurance and enterprise annuity for employees in accordance with the relevant regulations of the local government. In the accounting period in which an employee provides service, the contribution payable shall be calculated according to the payment base and proportion regulated by the local government and shall be recognized as liability, with a corresponding charge to the

current profits and losses or the cost of a relevant asset.

(XXII) Estimated liabilities

When the obligation related to contingencies simultaneously meets the following conditions, it is recognized as estimated liability: (1) such obligation is the current obligation assumed by the Group; (2) the performance of such obligation is likely to cause outflow of economic benefits; (3) the amount of such obligation can be reliably measured.

On the balance sheet date, the estimated liabilities are measured according to the best estimate of expenditures required for performing relevant current obligations, considering such factors as relevant risks of contingent event, uncertainties and currency time value, etc.

If all or part of expenditures required for liquidation of estimated liabilities are expected to be compensated by the third party, when the compensation amount is basically determined to be receivable, it is recognized separately as asset, and the recognized compensation amount does not exceed book value of the estimated liabilities.

(XXIII) Preferred stock, perpetual bond and other financial instruments

(1) Distinction between perpetual bond and preferred stock

The financial instruments issued by the Company such as perpetual bond that meet the following conditions are regarded as equity instruments:

① Such financial instruments do not include contractual obligations to deliver cash or other financial assets to the other party or exchange financial assets or financial liabilities with other parties under potentially adverse conditions;

② If such financial instruments must or may be settled by using the company's own equity instruments in the future, and if such financial instruments are non-derivative instruments, they exclude the contractual obligations to deliver variable number of own equity instruments for settlement; if they are derivative instruments, the company can only settle such financial instruments by exchanging fixed amount of cash or other financial assets with fixed number of own equity instruments.

Except for the financial instruments classified as equity instruments under the above conditions, other financial instruments issued by the company shall be classified as financial liabilities.

If the financial instrument issued by the company is compound financial instrument, it shall be recognized as a liability as per the fair value of liability component, and the amount after the actually received amount deducting the fair value of liability component shall be recognized as "other equity instrument". The transaction costs incurred for issuing compound financial instrument are apportioned between liability component and equity component as per their respective proportion to the total issuance price.

(2) Accounting method for perpetual bond

Financial instruments such as perpetual bonds and preferred stocks categorized as financial liabilities, their relevant interests, dividends (or stock dividends), gains or losses, as well as gains or losses arising from redemption or refinancing, etc, except for the borrowing cost eligible for

capitalization (see Note IV (17) "Borrowing costs"), are included in the current profits and losses.

For the financial instruments of perpetual bond, preferred stock, etc classified as equity instruments, during their issuance (including refinancing), repurchase, sale or cancellation, the company handles as equity changes, and related transaction costs are also deducted from equity. The company's distribution to holders of equity instruments is regarded as profit distribution.

The company does not recognize the fair value changes of equity instruments.

(XXIV) Income recognition principle

The Company's operating incomes mainly include commodity sales incomes, labor service incomes, rental incomes, interest incomes and other business incomes, etc. Income recognition principle is as follows:

1. Commodity sales income

When major risks and rewards of the commodity ownership has been transferred to the buyer, without retaining the continuous management right normally associated with the ownership or effective control of the sold commodity, the amount of income can be reliably measured, relevant economic benefits are likely to flow into the company, and relevant costs that have incurred or will incur can be reliably measured, the commodity sales income is recognized as achieved.

2. Labor income provision

In case the result of provided labor transaction can be reliably estimated, the provided labor income is recognized as per the work completion percentage method on the balance sheet date. The progress of labor transaction completion is determined as per the proportion of incurred labor cost to the estimated total cost. The results of labor service provision transaction can be reliably estimated refer to simultaneously satisfying: ① the amount of incomes can be reliably measured; ② relevant economic benefits are likely to flow into the enterprise; ③ the progress of transaction completion can be reliably determined; ④ the costs that have incurred and will incur in transaction can be reliably measured. If the result of provided labor transaction cannot be reliably estimated, the provided labor income shall be recognized according to the amount of labor cost that has incurred and is expected to be compensated, and the incurred labor cost is deemed as current expense. If the incurred labor cost is expected not to be compensated, the income is not recognized.

When the contract or agreement signed between the company and other companies includes commodity sales or labor provision, if the part of commodity sales and the part of labor provision can be distinguished and measured separately, the part of commodity sales and the part of labor provision shall be handled separately; if the part of commodity sales and the part of labor provision cannot be distinguished, or they can be distinguished but not measured separately, such contract shall be wholly handled as commodity sales.

3. Rental incomes

According to the lease date stipulated in lease contract and agreement (if free lease period

exists, it shall be considered) and the lease amount, when relevant rental fee has been received or receipt evidence has been obtained, the rental incomes are recognized as achieved.

4. Interest incomes

As calculated and determined according to the time of using the company's monetary funds and the interest rate stipulated in relevant loan agreement, when relevant income amount has been received or receipt evidence has been obtained, the interest incomes are recognized as achieved.

5. Other business incomes:

As stipulated in relevant contract and agreement, when transaction-related economic benefits are likely to flow into the enterprise, income amount can be reliably measured, and income-related costs that have incurred or will incur can be reliably measured, other business incomes are recognized as achieved.

(XXV) Government grants

Government grants refer to monetary assets and non-monetary assets obtained by the company free from the government, excluding the capital invested by the government as investor and entitled to corresponding owner's equity. Government grants are divided into asset-related government grants and revenue-related government grants. If government grants are monetary assets, measure according to received or receivable amount. Government grants as non-monetary assets shall be measured at fair value; if fair value can't be obtained reliably, it shall be measured at nominal amount. Government grants measured at nominal amount are directly charged to current profits and losses.

The company usually recognizes and measures government grants as per the paid-in amount when actually received. Nevertheless, in case of conclusive evidence at the end of period to show compliance with relevant criteria of fiscal support policy provisions and expected receipt of fiscal support funds, measure in accordance with the amount receivable. Government grants measured in accordance with the amount receivable shall simultaneously satisfy the following criteria: (1) the amount of receivable grants has been confirmed by document of government authority, or may be reasonably measured pursuant to relevant provisions of officially promulgated fiscal fund administration measures, and the amount is expected to have no significant uncertainty; (2) it is subject to the administrative measures for fiscal support project and fiscal fund officially promulgated by local fiscal authority and actively disclosed pursuant to the Government Information Disclosure Regulations, and such administrative measures should be generalized preferential (any enterprise that meets the specified criteria can apply), rather than formulated for a specific enterprise; (3) the time limit of payment has been clearly promised in relevant subsidy approval document, and the payment of such amount is guaranteed by corresponding fiscal budget, so as to reasonably ensure receipt within the prescribed time limit;

Asset-related government subsidy is recognized as deferred income and included in current profits and losses within the service life of relevant asset in a reasonable and systematic manner. If the income-related government subsidy is used to compensate for relevant costs or losses after the compensation period, it is recognized as deferred income and included in current profits and losses

in the period of recognizing relevant costs or losses; if it is used for compensating the incurred relevant costs or losses, it is directly included in current profits and losses.

The government grants that include both asset-related part and income-related part shall be accounted for respectively by distinguishing the different parts; in case of difficult to distinguish, they shall be classified as revenue-related government grants as a whole.

The government grants associated with the company's daily activities shall be charged to other revenue or offset relevant costs, according to the nature of economic business; the government grants that are unassociated with daily activities are charged to non-operating income and expenditure.

In case the recognized government grants need to be returned, the related deferred income balance shall write down the relevant deferred income book balance and the exceeding part is included in the current profits and losses; and shall be directly charged to the current profits and losses.

(XXVI) Deferred income tax assets and deferred income tax liabilities

1. Current income tax

On the balance sheet date, the current income tax liabilities (or assets) formed in current and prior period are measured at the expected amount of income tax payable (or refundable) calculated in accordance with the tax law. The amount of taxable income based on which the current income tax expense is calculated is drawn after corresponding adjustment of this year's pre-tax accounting profit made pursuant to relevant tax law.

2. Deferred income tax assets/deferred income tax liabilities

For the gap between book value of some assets and liabilities and their tax basis, as well as the temporary difference arising from the gap between book value of the items which are not recognized as assets and liabilities but whose taxable basis can be determined according to the tax law, the balance sheet liability method is used to recognize deferred income tax assets and deferred income tax liabilities.

For the taxable temporary difference related to initial recognition of goodwill and initial recognition of assets or liabilities arising from the trade, instead of enterprise merger, unaffecting accounting profit and taxable income (or deductible loss) when incurred, relevant deferred income tax liabilities are not recognized. In addition, for the taxable temporary difference related to investment of subsidiaries, associated enterprises and joint ventures, if the company is able to control the time of temporary difference return, and such temporary difference is unlikely to reverse in the foreseeable future, relevant deferred income tax liabilities are not recognized as well. Except for the above exceptions, the company recognizes deferred income tax liabilities arising from all other taxable temporary differences.

For the deductible temporary difference related to initial recognition of assets or liabilities arising from the trade, instead of enterprise merger, unaffecting accounting profit and taxable income (or deductible loss) when incurred, relevant deferred income tax assets are not recognized. In addition,

for the deductible temporary difference related to investment of subsidiaries, associated enterprises and joint ventures, if the temporary difference is unlikely to reverse in the foreseeable future, or the taxable income is unlikely to acquire to offset the deductible temporary difference in the future, relevant deferred income tax assets are not recognized. Except for the above exceptions, the company recognizes deferred income tax assets arising from other deductible temporary differences, limited to the taxable income that is likely to obtain to offset the deductible temporary difference.

For the deductible losses and tax credits that can be carried forward in subsequent years, relevant deferred income tax assets are recognized, limited to the future taxable income that is likely to obtain to offset the deductible losses and tax credits.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured as per the applicable tax rate during the period of expected recovery for relevant assets or liquidation of relevant liabilities, according to the tax law.

On the balance sheet date, the book value of deferred income tax assets is reviewed; if it is likely not to obtain sufficient taxable income to offset the benefits of deferred income tax assets in the future, the book value of deferred income tax assets shall be written off. If sufficient taxable income may be obtained, the write-off amounts shall be reversed.

3. Income tax expenses

Income tax expenses include current income tax and deferred income tax.

Except that the current income tax and deferred income tax related to the transaction and matter recognized as other comprehensive income or directly charged to owner's equity are included in other comprehensive income or owner's equity, as well as the deferred income tax adjustment of goodwill book value arising from enterprise consolidation, other current income taxes and deferred tax expenses or incomes are included in current profits and losses.

4. Income tax offsetting

When having legitimate right of net settlement, and intending to execute net settlement or concurrently obtaining assets and settling liabilities, the company's current income tax assets and current income tax liabilities are reported at the net amount after offsetting.

When having legitimate right of net settlement for current income tax assets and current income tax liabilities, and the deferred income tax assets and deferred income tax liabilities are related to the income tax levied on the same taxpayer by the same tax collection department or related to different taxpayers, but in every future period of reversal for the important deferred income tax assets and liabilities, the involved taxpayer intends to execute net settlement of current income tax assets and liabilities or simultaneously obtains assets and settles liabilities, the company's deferred income tax assets and deferred income tax liabilities are reported at the net amount after offsetting.

(XXVII) Leasing

Financing leasing means leasing that all risks and rewards related to the ownership of the assets are transferred materially and its ownership may be finally transferred or not transferred. The other lease in addition to financing lease is operating lease.

1. The company records the operating lease business as a lessee

Rental expenses of operating leasing shall be recorded into related asset cost or current profit and loss using straight line method in each period during lease. Initial direct expenses are charged to current profits and losses. Contingent rents shall be recorded into current profit and loss of the period in which they actually arise.

2. The company records the operating lease business as a lessor

Rental income of operating leasing shall be recognized as current profit and loss using straight line method in each period during lease. The initial direct costs with large amounts shall be capitalized upon occurrence and shall be recorded into current profit and loss by stages in same base as the recognized rental income in the whole lease period; other initial direct costs with small amounts shall be recorded into current profit and loss upon occurrence. Contingent rents shall be recorded into current profit and loss of the period in which they actually arise.

3. The company records the financing lease business as a lessee

On the lease start date, the lower between fair value of leased asset on the lease start date and current value of minimum lease payment is deemed as recorded value of leased asset, the minimum lease payment is deemed as recorded value of long-term payables, and the difference is deemed as unrecognized financing expense. In addition, the initial direct expenses incurred during lease negotiation and signing of lease contract, and attributable to the lease project are also included in the value of leased asset. The balances of minimum lease payment after deducting unrecognized financing expense are listed as long-term liabilities and long-term liabilities due within one year respectively.

Unrecognized financing expenses are calculated by the actual interest rate method during the lease period to recognize current financing expenses. Contingent rents shall be recorded into current profit and loss of the period in which they actually arise.

4. The company records the financing lease business as a lessor

On the lease start date, the sum of minimum lease receipt amount on the lease start date and initial direct expense is deemed as recorded value of financing lease receivables, and the unguaranteed residual value is recorded simultaneously; the difference between the minimum lease receipt amount, initial direct expense and unguaranteed residual value sum and the present value sum is recognized as unrealized financing revenues. The balances of financial lease receivables after deducting unrealized financing revenues are listed as long-term claims and long-term claims due within one year respectively.

Unrealized financing revenues are calculated by the actual interest rate method during the lease period to recognize current financing incomes. Contingent rents shall be recorded into current profit and loss of the period in which they actually arise.

(XXVIII) Discontinued operation

Discontinued operations refer to the integral part that meets one of the following conditions, has been disposed of or classified as held-for-sale by the Group and can be separately classified during

operation and preparation of financial statement: ① this integral part represents an independent primary business or a major operating area; ② this integral part is an intended part of disposal plan on an independent primary business or a major operating area; ③ this integral part is a subsidiary acquired solely for resale.

(XXIX) Major accounting policy and accounting estimate changes, accounting error corrections

1. Changes and influence of accounting policies

Pursuant to the Notice on Amending, Printing and Issuing the 2018 General Corporate Financial Statement Format promulgated by the Ministry of Finance in June 2018 (Accounting [2018] No.15), the company leverages trace-back adjustment method on the statement subjects involved in this accounting policy change, upon approval by the board meeting, and the 2017 financial statement items are adjusted as follows:

Unit: Yuan Currency: RMB

Items and amounts of original presented statement		Items and amounts of new presented statement	
Accounts receivable	1,080,269,621.26	Notes receivable and accounts receivable	1,080,269,621.26
Bills payable	400,000,000.00	Notes payable and accounts payable	1,367,203,957.17
Accounts payable	967,203,957.17		
Interests Payable	220,252,698.13	Other payables	9,651,604,677.29
Other payables	9,431,351,979.16		
Special accounts payable	480,981,016.86	Long-term accounts payable	480,981,016.86

2. Important accounting estimate change and impact

During the statement period, the Company had no accounting estimate changes.

3. Significant early period error correction and impact thereof

During the statement period, the Company had no accounting error corrections.

V. Tax items

Main tax types and tax rates applicable to the Company and subsidiaries are as follows:

Tax items	Tax calculation basis	Tax rate	Note
Added-value tax (note 1)	Management fee income	6%	
	Agent construction service incomes	5%	Simple collection
	Rental incomes	11%(10%), 5%	Simple collection 5%
	Resettlement house sales incomes	5%	Simple collection
	Interest incomes	6%	
Urban maintenance and construction tax	Payable turnover tax amount	7%	
Education surcharge	Payable turnover tax amount	5%	

Tax Items	Tax calculation basis	Tax rate	Note
Housing tax	Original value of house buildings × (1-30%)	1.2%	
	House rental incomes	12%	
Urban land use tax	First-grade land area in downtown Taizhou	RMB 16/m2	
	Second-grade land area in downtown Taizhou	RMB 12/m2	
	Third-grade land area in downtown Taizhou	RMB 8/m2	
	Fourth-grade land area in downtown Taizhou	RMB 5/m2	
	Fifth-grade land area in downtown Taizhou	RMB 3/m2	
Increment tax on land value	The added value arising from paid transfers of the right to the use of state-owned land and the property right of the above-ground buildings and other attachments	Calculate and pay as per four-level super-rate progressive tax rate. Pre-levy rate is 2%-4%	
Corporate income tax (Note 2)	Income tax payable	25%	

Note 1: Pursuant to the spirit of the State Administration of Taxation Document *Notice on Business Tax Issues Concerning Taxpayer's Investment In Government Land Renovation Projects* (State Administration of Taxation Notice 2013 No.15), land consolidation business of the company in conformity with the spirit of this notice shall belong to investment act, and business tax was not accrued for the land consolidation incomes received by the company (the nature of relevant business did not change after replacing business tax with VAT, and VAT was not accrued as well).

Note 2: (1) As a state-owned capital investment entity, the company was entrusted by Taizhou Hailing District Government to undertake relevant urban infrastructure construction functions within the scope of authorization, and corporate main business incomes included land consolidation incomes which was especially used for urban infrastructure construction of Hailing District Taizhou City, under separate financial accounting and supervision by Taizhou Hailing District Finance Bureau; (2) entrusted by Hailing District Taizhou City, the company undertook urban infrastructure construction functions within the scope of authorization, in the past years, Taizhou Hailing District Government allocated certain special urban construction subsidy funds and discount interest subsidy funds, etc, and the above special government subsidy was used for infrastructure construction of Hailing District Taizhou City, under separate financial accounting and supervision by Taizhou Hailing District Finance Bureau. As identified by Taizhou Hailing District Finance Bureau, aforesaid land consolidation incomes and financial subsidy incomes complied with provisions in the document Notice on the Issues Concerning the Treatment of Corporate Income Tax for Special-purpose Financial Funds (Financial Tax [2011] No.70), and were not treated as taxable incomes. Meanwhile, during tax collection and management work in the past years, the competent tax department did not levy corporate income tax on the aforesaid incomes obtained by the company. Therefore, when preparing financial statement, the company did not make provision for corporate income tax on the land consolidation incomes and government subsidy incomes from the Taizhou Hailing District Government.

Note 3: Pursuant to the *Notice of Ministry of Finance and State Administration of Taxation on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round*

Manner (Financial Tax [2016] No.36) Annex III Regulations on Pilot Transition Policy of Replacing Business Tax with Value-Added Tax: "I. The following items are exempted from VAT... (24) Meanwhile, guarantee institutions in accordance with the following criteria are exempted from VAT within three years for the incomes obtained from engaging in SME credit guarantee or re-guarantee business (excluding credit rating, consultation, training, etc)...", the guarantee fee incomes obtained by the subsidiary Taizhou Haicheng Guarantee Co., Ltd in compliance with the above regulations were exempted from VAT.

VI. Descriptions of important items in the consolidated financial statement

In the following notes (including the main item notes of corporate financial statement), unless otherwise specified, the beginning of year refers to January 1, 2018, the end of period refers to December 31, 2018, the current period refers to 2018, and the previous period refers to 2017.

(I) Monetary fund

1. Monetary fund balance

Item	Closing balance	Opening balance
Cash	90,215.48	72,760.91
Bank savings	8,718,288,518.74	7,580,139,689.68
Other monetary funds	540,499,911.28	2,166,059,740.69
Total	9,258,878,645.50	9,746,272,191.28

2. Monetary fund details and restricted use status

Unit:	Item	Closing balance	Reasons for restricted use
The company	Security deposit	3,000,000.00	Among them, RMB 1 million was bank borrowing guarantee for Taizhou Haotian New Energy Industry Development Co., Ltd, and RMB 2 million was the company's borrowing guarantee to Suzhou Trust
Haiqi Investment Company	Security deposit	400,000,000.00	Among them, RMB 100 million was pledge guarantee for issuing RMB 100 million bank acceptance bill; RMB 300 million was pledge for Youtong Photovoltaic Company's borrowings from Industrial Bank
Haicheng Guarantee Company	Security deposit	137,499,911.28	Haicheng Guarantee Company's refundable deposit related to guarantee business
Hairun State-owned Assets Company	Time certificate of deposit	400,000,000.00	Provided pledge for issuing RMB 400 million bank acceptance bill
	Total	940,499,911.28	

(II) Notes receivable and accounts receivable

Item	Closing balance	Opening balance
Bills receivable	1,100,000.00	-
Accounts receivable	232,060,710.59	1,080,269,621.26
Total	233,160,710.59	1,080,269,621.26

1. Bills receivable

(1) Classified disclosure of notes receivable

Item	Closing balance	Opening balance
Commercial acceptance bill	1,100,000.00	-
Less: impairment reserve of bills receivable		
Total	1,100,000.00	-

(2) Bills receivable with bad debt provision by aging analysis method:

Aging	Closing balance		
	Bills receivable	Bad debt reserve	Accrual ratio
Within 1 year	1,100,000.00		0%
Total	1,100,000.00		

(3) As of December 31, 2018, there was no bills receivable discounted and undue;

(4) As of December 31, 2018, there was no bills receivable used for pledge;

(5) As of December 31, 2018, there was no bills receivable endorsed and undue;

(6) As of December 31, 2018, there was no bills converted to accounts receivable due to the drawer's failure to perform the agreement.

2. Accounts receivable

(1) Disclosure of receivable classification

Category	Closing balance			
	Book balance	Ratio	Bad debt reserve	Book value
Account receivable with significant amount of single item and separate allowance for bad debts				
Receivables with bad debt provision as per credit risk characteristic combinations	237,483,788.09	100.00%	5,423,077.50	232,060,710.59
Of which: receivables of government units and state-owned holding enterprises	14,460,039.96	6.09%		14,460,039.96
Receivables of associated parties	210,253,197.29	88.53%		210,253,197.29
Aging portfolio	12,770,550.84	5.38%	5,423,077.50	7,347,473.34
Account receivable with insignificant amount of single item but separate allowance for bad debts				
Total	237,483,788.09	100.00%	5,423,077.50	232,060,710.59

Continued

Category	Opening balance			
	Book balance	Ratio	Bad debt reserve	Book value
Account receivable with significant amount of single item and separate allowance for bad debts				
Receivables with bad debt provision as per credit risk characteristic combinations	1,089,615,436.19	100.00%	9,345,814.93	1,080,269,621.26
Of which: receivables of government units and state-owned holding enterprises	16,470,963.72	1.51%		16,470,963.72
Receivables of associated parties	1,045,068,441.02	95.91%		1,045,068,441.02
Aging portfolio	28,076,031.45	2.58%	9,345,814.93	18,730,216.52

Category	Opening balance			
	Book balance	Ratio	Bad debt reserve	Book value
Account receivable with insignificant amount of single item but separate allowance for bad debts				
Total	1,089,615,436.19	100.00%	9,345,814.93	1,080,269,621.26

3. In the portfolio, accounts receivable with bad debt provision by aging analysis method:

Aging	Closing balance		
	Accounts receivable	Bad debt reserve	Accrual ratio
Within 1 year	1,854,778.26		0%
1-2 years	3,009,477.35	150,473.87	5%
2-3 years	1,149,750.00	114,975.00	10%
3-4 years	1,741,057.00	348,211.40	20%
4-5 years	412,142.00	206,071.00	50%
Over 5 years	4,603,346.23	4,603,346.23	100%
Total	12,770,550.84	5,423,077.50	

(Continued)

Aging	Opening balance		
	Accounts receivable	Bad debt reserve	Accrual ratio
Within 1 year	5,620,253.22		0%
1-2 years	1,149,750.00	57,487.50	5%
2-3 years	12,942,208.00	1,294,220.80	10%
3-4 years	412,142.00	82,428.40	20%
4-5 years	80,000.00	40,000.00	50%
Over 5 years	7,871,678.23	7,871,678.23	100%
Total	28,076,031.45	9,345,814.93	

4. Main accounts receivable of closing balance classified by the overdue party:

Overdue entities	Closing balance	Percentage of closing balance
Taizhou Hailing District Finance Bureau	210,253,197.29	88.53%
Total	210,253,197.29	88.53%

(III) Advance payments

1. Advance payment is listed by age

Aging	Closing balance		Opening balance	
	Amount	Ratio	Amount	Ratio
Within 1 year	7,969,014.38	36.28%	40,529,628.43	79.42%
1-2 years	12,217,917.60	55.63%	3,196,682.16	6.26%
2-3 years	380,000.00	1.73%	3,909,871.47	7.66%
over 3 years	1,397,212.65	6.36%	3,397,212.65	6.66%
Total	21,964,144.63	100.00%	51,033,394.71	100.00%

2. Top 5 closing balance of advance payments:

Overdue entities	Closing Amount	Percentage of closing balance
Taizhou Zhongyuan Real Estate Co., Ltd.	6,000,000.00	27.32%
Taizhou Hailing Municipal Engineering Division	5,850,000.00	26.63%
The 13th Engineering Bureau of China City Construction Group Co., Ltd.	3,237,664.39	14.74%
Taizhou Chengguang Road Lighting Engineering Co., Ltd.	1,320,038.40	6.01%
Taizhou Shengdian Property Management Service Co., Ltd.	909,748.30	4.14%
Total	17,317,451.09	78.84%

(IV) Other receivables

Item	Closing balance	Opening balance
Interests receivable		
Dividends receivable		
Other receivables	3,567,752,216.11	5,211,740,989.24
Total	3,567,752,216.11	5,211,740,989.24

1. Other receivables

(1) Disclosure of other receivable classification

Category	Closing balance			
	Book balance	Ratio	Amount of bad debt reserves	Book value
Account receivable with significant amount of single item and separate allowance for bad debts				
Receivables with bad debt provision as per credit risk characteristic combinations	3,589,932,845.77	100.00%	22,180,629.66	3,567,752,216.11
Of which: receivables from government units and state-owned holding companies	2,600,855,748.10	72.45%		2,600,855,748.10
Receivables of associated parties	563,677,860.92	15.70%		563,677,860.92
Portfolio of receivables secured by project funds	137,562,278.76	3.83%	687,811.40	136,874,467.36
Aging portfolio	287,836,957.99	8.02%	21,492,818.26	266,344,139.73
Account receivable with insignificant amount of single item but separate allowance for bad debts				
Total	3,589,932,845.77	100.00%	22,180,629.66	3,567,752,216.11

(Continued)

Category	Opening balance			
	Book balance	Ratio	Amount of bad debt reserves	Book value
Account receivable with significant amount of single item and separate allowance for bad debts				
Receivables with bad debt provision as per credit risk characteristic combinations	5,233,381,358.66	100.00%	21,640,369.42	5,211,740,989.24
Of which: receivables from government units and state-owned holding	3,319,522,381.50	63.44%		3,319,522,381.50

Category	Opening balance			
	Book balance	Ratio	Amount of bad debt reserves	Book value
companies				
Receivables of associated parties	1,496,999,789.59	28.60%		1,496,999,789.59
Portfolio of receivables secured by project funds	129,959,673.76	2.48%	649,798.37	129,309,875.39
Aging portfolio	286,899,513.81	5.48%	20,990,571.05	265,908,942.76
Account receivable with insignificant amount of single item but separate allowance for bad debts				
Total	5,233,381,358.66	100.00%	21,640,369.42	5,211,740,989.24

2. In the portfolio, accounts receivable for which the provision for bad debts is made by the aging analysis method:

Aging	Closing balance		
	Other receivables	Bad debt reserve	Accrual ratio
Within 1 year	195,288,574.09		0%
1-2 years	21,999,157.29	1,099,957.86	5%
2-3 years	31,705,782.11	3,170,578.21	10%
3-4 years	24,875,032.05	4,975,006.41	20%
4-5 years	3,442,273.34	1,721,136.67	50%
Over 5 years	10,526,139.11	10,526,139.11	100%
Total	287,836,957.99	21,492,818.26	

(Continued)

Aging	Opening balance		
	Other receivables	Bad debt reserve	Accrual ratio
Within 1 year	190,878,030.84		0%
1-2 years	38,123,980.25	1,906,199.01	5%
2-3 years	34,485,960.69	3,448,596.07	10%
3-4 years	3,461,647.41	692,329.48	20%
4-5 years	10,012,896.27	5,006,448.14	50%
Over 5 years	9,936,998.35	9,936,998.35	100%
Total	286,899,513.81	20,990,571.05	

3. Other receivables with withdrawal of bad debt reserves by using percent of balance method in the combination

Percentage of balance	Closing balance		
	Other receivables	Bad debt reserve	Accrual ratio
Portfolio of receivables secured by project funds	137,562,278.76	687,811.40	0.5%
Total	137,562,278.76	687,811.40	

(Continued)

Percentage of balance	Opening balance		
	Other receivables	Bad debt reserve	Accrual ratio

Portfolio of receivables secured by project funds	129,959,673.76	649,798.37	0.5%
Total	129,959,673.76	649,798.37	

4. Other receivables of Top 5 closing balance classified by debtors:

Overdue entities	Closing Amount	Percentage of closing balance
Taizhou Haitai New Rural Construction Development Co., Ltd.	523,677,860.92	14.59%
Taizhou Hailing District Housing Collection Office	522,200,083.95	14.55%
Taizhou Material Group Material Mall	426,434,199.93	11.88%
Taizhou New Energy Industrial Park Management Committee	270,000,000.00	7.52%
Taizhou Xinhai Investment Co., Ltd.	236,573,472.95	6.59%
Total	1,978,885,617.75	55.13%

(V) Inventories

Item	Closing balance	Opening balance
Development cost	4,868,961,972.16	3,652,310,544.70
Developed products	1,037,140,659.96	1,277,347,992.35
Low-value consumables	39,402.05	66,858.55
Land arrangement	20,532,912,683.98	17,932,492,640.30
Turnover house	53,686,082.32	25,056,055.73
Construction consignment project	1,308,950,304.59	3,886,165,480.05
Total inventories	27,801,691,105.06	26,773,439,571.68
Less: Inventory impairment reserve		
Net value of inventories	27,801,691,105.06	26,773,439,571.68

(VI) Non-current assets due within one year

Item	Closing balance	Opening balance
Financing lease receivables	6,480,572.81	
Total	6,480,572.81	

(VII) Other current assets

Item	Closing balance	Opening balance
Entrusted loans		173,000,000.00
Prepaid tax	471,029,033.87	472,387,489.67
VAT input tax offset	297,771.24	
Other short-term loans of financial leasing company	100,000,000.00	
Total	571,326,805.11	645,387,489.67

(VIII) Available-for-sale financial assets

1. Available-for-sale financial assets are as follows:

Item	Closing balance	Opening balance
Available-for-sale equity tool	178,358,575.22	178,358,575.22
Of which: amount measured at cost	178,358,575.22	178,358,575.22
Less: provision for impairment		
Net value measured by costs	178,358,575.22	178,358,575.22
Total	178,358,575.22	178,358,575.22

2. Available-for-sale financial assets measured at cost at the end of year

Name of the invested entity	Opening balance		Increase in the current year	Decrease in the current year	Closing balance	
	Amount	Equity ratio			Amount	Equity ratio
Taizhou Golden Solar Energy Co., Ltd.	24,500,000.00	2.45%			24,500,000.00	2.45%
Taizhou Haiyang Investment Co., Ltd.	20,000,000.00	20.00%			20,000,000.00	20.00%
Taizhou Jiangcheng Municipal Facilities Maintenance Co., Ltd.	6,000,000.00	49.92%			6,000,000.00	49.92%
Jiangsu Haiyu Construction Engineering Co., Ltd.	3,400,000.00	45.29%			3,400,000.00	45.29%
Taizhou Haifa House Demolition Co., Ltd.	800,000.00	26.67%			800,000.00	26.67%
Taizhou North Suburb Vegetable Wholesale Trade Market	358,575.22	33.40%			358,575.22	33.40%
Jiangsu Haiwei Venture Capital Co., Ltd.	3,000,000.00	10.00%			3,000,000.00	10.00%
Jiangsu Chunlan Refrigeration Equipment Co., Ltd.	5,000,000.00	8.80%			5,000,000.00	8.80%
Taizhou Sunshine Investment Guarantee Co., Ltd.	10,000,000.00	10.00%			10,000,000.00	10.00%
Taizhou Weishui Agricultural & Sideline Product Market Operation Management Co., Ltd.	900,000.00	10.00%			900,000.00	10.00%
Taizhou Rural Commercial Bank Co., Ltd.	104,400,000.00	3.00%			104,400,000.00	3.00%
Total	178,358,575.22				178,358,575.22	

Note: Although the company held more than 20% equity of Taizhou Haiyang Investment Co., Ltd, Taizhou Jiangcheng Municipal Facilities Maintenance Co., Ltd, Jiangsu Haiyu Construction Engineering Co., Ltd, Taizhou Haifa House Demolition Co., Ltd, Taizhou North Suburb Vegetable Wholesale Market and other companies, because the above investee companies were all founded by the government, under direct management by the district government, and the company did not have control, joint control or significant impact, the company accounted for the above investments as available-for-sale financial assets.

(IX) Long-term accounts receivable

Item	Closing balance	Opening balance
Financing lease receivables	15,361,293.34	
Total	15,361,293.34	

(X) Long-term equity investment

1. Classified long-term equity investment details:

Item	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Investment in associated enterprises	59,127,828.81	3,050,249.30	62,178,078.11	
Subtotal	59,127,828.81	3,050,249.30	62,178,078.11	
Minus: long-term equity investment depreciation reserves				
Total	59,127,828.81	3,050,249.30	62,178,078.11	

2. Details of long-term equity investments

Investee	Investment cost	Opening balance	Increase and decrease of this year			
			Additional investment	Reduced reduction	Investment gains and losses recognized under equity method	Adjustment of other comprehensive revenues
Taizhou Guotai Zhiyun Information Technology Co., Ltd.	2,000,000.00	1,533,741.95			-239,401.60	
Taizhou Yangtai Cultural Creative Industry Development Co., Ltd.	45,000,000.00	45,059,391.15			40,275.90	
China Energy Conservation (Taizhou) Environmental Protection Technology Development	12,500,000.00	12,534,695.71			3,249,375.00	
Total	59,500,000.00	59,127,828.81			3,050,249.30	

(Continued)

Investee	Increase and decrease of this year				Closing balance	Period-end provision for impairment
	Other equity change	Declaration of cash dividends or profits	Provision for impairment	Other		
Taizhou Guotai Zhiyun Information Technology Co., Ltd.				-1,294,340.35		
Taizhou Yangtai Cultural Creative Industry Development Co., Ltd.				-45,099,667.05		
China Energy Conservation (Taizhou) Environmental Protection Technology Development				-15,784,070.71		
Total				-82,178,078.11		

Note: Associated enterprises of the company decreased because the former subsidiary Taizhou Xinhai Investment Co., Ltd was transferred out of the corporate consolidated statement scope, upon the approval by Hailing District People's Government in 2018.

(XI) Investment real estate

Investment real estate with the model of cost measurement

Item	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Original price of investment real estate:	24,176,701.29			24,176,701.29
Including: houses and buildings	24,176,701.29			24,176,701.29
Cumulative depreciation (amortization):	10,718,337.57	765,595.54		11,483,933.11
Including: houses and buildings	10,718,337.57	765,595.54		11,483,933.11
Impairment reserve of investment real estate				
Net value of investment real estate:	13,458,363.72			12,692,768.18

(XII) Fixed assets are as follows:

1. Classification conditions

Item	Houses and buildings	Transportation	Office and electronic devices	Other devices	Sewage pipe network facilities	Total
I. Original book value						
1. Opening balance	440,033,173.28	3,567,609.76	1,981,143.10	2,110,045.06	44,478,790.93	492,170,762.13
2. Increased amount in current period	34,608,653.80	141,000.00	71,604.82	23,021.52	13,978,385.12	48,822,665.26
(1) Outsourcing	34,608,653.80	141,000.00	71,604.82	23,021.52		34,844,280.14
(2) Transfer of engineering under construction					13,978,385.12	13,978,385.12
3. Decreased amount in current period	143,662,341.27	822,896.00	212,731.00	61,901.52		144,759,869.79
(1) Disposal or scraping		118,100.00		15,580.00		133,680.00
(2) Consolidation scope changes	143,662,341.27	704,796.00	212,731.00	46,321.52		144,626,189.79
4. Closing balance	330,979,485.81	2,885,713.76	1,840,016.92	2,071,165.06	58,457,176.05	396,233,557.60
II. Cumulative depreciation						
1. Opening balance	72,449,251.26	3,265,111.93	1,643,686.44	1,174,319.39		78,532,369.02
2. Increased amount in current period	10,796,992.19	50,944.42	92,229.40	201,441.29		11,141,607.30
(1) Provision	10,796,992.19	50,944.42	92,229.40	201,441.29		11,141,607.30
3. Decreased amount in current period	18,678,634.75	781,751.20	181,564.31	56,107.68		19,698,057.94
(1) Disposal or scraping		112,195.00		14,801.00		126,996.00
(2) Consolidation scope changes	18,678,634.75	669,556.20	181,564.31	41,306.68		19,571,061.94

Item	Houses and buildings	Transportation	Office and electronic devices	Other devices	Sewage pipe network facilities	Total
4. Closing balance	64,567,608.70	2,534,305.15	1,554,351.53	1,319,653.00		69,975,918.38
III. Impairment reserve						
1. Opening balance						
2. Increased amount in current period						
3. Decreased amount in current period						
4. Closing balance						
IV. Book value						
1. Closing balance	266,411,877.11	351,408.61	285,665.39	751,512.06	58,457,176.05	326,257,639.22
2. Opening balance	367,583,922.02	302,497.83	337,456.66	935,725.67	44,478,790.93	413,638,393.11

2. At the closing balance, the company had no significant and temporarily idle fixed assets; no fixed assets rent through operating lease; no fixed assets held for sale at the end of year.

3. At the closing balance, fixed assets leased through financing lease:

Item	Original book value	Cumulative depreciation	Net book value
House buildings and structures	156,843,311.41	20,357,489.40	136,485,822.01

4. For external mortgage of fixed assets at the closing balance, please refer to "Note VI (19) Short-term borrowings, (27) Long-term borrowings" and "Note XI (2) 2 External mortgage guarantees".

(XIII) Construction in process

Item	Opening balance	Increase in current period	Decrease in current period		Closing balance
			Current transfer to fixed assets	Other decreases	
North City Sewage Treatment Plant Ancillary Pipe Network Project	18,351,033.77	4,845,018.36	11,944,950.58		11,251,101.55
North City Sewage Treatment Plant Pipe Network Extension Project	8,764,018.41	2,068,696.35	2,033,434.54		8,799,280.22
Northwest Pipe Network Project	835,311.40	9,180,622.29			10,015,933.69
Book balance	27,950,363.58	16,094,337.00	13,978,385.12		30,066,315.46
Less: provision for depreciation					
Book value	27,950,363.58				30,066,315.46

(XIV) Intangible assets

Item	Land use right	Software	Total
I. Original book value			
1. Opening balance	54,166,333.95	39,000.00	54,205,333.95
2. Increased amount in current period		17,500.00	17,500.00
(1) Outsourcing		17,500.00	17,500.00
3. Decreased amount in current period		39,000.00	39,000.00
(1) Consolidation scope changes		39,000.00	39,000.00
4. Closing balance	54,166,333.95	17,500.00	54,183,833.95
II. Accumulated Amortization			
1. Opening balance	12,546,696.47	9,100.00	12,555,796.47
2. Increased amount in current period	1,357,115.78	7,400.00	1,364,515.78
(1) Provision	1,357,115.78	7,400.00	1,364,515.78
3. Decreased amount in current period		13,000.00	13,000.00
(1) Consolidation scope changes		13,000.00	13,000.00
4. Closing balance	13,903,812.25	3,500.00	13,907,312.25
III. Impairment reserve			
1. Opening balance			
2. Increased amount in current period			
3. Decreased amount in current period			
4. Closing balance			
IV. Book value			
1. Opening balance	41,619,637.48	29,900.00	41,649,537.48
2. Closing balance	40,262,521.70	14,000.00	40,276,521.70

Note: For external mortgage of intangible assets at the end of year, please refer to "Note VI (19) Short-term borrowings, (27) Long-term borrowings" and "Note XI (2) 2 External mortgage guarantees".

(XV) Long-term deferred expenses

Item	Opening balance	Increase in the current year	Amortization in the year	Other decrease in the year	Closing balance	Other reasons for reduction
Weishui market decoration	2,728,354.44		1,364,177.22		1,364,177.22	
Standard factory decoration	9,014,358.55		1,126,794.84	7,887,563.71		
Total	11,742,712.99		2,490,972.06	7,887,563.71	1,364,177.22	

Note: Other decreases of long-term deferred expenses in the current period were generated by changes in the consolidation scope.

(XVI) Deferred income tax assets

1. Deferred income tax asset items

Item	Closing balance	Opening balance

	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Asset impairment reserve	17,014,979.64	4,253,744.92	21,746,862.35	5,436,715.60
Total	17,014,979.64	4,253,744.92	21,746,862.35	5,436,715.60

2. Unrecognized deferred income tax assets

Item	Closing balance	Opening balance
Deductible temporary difference	10,588,727.52	9,239,322.00
Total	10,588,727.52	9,239,322.00

(XVII) Other non-current assets

Item	Closing balance	Opening balance
Deferred incomes from sale-leaseback of fixed assets	121,984,430.69	125,515,742.32
Underground road pipe network facilities - sewage pipe network	509,261,040.00	509,261,040.00
Providing services by installment payment	360,000,065.04	360,000,065.04
Total	991,245,535.73	994,776,847.36

Note: Installment charges of labor service provision were the subsequent expenditures prepaid after the acquisition of bankrupt state-owned enterprise by the subsidiary Hairun State-owned Assets Company, and shall be borne by Hailing District Finance Bureau and its designated entity.

(XVIII) Asset impairment reserve

Item	Opening balance	Increase in the current year	Decrease in the current year		Closing balance
			Reversal	Other transfer-out	
Bad debt reserve	30,986,184.35	8,442,821.05		11,825,298.24	27,603,707.16
Total	30,986,184.35	8,442,821.05		11,825,298.24	27,603,707.16

(XIX) Short-term borrowings

Borrowings category	Closing balance	Opening balance
Credit borrowings	50,000,000.00	
Security borrowings	170,000,000.00	236,328,750.00
Pledge borrowings	495,000,000.00	717,000,000.00
Total	715,000,000.00	953,328,750.00

Explanations on classification of short-term borrowings:

1. Credit borrowings are detailed as follows:

Borrower	Loan unit	Loan balance	Borrowing date	Repayment date	Interest rate	Note
Guorui Financial Leasing Company	Hengfeng Bank Nanjing Branch	50,000,000.00	1/19/2018	1/18/2019	5.10%	
	Total	50,000,000.00				

2. Guarantee borrowings are detailed as follows:

Borrower	Loan unit	Loan balance	Borrowing date	Repayment date	Interest rate	Guarantor
The company	China Everbright Bank Nanjing Branch	150,000,000.00	8/23/2018	8/11/2019	5.655%	Taizhou Huimin New City Construction Co., Ltd. provides security guarantee
Hairun Movie Theatre	Bank of Nanjing Taizhou Branch	5,000,000.00	11/30/2018	11/29/2019	6.09%	Taizhou Huimin New City Construction Co., Ltd. provides security guarantee
Haiqi Investment Company	Bank of Nanjing Taizhou Branch	5,000,000.00	2/9/2018	2/8/2019	6.50%	The Company provides security guarantee
Haiqi Investment Company	Huaxia Bank Taizhou Branch	10,000,000.00	3/29/2018	3/29/2019	6.525%	The Company provides security guarantee
	Total	170,000,000.00				

3. Pledge borrowings are detailed as follows:

Borrower	Loan unit	Loan balance	Borrowing date	Repayment date	Interest rate	Pledge
The company	Suzhou Trust Co., Ltd.	101,000,000.00	11/7/2018	11/7/2019	9.80%	Pledged with all equities of Hairun State-owned Assets Company held by company, and meanwhile, the company provided security guarantee with the security deposit of RMB 2 million
The company	Suzhou Trust Co., Ltd.	99,000,000.00	11/16/2018	11/16/2019	9.80%	
Youlong Photovoltaic Company	Industrial Bank Taizhou Branch	98,330,000.00	11/27/2018	7/10/2019	5.253%	Haiqi Investment Company provided pledge guarantee with RMB 300 million certificate of deposit
Youlong Photovoltaic Company	Industrial Bank Taizhou Branch	98,330,000.00	11/27/2018	7/26/2019	5.253%	
Youlong Photovoltaic Company	Industrial Bank Taizhou Branch	98,340,000.00	11/27/2018	7/1/2019	5.253%	
	Total	495,000,000.00				

(XX) Notes payable and accounts payable

Item	Closing balance	Opening balance
Bills payable	500,000,000.00	400,000,000.00
Accounts payable	461,094,917.72	967,203,957.17
Total	961,094,917.72	1,367,203,957.17

1. Bills payable

Item	Closing balance	Opening balance
Bank acceptance bill	500,000,000.00	400,000,000.00
Commercial acceptance bill		

Item	Closing balance	Opening balance
Total	500,000,000.00	400,000,000.00

2. Accounts payable

(1) Other payables presented by nature of funds

Aging	Closing balance		Opening balance	
	Amount	Ratio	Amount	Ratio
Within 1 year	30,399,154.20	6.59%	177,820,816.09	18.38%
1-2 years	105,486,389.83	22.88%	235,770,267.69	24.38%
2-3 years	149,834,124.64	32.50%	215,086,174.75	22.24%
over 3 years	175,375,249.05	38.03%	338,526,698.64	35.00%
Total	461,094,917.72	100.00%	967,203,957.17	100.00%

(2) Top 5 closing balance of accounts payable:

Name of creditor's right unit	Closing Amount	Percentage of closing balance
Jiangsu Jinhe Construction Engineering Co., Ltd.	79,928,405.00	17.33%
Jiangsu Guangyu Construction Group Co., Ltd.	72,875,473.50	15.80%
Zhibao Phase III valuation	54,971,668.12	11.92%
Zhibao Resettlement Area valuation	52,170,235.96	11.31%
Dongyuan Apartment valuation	30,389,500.65	6.59%
Total	290,335,283.23	62.95%

(XXI) Advance receipts

1. Advance receipts presented by nature of funds:

Aging	Closing balance		Opening balance	
	Amount	Ratio	Amount	Ratio
Within 1 year	80,651,832.51	20.40%	208,422,175.25	57.75%
1-2 years	192,427,550.85	48.67%	104,562,289.23	28.97%
2-3 years	92,551,073.97	23.41%	8,908,661.16	2.47%
over 3 years	29,727,490.86	7.52%	39,019,341.22	10.81%
Total	395,357,948.19	100.00%	360,912,466.86	100.00%

2. Top 5 closing balance of advance receipts:

Overdue entities	Closing balance	Percentage of closing balance
Taizhou Urban Construction Investment Group Co., Ltd.	167,883,436.43	42.46%
Taizhou Urban Infrastructure Construction Development Co., Ltd.	67,073,645.99	16.97%
Advance receipts of Zhibao Phase III resettlement housing funds	54,149,735.34	13.70%
Advance receipts of Dongyuan Apartment resettlement house funds	32,296,088.98	8.17%
Advance receipts of Haishu Yiyuan resettlement house funds	8,861,871.46	2.24%
Total	330,264,978.20	83.54%

(XXII) Employee remuneration payable

1. Presentation of employee remuneration payable

Item	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Short-term remuneration	1,391,619.56	12,535,247.32	11,681,319.51	2,245,547.37

Item	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Post-employment welfare - defined contribution plan		1,185,970.82	1,185,970.82	
Total	1,391,619.56	13,721,218.14	12,867,290.33	2,245,547.37

2. Short-term remuneration

Item	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Wages, bonuses, allowances and subsidies	1,303,792.00	10,089,790.22	9,236,062.52	2,157,519.70
Employee welfare	86,967.60	1,316,609.73	1,316,609.73	86,967.60
Social insurance charges		411,122.26	411,122.26	
Of which: medical insurance premium		365,887.91	365,887.91	
Work-related injury insurance premium		31,779.08	31,779.08	
Birth insurance premium		13,455.27	13,455.27	
Housing fund		448,157.00	448,157.00	
Trade union funds and staff education funds	859.96	269,568.11	269,368.00	1,060.07
Total	1,391,619.56	12,535,247.32	11,681,319.51	2,245,547.37

3. Setting up withdrawing and deposit plan

Item	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Basic endowment insurance		1,127,856.73	1,127,856.73	
Unemployment insurance premium		58,114.09	58,114.09	
Total		1,185,970.82	1,185,970.82	

(XXIII) Taxes payable

Item	Closing balance	Opening balance
VAT payable	120,986,049.68	90,455,241.67
Business tax payable	7,777,942.38	7,777,942.38
City maintenance and construction tax payable	6,597,390.60	5,240,614.15
Educational fee payable	4,709,789.03	3,740,663.01
Property tax payable	5,072,674.66	3,067,024.42
Urban land use tax payable	6,425,089.54	3,859,559.45
Enterprise income tax payable	137,879,441.37	102,947,162.26
Withholding personal income tax	43,320.74	43,564.61
Stamp tax payable	1,266,034.94	543,650.61
Other taxes payable	69.00	51.00
Total	290,757,801.94	217,675,473.56

(XXIV) Other payables

Item	Closing balance	Opening balance
Interests Payable	156,943,267.50	220,252,698.13
Dividends payable		
Other payables	10,578,524,892.46	9,431,351,979.16

Total	10,735,466,159.96	9,651,604,677.29

1. Interests Payable

Item	Closing balance	Opening balance
Bond interest payable	155,906,829.14	169,027,696.55
Government bond interests payable		37,401,992.38
Other interest on borrowings	1,036,438.36	13,823,009.20
Total	156,943,267.50	220,252,698.13

2. Other payables

(1) Other accounts payable are presented by the aging

Aging	Closing balance		Opening balance	
	Amount	Ratio	Amount	Ratio
Within 1 year	5,638,730,944.76	53.31%	8,304,853,871.42	88.05%
1-2 years	4,562,504,866.70	43.13%	235,343,361.54	2.50%
2-3 years	37,243,428.00	0.35%	258,262,732.13	2.74%
over 3 years	340,045,653.00	3.21%	632,892,014.07	6.71%
Total	10,578,524,892.46	100.00%	9,431,351,979.16	100.00%

(2) Top 5 closing balance of other payables:

Name of creditor's right unit	Amount	Percentage of closing balance
Taizhou Jianye Investment Construction Group Co., Ltd.	3,410,110,000.00	32.24%
Taizhou Huimin New City Construction Co., Ltd.	2,649,097,726.84	25.04%
Taizhou Huicheng Construction Development Co., Ltd.	1,854,467,809.72	17.53%
Jiangsu Urban and Rural Construction Investment Co., Ltd.	1,400,000,000.00	13.23%
Taizhou Taizheng Transportation Investment Co., Ltd.	100,000,000.00	0.95%
Total	9,413,675,536.56	88.99%

(XXV) Non-current liabilities due within one year

Item	Closing balance	Opening balance
Long-term borrowings due within one year	1,428,024,043.20	2,654,992,462.89
Of which: credit borrowing	10,500,000.00	25,015,544.17
Security borrowings	1,287,524,043.20	1,266,976,918.72
Mortgage borrowings	110,000,000.00	490,000,000.00
Pledge borrowings	20,000,000.00	873,000,000.00
Bonds payable due within one year	492,729,825.09	587,095,454.44
Local government bonds due within one year		440,720,000.00
Total	1,920,753,868.29	3,682,807,917.33

Note: Please refer to Note VI (27) (28) (30)

(XXVI) Other current liabilities

Item	Closing balance	Opening balance
2017 Hailing Infrastructure Private Placement Bond		193,670,150.62
2018 Hailing Infrastructure Private Placement Bond	238,931,369.86	
Reserve provision of Haicheng Guarantee Company	119,814,728.88	109,507,664.69

Item	Closing balance	Opening balance
Of which: guarantee compensation reserve	111,842,512.88	100,295,612.88
Undue liability reserve	8,172,216.00	9,212,051.81
Total	358,748,098.74	303,177,815.31

Note: The company issued the 2018 Hailing Infrastructure Private Placement Bond from November to December 2018, securities abbreviation: 18 Hailing Infrastructure, with RMB 240 million securities issued in total, term of one year and coupon rate of 7.30%; this bond was not guaranteed.

(XXVII) Long-term borrowings

Item	Closing balance	Opening balance
Credit borrowings	1,134,000,000.00	1,177,169,401.55
Security borrowings	4,195,005,700.82	5,751,524,342.49
Mortgage borrowings	600,000,000.00	710,000,000.00
Pledge borrowings	1,480,000,000.00	250,000,000.00
Total	7,409,005,700.82	7,888,693,744.04

Details of long-term borrowings

(1) Credit borrowings

Borrower	Loan unit	Loan balance	Of which: due within one year	Borrowing date	Repayment date	Interest rate
The company	Bank of Jiangsu Hailing Sub-branch	465,000,000.00	10,000,000.00	1/25/2017	1/20/2020	5.23%
The company	Bank of Jiangsu Hailing Sub-branch	55,000,000.00		2/3/2017	1/20/2020	5.23%
The company	Bank of Jiangsu Hailing Sub-branch	30,000,000.00		3/1/2017	1/20/2020	5.23%
The company	Bank of Jiangsu Hailing Sub-branch	45,000,000.00		6/30/2017	1/20/2020	5.23%
Huitai Construction Company	Bank of Nanjing Taizhou Branch	500,000,000.00		1/25/2017	1/25/2022	5.23%
Haiqi Investment Company	Bank of Jiangsu Taizhou Branch	49,500,000.00	500,000.00	7/3/2017	7/2/2020	5.23%
	Total	1,144,500,000.00	10,500,000.00			

(2) Guarantee borrowings are detailed as follows:

Borrower	Loan unit	Loan balance	Of which: due within one year	Borrowing date	Repayment date	Interest rate	Guarantor
The company	Bank of Communications Taizhou Branch	600,000,000.00	200,000,000.00	3/24/2016	12/31/2020	4.75%	Xinhai Investment Company and Taizhou Xinhong Culture Industry Development Co., Ltd provided security guarantee
The company	Industrial Bank Taizhou Branch	300,000,000.00	100,000,000.00	12/16/2016	12/15/2021	5.6040%	Taizhou Huimin New City Construction Co., Ltd. provides security guarantee
The company	Industrial Bank Taizhou Branch	350,000,000.00	25,000,000.00	12/16/2016	12/15/2021	5.5860%	Taizhou Huimin New City Construction Co., Ltd. provides security guarantee
The company	Huaxia Bank Taizhou Branch	133,000,000.00		1/3/2017	12/29/2021	5.4625%	Jiangsu Wangtao Investment and Construction Co., Ltd and Taizhou Xinhai Investment Co., Ltd provided security guarantee
The company	Jiangsu International Trust Co., Ltd.	300,000,000.00	300,000,000.00	10/21/2016	6/8/2019	6.18%	Hairun State-owned Assets Company provided security guarantee
The company	Jiangsu International Trust Co., Ltd.	50,000,000.00	50,000,000.00	6/8/2016	6/8/2019	6.18%	Hairun State-owned Assets Company provided security guarantee
The company	Bank of Guangzhou Nanjing Branch	67,000,000.00	1,000,000.00	4/12/2018	4/12/2021	5.70%	Taizhou Huimin New City Construction Co., Ltd. provides security guarantee
The company	Wanjiang Financial Leasing Co., Ltd.	32,669,401.53	21,350,809.27	11/13/2015	9/12/2020	9.09% overall costs	Essentially Hairun Company provided security guarantee
Hairun State-owned Assets Company	International Far Eastern Leasing Co., Ltd.	30,544,342.49	14,673,233.93	12/18/2015	12/20/2020	10.54% overall costs	The Company provides security guarantee
Hairun State-owned Assets Company	Bank of Jiangsu Hailing Sub-branch	145,000,000.00	10,000,000.00	1/24/2017	1/20/2020	5.23%	The Company provides security guarantee
Hairun State-owned Assets Company	Jiangsu Changjiang Commercial Bank Taizhou Branch	50,000,000.00		6/26/2017	6/25/2020	5.50%	Taizhou Huimin New City Construction Co., Ltd. provides security guarantee

Borrower	Loan unit	Loan balance	Of which: due within one year	Borrowing date	Repayment date	Interest rate	Guarantor
Hairun State-owned Assets Company	Wanxiang Trust Co., Ltd.	1,000,000,000.00	100,000,000.00	2/22/2017	2/21/2022	5.61% overall costs	The Company provides security guarantee
Haifa Construction Investment Company	Bank of Ningbo Wujiang Sub-branch	300,000,000.00		12/27/2016	12/6/2019	5.70%	CITIC Securities Huitong No.1 Directional Asset Management Plan, the company provided security guarantee
Haiqi Investment Company	Jiangyan Rural Commercial Bank Dafeng Sub-branch	29,980,000.00		11/7/2016	7/10/2019	6.00%	Hairun State-owned Assets Company and Taizhou Haiyang Investment Co., Ltd provided security guarantee
Huitai Construction Company	Agricultural Bank of China Hailing Sub-branch	180,000,000.00	88,000,000.00	4/29/2016	10/28/2020	5.225%	The Company provides security guarantee
		25,000,000.00	12,500,000.00	1/2/2017	10/28/2020	5.225%	The Company provides security guarantee
Huitai Construction Company	Agricultural Bank of China Taizhou Yangqiao Sub-branch	415,230,000.00	157,500,000.00	11/10/2016	11/7/2020	4.90%	The Company provides security guarantee
Huitai Construction Company	Agricultural Bank of China Taizhou Yangqiao Sub-branch	54,550,000.00		11/10/2016	11/10/2022	4.90%	The Company provides security guarantee
Huitai Construction Company	Agricultural Bank of China Taizhou Yangqiao Sub-branch	95,450,000.00		1/2/2017	11/6/2022	4.90%	The Company provides security guarantee
Huitai Construction Company	Agricultural Bank of China Taizhou Yangqiao Sub-branch	267,270,000.00		6/20/2017	11/6/2022	4.90%	The Company provides security guarantee

Borrower	Loan unit	Loan balance	Of which: due within one year	Borrowing date	Repayment date	Interest rate	Guarantor
Huitai Construction Company	Agricultural Bank of China Taizhou Yangqiao Sub-branch	60,000,000.00		1/2/2017	11/7/2021	4.75%	The Company provides security guarantee
Huitai Construction Company	Bank of Ningbo Wuxi Huishan Sub-branch	200,000,000.00	200,000,000.00	12/20/2016	12/20/2019	5.70%	The Company provides security guarantee
Huitai Construction Company	Taizhou Rural Commercial Bank	19,770,000.00	7,500,000.00	11/11/2016	11/7/2020	5.23%	The Company provides security guarantee
Huitai Construction Company	Taizhou Rural Commercial Bank	18,180,000.00		1/2/2017	11/7/2022	5.23%	The Company provides security guarantee
Huitai Construction Company	Taizhou Rural Commercial Bank	4,550,000.00		6/10/2017	11/6/2022	5.39%	The Company provides security guarantee
Huitai Construction Company	Industrial Bank Taizhou Branch	200,000,000.00		7/19/2017	12/31/2024	5.23%	The Company provides security guarantee
Huitai Construction Company	Industrial Bank Taizhou Branch	180,000,000.00		8/11/2017	12/31/2024	5.23%	The Company provides security guarantee
Huitai Construction Company	Industrial Bank Taizhou Branch	374,336,000.00		6/28/2018	12/31/2024	5.23%	The Company provides security guarantee
	Total	5,482,529,744.02	1,287,524,043.20				

(3) Mortgage borrowings are detailed as follows:

Borrower	Loan unit	Loan balance	Of which: due within one year	Borrowing date	Repayment date	Interest rate	Mortgaged property
Haifa Construction Investment Company	China Development Bank Jiangsu Branch	160,000,000.00	80,000,000.00	1/29/2013	1/28/2023	4.90%	1. The Company provides mortgage by 7 land use rights [Taizhou State Use [2009] No.2080, Taizhou State Use [2009] No.2824, Taizhou State Use [2009] No.2830, Taizhou State Use [2009] No.2829,

Borrower	Loan unit	Loan balance	Of which: due within one year	Borrowing date	Repayment date	Interest rate	Mortgaged property
Haifa Construction Investment Company	China Development Bank Jiangsu Branch	220,000,000.00		1/29/2013	1/28/2023	4.545%	Taizhou State Use [2009] No.2827, Taizhou State Use [2009] No.2826, Taizhou State Use [2009] No.2819]; 2. Haifa Construction Investment Co., Ltd. provides pledge guarantee by accounts receivable, namely the repayment difference of Taizhou North Shanty Area Renovation Engineering Project signed by it with Taizhou People's Government to replenish all rights, interests and benefits entitled under the agreement
Haifa Construction Investment Company	China CITIC Bank Qingnian Road Sub-branch	200,000,000.00	30,000,000.00	12/29/2015	11/25/2025	5.88%	The Company provides mortgage guarantee by land use right [Taizhou State Use (2015) No.16264]
Haifa Construction Investment Company	China CITIC Bank Qingnian Road Sub-branch	130,000,000.00		11/27/2015	11/25/2025	5.88%	
	Total	710,000,000.00	110,000,000.00				

(4) Pledge borrowings are detailed as follows:

Borrower	Loan unit	Loan balance	Of which: due within one year	Borrowing date	Repayment date	Interest rate	Pledge
The company	China CITIC Bank Taizhou Branch	600,000,000.00	10,000,000.00	9/27/2018	6/21/2025	6.62%	Pledged with accounts receivable of the government purchase service agreement signed by Hailing Assets and District Housing and Urban-Rural Construction Bureau; meanwhile, Taizhou Huimin New City Construction Co., Ltd and Taizhou Haitong Assets Management Co., Ltd provided security guarantee
The company	China CITIC Bank Taizhou Branch	700,000,000.00	10,000,000.00	7/30/2018	6/21/2025	6.62%	
Huitai Construction Company	Everbright Bank Nanjing Branch	200,000,000.00		3/14/2017	12/31/2021	5.23%	Huitai Construction Company provided pledge guarantee with accounts receivable of Taizhou Hailing District Government Hailing District Xieqiao Street Shanty Area Renovation Engineering Project

Borrower	Loan unit	Loan balance	Of which: due within one year	Borrowing date	Repayment date	Interest rate	Pledge
	Total	1,500,000,000.00	20,000,000.00				

(XXVIII) Bonds payable

1. Bonds payable statement:

Item	Closing balance	Opening balance
2012 Taizhou Hailing Assets Management Co., Ltd. Bond [12 Hailing Bond]		159,584,454.56
2015 Taizhou Hailing Assets Management Co., Ltd. Corporate Bond [15 Hailing Bond]	716,271,720.02	954,104,294.20
Taizhou Hailing Assets Management Co., Ltd. 2016 Non-public Issuance of Corporate Bond [16 Hailing 01], [16 Hailing 02]	1,981,949,265.23	1,974,520,024.72
Taizhou Hailing Assets Management Co., Ltd. 2016 Non-public Issuance of Corporate Bond [16 Hailing Bond 03]	496,206,036.41	496,185,401.36
2017 Non-public Issuance of Corporate Bond (Phase II) [17 Hailing 02]	248,628,224.03	248,492,252.26
2017 Non-public Issuance of Corporate Bond (Phase III) [17 Hailing 03]	844,117,832.11	843,767,741.12
2017 Hailing Infrastructure Private Placement Bond [17 Hailing Infrastructure]		93,909,802.19
Bank of Nanjing Credit Financing Plan	99,886,001.48	
Total	4,387,059,079.28	4,770,563,970.41

2. Increase and decrease of bond payable

Bond name	Face value	Issue date	Bond maturity	Issue amount	Opening balance
2012 Taizhou Hailing Assets Management Co., Ltd. Bond [12 Hailing Bond]	160,000,000.00	March 2012	7 Years	RMB 800 million	319,168,909.11
2015 Taizhou Hailing Assets Management Co., Ltd. Corporate Bond [15 Hailing Bond]	960,000,000.00	December 2015	7 Years	RMB 1,200,000,000	1,192,630,367.75
Taizhou Hailing Assets Management Co., Ltd. 2016 Non-public Issuance of Corporate Bond [16 Hailing 01], [16 Hailing 02]	2,000,000,000.00	March 2016, April 2016	5 Years	RMB 1400 million, RMB 600 million	1,974,520,024.72
Taizhou Hailing Assets Management Co., Ltd. 2016 Non-public Issuance of Corporate Bond [16 Hailing Bond 03]	500,000,000.00	August 2016	5 Years	RMB 500 million	496,185,401.36
2016 Hailing Infrastructure Private Placement Bond [16 Hailing Infrastructure]	190,000,000.00	08-09/2016	2 Years	RMB 190 million	188,984,926.34
2017 Non-public Issuance of Corporate Bond (Phase II) [17 Hailing 02]	250,000,000.00	March 2017	3 Years	RMB 250 million	248,492,252.26

2017 Non-public Issuance of Corporate Bond (Phase III) [17 Hailing 03]	850,000,000.00	April 2017	5 Years	RMB 850 million	843,767,741.12
2017 Hailing Infrastructure Private Placement Bond [17 Hailing Infrastructure]	94,420,000.00	September-December 2017	2 Years	RMB 94.42 million	93,909,802.19
Bank of Nanjing Credit Financing Plan	100,000,000.00	November 2018	3 Years	RMB 100 million	
Subtotal					5,357,659,424.85
Less: bonds payable due within one year					587,095,454.44
Total					4,770,563,970.41

Continued

Bond name	Issue in current period	Accrued interest at face value	Premium discount amortization	Repayment in the current period	Closing balance
2012 Taizhou Hailing Assets Management Co., Ltd. Bond [12 Hailing Bond]		10,644,164.38	702,848.38	160,000,000.00	159,871,757.49
2015 Taizhou Hailing Assets Management Co., Ltd. Corporate Bond [15 Hailing Bond]		2,177,753.42	2,398,592.27	240,000,000.00	955,028,960.02
Taizhou Hailing Assets Management Co., Ltd. 2016 Non-public Issuance of Corporate Bond [16 Hailing 01], [16 Hailing 02]		24,772,602.74	7,429,240.51		1,981,949,265.23
Taizhou Hailing Assets Management Co., Ltd. 2016 Non-public Issuance of Corporate Bond [16 Hailing Bond 03]		10,321,917.81	20,635.05		496,206,036.41
2016 Hailing Infrastructure Private Placement Bond [16 Hailing Infrastructure]			1,015,073.66	190,000,000.00	
2017 Non-public Issuance of Corporate Bond (Phase II) [17 Hailing 02]		11,165,753.42	135,971.77		248,628,224.03
2017 Non-public Issuance of Corporate Bond (Phase III) [17 Hailing 03]		33,941,780.82	350,090.99		844,117,832.11
2017 Hailing Infrastructure Private Placement Bond [17 Hailing Infrastructure]		1,205,678.46	191,025.41		94,100,827.60
Bank of Nanjing Credit Financing Plan	99,880,000.00	1,212,328.77	6,001.48		99,886,001.48
Subtotal					4,879,788,904.37
Less: bonds payable due within one year					492,729,825.09
Total					4,387,059,079.28

(XXIX) Long-term accounts payable

Item	Closing balance	Opening balance
Long-term accounts payable		
Special accounts payable	2,480,125,365.10	480,981,016.86
Total	2,480,125,365.10	480,981,016.86

1. Special accounts payable

Item	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Special funds for shanty renovation	36,845,000.00	594,142,100.00		630,987,100.00
Affordable house construction funds	218,258,000.00	8,895,000.00		227,153,000.00
Yunmeiyuan Phase -II supportive funds	10,850,000.00			10,850,000.00
Tongyang Line Channel Regulation Project Construction Service Command	60,000,000.00	4,195,500.00		64,195,500.00
Special funds for pipe network construction	121,528,016.86	18,812,036.43		140,340,053.29
Preliminary work fee of Taizhou Cultural and Creative Complex PPP Project	1,000,000.00		1,000,000.00	
Key project construction funds	32,500,000.00		32,500,000.00	
Special funds for urban infrastructure construction		1,388,873,711.81		1,388,873,711.81
Special funding for central water pollution control		16,000,000.00		16,000,000.00
Special funds for state land investigation and rectification		1,726,000.00		1,726,000.00
Total	480,981,016.86	2,032,644,348.24	33,500,000.00	2,480,125,365.10

(XXX) Other non-current liabilities

Item	Closing balance	Opening balance
Local government bonds		3,854,262,100.00
Special bond for shanty renovation	100,000,000.00	
Bankrupt enterprise staff resettlement funds payable, etc.	110,866,649.87	85,920,358.00
Total	210,866,649.87	3,940,182,458.00

Note: Local government bond replacement funds were converted into special payables-urban infrastructure construction allocation funds for accounting, according to the spirit of the Finance Bureau Document.

(XXXI) Paid-in capital

Name of investors	Opening balance		Increase in current period	Decrease in current period	Closing balance	
	Amount	Ratio			Amount	Ratio

Taizhou Hailing District Finance Bureau	2,072,095,800.00	100%			2,072,095,800.00	100%
Total	2,072,095,800.00	100%			2,072,095,800.00	100%

(XXXII) Capital reserve

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Capital premium	1,394,170.00			1,394,170.00
Other capital reserves	7,684,583,500.88	1,929,264,370.69	628,643,991.06	8,985,203,880.51
Total	7,685,977,670.88	1,929,264,370.69	628,643,991.06	8,986,598,050.51

Note: Other capital reserves were mainly state-owned exclusive capital reserves such as equity, land and monetary funds injected by Taizhou Hailing District People's Government or Hailing District Finance Bureau. The increase in the current period was mainly RMB 1.9 billion monetary funds allocated into the company by Hailing District Finance Bureau, and the decrease in the current period was the equity of Taizhou Xinhai Investment Co., Ltd transferred out upon the approval of Hailing District People's Government.

(XXXIII) Surplus reserve

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Statutory surplus reserve	253,328,146.41	32,377,959.70		285,706,106.11
Total	253,328,146.41	32,377,959.70		285,706,106.11

(XXXIV) Undistributed profits

Item	Closing balance	Opening balance
Opening balance this year	1,467,481,746.94	1,343,554,846.54
Plus: net profits attributable to parent company owner this year transferred in	163,580,804.69	159,927,749.03
Less: surplus reserve withdrawal this year	32,377,959.70	34,900,848.63
Revenues of turning over state-owned assets		1,100,000.00
Closing balance this year	1,598,684,591.93	1,467,481,746.94

(XXXV) Operating incomes and operating costs

Category	Current Amount		Previous Amount	
	Operating incomes	Operating costs	Operating incomes	Operating costs
1. Main business				
Land arrangement	626,873,860.44	509,485,641.90	444,909,575.20	299,768,781.94
Construction consignment project	241,691,483.38	211,480,047.96	408,507,570.17	357,444,123.90
Agent construction management fee	122,347,830.97		103,841,830.70	
Sales of resettlement houses	222,711,882.29	250,545,996.05	374,957,282.56	427,033,974.97

Category	Current Amount		Previous Amount	
	Operating incomes	Operating costs	Operating incomes	Operating costs
Guarantee fee	16,344,432.00		18,424,103.62	
Leasing	157,645.50		3,558,023.28	
Financing lease interests	3,926,589.31	1,837,792.36		
2. Other businesses				
Leasing	7,847,888.76	11,505,099.26	9,263,157.88	17,723,713.98
Entrusted loan interests	2,389,685.85		7,037,171.88	
Borrowing fund interests	77,539.30		1,149,417.81	
Inter-enterprise guarantee	3,896,228.42		509,107.55	283,486.40
Total	1,248,265,064.22	984,854,577.53	1,372,157,240.45	1,102,254,081.19

(XXXVI) Taxes and surcharges

Item	Current Amount	Previous Amount
Urban maintenance and construction tax	2,197,947.62	3,236,184.71
Education surcharge	1,568,530.61	2,312,989.62
Housing tax	4,561,522.16	5,120,002.75
Land use tax	6,116,737.40	24,373,050.29
Increment tax on land value		1,540.50
Stamp duty	747,667.83	1,901,469.19
Environmental protection tax	1,589,440.00	
Other taxes	46,675.36	46,559.13
Total	16,828,520.98	36,993,816.19

(XXXVII) Financial expenses

Item	Current Amount	Previous Amount
Interest expenses	100,000,644.91	84,716,121.46
Less: Interest income	36,459,322.87	13,471,112.45
Exchange gains and losses	-4,500,726.58	-12,580.88
Bank handling fee and other	161,816.80	573,656.48
Total	59,202,412.26	71,806,084.61

(XXXVIII) Asset impairment losses

Item	Current Amount	Previous Amount
Bad debt losses	8,442,821.05	-2,499,129.50
Total	8,442,821.05	-2,499,129.50

(XXXIX) Other revenues

Item	Current Amount	Previous Amount
Government grants related to daily business operation activities	103,793,675.33	111,616,362.40
Total	103,793,675.33	111,616,362.40

Among them, the government subsidies related to daily corporate business activities are detailed as follows:

Subsidy item	Current Amount	Previous Amount
Urban infrastructure construction subsidies	100,000,000.00	109,000,000.00
Provincial guarantee company subsidies		2,616,362.40
Special funds for inclusive financial development	2,871,700.00	
Finance-supported technological innovation and industrial transformation upgrading promotion incentives and subsidies	676,500.00	
Entrepreneurial loan subsidies	245,475.33	
Total	103,793,675.33	111,616,362.40

(XL) Investment income

Sources of investment incomes	Current Amount	Previous Amount
Long-term equity investment incomes by equity methods	3,050,249.30	207,596.89
Equity investment disposal revenues (less: losses)	-2,796,184.61	
Investment income earned from available-for-sale financial assets	1,339,166.66	
1. Entrusted loan revenues	1,289,166.66	
2. Other investment income	50,000.00	58,000.00
Total	1,593,251.35	265,596.89

(XLI) Non-operating income

1. Classification conditions

Item	Current Amount	Previous Amount
Government subsidies unrelated to daily corporate business activities	1,400,000.00	4,259,900.00
Penalty and confiscatory incomes	5,300.00	372,094.37
Demolition compensation incomes	1,111,790.00	
Non-repayable transaction funds		337,684.94
Other incomes	2,177,183.75	630.00
Total	4,694,273.75	4,970,309.31

2. Government subsidies recorded in current profits and losses

Item	Current Amount	Previous Amount
2013-2015 urban water environment region compensation funds	400,000.00	
Financial innovative development guidance funds		3,239,900.00
Special funds for municipal SME development	1,000,000.00	1,000,000.00
Other		20,000.00
Total	1,400,000.00	4,259,900.00

(XLII) Non-operating expenses

Item	Current Amount	Previous Amount
Non-current asset scraping losses	779.00	5,722.15
Of which: Abandonment of fixed assets loss	779.00	5,722.15
Penalty and confiscatory expenditures	300.00	179,871.06
Donation contribution expenditures		350,000.00
Demolition losses		1,158,715.06
Other expenses	172,768.40	279,136.05

Item	Current Amount	Previous Amount
Total	173,847.40	1,973,444.32

(XLIII) Income tax expenses

Item	Current Amount	Previous Amount
Current income tax expense	42,969,575.42	38,527,696.28
Deferred income tax expenses	-1,773,353.88	2,009,711.31
Total	41,196,221.54	40,537,407.59

(XLIV) Supplementary information of Cash Flow Statement

1. Supplementary information of Cash Flow Statement

Item	Current Amount	Previous Amount
I. Net profits adjusted to cash flow from operating activities:		
Net profits	170,108,767.34	167,477,191.58
Plus: asset impairment reserve	8,442,621.05	-2,499,129.50
Depreciation of fixed assets, depletion of oil and gas assets, and depreciation of productive biological assets	11,907,202.84	14,359,269.80
Amortization of intangible assets	1,364,515.78	1,364,915.78
Amortization of long-term deferred expenses	2,490,972.06	3,617,766.90
Losses from disposing fixed assets, intangible assets and other long-term assets (revenues marked with "-")		
Losses of fixed asset scrapping (revenues marked with "-")	779.00	5,722.15
Losses of fair value change (revenues marked with "-")		
Financial expenses (revenues marked with "-")	95,499,918.33	84,703,540.58
Investment losses (revenues marked with "-")	-1,593,251.35	-265,596.89
Decrease of deferred income tax assets (increase marked with "-")	-1,773,353.88	2,009,711.31
Increase of deferred income tax liabilities (decrease marked with "-")		
Decrease of inventory (increase marked with "-")	-2,353,621,494.55	-3,373,918,093.09
Decrease of operational receivables (increase marked with "-")	-2,028,211,957.94	-2,899,822,196.56
Increase of operational payables (decrease marked with "-")	4,910,495,086.11	2,104,762,228.01
Other		
Net cash flow from operating activities	815,110,004.79	-3,898,204,669.93
II. Major investing and financing activities uninvolving cash receipts and expenditures:		
Debt conversion to capital		
Convertible corporate bonds due within one year		
Fixed assets acquired under finance lease		
III. Net change of cash and cash equivalents:		
Closing balance of cash	8,318,378,734.22	7,580,212,450.59
Less: opening cash balance	7,580,212,450.59	3,629,636,459.58
Closing balance of cash equivalents		
Less: opening balance of cash equivalents		
Net increase of cash and cash equivalents	738,166,283.63	3,950,575,991.01

2. Cash and cash equivalents

Item	Current Amount	Previous Amount
I. Cash	8,318,378,734.22	7,580,212,450.59
Of which: cash on hand	90,215.48	72,760.91
Bank deposits for payment at any time	8,318,288,518.74	7,580,139,689.68
Other monetary assets for payment at any time		
Funds deposited in central bank that can be used for payment		
II. Cash equivalents		
Of which: bond investments due within three months		
III. Balance of cash and cash equivalents	8,318,378,734.22	7,580,212,450.59

VII. Consolidation scope changes

1. Changes in consolidation scope for other reasons

(1) New subsidiaries in the current period

Name of acquired party	Time of equity acquisition	Equity ratio	Method of equity acquisition
Taizhou Gucheng Construction Investment Co., Ltd.	4/16/2018	100%	Establishment
Taizhou Haichuang Property Co., Ltd.	11/20/2018	100%	Establishment
Taizhou Haisheng Trading Co., Ltd.	11/27/2018	100%	Establishment

(2) Decreased entities in consolidation scope in the current period

1) Mastek Industrial Co., Limited, founded on October 16, 2013, with the Company Registration No.: 980919, is a Hong Kong Private Limited Company. On March 9, 2017, the shareholder was changed to Taizhou Hailing Assets Management Co., Ltd. The company did not actually operate. On April 25, 2018, the equity of Mastek Industrial Co., Limited was transferred externally.

2) In 2017, the company planned to issue overseas bonds and set up three subsidiaries in Hong Kong, namely: HAIPENG OVERSEAS INVESTMENT COMPANY LIMITED, HAIFA TRADING DEVELOPMENT CO., LIMITED and RUNHAI INVESTMENT DEVELOPMENT CO., LIMITED. The above companies did not actually operate. On May 14, 2018, HAIPENG OVERSEAS INVESTMENT COMPANY LIMITED was cancelled; on April 25, 2018, the equity of HAIFA TRADING DEVELOPMENT CO., LIMITED was transferred externally; on May 17, 2018, the equity of RUNHAI INVESTMENT DEVELOPMENT CO., LIMITED was transferred externally.

3) Shanghai Zesong Network Technology Co., Ltd was founded on January 26, 2015, the company purchased all equities of this company on September 15, 2017, and this company was cancelled on October 15, 2018.

VIII. Equity in other entities

(I) Equity in subsidiaries

Name of enterprise	Level	Enterprise type	Registered place	Main business place	Business scope	Registered capital (ten thousand Yuan)	Shareholding ratio	Amount of investment (ten thousand Yuan)	Acquisition mode
Taizhou Hairun State-owned Assets Management Co., Ltd.	1	1	2F, No.3 Fuqian Road, Taizhou City	Taizhou Jiangsu	State-owned asset operation, management, transfer and investment within the scope authorized by the provincial government, corporate custody, asset restructuring, physical lease, vendor stand rental, agricultural sideline product wholesale and retail, building material wholesale and other approved businesses	25000	100%	25000	Equity transfer-in
Taizhou Youlong Photovoltaic Technology Co., Ltd.	2	1	Room 203, 2F, Building 1, No.3 Fuqian Road, Hailing District, Taizhou City	Taizhou Jiangsu	Photovoltaic product R&D, battery R&D, consultation	3500	100%	3500	Capital contribution
Taizhou Haihui Property Co., Ltd.	2	1	No.21 Wuyi Road, Hailing District, Taizhou City	Taizhou Jiangsu	Real estate development, property management (the above is subject to operation by valid qualification certificate)	800	90%	720	Capital contribution
Taizhou Haiqi Investment Co., Ltd.	2	1	Room 202, 2F, Building 1, No.3 Fuqian Road, Hailing District, Taizhou City	Taizhou Jiangsu	Enterprise investment management, investment information consultation (excluding financial business)	5000	84%	5000	Capital contribution
Taizhou	2	1	1-6 F, North	Taizhou	Licensed businesses: film projection; general	100	100%	100	Capital

Name of enterprise	Level	Enterprise type	Registered place	Main business place	Business scope	Registered capital (ten thousand Yuan)	Shareholding ratio	Amount of investment (ten thousand Yuan)	Acquisition mode
Hairun Movie Theater Co., Ltd.			of Building 1, No.3 Fuqian Road, Hailing District, Taizhou City	Jiangsu	operation project: providing venue service for commercial performances				contribution
Taizhou Xinghai Urban Development Investment Fund Management Center (Limited Partnership)	2	1	Room 20-2, Building 1, No.3 Fuqian Road, Hailing District, Taizhou City, Jiangsu Province	Taizhou Jiangsu	Engaged in non-securities equity investment activities and related consulting services	10000.0001	100%	10000	Establishment
Taizhou Hailing Real Estate Development Company	1	1	No.117 Qingnian South Road, Hailing District, Taizhou City	Taizhou Jiangsu	Main business of real estate development, concurrent business of urban infrastructure construction, asset management, interior decoration upholstering; wholesale (non-storage) of building materials, upholstering materials, construction hardware, pipe fittings, lighting appliances	80123.8	100%	80123.8	Equity transfer-in
Taizhou Haifa Construction Investment Co., Ltd.	1	1	3F, No.505 Qingnian North Road, Hailing District, Taizhou City	Taizhou Jiangsu	Construction project investment and operation management; asset management operation; professional contracting of house construction works, municipal road works, pipeline works, house decoration furnishing engineering construction, architectural curtain wall works and ancient architecture garden works.	130720	100%	130720	Capital contribution
Taizhou Haiyang Water Supply and Drainage	1	1	North of Gulou North Road and north of	Taizhou Jiangsu	Tap water pipe network investment management, sewage pipe network investment management, sewage collection and discharge, sewage pipe network facility	1000	100%	1000	Capital contribution

Name of enterprise	Level	Enterprise type	Registered place	Main business place	Business scope	Registered capital (ten thousand Yuan)	Shareholding ratio	Amount of investment (ten thousand Yuan)	Acquisition mode
Management Co., Ltd.			Senyuan Road, Taizhou City		maintenance				
Taizhou Huitai Construction Development Co., Ltd.	1	1	Room 201, Building 3, No.3 Fuqian Road, Hailing District, Taizhou City	Taizhou Jiangsu	Property management; investment consultation service; house and equipment leasing; ordinary cargo (excluding hazardous chemical) storage; building material, office equipment and communication apparatus sales; computer hardware, air conditioner, refrigeration equipment and home appliance sales, installation, repair, service, urban infrastructure construction; garment, hardware product wholesale.	100000	100%	20000	Capital contribution
Taizhou Haicheng Guarantee Co., Ltd.	1	1	Room 101, 102, 201, 301 Roadside Wenxinyuan Commercial Building, Hailing District, Taizhou City	Taizhou Jiangsu	Loan guarantee, bill acceptance guarantee, trade financing guarantee, project financing guarantee, letter of credit guarantee, other financing guarantee, litigation preservation guarantee, bid guarantee, advance payment guarantee, project performance guarantee, contractual balance payment guarantee and other agreement performance guarantee services, guarantee business-related financing consultation, financial consultant and other intermediary services, investment with own funds.	26100	51.912%	13549	Equity transfer-in, currency capital increase
Taizhou Guorui Financial Leasing Co., Ltd.	1	1	No.30-2 Nantong Road, Hailing District, Taizhou City	Taizhou Jiangsu	Financial leasing business; leasing business; purchase of leased assets from home and abroad; residual value disposal and maintenance of leased property; leasing transaction consultation and guarantee; concurrent operation of commercial insurance business related to main business (non-bank financing category).	195189	75%	9000	Equity acquisition, currency capital increase
Taizhou	1	1	No.30-1	Taizhou	Construction project investment and	10000	100%	10000	Capital

Name of enterprise	Level	Enterprise type	Registered place	Main business place	Business scope	Registered capital (ten thousand Yuan)	Shareholding ratio	Amount of investment (ten thousand Yuan)	Acquisition mode
Gucheng Construction Investment Co., Ltd.			Nantong Road, Hailing District, Taizhou City	Jiangsu	management, historical and cultural block repair, renovation and reconstruction, house leasing, property management, real estate development and management, urban infrastructure construction project, landscaping engineering construction, building material sales (non-storage).				contribution
Taizhou Haichuang Property Co., Ltd.	2	1	2F, Room 46, No.50 Fuqian Road, Hailing District, Taizhou City (Commercial Zone C, New Century City)	Taizhou Jiangsu	Real estate development; house leasing (excluding financial leasing); municipal engineering, construction engineering, landscaping green engineering construction.	10000	100%	10000	Capital contribution
Taizhou Haisheng Trading Co., Ltd.	1	1	2F, Room 48, No. 50 Fuqian Road, Hailing District, Taizhou City (Commercial Zone C, New Century City)	Taizhou Jiangsu	Metal material sales.	1000	51%		Capital contribution

Note:

1. Enterprise type: 1. Domestic non-financial subsidiaries; 2.Domestic financial subsidiaries; 3. Overseas subsidiaries; 4. Public institutions; 5. Capital construction institutions

2. On February 21, 2017, the company and CBEX Financial Service (Shanghai) Co., Ltd jointly established the Taizhou Xinghai Urban Development Investment Fund Management Center (Limited Partnership), with the company type as limited partnership enterprise. On March 7, 2017, the shareholders were changed to Taizhou Hairun State-owned Assets Management Co., Ltd and CBEX Financial Service (Shanghai) Co., Ltd. This company did not actually operate.

3. On November 27, 2018, the company and Sun Xiaodong jointly established the Taizhou Haisheng Trading Co., Ltd, with the company type as limited liability enterprise. This company has not formally operated.

(II) Equity in joint ventures and associated companies

The company had no equity in joint ventures and associated enterprises.

IX. Risks associated with financial instruments

Major financial instruments of the company include equity investments, borrowings, accounts receivable, accounts payable, etc. For details of each financial instrument, please refer to relevant items in Note VI. Risks associated with these financial instruments and risk management policies adopted by the company to reduce these risks are described below. Corporate management level manages and monitors these risk exposures to ensure aforesaid risks are controlled within a limited range.

The company analyzes possible impact of rational and possible risk variable changes on current profits and losses or owner's equity, by using sensitive analysis technology. Because any risk variable rarely changes in an isolated manner, and the correlation between variables will exert a significant impact on the finally affected amount of changes in a single risk variable, the following content proceeds based on assumption of independent changes in each variable.

Risk management targets and policies:

Corporate risk management target is to achieve appropriate balance between risks and revenues, minimize negative impact of risks on corporate operation performance, and maximize interests of shareholders and other equity investors. Based on this risk management target, the basic strategy of corporate risk management is to determine and analyze various risks confronted by the company, establish proper risk tolerance bottom line, implement risk management, promptly and reliably supervise various risks, and control risks within a limited range.

1. Credit risk

The maximum credit risk exposure that may cause financial losses of the company mainly arises from the corporate financial asset losses incurred due to the other contractual party's failure to perform obligations, mainly including: carrying amount of the financial assets recognized in the consolidated balance sheet.

In order to reduce credit risks, the company has established a special team responsible for determining credit quota, conducting credit approval, and implemented other monitoring procedures to ensure taking necessary measures to recover expired creditor's rights. In addition, the company reviews the recovery of each single receivable on each balance sheet date, to ensure that sufficient bad debt provision is made for the unrecoverable amounts. Therefore, corporate management level believes that the credit risks assumed by the company have been significantly reduced.

Because working capital of the company is deposited in the banks with higher credit rating, credit risks of working capital are relatively low.

Because risk exposures of the company are spread in multiple customers, the company has no significant credit concentration risk.

2. Liquidity risks

When managing liquidity risks, the company retains cash and cash equivalents that the

management level deemed as adequate and monitors them, to meet corporate operation needs and reduce the impact of cash flow fluctuations.

The company regards bank borrowings as its main source of funds. The company cooperates normally and maintains excellent partnership with many financial institutions. Corporate management level monitors the use of bank borrowings and ensures compliance with borrowing agreements.

X. Associated parties and associated transactions

1. The Company's controlling shareholder and ultimate controlling party

Controlling shareholder of the company is Taizhou Hailing District Finance Bureau, and the ultimate controller of the company is Taizhou Hailing District People's Government.

2. Subsidiaries of the company

See Note VIII 1. Equity in subsidiaries.

3. The Company's joint ventures and associated companies

As of December 31, 2018, the company had no joint venture and associated enterprise.

4. Other associated parties

Name of associated party	Association relationship type	Main Content of Transaction
Taizhou Huimin New City Construction Co., Ltd.	Same shareholder, same legal representative	Transactions
Taizhou Huicheng Construction Development Co., Ltd.	Subsidiary of Taizhou Huimin New City Construction Co., Ltd, same legal representative	Transactions
Taizhou Haitai New Rural Construction Development Co., Ltd.	Subsidiary of Taizhou Huimin New City Construction Co., Ltd, same legal representative	Transactions
Taizhou Haitong Assets Management Co., Ltd.	Same shareholder, same legal representative	Transactions
Taizhou Zhenyuan Security Service Co., Ltd.	Subsidiary of Taizhou Haitong Assets Management Co., Ltd.	No

5. Conditions of associated party transactions

(1) Associated transaction for purchasing and selling commodities, providing and accepting labor service

Name of associated party	Associated transaction content	Current Amount	Previous Amount
Hailing District People's Government	Land consolidation business	626,873,860.44	444,909,575.20
	Agent construction business	241,691,483.38	408,507,570.17
	Agent construction management business	122,347,830.97	103,841,830.70

(2) Related entrusted loan

Entrusted loan provider	Entrusted loan receiver	Current Amount	Previous Amount
Haicheng Guarantee Company	Taizhou Haitai New Rural Construction Development Co., Ltd.		20,000,000.00
Total			20,000,000.00

(3) Associated guarantee

1) The company as the guarantor

For associated guarantee of the Company as the guaranteeing party, please refer to "Note XI (2) Contingent liabilities arising from providing debt guarantee for other companies and the financial impact".

2) The company as the guaranteed

For associated guarantee of the Company as the guaranteed party, please refer to "Note VI (19) Short-term borrowings and (27) Long-term borrowings".

(4) Associated party fund borrowing

Name of associated companies	Net borrowing	Net lending
Taizhou Huimin New City Construction Co., Ltd.	2,649,097,726.84	
Taizhou Haitai New Rural Construction Development Co., Ltd.		66,065,071.70
Taizhou Hailing District Finance Bureau		8,739,123.49
Taizhou Huicheng Construction Development Co., Ltd.	856,520,958.58	
Taizhou Haitong Assets Management Co., Ltd.	16,158,578.46	
Total	3,521,777,263.88	74,804,195.19

6. Receivables and payables of related parties

(1) Accounts receivable

Associated parties (projects)	Closing balance	Opening balance
Hailing District Finance Bureau	210,253,197.29	1,045,068,441.02
Total	210,253,197.29	1,045,068,441.02

(2) Other receivables

Associated parties (projects)	Closing balance	Opening balance
Hailing District Finance Bureau	40,000,000.00	31,260,876.51
Taizhou Huimin New City Construction Co., Ltd.		983,800,734.16
Taizhou Guotai Zhiyun Information Technology Co., Ltd.		7,000,000.00
Taizhou Haitai New Rural Construction Development Co., Ltd.	523,677,860.92	457,612,789.22
China Energy Conservation (Taizhou) Environmental Protection Technology Development Co., Ltd.		17,425,389.70
Taizhou Wenchuang Enterprise Management Co., Ltd.		100,000.00
Total	563,677,860.92	1,496,999,789.59

(3) Other non-current assets

Associated parties (projects)	Closing balance	Opening balance
Hailing District Finance Bureau – fund collection by installments for labor service provision	360,000,065.04	360,000,065.04
Total	360,000,065.04	360,000,065.04

(4) Other payables

Associated parties (projects)	Closing balance	Opening balance
Taizhou Huicheng Construction Development Co., Ltd.	1,854,467,809.72	997,946,851.14
Taizhou Haitong Assets Management Co., Ltd.	16,158,578.46	
Taizhou Huimin New City Construction Co., Ltd.	2,649,097,726.84	

Associated parties (projects)	Closing balance	Opening balance
Total	4,519,724,115.02	997,946,851.14

XI. Description of contingencies

(I) Contingent liabilities arising from pending litigation arbitration and the financial impact

As of December 31, 2018, the Company had no other pending litigation and arbitration matters for disclosure.

(II) Contingent liabilities formed by provision of debt guarantee for other organizations and its financial impact

1. External security guarantee:

For security guarantee provided mutually between the Company and its subsidiaries as of December 31, 2018, please refer to Note VI. (19) Short-term borrowings and (27) Long-term borrowings.

As of December 31, 2018, the security guarantee provided by the Company and subsidiaries for other companies are presented as follows (Unit: ten thousand Yuan):

No.	Guarantor units	Guaranteed	Amount guaranteed	Guarantee Period
1	The company	Taizhou Children's Palace	2,800.00	2018/02/07-2019/02/07
2	The company	Taitong (Taizhou) Industrial Co., Ltd.	14,000.00	2018/06/09-2019/03/20
3	The company	Taitong (Taizhou) Industrial Co., Ltd.	4,500.00	2018/12/27-2019/12/27
4	The company	Jiangsu Haiyang Chemical Fiber Co., Ltd.	12,000.00	2018/06/06-2019/06/06
5	The company	Jiangsu Haobo Investment Development Co., Ltd.	5,000.00	2018/06/19-2019/06/19
6	The company	Jiangsu Purui Battery Co., Ltd.	1,000.00	2016/09/02-2020/03/02
7	The company	Jiangsu Shenshi New Material Technology Co., Ltd.	4,300.00	2018/10/25-2019/9/3
8	The company	Jiulong Sewage Treatment Plant	4,300.00	2014/05/22-2019/05/21
9	The company	Jiulong Sewage Treatment Plant	3,600.00	2014/09/24-2019/09/24
10	The company	Jiulong Sewage Treatment Plant	10,000.00	2015/12/02-2019/12/02
11	The company	Jiulong Sewage Treatment Plant	15,000.00	2018/06/08-2023/06/08
12	The company	Jiulong Sewage Treatment Plant	15,000.00	2019/1/10-2023/1/10
13	The company	Taizhou Detong Electric Co., Ltd	2,000.00	2018/10/30-2019/10/30
14	The company	Taizhou Dingxin Intelligent Industrial Park Investment Development Co., Ltd.	7,000.00	2016/04/26-2021/04/26
15	The company	Taizhou Urban Construction Investment Group	25,000.00	2016/05/03-2021/05/03
16	The company	Taizhou Urban Construction Investment Group	235,000.00	2016/04/25-2026/04/25
17	The company	Taizhou No.4 People's Hospital	2,000.00	2012/12/28-2020/12/27
18	The company	Taizhou No.4 People's Hospital	4,000.00	2018/02/27-2019/02/27
19	The company	Taizhou No.4 People's Hospital	2,500.00	2018/04/28-2019/04/28
20	The company	Taizhou No.4 People's Hospital	1,100.00	2018/05/08-2019/05/08
21	The company	Taizhou No.4 People's Hospital	5,000.00	2018/08/29-2019/08/28
22	The company	Taizhou No.4 People's Hospital	2,000.00	2018/08/29-2020/08/17
23	The company	Taizhou No.4 People's Hospital	1,000.00	2018/10/12-2019/10/12
24	The company	Taizhou No.4 People's Hospital	2,600.00	2018/12/21-2019/12/21

No.	Guarantor units	Guaranteed	Amount guaranteed	Guarantee Period
25	The company	Taizhou No.4 People's Hospital	2,400.00	2018/12/21-2019/12/21
26	The company	Taizhou Haida Multimodal Transportation Management Co., Ltd.	4,500.00	2018/04/20-2019/04/10
27	The company	Taizhou Hairong Park Management Co., Ltd.	4,500.00	2018/04/20-2019/04/04
28	The company	Taizhou Haiyang Investment Co., Ltd.	30,000.00	2015/11/19-2020/11/19
29	The company	Taizhou Haotian New Energy Industrial Development Co., Ltd.	1,500.00	2018/07/24-2019/07/23
30	The company	Taizhou Golden Solar Energy Co., Ltd.	16,000.00	2016/10/27-2021/10/27
31	The company	Taizhou Golden Solar Energy Co., Ltd.	4,000.00	2018/07-2019/07
32	The company	Taizhou Meixiang Food Co., Ltd.	1,500.00	2016/10/18-2019/07/10
33	The company	Taizhou Runhe New Energy Co., Ltd.	4,900.00	2018/03/08-2019/03/09
34	The company	Taizhou Municipal Engineering Co., Ltd.	1,000.00	2018/09/27-2019/09/19
35	The company	Taizhou Municipal Engineering Co., Ltd.	1,200.00	2018/07/18-2019/07/18
36	The company	Taizhou Shuangyang Precision Seamless Steel Tube Co., Ltd.	1,600.00	2018/06/10-2019/06/10
37	The company	Taizhou Shuangyang Precision Seamless Steel Tube Co., Ltd.	2,500.00	2018/02/08-2019/02/27
38	The company	Taizhou Shuangyang Precision Seamless Steel Tube Co., Ltd.	1,600.00	2018/06-2019/06
39	The company	Taizhou Tianxiao Environmental Protection Technology Co., Ltd.	1,500.00	2016/10/17-2019/07/10
40	The company	Taizhou Tianxiao Environmental Protection Technology Co., Ltd.	3,000.00	2016/11/03-2019/07/10
41	The company	Taizhou Tianxiao Environmental Protection Technology Co., Ltd.	5,500.00	2018/03/09-2019/03/09
42	The company	Taizhou Tianxiao Environmental Protection Technology Co., Ltd.	5,500.00	2018/03/09-2019/03/09
43	The company	Taizhou Tianyang Construction Development Co., Ltd.	7,000.00	2016/06/02-2019/06/02
44	The company	Taizhou Xinhai Investment Co., Ltd.	35,000.00	2013/09/26-2020/09/25
45	The company	Taizhou Xinhai Investment Co., Ltd.	20,000.00	2015/09/10-2020/05/10
46	The company	Taizhou Xinhai Investment Co., Ltd.	1,500.00	2018/09/27-2020/09/27
47	The company	Taizhou Xinhong Culture Industry Development Co., Ltd.	67,000.00	2017/12/18-2022/12/18
48	The company	Taizhou Xinyuan Property Co., Ltd.	26,000.00	2015/12/12-2020/12/12
49	The company	Taizhou Xinyuan Property Co., Ltd.	10,000.00	2016/04/26-2021/04/26
50	The company	Taizhou Zhongtian New Energy Industrial Development Co., Ltd.	30,000.00	2016/04/29-2019/04/29
51	The company	Taizhou Zhongtian New Energy Industrial Development Co., Ltd.	20,000.00	2016/05/17-2022/05/17
52	The company	Taizhou Zhongtian New Energy Industrial Development Co., Ltd.	10,000.00	2016/05/30-2019/05/29
53	The company	Taizhou Zhongtian New Energy Industrial Development Co., Ltd.	20,000.00	2016/06-2019/06
54	The company	Taizhou Sucheng Investment Development Co., Ltd.	10,000.00	2017/04-2022/04
55	The company	Taizhou Tianye Metal Product Co., Ltd.	600.00	2018/03/09-2019/03/09

No.	Guarantor units	Guaranteed	Amount guaranteed	Guarantee Period
56	The company	Taizhou Xianghe Elderly Recreation Center	10,000.00	2017/03-2020/03
57	The company	Taizhou Xintai New Rural Construction Development Co., Ltd.	25,600.00	2016/04/26-2021/04/26
58	The company	Taizhou Xintai Group Co., Ltd.	30,000.00	2015/08/17-2020/08/16
59	The company	Zhongsheng Sunshine New Energy Technology Co., Ltd.	9,000.00	2018/03/22-2019/03/21
60	Hailing Real Estate Company	The 13th Engineering Bureau of China City Construction Group Co., Ltd.	5,000.00	2018/01/31-2019/06/01
61	Hailing Real Estate Company	The 13th Engineering Bureau of China City Construction Group Co., Ltd.	8,500.00	2018/05/17-2019/10/11
62	Haiqi Investment Company	Taizhou Haitai New Rural Construction Development Co., Ltd.	9,750.00	2016/06/28-2019/06/27
63	Hairun State-owned Assets Company	Jiangsu Feixiang Precision Machinery Manufacturing Co., Ltd.	900.00	2018/07/25-2019/07/24
64	Hairun State-owned Assets Company	Taizhou Gangfeng Logistics Co., Ltd.	5,000.00	2018/09/28-2019/03/17
65	Hairun State-owned Assets Company	Taizhou Hailing Municipal Engineering Division	5,000.00	2018/03/30-2019/03/14
66	Hairun State-owned Assets Company	Taizhou Haiqi Investment Co., Ltd.	2,998.00	2016/11/07-2019/07/10
67	Hairun State-owned Assets Company	Taizhou Jiangcheng Municipal Facilities Maintenance Co., Ltd.	5,000.00	2018/03/30-2019/03/11
68	Hairun State-owned Assets Company	Taizhou Tianyang Construction Development Co., Ltd.	5,000.00	2018/07/30-2019/07/23
69	Hairun State-owned Assets Company	Taizhou Tianyi Logistics Co., Ltd.	5,000.00	2018/03/30-2019/03/29
70	Hairun State-owned Assets Company	Taizhou Xinhai Investment Co., Ltd.	6,300.00	2018/09/25-2020/09/20
71	Hairun State-owned Assets Company	Taizhou Shuangyang Precision Seamless Steel Tube Co., Ltd.	2,340.00	2018/03/27-2019/03/26
72	Hairun State-owned Assets Company	Taizhou Material Group Material Mall	3,000.00	2016/11/04-2019/07/10
73	Hairun State-owned Assets Company	Asia Petrochemical Group Co., Ltd.	5,000.00	2016/11/09-2019/07/10

Except for above external guarantee matters, as of December 31, 2018, Haicheng Guarantee Company's balance under guarantee was RMB 1024.69 million.

2. External mortgage guarantees

For security guarantee provided mutually between the Company and its subsidiaries as of December 31, 2018, please refer to Note VI. (19) Short-term borrowings and (27) Long-term borrowings.

As of December 31, 2018, the Company and subsidiaries had no matters of mortgage guarantee provided for other companies.

3. External pledge guarantees

For security guarantee provided mutually between the Company and its subsidiaries as of December 31, 2018, please refer to Note VI. (19) Short-term borrowings and (27) Long-term borrowings.

As of December 31, 2018, the Company and subsidiaries had no matters of pledge guarantee provided for other companies.

(III) In addition to the contingent events mentioned above, the Group had no other major contingent events until Dec. 31, 2018.

XII. Events after the balance sheet date

1. Upon the approval of Taizhou Hailing District People's Government, all equities of four companies including Taizhou Hailing District Guangsha Green Engineering Co., Ltd., Taizhou Guangsha Property Management Center, Taizhou Hailing Municipal Engineering Division and Jiangsu Haiyu Construction Engineering Co., Ltd. were transferred to the Company free of charge, relevant transfer work is in process.

2. Upon the approval of Hailing District People's Government, the corporate registered capital was planned to increase from RMB 2,072,095,800 to RMB 5,072,095,800.

3. On March 27, 2019, the Company issued "Taizhou Hailing Assets Management Co., Ltd. 2019 Phase II Non-directional Debt Financing Tool", securities abbreviation: 19 Hailing assets PPN002, and the total amount of securities issued is RMB 500 million. This bond has a term of three years and coupon rate of 7.50%, unguaranteed.

4. Subsidiary Taizhou Haicheng Guarantee Co., Ltd distributed dividends of RMB 1,187,500 to shareholders before this report date.

Except for above events, the Company had no major event after the balance sheet date for disclosure.

XIII. Project Note of parent company main financial statement

(I) Notes receivable and accounts receivable

1. Disclosure of receivable classification

Category	Closing balance			
	Book balance	Ratio	Bad debt reserve	Book value
Account receivable with significant amount of single item and separate allowance for bad debts				

Category	Closing balance			
	Book balance	Ratio	Bad debt reserve	Book value
Receivables with bad debt provision as per credit risk characteristic combinations	212,253,197.29	100.00%		212,253,197.29
Of which: receivables from government units and state-owned holding companies	2,000,000.00	0.94%		2,000,000.00
Receivables of associated parties	210,253,197.29	99.06%		210,253,197.29
Account receivable with insignificant amount of single item but separate allowance for bad debts				
Total	212,253,197.29	100.00%		212,253,197.29

(Continued)

Category	Opening balance			
	Book balance	Ratio	Bad debt reserve	Book value
Account receivable with significant amount of single item and separate allowance for bad debts				
Receivables with bad debt provision as per credit risk characteristic combinations	885,170,382.07	100.00%		885,170,382.07
Of which: receivables from government units and state-owned holding companies	2,000,000.00	0.23%		2,000,000.00
Receivables of associated parties	883,170,382.07	99.77%		883,170,382.07
Account receivable with insignificant amount of single item but separate allowance for bad debts				
Total	885,170,382.07	100.00%		885,170,382.07

2. Major transaction entities with year-end balance of accounts receivable classified by the overdue party:

Overdue entities	Amount	Percentage of year-end balance
Taizhou Hailing District Finance Bureau	210,253,197.29	99.06%
Total	210,253,197.29	99.06%

(II) Advance payments

1. Advance payments are detailed as follows:

Aging	Closing balance		Opening balance	
	Amount	Ratio	Amount	Ratio
Within 1 year	829,328,797.03	15.37%	886,420,611.88	17.28%
1-2 years	876,001,205.88	16.24%	4,243,212,022.81	82.72%
2-3 years	3,689,505,029.09	68.39%		
Total	5,394,835,032.00	100.00%	5,129,632,634.69	100.00%

2. Major transaction entities with closing balance of advance payments:

Overdue entities	Amount	Percentage of year-end balance
Taizhou Hailing Real Estate Development Company	5,384,425,283.70	99.80%
Total	5,384,425,283.70	99.80%

(III) Other receivables

1. Disclosure of other receivable classification

Category	Closing balance			
	Book balance	Ratio	Amount of bad debt reserves	Book value
Account receivable with significant amount of single item and separate allowance for bad debts				
Receivables with bad debt provision as per credit risk characteristic combinations	4,895,935,718.38	100.00%	5,637,380.14	4,890,298,338.24
Of which: receivables from government units and state-owned holding companies	1,903,095,261.78	38.87%		1,903,095,261.78
Receivables of associated parties	2,864,471,108.75	58.51%		2,864,471,108.75
Receivables secured by project funds	84,292,578.00	1.72%	421,462.89	83,871,115.11
Aging combination of other receivables	44,076,769.85	0.90%	5,215,917.25	38,860,852.60
Account receivable with insignificant amount of single item but separate allowance for bad debts				
Total	4,895,935,718.38	100.00%	5,637,380.14	4,890,298,338.24

Continued

Category	Opening balance			
	Book balance	Ratio	Bad debt reserve	Book value
Account receivable with significant amount of single item and separate allowance for bad debts				
Receivables with bad debt provision as per credit risk characteristic combinations	3,800,990,546.69	100.00%	5,169,639.96	3,795,820,906.73
Of which: receivables from government units and state-owned holding companies	1,379,966,814.09	36.31%		1,379,966,814.09
Receivables of associated parties	2,129,109,766.69	56.01%		2,129,109,766.69
Receivables secured by project funds	244,292,578.00	6.43%	1,221,462.89	243,071,115.11
Aging combination of other receivables	47,621,387.91	1.25%	3,948,177.07	43,673,210.84
Account receivable with insignificant amount of single item but separate allowance for bad debts				
Total	3,800,990,546.69	100.00%	5,169,639.96	3,795,820,906.73

2. In the portfolio, other receivables with bad debt provision by aging analysis method:

Aging	Closing balance		
	Other receivables	Bad debt reserve	Accrual ratio
Within 1 year	31,652,069.98		0%
1-2 years			5%
2-3 years	4,101,750.47	410,175.05	10%

Aging	Closing balance		
	Other receivables	Bad debt reserve	Accrual ratio
3-4 years	3,127,259.00	625,451.80	20%
4-5 years	2,030,800.00	1,015,400.00	50%
Over 5 years	3,164,890.40	3,164,890.40	100%
Total	44,076,769.85	5,215,917.25	

Continued

Aging	Opening balance		
	Other receivables	Bad debt reserve	Accrual ratio
Within 1 year	35,166,688.04		0%
1-2 years	4,104,750.47	205,237.52	5%
2-3 years	3,127,259.00	312,725.90	10%
3-4 years	2,033,800.00	406,760.00	20%
4-5 years	330,873.50	165,436.75	50%
Over 5 years	2,858,016.90	2,858,016.90	100%
Total	47,621,387.91	3,948,177.07	

3. Other receivables with withdrawal of bad debt reserves by using percent of balance method in the combination

Percentage of balance	Closing balance		
	Other receivables	Bad debt reserve	Accrual ratio
Portfolio of receivables secured by project funds	84,292,578.00	421,462.89	0.5%
Total	84,292,578.00	421,462.89	0.5%

Continued

Percentage of balance	Opening balance		
	Other receivables	Bad debt reserve	Accrual ratio
Portfolio of receivables secured by project funds	244,292,578.00	1,221,462.89	0.5%
Total	244,292,578.00	1,221,462.89	0.5%

4. Other receivables of top five year-end balance classified by the overdue party

Overdue entities	Amount	Percentage of year-end balance
Taizhou Hairun State-owned Assets Management Co., Ltd.	1,301,497,857.15	26.58%
Taizhou Haichuang Property Co., Ltd.	707,690,000.00	14.45%
Taizhou Material Group Material Mall	426,434,199.93	8.71%
Taizhou Hailing District Housing Collection Office	522,200,083.95	10.67%
Taizhou Xinhai Investment Co., Ltd.	280,573,472.95	5.73%
Total	3,238,395,613.98	66.14%

(IV) Available-for-sale financial assets

Name of the invested entity	Opening balance		Increase in the current year	Decrease in the current year	Closing balance	
	Amount	Equity ratio			Amount	Equity ratio
Taizhou Golden Solar Energy Co., Ltd.	24,500,000.00	49.00%			24,500,000.00	49.00%
Haiyang Investment Co., Ltd.	10,000,000.00	10.00%			10,000,000.00	10.00%

Taizhou Rural Commercial Bank Co., Ltd.	104,400,000.00	3.00%			104,400,000.00	3.00%
Total	138,900,000.00				138,900,000.00	

(V) Long-term equity investment

1. Classified long-term equity investment details:

Item	Opening balance	Increase in the current year	Decrease in the current year	Closing balance
Investment in subsidiaries	4,434,229,435.63	190,000,000.00	671,256,552.00	3,952,972,883.63
Subtotal	4,434,229,435.63	190,000,000.00	671,256,552.00	3,952,972,883.63
Minus: long-term equity investment depreciation reserves				
Total	4,434,229,435.63	190,000,000.00	671,256,552.00	3,952,972,883.63

2. Details of long-term equity investments

Name of the invested entity	Opening balance		Increase in the current year	Decrease in the current year	Closing balance	
	Amount	Equity ratio			Amount	Equity ratio
Taizhou Hairun State-owned Assets Management Co., Ltd.	496,217,071.67	100.00%			496,217,071.67	100.00%
Taizhou Hailing Real Estate Development Company	823,265,811.96	100.00%			823,265,811.96	100.00%
Taizhou Haifa Construction Investment Co., Ltd.	1,300,000,000.00	100.00%			1,300,000,000.00	100.00%
Taizhou Haiyang Water Supply and Drainage Management Co., Ltd.	8,000,000.00	80.00%			8,000,000.00	80.00%
Taizhou Xinhai Investment Co., Ltd.	671,256,552.00	100.00%		671,256,552.00		
Taizhou Haicheng Guarantee Co., Ltd.	135,490,000.00	51.912%			135,490,000.00	51.912%
Taizhou Huitai Construction Development Co., Ltd.	1,000,000,000.00	100.00%			1,000,000,000.00	100.00%
Taizhou Guorui Financial Leasing Co., Ltd.			90,000,000.00		90,000,000.00	51.77%
Taizhou Gucheng Construction Investment Co., Ltd.			100,000,000.00		100,000,000.00	100.00%
Total	4,434,229,435.63		190,000,000.00	671,256,552.00	3,952,972,883.63	

(VI) Notes payable and accounts payable

1. Accounts payable presented by nature of payment:

Aging	Closing balance		Opening balance	
	Amount	Ratio	Amount	Ratio
Within 1 year	15,262,955.00	44.06%	16,160,810.00	40.20%
1-2 years	157,855.00	0.46%	920,823.00	2.29%
2-3 years	70,000.00	0.20%	5.83	0.00%
over 3 years	19,151,941.34	55.28%	23,116,565.51	57.51%
Total	34,642,751.34	100.00%	40,198,204.34	100.00%

2. Major accounts payable in year-end balance:

Overdue entities	Amount	Percentage of year-end balance
Taizhou Hairun State-owned Assets Management Company	14,462,955.00	41.75%
Cultural protection project demolition compensation funds payable, etc.	13,558,303.27	39.14%
Jiangsu Xintai Construction Engineering Company	4,446,654.00	12.84%
Total	32,467,912.27	93.73%

(VII) Advance receipts

1. Advance receipts are detailed as follows:

Aging	Closing balance		Opening balance	
	Amount	Ratio	Amount	Ratio
Within 1 year	54,500,977.50	11.55%	194,389,654.43	43.47%
1-2 years	167,183,247.18	35.43%	78,237,596.08	17.49%
2-3 years	76,034,877.33	16.11%	380,000.00	0.08%
over 3 years	174,202,262.70	36.91%	174,202,262.70	38.96%
Total	471,921,364.71	100.00%	447,209,513.21	100.00%

2. Major advance receipts in year-end balance:

Overdue entities	Amount	Percentage of year-end balance
Taizhou Urban Construction Investment Group Co., Ltd.	178,486,458.68	37.82%
Land transfer fee of the plot on south of Yingchun Road and east of Chunlan Road	169,356,371.70	35.89%
Taizhou Urban Infrastructure Construction Development Co., Ltd.	67,073,845.99	14.21%
Taizhou Haiyang Water Supply and Drainage Management Company	29,800,000.00	6.31%
Total	444,716,676.37	94.23%

(VIII) Other payables

Item	Closing balance	Opening balance
Interests Payable	156,943,267.50	201,325,139.20
Dividends payable		
Other payables	14,742,533,566.69	12,238,084,470.18
Total	14,899,476,834.19	12,439,409,609.38

(IX) Interests Payable

Item	Closing balance	Opening balance
Bond interest payable	155,906,829.14	169,027,696.55
Government bond interests payable		32,297,442.65
Interest payable on special shanty renovation bond	1,036,438.36	
Total	156,943,267.50	201,325,139.20

1. Other payables are detailed as follows:

Aging	Closing balance		Opening balance	
	Amount	Ratio	Amount	Ratio
Within 1 year	10,087,287,266.72	68.42%	10,592,205,743.75	86.55%
1-2 years	4,459,427,441.05	30.25%	1,439,510,925.75	11.76%
2-3 years	15,186,283.38	0.10%	12,700,676.00	0.10%
over 3 years	180,633,575.54	1.23%	193,667,124.68	1.59%
Total	14,742,533,566.69	100.00%	12,238,084,470.18	100.00%

2. Top 5 year-end balance of other payables:

Overdue entities	Amount	Percentage of year-end balance
Taizhou Jianye Investment Construction Group Co., Ltd.	3,410,110,000.00	23.13%
Taizhou Huitai Construction Development Co., Ltd.	3,341,594,988.80	22.67%
Taizhou Huimin New City Construction Co., Ltd.	3,023,430,626.70	20.51%
Taizhou Huicheng Construction Development Co., Ltd.	1,854,467,809.72	12.58%
Jiangsu Urban and Rural Construction Investment Co., Ltd.	1,400,000,000.00	9.50%
Total	13,029,603,425.22	88.39%

(X) Operating income and operating cost

Category	Current Amount		Previous Amount	
	Operating incomes	Operating costs	Operating incomes	Operating costs
1. Main business				
Land transfer fee refund	626,873,860.44	509,485,641.90	444,909,575.20	299,768,781.94
Construction consignment project	241,691,483.38	211,480,047.96	408,507,570.17	357,444,123.90
Agent construction management fee	122,347,830.97		103,841,830.70	
2. Other businesses				
Inter-enterprise guarantee incomes	3,896,226.42			
Other	77,539.30		509,107.55	283,486.40
Total	994,886,940.51	720,965,689.86	957,768,083.62	657,496,392.24

(XI) Investment income

Sources of investment incomes	Current Amount	Previous Amount
Income from long-term equity investment calculated with cost method	1,626,295.30	5,941,885.40
Total	1,626,295.30	5,941,885.40

(XII) Supplementary information on parent company's cash flow statement

1. Supplementary information of Cash Flow Statement

Item	Current Amount	Previous Amount
1. Net profits adjusted to cash flow from operating activities:		
Net profits	323,779,596.95	349,008,486.25
Plus: asset impairment reserve	467,740.16	560,832.12
Depreciation of fixed assets, depletion of oil and gas assets, and depreciation of productive biological assets	3,866,928.93	3,909,124.72
Amortization of intangible assets	1,357,115.78	1,357,115.78
Amortization of long-term deferred expenses		
Losses from disposing fixed assets, intangible assets and other long-term assets (revenues marked with "-")		
Fixed asset scrapping losses (revenues marked with "-")		
Losses and revenues of fair value change (revenues marked with "-")		
Financial expenses (revenues marked with "-")		
Investment losses (revenues marked with "-")	-1,626,295.30	-5,941,885.40
Decrease of deferred income tax assets (increase marked with "-")	-116,835.05	-140,208.03
Increase of deferred income tax liabilities (decrease marked with "-")		
Decrease of inventory (increase marked with "-")	-1,111,016,477.96	-2,361,393,934.65
Decrease of operational receivables (increase marked with "-")	-891,723,251.63	-2,152,912,634.56
Increase of operational payables (decrease marked with "-")	673,771,051.17	754,792,898.57
Other		
Net cash flow from operating activities	-1,001,240,526.93	-3,410,760,205.20
2. Major investing and financing activities uninvolving cash receipts and expenditures:		
Debt conversion to capital		
Convertible corporate bonds due within one year		
Fixed assets acquired under finance lease		
3. Net change of cash and cash equivalents:		
Closing balance of cash	5,553,117,916.70	6,250,944,411.72
Less: opening cash balance	6,250,944,411.72	2,687,786,954.14
Plus: closing balance of cash equivalents		
Less: opening balance of cash equivalents		
Net increase of cash and cash equivalents	-697,826,495.02	3,563,157,457.58

2. Cash and cash equivalents

Item	Current Amount	Previous Amount
I. Cash	5,553,117,916.70	6,250,944,411.72
Of which: cash on hand	3,499.51	9,805.90
Bank deposits for payment at any time	5,553,114,417.19	6,250,934,605.82
Other monetary assets for payment at any time		
Funds deposited in central bank that can be used for payment		

Item	Current Amount	Previous Amount
II. Cash equivalents		
Of which: bond investments due within three months		
III. Balance of cash and cash equivalents	5,553,117,916.70	6,250,944,411.72

Taizhou Hailing Assets Management Co., Ltd.

April 20, 2019

Legal representative: Accounting director: Accounting firm director:



统一社会信用代码

91110102082881146K

营业执照

(副本) (5-1)



扫描二维码登录"国家企业信用信息公示系统"，了解更多登记、备案、许可、监管信息



名　　称　中兴华会计师事务所（特殊普通合伙）

类　　型　特殊普通合伙企业

执行事务合伙人　李尊农

经营范围　审查企业会计报表、出具审计报告；验证企业资本，出具验资报告；办理企业合并、分立、清算事宜中的审计业务，出具有关报告；基本建设年度财务决算审计；代理记账；会计咨询、税务咨询、管理咨询、会计培训；法律、法规规定的其他业务。（企业依法自主选择经营项目，开展经营活动；依法须经批准的项目，经相关部门批准后依批准的内容开展经营活动，不得从事本市产业政策禁止和限制类项目的经营活动。）

成立日期　2013年11月04日

合伙期限　2013年11月04日至 长期

主要经营场所　北京市西城区阜外大街1号东塔楼15层

登记机关



2020年 03月 26日

国家企业信用信息公示系统网址：http://www.gsxt.gov.cn

市场主体应当于每年1月1日至6月30日通过国家企业信用信息公示系统报送公示年度报告。

国家市场监督管理总局监制



会计师事务所

执业证书

名　　称：中兴华会计师事务所（特殊普通合伙）

首席合伙人：李尊农

主任会计师：

经营场所：北京市西城区阜外大街1号东塔楼15层

组织形式：特殊普通合伙

执业证书编号：11000167

批准执业文号：京财会许可〔2013〕0066号

批准执业日期：2013年10月25日

证书序号：0000066

说　明

1、《会计师事务所执业证书》是证明持有人经财政部门依法审批，准予执行注册会计师法定业务的凭证。

2、《会计师事务所执业证书》记载事项发生变动的，应当向财政部门申请换发。

3、《会计师事务所执业证书》不得伪造、涂改、出租、出借、转让。

4、会计师事务所终止或执业许可注销的，应当向财政部门交回《会计师事务所执业证书》。

发证机关：北京市财政局

二〇一八年　三　月　九　日

中华人民共和国财政部制

证书序号：000368

会计师事务所
证券、期货相关业务许可证

经财政部、中国证券监督管理委员会审查，批准

中兴华会计师事务所（特殊普通合伙）

执行证券、期货相关业务。

首席合伙人：李尊农

证书号：24

发证时间：二〇二一年十二月九日

证书有效期至：二〇二六年十二月八日

证书编号：321000020004
No. of Certificate

批准注册协会：江苏省注册会计师协会
Authorized Institute of CPAs

发证日期：1989 年 1 月 1 日
Date of Issuance

2017 年 6 月 30 日

姓名：[redacted]
Full name

性别：男
Sex

出生日期：1969-07-03
Date of birth

工作单位：江苏[redacted]会计师事务所
Working unit

身份证号码：[redacted]
Identity card No.



年度检验登记
Annual Renewal Registration

本证书经检验合格，继续有效一年。
This certificate is valid for another year after this renewal.

2017 年度专用章

年度检验登记
Annual Renewal Registration

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This certificate is valid for another year after this renewal.

2018 年度专用章

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江苏省注册会计师协会

[redacted]华山(321000020004)
您已通过2018年年检
江苏省注册会计师协会

[redacted]华山(321000020004)
您已通过2015年年检
江苏省注册会计师协会

[redacted]华山(321000020004)
您已通过2016年年检
江苏省注册会计师协会

年 月 日

年度检验登记
Annual Renewal Registration

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2018 年度专用章

注册会计师工作单位变更事项登记
Registration of the Change of Working Unit by a CPA

同意调出
Agree the holder to be transferred from

同意调入
Agree the holder to be transferred to

证书编号：320000100160
No. of Cert ificate

批准注册协会：江苏省注册会计师协会
Authorized Institute of CPAs

发证日期：2008 08 30
Date of Issuance 年 月 日 / Yr. Mo. Da.

4

年度检验登记
Annual Renewal Registration

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5

注册会计师工作单位变更事项登记
Registration of the Change of Working Unit by a CPA

同意调出
Agree the holder to be transferred from

事务所 CPAs

转出协会盖章
Stamp of the transferring Institute of CPAs

年 月 日 / Yr. Mo. Da.

同意调入
Agree the holder to be transferred to

事务所 CPAs

转入协会盖章
Stamp of the transferee Institute of CPAs

年 月 日 / Yr. Mo. Da.

10

注册会计师工作单位变更事项登记
Registration of the Change of Working Unit by a CPA

同意调出
Agree the holder to be transferred from

事务所 CPAs

转出协会盖章
Stamp of the transferring Institute of CPAs

年 月 日 / Yr. Mo. Da.

同意调入
Agree the holder to be transferred to

事务所 CPAs

转入协会盖章
Stamp of the transferee Institute of CPAs

年 月 日 / Yr. Mo. Da.

11

THE CHINESE INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS 中国注册会计师协会

姓名 Full name
性别 Sex
出生日期 Date of birth 1981-12-21
工作单位 Working unit 天衡会计师事务所有限公司南京分所
身份证件号码 Identity card No. 320211198112211411

年度检验登记
Annual Renewal Registration

本证书经检验合格，继续有效一年。
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黄志新(320000100160)
您已通过2015年年检
江苏省注册会计师协会

黄志新(320000100160)
您已通过2016年年检
江苏省注册会计师协会

年 月 日 / Yr. Mo. Da.

6

年度检验登记
Annual Renewal Registration

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This certificate is valid for another year after this renewal.

黄志新(320000100160)
您已通过2017年年检
江苏省注册会计师协会

黄志新(320000100160)
您已通过2018年年检
江苏省注册会计师协会

黄志新(320000100160)
您已通过2019年年检
江苏省注册会计师协会

声　明

此文本为中兴华审字（2019）第020950号《泰州市海陵资产经营有限公司审计报告》的英文翻译文本，此文本完成时间为2020年10月30日。此文本中相关签字人员与中文原件签字人员不一致之处系人员变动所致。中英文文本内容及其理解不一致之处，则以中文文本为准。

Statement

This text is an English translation of ***Audit Report of Taizhou Hailing Assets Management Co., Ltd.***, which the reference number is Zhongxinghua Audit (2019) No.020950, and this text is completed on October 30th, 2020. Any inconsistency between the signers of this text and the Chinese original text is due to personnel changes. In the event of any inconsistency between the content and understanding of the Chinese and English versions, the Chinese version shall prevail.

APPENDIX A

FORM OF IRREVOCABLE STANDBY LETTER OF CREDIT

FM: CHINA ZHESHANG BANK TAIZHOU BRANCH (SWIFT: ZJCBCN2N)
ADDRESS: NO.326, SOUTH GULOU ROAD, TAIZHOU, CHINA

DATE: 1 FEBRUARY 2021

TO BENEFICIARY: CHINA CONSTRUCTION BANK (ASIA) CORPORATION LIMITED OF 20/F, CCB TOWER, 3 CONNAUGHT ROAD CENTRAL, CENTRAL, HONG KONG (SWIFT: CCBQHKAX, FACSIMILE NUMBER: +852 3918 6976) (THE "**BENEFICIARY**") IN ITS CAPACITY AS TRUSTEE (THE "**TRUSTEE**") FOR ITSELF AND ON BEHALF OF THE HOLDERS (THE "**BONDHOLDERS**") OF THE U.S.$28,000,000 2.38 PER CENT. CREDIT ENHANCED BONDS DUE 2022 (THE "**BONDS**") (ISIN: XS2275606734/COMMON CODE: 227560673), TO BE ISSUED BY TAIZHOU HAIMINGHUI TRADING CO., LTD. (泰州市海名薈商貿有限公司) (THE "**ISSUER**") AND TO BE GUARANTEED BY TAIZHOU HAILING CITY DEVELOPMENT GROUP CO., LTD. (泰州海陵城市發展集團有限公司) (THE "**GUARANTOR**") UNDER A DEED OF GUARANTEE DATED 1 FEBRUARY 2021 (THE "**GUARANTEE**") EXECUTED BY THE GUARANTOR AND THE TRUSTEE AND TO BE CONSTITUTED BY A TRUST DEED DATED 1 FEBRUARY 2021 (THE "**ISSUE DATE**") AMONG THE ISSUER, THE GUARANTOR AND THE TRUSTEE (AS AMENDED AND/OR SUPPLEMENTED FROM TIME TO TIME, THE "**TRUST DEED**").

DEAR SIRS,

RE: OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. [*NUMBER*]

AT THE REQUEST OF OUR CUSTOMER, THE ISSUER, WE, CHINA ZHESHANG BANK TAIZHOU BRANCH (THE "**ISSUING BANK**", "**OUR**", "**US**" OR "**WE**"), HEREBY ISSUE OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. [*NUMBER*] IN YOUR FAVOUR, AND FOR THE ACCOUNT OF THE ISSUER, IN RESPECT OF AND IN CONNECTION WITH THE TERMS AND CONDITIONS OF THE BONDS APPENDED TO THE TRUST DEED (THE "**CONDITIONS**") AND THE TRUST DEED. THIS IRREVOCABLE STANDBY LETTER OF CREDIT IS MADE AVAILABLE BY US FOR PAYMENT AGAINST OUR RECEIPT OF A DEMAND SUBSTANTIALLY IN THE FORM SET OUT IN APPENDIX A-1 (A "**DEMAND**") PRESENTED IN ACCORDANCE WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT STATING THAT: (1) THE ISSUER HAS FAILED TO COMPLY WITH CONDITION 3(D) OF THE CONDITIONS (THE "**PRE-FUNDING CONDITION**") IN RELATION TO PRE-FUNDING THE AMOUNT THAT IS REQUIRED TO BE PRE-FUNDED UNDER THE CONDITIONS AND/OR FAILED TO PROVIDE THE REQUIRED CONFIRMATIONS (AS DEFINED IN THE CONDITIONS) IN ACCORDANCE WITH THE PRE-FUNDING CONDITION; OR (2) AN EVENT OF DEFAULT (AS DEFINED IN THE CONDITIONS) HAS OCCURRED AND THE BENEFICIARY, AS TRUSTEE, HAS GIVEN NOTICE TO THE ISSUER AND THE GUARANTOR THAT THE BONDS ARE IMMEDIATELY DUE AND PAYABLE IN ACCORDANCE WITH THE CONDITIONS.

SUBJECT TO THE TERMS OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT, WE UNCONDITIONALLY AND IRREVOCABLY UNDERTAKE TO YOU THAT, ON AND AFTER THE ISSUE DATE AND FOLLOWING RECEIPT BY US OF A DEMAND PRESENTED BY YOU OR ON YOUR BEHALF IN ACCORDANCE WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT BY 6:00 P.M.(HONG KONG TIME) ON A BUSINESS DAY, WE SHALL BY 10:00 A.M. (HONG KONG TIME) ON THE FOURTH BUSINESS DAY AFTER THE BUSINESS DAY ON WHICH WE RECEIVE SUCH DEMAND (OR IF SUCH DEMAND IS RECEIVED AFTER 6:00 P.M. (HONG KONG TIME) ON A BUSINESS DAY, THEN ON THE FIFTH BUSINESS DAY FOLLOWING SUCH BUSINESS DAY), PAY TO OR TO THE ORDER OF THE BENEFICIARY THE AMOUNT IN U.S. DOLLARS SPECIFIED

IN THE DEMAND TO THE ACCOUNT SPECIFIED IN THE DEMAND. "**BUSINESS DAY**" MEANS A DAY (OTHER THAN A SATURDAY, A SUNDAY OR A PUBLIC HOLIDAY) ON WHICH BANKS AND FOREIGN EXCHANGE MARKETS ARE OPEN FOR BUSINESS IN HONG KONG, BEIJING AND NEW YORK.

OUR AGGREGATE LIABILITY UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT SHALL BE EXPRESSED AND PAYABLE IN U.S. DOLLARS AND SHALL NOT IN ANY CIRCUMSTANCES EXCEED U.S.$29,664,440 (THE **"MAXIMUM LIMIT"**), REPRESENTING ONLY (I) THE AGGREGATE PRINCIPAL AMOUNT OF THE BONDS PLUS INTEREST PAYABLE FOR THE INTEREST PERIOD (AS DEFINED IN THE CONDITIONS) IN ACCORDANCE WITH THE CONDITIONS AND (II) U.S.$1,000,000.00 BEING THE MAXIMUM AMOUNT PAYABLE UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT FOR ANY FEES, COSTS, EXPENSES, INDEMNITY PAYMENTS AND OTHER AMOUNTS WHICH MAY BE INCURRED BY OR PAYABLE TO THE TRUSTEE UNDER OR IN CONNECTION WITH THE BONDS, THE TRUST DEED, THE GUARANTEE, THIS IRREVOCABLE STANDBY LETTER OF CREDIT AND/OR THE AGENCY AGREEMENT.

SUBJECT TO THE TERMS OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT, OUR OBLIGATION TO PAY TO YOU IS UNCONDITIONAL, IRREVOCABLE AND ABSOLUTE AND ANY DEMAND BY YOU UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT SHALL BE HONOURED WITHOUT ANY FURTHER ENQUIRY AS TO YOUR RIGHTS TO MAKE SUCH DEMAND.

THIS IRREVOCABLE STANDBY LETTER OF CREDIT TAKES EFFECT FROM THE DATE HEREOF AND SHALL REMAIN VALID AND IN FULL FORCE UNTIL 6:00 P.M. (HONG KONG TIME) ON 28 FEBRUARY 2022 (THE "**EXPIRY DATE**") AND SHALL EXPIRE AT THE PLACE OF THE ISSUING BANK.

PAYMENT WILL BE EFFECTED AFTER OUR RECEIPT OF A DEMAND PRESENTED IN ACCORDANCE WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT, WHICH IS PRESENTED DURING THE PERIOD ON OR AFTER THE ISSUE DATE AND ON OR BEFORE 6:00 P.M. (HONG KONG TIME) ON THE EXPIRY DATE.

ANY DEMAND UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT IS TO BE PRESENTED BY WAY OF AN AUTHENTICATED SWIFT PRESENTED BY OR ON BEHALF OF YOU AS TRUSTEE TO US (SWIFT: ZJCBCN2N) ON OR BEFORE 6:00 P.M. (HONG KONG TIME) ON THE EXPIRY DATE WITHOUT THE NEED TO PHYSICALLY PRESENT AN ORIGINAL OF THAT DEMAND AT OUR COUNTER; *PROVIDED* THAT IN THE EVENT THAT THE SWIFT SYSTEM IS NOT AVAILABLE FOR ANY REASON, YOU (THE BENEFICIARY) MAY INSTEAD PRESENT THE DEMAND TO US VIA FACSIMILE TRANSMISSION AT +86 523 86511800 ON OR BEFORE 6:00 P.M. (HONG KONG TIME) ON THE EXPIRY DATE AND IN THAT CASE SUCH DEMAND SHALL BE SIGNED BY YOU AS TRUSTEE. NEITHER THE ORIGINAL OF THE DEMAND SO PRESENTED NOR OF ANY OTHER DOCUMENTATION SHALL BE REQUIRED TO BE PHYSICALLY PRESENTED. FOR THE AVOIDANCE OF DOUBT, THE DEMAND SHALL BE RECEIVED FOR ALL PURPOSES OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT AND WE SHALL START PROCESSING THE DEMAND UPON RECEIPT OF THE DEMAND SENT TO US BY WAY OF FACSIMILE TRANSMISSION. IN RELATION TO THE DELIVERY OF FACSIMILE DEMANDS AND NOTICES FROM THE BENEFICIARY PURSUANT TO THIS IRREVOCABLE STANDBY LETTER OF CREDIT, WE MAY RELY ON THE LIST OF AUTHORISED SIGNATORIES AND CALL-BACK CONTACTS OF THE BENEFICIARY IN THE FORM SET OUT IN THE SCHEDULE HERETO AND SENT TO US BY THE BENEFICIARY AS SOON AS REASONABLY PRACTICABLE AFTER THE ISSUE DATE (WHICH MAY BE AMENDED FROM TIME TO TIME) TO VERIFY THE AUTHENTICITY OF SUCH DEMANDS AND NOTICES.

ONLY ONE DRAWING UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT IS PERMITTED.

ALL CHARGES ARE FOR THE ACCOUNT OF THE ISSUER AND, FOR THE AVOIDANCE OF DOUBT, ARE NOT FOR THE ACCOUNT OF THE BENEFICIARY.

NOTWITHSTANDING THE MAXIMUM LIMIT, ALL PAYMENTS UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT SHALL BE MADE IN U.S. DOLLARS AND FOR VALUE ON THE DATE SPECIFIED IN THE DEMAND IN IMMEDIATELY AVAILABLE FUNDS WITHOUT ANY DEDUCTION OR WITHHOLDING ON ACCOUNT OF TAX, SET-OFF OR OTHERWISE. UNLESS AND TO THE EXTENT THAT ANY DEDUCTION OR WITHHOLDING IS REQUIRED BY LAW, IN WHICH CASE, THE ISSUING BANK SHALL PAY SUCH ADDITIONAL AMOUNTS AS WILL RESULT IN RECEIPT BY THE BENEFICIARY OF SUCH AMOUNTS AS WOULD HAVE BEEN RECEIVED BY IT HAD NO SUCH DEDUCTION OR WITHHOLDING BEEN SO REQUIRED.

THE BENEFICIARY'S RIGHTS UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT MAY BE TRANSFERRED OR RE-TRANSFERRED IN WHOLE OR IN PART TO ANY ADDITIONAL OR REPLACEMENT TRUSTEE APPOINTED IN RESPECT OF THE BONDS IN ACCORDANCE WITH THE TRUST DEED SUBJECT ONLY TO, AT LEAST 15 DAYS' WRITTEN NOTICE HAVING BEEN GIVEN TO US BY OR ON BEHALF OF YOU AS TRUSTEE BY AUTHENTICATED SWIFT, OR IN THE EVENT THAT THE SWIFT SYSTEM IS NOT AVAILABLE FOR ANY REASON VIA FACSIMILE TRANSMISSION TO US AT +86 523 86511800. MULTIPLE TRANSFERS ARE PERMITTED, SUBJECT TO AS PROVIDED IN THIS PARAGRAPH.

WE MAY NOT TRANSFER OR NOVATE ANY OF OUR OBLIGATIONS UNDER THIS IRREVOCABLE STANDBY LETTER OF CREDIT.

NOTWITHSTANDING THE FOREGOING PROVISIONS OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT, IN THE UNEXPECTED EVENT THAT WE ARE CLOSED WHEN YOU WISH TO PRESENT A DEMAND HEREUNDER ON THE DAY AND AT THE TIME A DEMAND IS PERMITTED TO BE PRESENTED IN ACCORDANCE WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT, WE AGREE THAT YOU CAN PRESENT THE DEMAND BY AUTHENTICATED SWIFT OR, IN THE EVENT THAT THE SWIFT SYSTEM IS NOT AVAILABLE FOR ANY REASON, BY PRESENTING THE DEMAND VIA FACSIMILE TRANSMISSION AT +86 523 86511800 FROM THE DATE OF OUR RESUMPTION OF OUR BUSINESS; PROVIDED THAT IF WE ARE CLOSED ON THE EXPIRY DATE, THE EXPIRY DATE SHALL BE AUTOMATICALLY EXTENDED BY, AND SUCH PRESENTATION SHALL BE MADE WITHIN, FIVE (5) BUSINESS DAYS AFTER THE DATE ON WHICH WE NOTIFY YOU BY AUTHENTICATED SWIFT, OR IN THE EVENT THAT THE SWIFT SYSTEM IS NOT THEN AVAILABLE FOR ANY REASON VIA FACSIMILE TRANSMISSION (USING THE SWIFT ADDRESS OR, AS THE CASE MAY BE, THE FACSIMILE NUMBER SET OUT ABOVE FOR YOU AS BENEFICIARY) OF OUR RESUMPTION OF OUR BUSINESS.

ANY SETTLEMENT OR DISCHARGE BETWEEN US AS ISSUING BANK AND YOU AS TRUSTEE AND BENEFICIARY SHALL BE CONDITIONAL UPON NO PAYMENT IN FULL TO YOU BY THE ISSUER, THE GUARANTOR OR ANY OTHER PERSON ON THE ISSUER'S BEHALF BEING AVOIDED (BY VIRTUE OF ANY LAWS OR REGULATIONS RELATING TO BANKRUPTCY, INSOLVENCY, LIQUIDATION OR SIMILAR LAWS OR REGULATIONS OF GENERAL APPLICATION FOR THE TIME BEING IN FORCE) AND, IN THE EVENT OF ANY SUCH PAYMENT IN FULL BEING SO AVOIDED, YOU SHALL BE ENTITLED TO RECOVER THE AMOUNT BY WHICH SUCH PAYMENT IS SO AVOIDED FROM US SUBSEQUENTLY AS IF SUCH SETTLEMENT OR DISCHARGE HAD NOT OCCURRED.

EXCEPT TO THE EXTENT THAT IT IS INCONSISTENT WITH THE EXPRESS TERMS OF THIS IRREVOCABLE STANDBY LETTER OF CREDIT, THIS IRREVOCABLE STANDBY LETTER OF CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (2007 REVISION), INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 600.

THIS IRREVOCABLE STANDBY LETTER OF CREDIT AND ANY NON-CONTRACTUAL OBLIGATIONS ARISING OUT OF OR IN CONNECTION WITH IT, IS GOVERNED BY, AND SHALL BE CONSTRUED IN ACCORDANCE WITH, ENGLISH LAW. THE COURTS OF HONG KONG HAVE EXCLUSIVE JURISDICTION TO SETTLE ANY DISPUTE ARISING OUT OF OR IN CONNECTION WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT. WE AGREE THAT THE DOCUMENTS WHICH START ANY LEGAL ACTION OR PROCEEDINGS ARISING OUT OF OR IN CONNECTION WITH THIS IRREVOCABLE STANDBY LETTER OF CREDIT AND ANY OTHER DOCUMENTS REQUIRED TO BE SERVED IN RELATION TO SUCH ACTION OR PROCEEDINGS MAY BE SERVED ON US BY BEING DELIVERED TO CHINA ZHESHANG BANK CO., LTD. HONG KONG BRANCH AS OUR PROCESS AGENT IN 15TH FLOOR, THREE EXCHANGE SQUARE, 8 CONNAUGHT PLACE, CENTRAL, HONG KONG. IF FOR ANY REASON WE CEASE TO HAVE SUCH A PROCESS AGENT ADDRESS IN HONG KONG, WE WILL PROMPTLY APPOINT A SUBSTITUTE PROCESS AGENT AND NOTIFY THE BENEFICIARY OF SUCH APPOINTMENT WITHIN 30 DAYS OF SUCH CESSATION. NOTHING HEREIN SHALL AFFECT THE RIGHT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

SCHEDULE
LIST OF AUTHORISED SIGNATORIES AND
CALL-BACK CONTACTS OF THE TRUSTEE

AUTHORISED SIGNATORIES

Name	Title	Specimen Signature

AUTHORISED CONTACTS FOR CALL-BACKS

Name	Email Address	Phone Number

APPENDIX A-1
FORM OF DEMAND

To: CHINA ZHESHANG BANK TAIZHOU BRANCH (SWIFT: ZJCBCN2N)
ADDRESS: NO.326, SOUTH GULOU ROAD, TAIZHOU, CHINA

[*DATE*]

Dear Sirs

RE: DEMAND UNDER THE IRREVOCABLE STANDBY LETTER OF CREDIT NO. [*NUMBER*] IN RESPECT OF THE U.S.$28,000,000 2.38 PER CENT. CREDIT ENHANCED BONDS DUE 2022 (THE "**BONDS**") ISSUED BY TAIZHOU HAIMINGHUI TRADING CO., LTD. (泰州市海名薈商貿有限公司) (THE "**ISSUER**") AND GUARANTEED BY TAIZHOU HAILING CITY DEVELOPMENT GROUP CO., LTD. (泰州海陵城市發展集團有限公司) (THE "**GUARANTOR**")

The undersigned is a duly authorised signatories of China Construction Bank (Asia) Corporation Limited which is hereby making a demand on behalf of China Construction Bank (Asia) Corporation Limited as Trustee for itself and on behalf of the Bondholders (the "**Beneficiary**") under your Irrevocable Standby Letter of Credit No. [*NUMBER*] (the "**Irrevocable Standby Letter of Credit**"). Capitalised terms used herein but not defined shall have the meanings given to them in the Irrevocable Standby Letter of Credit.

1 This Demand is made in connection with the following:[1]

- □ The Issuer has failed to comply with Condition 3(d) (the "**Pre-Funding Condition**") in relation to pre-funding the amount that is required to be pre-funded under the Conditions and/or failed to provide the Required Confirmations (as defined in the Conditions) in accordance with the Pre-Funding Condition.

- □ An Event of Default (as defined in the Conditions) has occurred and the Beneficiary, as Trustee has given notice to the Issuer and the Guarantor that the Bonds are immediately due and payable in accordance with the Conditions.

2 We hereby demand you to pay U.S.$[●] representing the aggregate of (i) interest accrued up to the date when the Bonds cease to bear interest pursuant to the Conditions, (ii) principal due in respect of the outstanding Bonds and (iii) the fees, costs, expenses, indemnity payments and all other amounts under or in connection with the Bonds, the Trust Deed, the Deed of Guarantee (as defined in the Conditions), the Irrevocable Standby Letter of Credit and/or the Agency Agreement.

3 We hereby request you to pay the above amounts after you receive this Demand in accordance with the Irrevocable Standby Letter of Credit.

4 The proceeds of the drawing under this Demand are to be credited to the following account:

[***Insert account details***]

[1] Trustee to check appropriate box and complete details in brackets.

For and behalf of

China Construction Bank (Asia) Corporation Limited as Beneficiary

BY: _____	BY: _____
NAME:	NAME:
TITLE:	TITLE:

ISSUER

Taizhou Haiminghui Trading Co., Ltd.
(泰州市海名薈商貿有限公司)
Room 46, No. 50 Fuqian Road
Hailing District
Taizhou, People's Republic of China

GUARANTOR

Taizhou Hailing City Development Group Co., Ltd.
(泰州海陵城市發展集團有限公司)
Building No. 2, No. 3, Fuqian Road
Hailing District
Taizhou, People's Republic of China

TRUSTEE

China Construction Bank (Asia) Corporation Limited
28/F, CCB Tower
3 Connaught Road Central
Central, Hong Kong

PRINCIPAL PAYING AGENT, REGISTRAR AND TRANSFER AGENT

China Construction Bank (Asia) Corporation Limited
28/F, CCB Tower
3 Connaught Road Central
Central, Hong Kong

PRE-FUNDING ACCOUNT BANK AND LC PROCEEDS ACCOUNT BANK

China Construction Bank (Asia) Corporation Limited
28/F, CCB Tower
3 Connaught Road Central
Central, Hong Kong

LEGAL ADVISERS

To the Issuer as to English law

Herbert Smith Freehills
23rd Floor
Gloucester Tower
15 Queen's Road Central
Hong Kong

To the Joint Lead Managers as to English law

William Ji & Co. LLP (In Association with Tian Yuan Law Firm Hong Kong Office)
Suites 3304-3309, 33/F., Jardine House
1 Connaught Plaza, Central
Hong Kong

To the Joint Lead Managers as to PRC law

Beijing Dentons Law Offices, LLP (Wuhan)
10/F, Zheshang Building, No. 718, Jianshe Avenue
Jiang'an District, Wuhan
Hubei Province, People's Republic of China

To the Trustee as to English law

Mayer Brown
16/F-19/F, Prince's Building
10 Chater Road Central
Hong Kong

AUDITOR FOR THE ISSUER

Taizhou Xingrui Certified Public Accountants Co., Ltd
Youth Road, 25th, Taizhou
Jiangsu, PRC

AUDITOR FOR THE GUARANTOR

Zhongxinghua Certified Public Accountants LLP
20/F, Tower B, Lize SOHO
20 Lize Road, Fengtai District
Beijing, PRC