IMPORTANT NOTICE

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

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

Confirmation of your Representation: In order to be eligible to view this Offering Circular or make an investment decision with respect to the securities, investors must not be located in the United States. The Offering Circular is being sent at your request and by accepting the e-mail and accessing the Offering Circular, you shall be deemed to have represented to the Issuer (as defined herein) and Guotai Junan Securities (Hong Kong) Limited, Shenwan Hongyuan Securities (H.K.) Limited, China International Capital Corporation Hong Kong Securities Limited and CNCB (Hong Kong) Capital Limited (each, a "**Joint Lead Manager**" and together, the "**Joint Lead Managers**") that (1) you and any customers you represent are not, and the electronic mail address that you gave to the Joint Lead Managers and to which this e-mail has been delivered is not located in the United States and, to the extent you purchase the securities described in the Offering Circular, you will be doing so pursuant to Regulation S under the United States Securities Act of 1933, as amended (the "**Securities Act**"), and (2) you consent to delivery of the Offering Circular and any amendments and supplements thereto by electronic transmission.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND THE SECURITIES MAY NOT BE OFFERED OR SOLD EXCEPT IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT OR OTHERWISE 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.

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

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

Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of either the Issuer of the securities, the Joint Lead Managers, the Trustee, the Agents (each as defined herein) or any agent of the foregoing to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute directed selling efforts (within the meaning of Regulation S under the Securities Act) in the United States or elsewhere. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Lead Managers or any of their respective affiliates is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers or their respective affiliates on behalf of the Issuer in such jurisdiction.

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

THIS OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON, ELECTRONICALLY OR OTHERWISE, AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT.

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

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

贛州城投集团
Ganzhou Urban Investment Group

GANZHOU URBAN INVESTMENT HOLDING GROUP CO., LTD.
(贛州城市投資控股集團有限責任公司)

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

U.S.$150,000,000 3.00 PER CENT. NOTES DUE 2024
ISSUE PRICE: 100.00 PER CENT.

The 3.00 per cent. Notes due 2024 (the "**Notes**") will be issued in the aggregate principal amount of U.S.$150,000,000 by Ganzhou Urban Investment Holding Group Co., Ltd. (贛州城市投資控股集團有限責任公司) (the "**Issuer**") and are in registered form in the denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. The PRC government (including the Ganzhou State-owned Assets Supervision and Administration Commission of the State Council (贛州市國有資產監督管理委員會) (the "**Ganzhou SASAC**")) is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Notes in lieu of the Issuer. See "*Risk Factors – Risks relating to the Notes – The PRC government has no obligations to pay any amount under the Notes.*"

The Notes will bear interest on their outstanding principal amount from and including 12 October 2021 the ("**Issue Date**") at the rate of 3.00 per cent. per annum. Interest on the Notes is payable semi-annually in arrear in equal instalments on the Interest Payment Dates (as defined in "*Terms and Conditions of the Notes*") falling on 12 April and 12 October in each year, commencing on 12 April 2022.

The Notes will constitute direct, general, unsubordinated, unconditional and (subject to Condition 3(a) (*Negative Pledge*) of the Terms and Conditions of the Notes) unsecured obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsubordinated and unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

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

Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on 12 October 2024 (the "**Maturity Date**"), subject as provided in Condition 6 (Payments) of the Terms and Conditions of the Notes. The Notes 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 in accordance with Condition 15 (*Notices*) of the Terms and Conditions of the Notes to the Noteholders (which notice shall be irrevocable) at their principal amount, together with interest accrued to (but not including) the date fixed for redemption, if, immediately before giving such notice, the Issuer satisfies the Trustee that the Issuer has or will become obliged to pay Additional Tax Amounts (as defined in "*Terms and Conditions of the Notes – Taxation*"), as further described in "*Terms and Conditions of the Notes – Redemption and Purchase – Redemption for tax reasons.*" Furthermore, at any time following the occurrence of a Relevant Event (as defined in "*Terms and Conditions of the Notes – Redemption and Purchase – Redemption for a Relevant Event*"), the Holder of any Note will have the right, at such Holder's option, to require the Issuer to redeem all but not some only of that Holder's Notes on the Put Settlement Date (as defined in "*Terms and Conditions of the Notes – Redemption and Purchase – Redemption for a Relevant Event*") at 101 per cent. of their principal amount (in the case of a redemption for a Change of Control (as defined in "*Terms and Conditions of the Notes – Redemption and Purchase – Redemption for a Relevant Event*")) or 100 per cent. of their principal amount (in the case of a redemption for a Non-Registration Event (as defined in "*Terms and Conditions of the Notes – Redemption and Purchase – Redemption for a Relevant Event*")), in each case, together with accrued interest to (but not including) such Put Settlement Date. See "*Terms and Conditions of the Notes – Redemption and Purchase – Redemption for a Relevant Event.*"

Pursuant to the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號)) ("**Circular 2044**") issued by the National Development and Reform Commission of the PRC ("**NDRC**") on 14 September 2015 which came into effect on the same day, the Issuer has registered the issuance of the Notes with the NDRC and obtained a certificate from the NDRC on 25 January 2021, evidencing such registration and which remains in full force and effect. The Issuer intends to provide the requisite information and documents on the issuance of the Notes to the NDRC within 10 PRC Business Days after the Issue Date.

The Issuer will undertake to file or cause to be filed with the State Administration of Foreign Exchange of the PRC or its local counterparts ("**SAFE**") the requisite information and documents within the prescribed time frame in accordance with (i) the Administrative Measures for Foreign Debt Registration (外債登記管理辦法) issued by SAFE and which came into effect on 13 May 2013, and (ii) the Circular on Relevant Matters about the Macro-Prudential Management of Cross-border Financing in Full Aperture (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) issued by the People's Bank of China of the PRC ("**PBOC**") and which came into effect on 12 January 2017, and any implementation rules, reports, certificates, approvals or guidelines as issued by the SAFE or the PBOC, as the case may be, from time to time (the "**Foreign Debt Registration**"). The Issuer shall complete the Foreign Debt Registration on or before the SAFE Registration Deadline (being 120 PRC Business Days after the Issue Date).

Application will be made to The Stock Exchange of Hong Kong Limited (the "**HKSE**") for the listing of, and permission to deal in, the Notes by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) (the "**Professional Investors**") only. This document is for distribution for Professional Investors only. **Notice to Hong Kong investors: The Issuer confirms that the Notes are intended for purchase by Professional Investors only and will be listed on the HKSE on that basis. Accordingly, the Issuer confirms that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.**

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

Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the "**SFA**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in 309A of the SFA) that the Notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).

Investing in the Notes involves certain risks. Investors should have sufficient knowledge and experience in financial and business matters to evaluate the information contained in this Offering Circular and the merits and risks of investing in the Notes in the context of their financial position and particular circumstances. Investors also should have the financial capacity to bear the risks associated with an investment in the Notes. Investors should not purchase the Notes unless they understand and are able to bear risks associated with the Notes. See "*Risk Factors*" beginning on page 13 for a description of certain factors to be considered in connection with an investment in the Notes.

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and, subject to certain exceptions, may not be offered or sold within the United States and are only being offered and sold outside the United States in reliance on Regulation S under the Securities Act ("Regulation S"). For a description of these and certain restrictions on offers and sales of the Notes and the distribution of this Offering Circular, see "*Subscription and Sale.*"

The Notes will be represented by beneficial interests in a global note certificate (the "**Global Note Certificate**") in registered form, which will be registered in the name of a nominee of, and 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 Note Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream.

Fitch Ratings Ltd. and its successors ("**Fitch**") has assigned a corporate rating of "BBB-" with a stable outlook to the Issuer. The Notes are rated "BBB-" by Fitch. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, revision, qualification or withdrawal at any time by the assigning rating agency.

Sole Global Coordinator, Joint Bookrunner and Joint Lead Manager

Guotai Junan International

Joint Bookrunners and Joint Lead Managers

Shenwan Hongyuan (H.K.)	**China International Capital Corporation**	**CNCB Capital**

Offering Circular dated 29 September 2021

IMPORTANT NOTICE

THIS OFFERING CIRCULAR DOES NOT CONSTITUTE AN OFFER OF, OR AN INVITATION TO PURCHASE, ANY OF THE NOTES IN ANY JURISDICTION IN WHICH SUCH OFFER OR INVITATION WOULD BE UNLAWFUL.

The Issuer, having made all reasonable enquiries, accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirms that to the best of its knowledge and belief that (i) this Offering Circular (including any amendments and supplements thereto) contains all information with respect to the Issuer, its subsidiaries (together with the Issuer, the "**Group**"), and the Notes which is material in the context of the issue, offering, sale, marketing or distribution of the Notes (including all information which is required by applicable laws or, according to the particular nature of the Issuer, the Group and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, the Group and of the rights attaching to the Notes), (ii) the statements of fact contained in this Offering Circular are in every material respect true and accurate and not misleading and there are no other facts in relation to the Issuer, the Group, the Notes, the omission of which would in the context of the issue, offering, sale, marketing and distribution of the Notes make any statement in this Offering Circular misleading, (iii) the statements of intention, opinion, belief or expectation contained in this Offering Circular are honestly and reasonably made or held and have been reached after considering all relevant circumstances and based on reasonable assumptions, (iv) all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements, and (v) all descriptions of contracts or other material documents described in this Offering Circulars are accurate descriptions in all material respects and fairly summarise the contents of such contracts or documents.

The PRC government (including the Ganzhou Municipal Government) is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Notes in lieu of the Issuer. Any reference to government support in this Offering Circular should not be read as indication that financial support will be given in respect of the Issuer's obligations under the Notes. See "*Risk Factors – Risks relating to the Notes – The PRC government has no obligations to pay any amount under the Notes*."

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

This Offering Circular has been prepared by the Issuer solely for use in connection with the proposed offering of the Notes described in this Offering Circular. The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, Guotai Junan Securities (Hong Kong) Limited, Shenwan Hongyuan Securities (H.K.) Limited, China International Capital Corporation Hong Kong Securities Limited and CNCB (Hong Kong) Capital Limited (each, a "**Joint Lead Manager**" and together, the "**Joint Lead Managers**"), the Trustee and the Agents (as defined in "*Terms and Conditions of the Notes*") to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Notes or the possession or distribution of this Offering Circular or any offering or publicity material relating to the Notes in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Notes and the circulation of documents relating thereto, in certain jurisdictions and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the Notes and the distribution of this Offering Circular, see "*Subscription and Sale*". By purchasing the notes, investors represent and agree to all of those provisions contained in that section of this Offering Circular.

Singapore Securities and Futures Act Product Classification – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the "**SFA**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in 309A of the SFA) that the Notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).

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

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

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

No representation or warranty, express or implied, is made or given by the Joint Lead Managers, the Trustee or the Agents or any person who controls any of them or any of their respective affiliates, officers, representatives, directors, employees, agents or advisers as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular or any other information supplied in connection with the Notes, and 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 person who controls any of them or any of their respective affiliates, officers, representatives, directors, employees, agents or advisers. The Joint Lead Managers, the Trustee and the Agents and any person who controls any of them and their respective affiliates, officers, representatives, directors, employees, agents or advisers have not independently verified any of the information contained in this Offering Circular and can give no assurance that this information is accurate, truthful or complete.

To the fullest extent permitted by law, none of the Joint Lead Managers, the Trustee, the Agents or any person who controls any of them or any of their respective affiliates, officers, representatives, directors, employees, agents or advisers accepts any responsibility for the contents of this Offering Circular or any statement made or purported to be made by any such person or on its behalf in connection with the Issuer, the Group, the issue and offering of the Notes. Each of the Joint Lead Managers, the Trustee, the Agents and any person who controls any of them and their respective affiliates, officers, representatives, directors, employees, agents or advisers accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Circular or any such statement. None of the Joint Lead Managers, the Trustee, the Agents or any person who controls any of them or any of their respective affiliates, officers, representatives, directors, employees, agents or advisers undertakes to review the financial condition or affairs of the Issuer or the Group for so long as the Notes remain outstanding nor to advise any investor or potential investor of the Notes of any information coming to the attention of any of the Joint Lead Managers, the Trustee, the Agents or any person who controls any of them or their respective affiliates, officers, representatives, directors, employees, agents or advisers.

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 the Issuer, the Joint Lead Managers, the Trustee or the Agents that any recipient of this Offering Circular should purchase the Notes. Each potential purchaser of the Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of the Notes should be based upon such investigations with its own tax, legal and business advisers as it deems necessary.

Any of the Joint Lead Managers and their respective affiliates may purchase the Notes 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 Notes and/or other securities of the Issuer or its subsidiaries or associates at the same time as the offer and sale of the Notes 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 Notes to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Notes). Furthermore, investors in the Notes may include entities affiliated with the Group.

Investors are advised to read and understand the contents of this Offering Circular before investing. If in doubt, investors should consult his or her adviser.

IN CONNECTION WITH THE ISSUE OF THE NOTES, ANY OF THE JOINT LEAD MANAGERS APPOINTED AS AND ACTING IN ITS CAPACITY AS THE STABILISING MANAGER (OR ANY PERSON(S) ACTING ON BEHALF OF SUCH JOINT LEAD MANAGER) (THE "STABILISING MANAGER" MAY OVER-ALLOT THE NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO OBLIGATION ON SUCH STABILISING MANAGER TO DO THIS. SUCH STABILISING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME, AND MUST BE BROUGHT TO AN END AFTER A LIMITED PERIOD. SUCH STABILISING SHALL BE IN COMPLIANCE WITH ALL APPLICABLE LAWS, REGULATIONS AND RULES.

Listing of the Notes on the HKSE is not to be taken as an indication of the merits of the Issuer, the Group or the Notes. In making an investment decision, investors must rely on their own examination of the Issuer and the Group and the terms of the offering of the Notes, 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 Notes. The Issuer, the Group, the Joint Lead Managers, the Trustee and the Agents and any person who controls any of them and their respective affiliates, officers, representatives, directors, employees, agents or advisers are not making any representation to any purchaser of the Notes regarding the legality of any investment in the Notes by such purchaser under any legal investment or similar laws or regulations. The contents of this Offering Circular should not be construed as providing legal, business, accounting or investment advice. Each person receiving this Offering Circular acknowledges that such person has not relied on the Joint Lead Managers, the Trustee, the Agents or any person who controls any of them or any of their respective affiliates, officers, representatives, directors, employees, agents or advisers in connection with its investigation of the accuracy of such information or its investment decision.

Market data and certain industry forecasts and statistics in this Offering Circular have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although the Issuer believes this information to be reliable, such information has not been independently verified by the Issuer, the Joint Lead Managers, the Trustee or the Agents or any person who controls any of them or their respective affiliates, officers, representatives, directors, employees, agents or advisers, and none of the Issuer, the Joint Lead Managers, the Trustee or the Agents or any person who controls any of them or their respective affiliates, officers, representatives, directors, employees, agents or advisers makes any representation as to the accuracy or completeness of that information. In addition, third party information providers may have obtained information from market participants and such information may not have been independently verified. This Offering Circular summarises certain documents and other information, and investors should refer to them for a more complete understanding of what is discussed in those documents.

The contents of this Offering Circular have not been reviewed by any regulatory authority in any jurisdiction. Investors are advised to exercise caution in relation to the offer. If investors are in any doubt about any of the contents of this Offering Circular, investors should obtain independent professional advice.

PRESENTATION OF FINANCIAL INFORMATION

The Offering Circular contains the audited consolidated financial information of the Issuer as at and for the years ended 31 December 2018, 2019 and 2020, which is derived from its audited consolidated financial statements as at and for the years ended 31 December 2019 and 2020 (the "**Audited Financial Statements**") included elsewhere in this Offering Circular, and have been prepared in accordance with the Accounting Standards for Business Enterprises in China ("**PRC GAAP**"). Such Audited Financial Statements have been audited by Zhongxinghua Certified Public Accountants LLP.

Unless otherwise stated, all financial information contained herein which is stated as relating to the Issuer refers to the consolidated financial information of the Group.

PRC GAAP differs in certain material respects from the International Financial Reporting Standards ("**IFRS**"). For a discussion of certain differences between PRC GAAP and IFRS, see "*Summary of Significant Differences between PRC GAAP and IFRS*."

CERTAIN DEFINITIONS AND CONVENTIONS

Unless the context otherwise requires, references in this Offering Circular to "**Renminbi**", "**CNY**" and "**RMB**" are to the lawful currency of the PRC, "**U.S. dollars**", "**U.S.$**" and "**USD**" are to the lawful currency of the United States of America (the "**United States**"), "**PRC**" and "**China**" are to the People's Republic of China which for the purpose of this Offering Circular excludes Hong Kong, Macau and Taiwan, "**Hong Kong**" are to the Hong Kong Special Administrative Region of the People's Republic of China, and "**Macau**" are to the Macau Special Administrative Region of the People's Republic of China.

Solely for convenience, this Offering Circular contains translations of certain Renminbi amounts into U.S. dollars at specified rates. Unless indicated otherwise, the translation of Renminbi into U.S. dollars has been made at the rate of RMB6.5250 to U.S.$1.00, the noon buying rate in effect on 31 December 2020 as set forth in the H.10 weekly statistical release of the Board of Governors of the Federal Reserve System of the United States (the "**Federal Reserve Board**"). Further information on exchange rates is set forth in "*Exchange Rate Information*" in this Offering Circular. Investors should not construe these translations as representations that the Renminbi amounts have been, could have been or could actually be converted into any U.S. dollar amounts.

Unless the context otherwise requires, references in this Offering Circular to the "*Terms and Conditions of the Notes*" are to the terms and conditions governing the Notes, as set out in "*Terms and Conditions of the Notes*."

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

Unless specified otherwise, references in this Offering Circular to, and financial and other information presented with respect to, the Group are to such information of the Issuer compiled on a consolidated basis.

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 this Offering Circular, unless the context otherwise requires, the following terms shall have the following meanings:

"**CBRC**"	the China Banking Regulatory Commission (中國銀行業監督管理委員會)
"**CFETS**"	the China Foreign Exchange Trade System (中國外匯交易中心)
"**CSRC**"	China Securities Regulatory Commission (中國證券監督管理委員會)
"**Ganzhou Municipal Government**"	the People's Government of Ganzhou Municipality (贛州市人民政府)
"**Ganzhou SASAC**"	the Ganzhou State-owned Assets Supervision and Administration Commission of the State Council (贛州市國有資產監督管理委員會)
"**GDP**"	gross domestic product

"**GFA**"	gross floor area
"**GRP**"	gross regional product
"**IFRS**"	the International Financial Reporting Standards
"**Jiangxi Provincial Government**"	the People's Government of Jiangxi Province (江西省人民政府)
"**Ministry of Justice**"	the Ministry of Justice of the People's Republic of China (中華人民共和國司法部)
"**Ministry of Land and Resources**"	the Ministry of Land and Resources of the People's Republic of China (中華人民共和國國土資源部)
"**MOF**"	the Ministry of Finance of the People's Republic of China (中華人民共和國財政部)
"**NDRC**"	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"**PBOC**"	the People's Bank of China, the central bank of the PRC
"**PRC GAAP**"	the Accounting Standards for Business Enterprises in China (企業會計準則)
"**PRC government**"	the central government of the PRC, including all political subdivisions (including provincial, municipal and other regional or local governmental entities) and instrumentalities thereof, or where the context requires, any of them
"**SAFE**"	the State Administration of Foreign Exchange and its local counterpart (國家外匯管理局)
"**STA**"	the State Taxation Administration (國家稅務總局)
"**State Council**"	the State Council of the PRC (中華人民共和國國務院)
"**U.S.**" or "**United States**"	the United States of America

FORWARD-LOOKING STATEMENTS

This Offering Circular includes "forward-looking statements." All statements other than statements of historical fact contained in this Offering Circular, including, without limitation, those regarding the Group's future financial position and results of operations, strategy, plans, objectives, goals and targets, future developments in the markets where the Group participates or is seeking to participate, and any statements preceded by, followed by or that include the words "believe", "expect", "aim", "intend", "will", "may", "anticipate", "seek", "should", "estimate" or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond the Group's control, which may cause its actual results, performance or achievements, or industry results to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. Important factors that could cause the Group's actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, the following:

- the Group's dependence on long-term government contracts, which are subject to the government's fiscal policies;
- the possibility that any of the Group's existing government contracts may be terminated by the government;
- the Group's expectations with respect to its ability to acquire and maintain regulatory qualifications required to operate its business;
- the risks inherent to the industries in which the Group operates;
- the business and operating strategies and the future business development of the Group;
- the general economic, political, social conditions and developments in the PRC;
- pandemics (including the coronavirus ("**COVID-19**") pandemic), natural disasters, industrial actions and other events beyond the control of the Group;
- changes in competitive conditions and the Group's ability to compete under these conditions, including the actions and developments of competitors;
- the Group's operations and business prospects;
- the Group's capital expenditure and development plans;
- the availability and charges of bank loans and other forms of financing;
- the Group's financial condition and results of operations;
- the Group's dividend distribution plans;
- changes or volatility in currency exchange rates, interest rates, taxes and duties, equity prices or other rates or prices, including those pertaining to the PRC;
- changes in the laws, rules and regulations of the governments in the PRC and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of the Group's business;
- macroeconomic policies of the PRC government; and
- other factors beyond the Group's control.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in "*Risk Factors*" and elsewhere in this Offering Circular. The Issuer cautions investors not to place undue reliance on these forward-looking statements which reflect its managements' view only as at the date of this Offering Circular.

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

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SUMMARY

This summary does not contain all the information that may be important to investors in deciding to invest in the Bonds. Investors should read the entire Offering Circular, including the section entitled "Risk Factors" and the consolidated financial statements of the Group and related notes thereto, included elsewhere in this Offering Circular, before making an investment decision.

OVERVIEW

Uniquely positioned to lead the urban development in Ganzhou by the Ganzhou SASAC, the Group is the pillar enterprise that carries out financing, investment, construction, operation and management of infrastructure construction and land development in the region. Since its establishment, the Group has continued to benefit from its strategic relationship with and received strong support from the Ganzhou Municipal Government. The Group has participated in a wide range of infrastructure construction projects including key public facilities, major roadways, railway stations and affordable housings. Building upon its strengths in infrastructure construction and land development, the Group has ventured into a wide range of businesses. Set forth below is an overview of each main business segment of the Group:

- *Infrastructure construction.* As Ganzhou's primary infrastructure investment platform, the Group has undertaken and completed a large number of infrastructure projects of strategic importance to urban development in Ganzhou over the years. The Group's operations cover investment, financing, construction and management of infrastructure projects. The Group conducts its infrastructure construction business mainly through its subsidiaries, Ganzhou Urban Development Investment Group Co., Ltd. (贛州城市開發投資集團有限責任公司) ("**Ganzhou Urban Development Group**"), Ganzhou Urban Investment Engineering Management Co., Ltd. (贛州城投工程管理有限公司) ("**Ganzhou Urban Investment Engineering Management**") and Ganzhou Zhenxing Industrial Co., Ltd. (贛州振興實業有限責任公司) ("**Ganzhou Zhenxing Industrial**"). For the years ended 31 December 2018, 2019 and 2020, operating income from the Group's infrastructure construction business was RMB1,878.8 million, RMB1,563.5 million and RMB1,105.9 million, respectively, representing 84.7 per cent., 64.5 per cent. and 37.4 per cent. of the Group's total operating income for the corresponding periods.

- *Property development.* The Group's property development business primarily involves the development and commercial sale of residential housing in Ganzhou. The Group conducts its property development business mainly through its wholly-owned subsidiary, Ganzhou Xingzhou Real Estate Development Co., Ltd. (贛州星洲房地產開發有限責任公司) ("**Ganzhou Xingzhou Real Estate**"). For the years ended 31 December 2018, 2019 and 2020, operating income from the Group's property development business was RMB69.6 million, RMB26.4 million and RMB694.1 million, respectively, representing 3.1 per cent., 1.1 per cent. and 23.5 per cent. of the Group's total operating income for the corresponding periods.

- *Other businesses.* The Group's other businesses primarily include (i) construction service, (ii) building materials trading, (iii) property leasing and (iv) design service. For the years ended 31 December 2018, 2019 and 2020, operating income from the Group's other businesses was RMB271.2 million, RMB833.1 million and RMB1,154.9 million, respectively, representing 12.2 per cent., 34.4 per cent. and 39.1 per cent. of the Group's total operating income for the corresponding periods.

The following table sets forth a breakdown of the Group's total operating income from each business segment in absolute amount and as a percentage of its total operating income for the periods indicated:

	For the year ended 31 December					
	2018		2019		2020	
	(RMB'000)	*(per cent.)*	*(RMB'000)*	*(per cent.)*	*(RMB'000)*	*(per cent.)*
Infrastructure construction	1,878,760	84.7	1,563,477	64.5	1,105,936	37.4
Property development	69,575	3.1	26,410	1.1	694,096	23.5
Other businesses[1]	271,190	12.2	833,095	34.4	1,154,859	39.1
Construction service	–	–	412,337	17.0	607,578	20.6
Building materials trading	97,632	4.4	162,634	6.7	179,121	6.1
Property leasing	127,957	5.8	131,914	5.4	141,567	4.8
Design service	17,379	0.8	38,903	1.6	23,879	0.8
Miscellaneous	28,222	1.3	87,308	3.6	202,714	6.9
Total	2,219,525	100.0	2,422,982	100.0	2,954,891	100.0

For the years ended 31 December 2018, 2019 and 2020, the Group's net profit was RMB733.0 million, RMB754.1 million and RMB834.7 million, respectively, and its net profit margin was 33.0 per cent., 31.1 per cent. and RMB28.2 per cent., respectively. As at 31 December 2018, 2019 and 2020, the Group's total assets amounted to RMB94.9 billion, RMB113.6 billion and RMB131.8 billion, respectively.

COMPETITIVE STRENGTHS

The Group believes the following competitive strengths have contributed to its success and are important to its future development:

- strong support from favourable policies of the Ganzhou Municipal Government and the Jiangxi Provincial Government;
- key role in infrastructure construction and urban development in Ganzhou;
- access to multiple financing channels; and
- sound corporate governance and dedicated senior management with extensive experience in government and state-owned enterprises.

BUSINESS STRATEGIES

Tasked by the government to develop key urban infrastructure in Ganzhou and promote the "integration of five central districts" (中心城區五區一體化) in the city, the Group aims to maintain a leading presence in the infrastructure construction and urban development sector, and at the same time continue to improve its capital structure and operating performance. The Group's vision is to establish itself as a comprehensive state-owned assets operation and investment platform in Ganzhou with core strengths in both infrastructure construction and land development. The Group's strategies for achieving this goal are more particularly described as follows:

- continue to focus on infrastructure construction sector in Ganzhou;
- further enhance financing capability;
- further improve operational performance; and
- continue its reform and improve management process.

RECENT DEVELOPMENT

Managing the Impact of COVID-19

The COVID-19 pandemic led to temporary disruptions to the Group's business operation. See "*Risk Factors – Risks Relating to the Group's Business – The Group faces risks related to force majeure events, natural disasters, health epidemics and other outbreaks, such as the outbreak of COVID-19, which could significantly disrupt its business operations*". The Group had taken measures to optimise the arrangement and scheduling of its construction work to minimise the delays in its projects caused by the COVID-19 pandemic. Furthermore, through tapping alternative channels of financing and with policy support from the government, the Group has been able to minimise the impact of the COVID-19 financially. The Group, for instance, successfully issued a pandemic bond in April 2020 to provide support for its repayment of existing indebtedness. With the COVID-19 pandemic kept under control within the PRC and lockdown measures lifted by the PRC Government, the Group has gradually resumed its normal business operation.

Transfer of State-Owned Equity in Ganzhou Development Investment Group

On 22 March 2021, Ganzhou SASAC transferred its 10 per cent. equity interest in Ganzhou Development Investment Holding Group Co., Ltd. (贛州發展投資控股集團有限責任公司) ("**Ganzhou Development Investment Group**"), the holding company of the Group, to Jiangxi Provincial Administrative Assets Group Limited (江西省行政事業資產集團有限公司) ("**Jiangxi Administrative Assets Group**"). Upon completion of the transfer and as at the date of this Offering Circular, Ganzhou SASAC held 90 per cent. equity interest in the Issuer.

THE OFFERING

The following summary contains some basic information about the Notes 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 Notes" shall have the same meanings in this summary. For a complete description of the terms of the Notes, see "Terms and Conditions of the Notes" in this Offering Circular.

Issuer	Ganzhou Urban Investment Holding Group Co., Ltd. (贛州城市投資控股集團有限責任公司) (Legal Entity Identifier: 655600G82HNPS8MEVF21).
Notes	U.S.$150,000,000 3.00 per cent. Notes due 2024.
Issue Price	100.00 per cent.
Form and Denomination	The Notes will be issued in registered form in the denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.
Interest	The Notes will bear interest on their outstanding principal amount from and including 12 October 2021 at the rate of 3.00 per cent. per annum, payable semi-annually in arrear in equal instalments on the Interest Payment Dates falling on 12 April and 12 October in each year, commencing on 12 April 2022.
Issue Date	12 October 2021.
Maturity Date	12 October 2024.
Status of the Notes	The Notes when issued will constitute direct, general, unsubordinated, unconditional and (subject to Condition 3(a) (*Negative Pledge*) of the Terms and Conditions of the Notes) unsecured obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsubordinated and unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
Negative Pledge	The Notes will contain a negative pledge provision as further described in Condition 3(a) (*Negative Pledge*) of the Terms and Conditions of the Notes.
NDRC Post-issue Filing	The Issuer will undertake to file or cause to be filed with the NDRC the requisite information and documents within 10 PRC Business Days after the Issue Date in accordance with the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號)) issued by the NDRC and which came into effect on 14 September 2015, and any implementation rules, reports, certificates, approvals or guidelines as issued by the NDRC (the "**NDRC Post-issue Filing**").

	The Issuer shall within 10 PRC Business Days after submission of such NDRC Post-issue Filing (i) provide the Trustee with a certificate signed by an Authorised Signatory of the Issuer confirming the submission of the NDRC Post-issue Filing (together with the document(s), if any, evidencing due filing with the NDRC) and (ii) give notice to the Noteholders in accordance with Condition 15 (*Notices*) of the Terms and Conditions of the Notes of the same.
Foreign Debt Registration	The Issuer will undertake to file or cause to be filed with SAFE the requisite information and documents within the prescribed time frame in accordance with (i) the Administrative Measures for Foreign Debt Registration (外債登記管理辦法) issued by SAFE and which came into effect on 13 May 2013, and (ii) the Circular on Relevant Matters about the Macro-Prudential Management of Cross-Border Financing in Full Aperture (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) issued by the PBOC and which came into effect on 12 January 2017 and any implementation rules, reports, certificates, approvals or guidelines as issued by SAFE or the PBOC, as the case may be (the "**Foreign Debt Registration**"), and to comply with all applicable PRC laws and regulations in relation to the Notes. The Issuer shall complete the Foreign Debt Registration on or before the SAFE Registration Deadline (as defined in Condition 3 (*Covenants*) of the Terms and Conditions of the Notes) and shall within 10 PRC Business Days after SAFE has notified it of the completion of the Foreign Debt Registration, (i) provide the Trustee with a certificate signed by an Authorised Signatory of the Issuer confirming the completion of the Foreign Debt Registration (together with a copy of the relevant document(s) issued by SAFE evidencing the completion of the Foreign Debt Registration (collectively, the "**Registration Documents**")) and (ii) give notice to the Noteholders in accordance with Condition 15 (*Notices*) of the Terms and Conditions of the Notes of the same.
Taxation	All payments of principal, premium (if any) and interest in respect of the Notes by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the PRC or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. Where such withholding or deduction is made by the Issuer by or within the PRC at the rate up to and including the rate applicable on 29 September 2021 (the "**Applicable Rate**"), the Issuer will pay such additional amounts as will result in receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required.

If the Issuer is required to make a deduction or withholding by or within the PRC, in excess of the Applicable Rate, the Issuer shall pay such additional amounts (the "**Additional Tax Amounts**") as will result in receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Tax Amounts shall be payable in respect of any Note in the circumstances set out in Condition 7 (*Taxation*) of the Terms and Conditions of the Notes.

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

Redemption for Tax Reasons . . . . The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) at their principal amount, together with interest accrued to (but not including) the date fixed for redemption, if, immediately before giving such notice, the Issuer satisfies the Trustee that:

(i) the Issuer 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 a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 29 September 2021; and

(ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided, however, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts if a payment in respect of the Notes were then due.

Redemption for a Relevant Event . . . . At any time following the occurrence of a Relevant Event, the Holder of any Note will have the right, at such Holder's option, to require the Issuer to redeem all but not some only of that Holder's Notes on the Put Settlement Date at 101 per cent. of their principal amount (in the case of a redemption for a Change of Control) or 100 per cent. of their principal amount (in the case of a redemption for a Non-Registration Event), in each case, together with accrued interest to (but not including) such Put Settlement Date, as further described in Condition 5(c) (*Redemption for a Relevant Event*) of the Terms and Conditions of the Notes.

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

(i) Ganzhou State-owned Assets Supervision and Administration Commission of the State Council (贛州市國有資產監督管理委員會), the People’s Government of Jiangxi Province (including its departments and agencies) or any other Person directly or indirectly Controlled thereby or any other Person (directly or indirectly) wholly controlled by the central government of the PRC (including but not limited to the Social Security Fund of the PRC) (each a “**PRC Government Person**”), together, ceases to Control the Issuer; or

(ii) the Issuer consolidates with or merges into or sells or transfers all or substantially all of its assets to any other person or persons, acting together, except where such person(s) is/are Controlled, directly or indirectly, by a PRC Government Person;

“**Control**” means with respect to a Person (where applicable): (i) the ownership or control of 100 per cent. of the issued share capital of such Person; or (ii) the possession, directly or indirectly, of the power to nominate or designate all members then in office of such Person’s board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise. For the avoidance of doubt, a Person is deemed to Control another Person so long as it fulfils one of the two foregoing requirements and the terms “**Controlling**” and “**Controlled**” have meanings correlative to the foregoing;

a “**Non-Registration Event**” occurs when the Registration Condition has not been satisfied on or prior to the SAFE Registration Deadline;

“**Registration Condition**” means the receipt of the certificate referred to in Condition 3(d) (*Registration with SAFE*) of the Terms and Conditions of the Notes and a copy of the Registration Documents by the Trustee and the publication of the notice to Noteholders of completion of the Foreign Debt Registration by the Issuer in accordance with Condition 3(d) (*Registration with SAFE*) of the Terms and Conditions of the Notes;

a “**Relevant Event**” means a Change of Control or a Non-Registration Event; and

“**SAFE Registration Deadline**” means the day falling 120 PRC Business Days after the Issue Date.

Events of Default	Upon the occurrence of certain events as described in Condition 8 (*Events of Default*) of the Terms and Conditions of the Notes, the Trustee at its discretion may and, if so requested in writing by Holders of at least one quarter of the aggregate principal amount of the outstanding Notes or if so directed by an Extraordinary Resolution, shall (subject to the Trustee having been indemnified and/or provided with security and/or pre-funded to its satisfaction) give written notice to the Issuer declaring the Notes to be immediately due and payable, whereupon the Notes shall become immediately due and payable at their principal amount together with accrued interest (if any) without further action or formality.
Cross-Default	The Notes will contain a cross-default provision as further described in Condition 8(c) (*Cross-default of the Issuer or Subsidiary*) of the Terms and Conditions of the Notes.
Clearing Systems	The Notes will be represented by beneficial interests in the Global Note Certificate in registered form, which will be registered in the name of a nominee of, and deposited on or about the Issue Date with, a common depositary for Euroclear and Clearstream. Beneficial interests in the Global Note Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream.
Common Code	237564294.
ISIN	XS2375642944.
Governing Law	English law.
Trustee	Citicorp International Limited.
Principal Paying Agent, Registrar and Transfer Agent . .	Citibank, N.A., London Branch.
Listing	Application will be made to the HKSE for the listing of, and permission to deal in, the Notes by way of debt issues to Professional Investors only and such permission is expected to become effective on or about 13 October 2021.
Use of Proceeds	See "*Use of Proceeds.*"
Ratings	Fitch has assigned a corporate rating of "BBB-" with a stable outlook to the Issuer. The Notes are rated "BBB-" by Fitch. A rating is not a recommendation to buy, sell or hold the Notes. A rating is subject to revision or withdrawal at any time by the rating agency.

Further Issues	The Issuer may from time to time, without the consent of the Noteholders and in accordance with the Trust Deed, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the issue date, the first payment of interest and the timing to perform and complete the NDRC Post-issue Filing and the Foreign Debt Registration) so as to be consolidated into and form a single series with the Notes, as further described in Condition 14 (*Further Issues*) of the Terms and Conditions of the Notes.
Selling Restrictions	For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States, the United Kingdom, Hong Kong, the PRC, Singapore and Japan, see "*Subscription and Sale*" below.

SUMMARY FINANCIAL INFORMATION OF THE GROUP

The summary consolidated financial information of the Group as at and for the years ended 31 December 2018, 2019 and 2020 set forth below is derived from and should be read in conjunction with the Audited Financial Statements, each of which are included elsewhere in this Offering Circular. See "Presentation of Financial Information".

The Audited Financial Statements have been prepared in accordance with the PRC GAAP. The audited consolidated financial statements of the Group as at and for the years ended 31 December 2019 and 2020 have been audited by Zhongxinghua Certified Public Accountants LLP. PRC GAAP is substantially in line with IFRS, except for certain modifications which reflect the PRC's unique circumstances and environment. For a summary of certain differences, see "Summary of Significant Differences between PRC GAAP and IFRS."

The summary consolidated financial information as set forth below should be read in conjunction with, and is qualified in its entirety by reference to, the relevant audited consolidated financial statements of the Group and the notes thereto included elsewhere in this Offering Circular.

SUMMARY CONSOLIDATED INCOME STATEMENT DATA

	For the year ended 31 December		
	2018	**2019**	**2020**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
	(Audited)	**(Audited)**	**(Audited)**
Total revenue	2,219,525	2,422,982	2,954,891
Total operating costs	1,997,298	2,153,033	2,483,962
Including: Operating costs	1,924,678	2,020,331	2,312,084
Tax and surcharges	21,314	19,858	24,471
Selling expenses	5,192	14,977	45,959
General and administrative expenses	79,117	120,358	166,087
Financial expenses	(33,003)	(22,491)	(64,639)
Including: Interest expenses	36,249	22,780	22,905
Interest income	71,725	47,684	86,555
Plus: Other income	515,953	511,952	504,658
Investment income/(loss)	28,423	(6,295)	4,154
Gain/(loss) on the changes in fair value	4,929	45,085	(2,566)
Credit impairment losses (gains)	(1,526)	126	(922)
Operating profit	770,005	820,817	976,823
Plus: Non-operating revenue	14,692	8,839	9,690
Less: Non-operating expenses	7,622	9,422	9,864
Total profit	777,075	820,235	976,649
Less: Income tax expense	44,069	66,131	141,930
Net profit	733,005	754,104	834,719
Net profit attributable to owners of the parent	725,625	753,639	804,281
Net profit attributable to non-controlling interests	7,380	18,465	30,438
Other comprehensive income, net of tax	–	11,859	7,589
Total comprehensive income	733,005	765,963	842,308

SUMMARY CONSOLIDATED BALANCE SHEET DATA

	As at 31 December		
	2018	2019	2020
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
	(Audited)	**(Audited)**	**(Audited)**
CURRENT ASSETS:			
Cash and cash equivalents	5,743,871	7,402,362	8,351,038
Notes receivable	–	1,500	27,440
Accounts receivable	640,193	1,156,544	1,196,445
Prepayments	856,772	1,309,280	1,451,606
Other receivables	3,403,679	4,986,538	8,085,934
Inventories	61,965,385	70,917,405	79,719,556
Other current assets	1,300	494,555	731,862
TOTAL CURRENT ASSETS	72,611,200	86,268,184	99,563,881
NON-CURRENT ASSETS:			
Available-for-sale financial assets	1,735,540	1,756,692	3,188,616
Held-to-maturity investments	20,000	20,000	–
Long-term receivable	12,608,166	14,636,021	15,588,951
Long-term equity investments	1,318,142	2,498,530	2,352,914
Investment properties	202,869	874,627	960,911
Fixed assets	3,984,926	4,641,217	4,734,867
Construction in progress	673,687	268,315	149,262
Intangible assets	127,711	1,023,192	3,643,314
Long-term prepaid expenses	841	8,400	13,047
Deferred tax assets	565	487	689
Other non-current assets	1,567,487	1,567,467	1,567,467
TOTAL NON-CURRENT ASSETS	22,239,933	27,294,947	32,210,172
TOTAL ASSETS	94,851,133	113,563,132	131,774,052
CURRENT LIABILITIES:			
Short-term borrowings	75,000	475,000	1,106,000
Notes payable	–	–	560,000
Accounts payable	595,002	998,067	1,417,027
Receipts in advance	32,583	388,747	465,446
Payroll and employee benefits payable	2,182	6,551	27,638
Taxes	182,339	488,366	545,238
Other payables	1,454,972	5,069,711	5,317,693
Current portion of non-current liabilities	4,347,496	11,347,131	13,855,252
Other current liabilities	2,472	1,532	11,840
TOTAL CURRENT LIABILITIES	6,692,047	18,775,106	23,306,134
NON-CURRENT LIABILITIES:			
Long-term borrowings	23,990,510	19,460,860	22,754,920
Bonds payable	2,685,603	7,910,281	12,671,718
Long-term payable	18,618,094	21,908,520	25,512,382
Deferred tax liabilities	–	24,027	25,869
Other non-current liabilities	–	528,922	528,922
TOTAL NON-CURRENT LIABILITIES	45,294,208	49,832,610	61,493,810
TOTAL LIABILITIES	51,986,254	68,607,715	84,799,945
SHAREHOLDERS' EQUITY:			
Paid-in capital	30,000,000	30,000,000	30,000,000
Capital reserve	6,772,907	7,942,590	9,008,504
Other comprehensive income	30,791	42,650	50,239
Surplus reserve	287,280	287,716	288,768
Retained earnings	3,822,545	4,536,391	5,309,254
Equity attributable to owners of the parent	40,913,524	42,809,348	44,656,766
Non-controlling interests	1,951,355	2,146,069	2,317,342
TOTAL SHAREHOLDERS' EQUITY	42,864,879	44,955,416	46,974,107
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	94,851,133	113,563,132	131,774,052

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS DATA

	For the year ended 31 December		
	2018	**2019**	**2020**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
	(Audited)	**(Audited)**	**(Audited)**
Net cash flows from/(used in) operating activities . . .	243,762	45,204	316,082
Net cash flows from/(used in) investing activities. . . .	(5,080,630)	(5,129,647)	(9,655,103)
Net cash flows from/(used in) financing activities . . .	(1,978,103)	6,633,598	9,620,985
Net increase/(decrease) in cash and cash equivalents.	(6,814,970)	1,549,154	281,964
Add: Cash and cash equivalents at the beginning of the year	12,307,327	5,492,468	7,041,622
Cash and cash equivalents at the end of the year . .	5,492,357	7,041,622	7,323,586

OTHER FINANCIAL DATA

	For the year ended 31 December		
	2018	**2019**	**2020**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
EBITDA (in thousands).	2,956,862	3,144,183	3,383,818
EBITDA margin (in percentages).	133.2	129.8	114.5

Notes:

(1) EBITDA consists of net profit plus income tax expenses, interest expenses (inclusive of capitalised interest), depreciation of fixed assets, amortisation of intangible assets and amortisation of long-term prepaid expenses. EBITDA is not a standard measure under PRC GAAP. EBITDA is a widely used financial indicator of a company's ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net profit or any other measure of financial performance or as an indicator of the Group's operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. The Group has included EBITDA because it believes it is a useful supplement to cash flow data as a measure of its performance and its ability to generate cash flow from operations to cover debt service and taxes. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare the Group's EBITDA to EBITDA presented by other companies because not all companies use the same definition.

(2) EBITDA margin is calculated by dividing EBITDA by total revenue for the relevant period.

RISK FACTORS

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

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

RISKS RELATING TO THE GROUP'S BUSINESS

The Group's business depends heavily on the general economic conditions in and development of Ganzhou, Jiangxi Province and the PRC.

The Group primarily operates its business in Jiangxi Province in the PRC, particularly in Ganzhou and its assets are highly concentrated in the region. Therefore, the Group's business, financial condition, results of operations and prospects have depended and will continue to depend heavily on the general economic conditions in and development of Ganzhou, Jiangxi Province and the PRC.

While the economy of the PRC experienced rapid growth in the past 30 years, there has been a slowdown in the growth of the PRC's GDP since the second half of 2013, which has raised market concerns that the historic rapid growth of the economy of the PRC may not be sustainable. According to the National Bureau of Statistics of the PRC, the annual growth rate of China's GDP decreased from 7.3 per cent. in 2014 to 6.0 per. cent in 2019. In 2020, China's GDP shrank by 2.3 per cent. year-on-year, as a result of the outbreak of the COVID-19 pandemic and large-scale quarantine and shutdown measures implemented by the PRC government. Similarly, according to the Ganzhou Municipal Statistics Bureau (贛州市統計局), the annual growth rate of Ganzhou's GRP decreased from 13.8 per cent. in 2010 to 4.2 per cent. in 2020. Any further slowdown in the economic development in Ganzhou and the PRC may affect the governmental support for the industries in which the Group operates and reduce the demand for the Group's services and products.

In addition, the Group is tasked by the Ganzhou Municipal Government to conduct investment and construction in Ganzhou. The number of enterprises in Ganzhou, which currently is steadily increasing with its development, will have a material impact on the region's economic development. Ganzhou faces competition from its nearby regions such as Nanchang, which has a higher GRP of RMB574.6 billion in 2020, with industries focusing on automobiles, mobile phones, photovoltaics, aviation equipment and biomedicine. The number of enterprises commencing business in Ganzhou may not grow as fast as the Group expects and Ganzhou may not be able to attract the enterprises it wishes to attract. The foregoing could adversely affect Ganzhou's fiscal revenue, which in turn affect the budget for municipal investment and development and the ability of the Ganzhou SASAC to make timely payments for the Group's infrastructure and affordable housing projects. If any of the above were to occur, the Group's business, financial performance and prospects may be materially and adversely affected.

The Group faces risks related to force majeure events, natural disasters, health epidemics and other outbreaks, including the ongoing COVID-19 pandemic, which could significantly disrupt its business operations.

The Group's business could be adversely affected by the effects of force majeure events, natural disasters, catastrophe, epidemics and other outbreaks, such as COVID-19, avian influenza, severe acute respiratory syndrome, influenza A, Ebola and other acts of God which are beyond the Group's control. Any such occurrences could adversely affect the Group's business operations, cause delays in the estimated completion dates for the Group's construction projects, increase the costs associated with its operations and could in turn, materially and adversely affect its revenue, profit and cash flows and, accordingly, adversely affect its ability to repay any debt.

In early 2020, COVID-19 spread globally. COVID-19 is highly infectious and has resulted in numerous deaths around the world. The World Health Organization announced in March 2020 that COVID-19 has developed into a pandemic. In an effort to contain the spread of COVID-19, the PRC government has taken a number of measures, including compulsory quarantine arrangements, travel restrictions and restrictions on public activities. These measures had caused disruptions in many businesses including those of the Group. The construction of some of the Group's infrastructure projects was delayed.

A prolonged outbreak of COVID-19 has had and may continue to have a material adverse impact on China's economy, the global economy and financial markets in general, which in turn could materially and adversely affect the Group's business, financial condition and results of operations. Furthermore, as there is significant uncertainty relating to future developments of the COVID-19 pandemic, particularly in light of the recent resurgence of reported infections, including in Guangzhou, the PRC, as well as the emergence and rapid spread of new variants of the COVID-19 virus, the Group is not able at this time to ascertain the full impact on its financial or operational results.

In addition, some of the Group's contracts may have force majeure provisions that permit such parties to suspend, terminate or otherwise not perform their obligations under the relevant contracts upon the occurrence of certain events, such as strikes and other industrial or labour disturbances, terrorism, restraints of government, civil protests or disturbances, international conflicts and tensions, military and other actions, heightened security measures in response to these threats, or any natural disasters; all of which are beyond the control of the party asserting such force majeure event. If one or more of the Group's counterparties do not fulfil their contractual obligations for any extended period of time due to a force majeure event or otherwise, the Group's results of operations and financial condition could be materially and adversely affected.

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

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

In September 2014, the State Council released the Opinion on Enhancing the Administration of Fiscal Debts of Local Governments (關於加強地方政府性債務管理的意見) (the "**Circular 43**") with an aim to control a significant increase in local government debts and associated risks in the PRC's banking system. Circular 43 generally prohibits local governments from incurring "off-balance" indebtedness to finance the development of government projects and other public interest projects with the proceeds of the borrowings incurred by financing platforms the relevant local governments own or control, such as the Group. The Group should rely upon the cash flow generated from its operations and external borrowings to satisfy its cash needs for servicing its outstanding indebtedness and for financing its operating activities. The MOF, together with the NDRC, the PBOC, the CSRC, the CBRC and the Ministry of Justice, released the Notice concerning Further Regulation of Local Government Borrowing and Financing Conduct (關於進一步規範地方政府舉債融資行為的通知) ("**Circular 50**") to emphasise the principles and policies set out in Circular 43 in April 2017. In addition to Circular 43, Circular 50 reaffirms that local government debts shall only be incurred through the issuance of local government bonds within the quota approved by the State Council, and the local governments and their departments are not permitted to use any other means for debt financing. The local governments and their departments are prohibited from requesting or ordering enterprises to issue debts for or on behalf of the local governments.

The PRC government issued Regulation on the Financing Activities Conducted by Financial Institutions for Local Governments and State-owned Enterprises (財政部關於規範金融企業對地方政府和國有企業投融資行為有關問題的通知(財金[2018]23號)) (the "**MOF Circular 23**"), effective on 28 March 2018, which aims to increase the responsibility of the PRC state-owned financial institutions to investigate the financial independence and liquidity level of the local government financing vehicles that they assist in fundraising. The PRC government is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Notes or the transaction documents in lieu of the Issuer. On 11 May 2018, the NDRC and the MOF jointly issued the Circular of the Improvement of Market Regulatory Regime and Strict Prevention of Foreign Debt Risks and Local Government Indebtedness Risks (Fa Gai Wai Zi [2018] No. 706) (國家發展改革委、財政部關於完善市場約束機制嚴格防範外債風險和地方債務風險的通知(發改外資[2018]706號)) ("**Joint Circular 706**"), reiterating 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 they are forbidden to use public interest assets as corporate assets. The Notes are solely to be repaid by the Issuer as an obligor under the relevant transaction documents and as an independent legal person. See "*– Risks relating to the Notes – The PRC government has no obligations to pay any amount under the Notes*".

On 6 June 2019, the General Office of the NDRC issued the Circular of the General Office of the National Development and Reform Commission on the Relevant Requirements for Filing and Registration of Foreign Debts Issuance by Local State-owned Enterprises (國家發展改革委辦公廳關於對地方國有企業發行外債申請備案登記有關要求的通知) ("**Circular 666**"), which aims to strengthen the management of local governments' debts and avoid or mitigate risks relating to medium- and long-term debt raised offshore as well as hidden debts of local governments. Circular 666 expressly restricts the use of proceeds of debt securities issued offshore by state-owned enterprises with local government financing functions from repayment of medium and long-term offshore debt due within one year.

The PRC government may continue to release new policies or amend existing regulations to control the increasing local governments' debts in China. There is no assurance that the Group's financing model and business model will not be materially affected by future changes in the regulatory regime concerning the financing platforms of local governments.

The Group's business and results of operations are heavily influenced by governmental decisions and actions and are inherently exposed to uncertainties associated with government policies.

The Issuer is beneficially owned by the Ganzhou Municipal Government, which participates in, closely monitors and reviews the Group's decision-making process for key projects, development strategy and investment plans and appoints and conducts annual appraisals on the Group's directors, supervisors and senior management. The Ganzhou Municipal Government and the Ganzhou SASAC may have economic or business interests or considerations that are inconsistent with the Group or take actions contrary to the Group's requests, policies or objectives. Such governmental authorities and entities may change existing policies and project plans in Ganzhou for reasons beyond the Group's control. There is no assurance that the Ganzhou Municipal Government and the Ganzhou SASAC will make decisions that are in the best interest of the Issuer or the Group and any changes to their policies may have a material adverse effect on the Group's results of operations, financial condition and prospects.

The Group's business relies on its relationship with the Ganzhou Municipal Government.

The Group's operating income mainly comes from contracts with government bodies, agencies and entities, in particular the Ganzhou Municipal Government and its agencies. If there is any material disagreement between the Group and the Ganzhou Municipal Government or any of its affiliates, there is no assurance that the Group will successfully resolve them in a timely manner, or at all. Any failure by relevant governmental authorities to fulfil their contractual obligations or any adverse change to their financial or fiscal conditions or policies may require the Group to change its business plans and could materially affect the Group's business, financial condition and operating results. Any disputes or legal proceedings with or against the Ganzhou Municipal Government may last for a long time and incur considerable financial and managerial costs. Any of these may severely damage the business relationships between the Group and the Ganzhou Municipal Government and its controlled entities affected, and in turn materially and adversely affect the Group's business, financial condition, results of operations and prospects.

A reduction or discontinuance of government support could materially and adversely affect the Group's business, financial condition and results of operations.

The Group has benefited from and relied on various forms of support from the PRC government, in particular the Ganzhou Municipal Government, such as asset and capital injections, subsidies and other grants and tax incentives permissible under PRC laws and regulations, to meet its capital and other operation requirements. For the years ended 31 December 2018, 2019 and 2020, the Group received government grants and subsidies in aggregate amounts of RMB516.0 million, RMB511.9 million and RMB499.6 million, respectively. There is no assurance that the PRC government will not impose any restrictions on providing financial support in any other forms. As such, the Group may not be able to receive the same level of government subsidies and grants or enjoy the same preferential treatments or at all. On 28 May 2017, the MOF issued the Notice on Strict Prohibition against Noncompliant Financing through Service Procurement Arrangement of Governments (財政部關於堅決制止地方以政府購買服務名義違法違規融資的通知) restricting local governments, among others, from allocating land use rights to their financing platforms to support the platforms' financing needs. Any further loss or reduction in government subsidies and grants or other form of government support could have a material and adverse effect on the Group's business, financial condition, results of operations and prospects.

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

The Group's business requires substantial capital resources. For the years ended 31 December 2018, 2019 and 2020, the Group incurred capital expenditures of RMB4,996.7 million, RMB2,704.0 million and RMB3,418.8 million, respectively to fund its business development. The Group has historically met its cash requirement through (i) the cash flow generated from its operating activities, (ii) subsidies mainly from the State Council, the Jiangxi Provincial Government, the Ganzhou Municipal Government and the Ganzhou SASAC, (iii) proceeds of bank and other borrowings and (iv) issuance of debt securities in the PRC. See "*– A reduction or discontinuance of government support could materially and adversely affect the Group's business, financial condition and results of operations*" and "*– The Group has experienced negative cash flow in the past, which may have a material adverse effect on the Group's financial conditions and results of operations*" below. The Group will continue to require substantial capital resources to support its business operations and expansion.

Insufficient capital resources generated from the Group's operating activities and governmental subsidies will increase the Group's reliance on external financing. The Group's ability to obtain external financing and the cost of such financing depend on many factors, including:

- general economic and capital market conditions;
- changes in monetary policies with respect to bank interest rates and lending policy;
- investor confidence in the Group and the success of the Group's business;
- the Group's ability to obtain the PRC government approvals required to access domestic or international financing;
- provisions of tax and securities laws that may be applicable to the Group's efforts to raise capital; and
- political and economic conditions in the rest of the PRC generally.

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

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

The Group relies on proceeds of bank and other borrowings and issuance of debt securities in the PRC to satisfy a portion of its capital requirements and the Group has had a significant amount of outstanding indebtedness. As at 31 December 2020, the Group's total indebtedness (comprising short-term borrowings, current portion of non-current liabilities, interest-bearing portion of other payables, long-term borrowings, bonds payable, interest-bearing portion of long-term payable and interest-bearing portion of other non-current liabilities) was RMB64,044.7 million, of which RMB15,240.4 million would become due within 12 months. In addition, the Group had contingent liabilities in a total amount of RMB1,822.0 million as at 31 December 2020, which mainly related to guarantees provided to third parties.

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

- requiring the Group to divert its operating cash flows to service its indebtedness;
- increasing the Group's finance expenses, thus affecting the overall profits of the Group;
- decreasing the Group's financial flexibility in carrying on its business or responding to unexpected market changes;
- limiting, together with the financial and other restrictive covenants of the Group's indebtedness, among other things, the Group's ability to borrow additional funds; and
- increasing the Group's vulnerability to adverse general economic and industry conditions.

In incurring indebtedness and liabilities from time to time, the Group creates security such as pledges and mortgages over its assets in favour of relevant creditors. As at 31 December 2020, the Group's assets with a total book value of RMB6,931 million were provided as security to secure the loan facilities of the Group. Assets of the Group which have been provided as security mainly include cash and cash equivalents, inventory, fixed assets, intangible assets and investment properties. Third-party security rights may limit the Group's use of the underlying collateral assets and adversely affect its operational efficiency. If the Issuer and its subsidiaries are unable to service and repay their debts under such loan facilities on a timely basis, the assets mortgaged or charged to secure the Group's bank loans may be foreclosed, which may adversely affect the Group's business, financial condition, results of operations and prospects.

The Group believes that its capital requirement and its reliance on external financing will continue to increase considering its existing cash needs to finance business operations and refinance its existing indebtedness. The Group's financial performance and operating results may be materially and adversely affected if its cash flows and capital resources are insufficient to fund its debt service obligations.

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

Certain financing contracts entered into by members of the Group contain operational and financial restrictions that prohibit the borrower from incurring additional indebtedness unless it is able to satisfy certain financial ratios, restrict the borrower from creating security or granting guarantees or prohibit the borrower from changing its business and corporate structure, without the lender's prior consent. Such restrictions may negatively affect the relevant companies' ability to respond to changes in market conditions, pursue the business opportunities the Group believes to be desirable, to obtain future financing, fund capital expenditures, or withstand a continuing or future downturn in its business. Any of these factors could materially and adversely affect the Group's ability to satisfy its obligations under outstanding financial obligations, such as the Notes after issuance.

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

The Group has experienced negative cash flow in the past, which may have a material adverse effect on the Group's financial conditions and results of operations.

The Group has experienced negative net cash flow in the past. For the year ended 31 December 2018, the Group had a net decrease in cash and cash equivalents of RMB6,815.0 million due to debt services and investment in construction projects. The Group's future liquidity, the payment of its other payables and accruals, as well as the repayment of its outstanding indebtedness when due, will primarily depend on its ability to maintain adequate cash inflows from operating activities and proceeds from external financing. In the event that the Group is unable to generate sufficient cash flows from its operations to meet the demand from its operating and capital expenditures, its operations will have to be funded by other financing activities. However, the Group's debt service and other fixed payment obligations could divert its cash flows from its operations and planned capital expenditures, and its financing costs associated with such debt obligations could materially and adversely affect the Group's profitability in the future.

The PRC government may adopt measures aimed at slowing down growth in the real estate development sector.

The real estate sector is heavily regulated by the PRC government, which has from time to time introduced various measures to curtail real estate speculation in response to concerns over the increases in property investments and real estate price and the overheating of the real estate market. For example, on 17 April 2010, the State Council issued the Notice of the State Council on Resolutely Curbing Excessive Price Increases in Some Cities (國務院關於堅決遏制部分城市房價過快上漲的通知) and on 26 February 2013, the General Office of the State Council issued the Notice of the General Office of the State Council on Continuing to Regulate the Real Estate Market (國務院辦公廳關於繼續做好房地產市場調控工作的通知), as measures to stabilise the prices of real estate. The PRC government also introduced purchase limits and property taxes, which have profoundly affected the real estate market. If the PRC government continues to introduce stricter policies and regulations on the real estate market in the future, it may lead to a significant decline in real estate prices. This may have a material adverse effect on the Group's ability to realise its property inventories and its ability to service its debt.

The Group's current asset is mostly made up of inventories which may not be as liquid as other types of current assets.

As at 31 December 2018, 2019 and 2020, the balance of the Group's inventories was RMB61,965.4 million, RMB70,917.4 million and RMB79,719.6 million, respectively, representing 85.3 per cent., 82.2 per cent. and 80.1 per cent. of the current assets of the Group as at the corresponding dates. Such inventories mainly consist of the Issuer's development costs of the projects under construction and land reserve. The Group maintains a high level of inventories because the Group's construction projects require a relatively long period of planning, construction and project settlement. Land is inherently illiquid asset and may not be sold for cash in an efficient manner. This may limit the Group's ability to respond to changing economic, financial and investment conditions. High level of inventories not only increases the pressure on the Group's cash flows, it also causes the Group to make provisions for impairment of fair value of inventories. Any failure to effectively manage the Group's inventory level will have a material impact on the Group's cash flows and adversely affect its ability to carry on ordinary business activities and to serve its outstanding indebtedness, such as the Notes.

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

The Group needs to obtain a number of approvals, certificates, licenses and permits from different governmental authorities and to comply with extensive procedural requirements in order to carry on its business activities under PRC law and regulations. It is required to obtain a project approval and environmental assessment approval at the outset of any project. As the projects progress, the Group also needs to receive a construction land planning permit (建設用地規劃許可證), a land use right certificate, a construction project planning permit (建設工程規劃許可證) and a construction permit (建築工程施工許可證) before it is permitted to commence construction of the relevant project. It normally takes months to obtain all of these approvals and certificates. Governmental authorities in the PRC have broad discretion in implementing and enforcing applicable laws and regulations and in determining the grant of approvals, licences, permits and certificates necessary for conducting the business. Thus, there are uncertainties in the interpretation and implementation of PRC laws, rules, regulations, policies and measures and verbal clarifications given by the governmental authorities may be inconsistent with the regulations concerned, which consequently could increase the Group's compliance risk. Any failure to obtain necessary approvals, licences or permits in a timely manner could result in delay or suspension of the Group's business operations and result in regulatory or administrative penalties.

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

The Group has not obtained all of the required licenses and permits for certain construction projects.

The Group has not obtained all required permits, approvals or licenses which are mandatory for such construction projects according to the relevant PRC laws and regulations, such as project approval, environment impact assessment approval, construction land planning permit, land use right certificate, construction project planning permit and construction planning permit for certain of its ongoing projects. Such lack of permits or licenses may cause the relevant government authorities to impose fines or penalties on the Group. In addition, the Group may be prohibited from continuing the construction of such projects until the relevant missing permits or licenses are obtained. As a result, the Group's business, financial condition and results of operations be adversely affected.

The Group's infrastructure construction and property development businesses are subject to claims under statutory quality warranties.

Under Regulations on the Quality Management of Construction Projects (建設工程質量管理條例), all property development companies in China must provide certain quality warranties for the properties they develop or sell. The Group is required to provide these warranties to its customers. It may sometimes receive quality warranties from its third-party contractors with respect to the infrastructure and housing construction projects. If a significant number of claims are brought against the Group under its warranties and if it is unable to obtain reimbursement for such claims from third-party contractors in a timely manner or at all, it could incur significant expenses to resolve such claims or face delays in correcting the related defects, which could in turn harm its reputation and have a material and adverse effect on its business, prospects, financial condition and results of operations.

The Group may not be able to complete its infrastructure construction projects and property development projects on time, within budget, or at all.

The Group's infrastructure construction projects and property development projects require substantial capital investments prior to and during the construction period. One or more years may elapse before a project generates positive cash flows and incomes. The progress and costs for a project may be materially and adversely affected by many factors, including:

- delays in obtaining necessary licences, permits or approvals from government agencies and authorities;
- changes in market conditions;
- unforeseen engineering, design, environmental, structural or geographic problems;
- shortages or increased costs of materials, equipment, contractors and skilled labour;
- labour disputes;
- adverse influence caused by other construction projects not undertaken by the Group;
- construction accidents;
- natural catastrophes and adverse weather conditions;
- discovery of historic and cultural relics in the construction site; and
- changes in government policies or in applicable laws or regulations.

Any of these factors may lead to construction delays or increased costs, may require changes to planned specifications or may ultimately end up with delays of the project. If a project is not completed on time, other parties in the contract may be entitled to damages for late delivery or, under certain circumstances, may terminate the purchase contract and claim damages. Any such consequences may have a material adverse impact on the Group's reputation, business, financial condition, results of operations and prospects.

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

The cost of construction materials, such as steel and cement, constitutes a significant portion of the Group's payments to its construction contractors. Any increase in the cost of construction materials may result in additional costs to the Group and may lead to future increases in construction contract costs. Construction material costs have fluctuated in recent years and may fluctuate in the future. Any future increase in the price of construction materials will adversely impact the Group's overall construction costs, which may pose an adverse effect on the profitability of the Group.

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

The Group engages third-party contractors for its infrastructure construction business and property development business. There is no assurance that its third-party contractors will always provide satisfactory services of the quality required by the Group. If the performance of any third-party contractor fails to meet the requirements of the Group, the Group may need to replace such contractor or take other remedial actions, which could adversely affect the cost and development schedule of its projects. Further, labour shortages, labour disputes or increases in labour costs of the Group's third-party contractors could cause delays in the construction progress and an increase in the Group's fees payable to such contractors. See "– *Labour shortages, labour disputes or increases in labour costs could materially and adversely affect the Group's business and results of operations*" below.

In addition, the Group may be asked to undertake one or more projects by the Ganzhou Municipal Government on short notice. In that case, there is no assurance that the Group is able to engage third-party contractors that meet its quality requirements. Further, the Group's contractors may undertake projects from other enterprises operating similar business, engage in risky undertakings or otherwise encounter financial or other difficulties, which may adversely affect their ability to complete the Group's projects on time, within budget or at all. All of these third-party related factors may have material adverse effect on the quality of services provided by the Group's contractors and the Group's reputation, credibility, financial position and business operations.

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

Some of the past projects developed by the Group such as shantytown redevelopment projects involved relocations of local residents and businesses, and similar situations may recur when the Group develops its future projects. There is no assurance that such relocation of local residents or businesses will proceed smoothly, or they will agree to the relocation plan approved by the government authority. If any local resident or business disagrees with the relocation plan, the disagreement will be submitted to the relevant township government for the authority's determination. The relevant governmental authority will then decide on the proper relocation compensation which may differ from the original proposal and result in higher compensation payment and delays in the development schedules. In addition, the amount of compensation to be paid is subject to PRC regulations and is subject to change at any time. Any increases of compensations required or delays of such relocations may result in increase of the Group's project development costs and overall delays in the Group's development schedules, which may in turn materially and adversely affect the Group's business, financial condition and results of operations.

The Group may not successfully implement its growth strategy.

The Group may from time to time expand its businesses to new industries or markets in which it has limited operating experience. The Group intends to explore business opportunities in urban industries such as construction engineering, design and consultation, ecological and environmental engineering, new building materials, health care and education. Such expansion may require the Group to devote substantial resources to become familiar with, and monitor changes in, different operating environments so that it can succeed in such new business. The Group's ability to successfully grow its new businesses and implement its expansion strategy depends on a variety of factors, including its ability to identify attractive projects, obtain required approvals from relevant regulatory authorities, obtain sufficient capital on acceptable terms in a timely manner and maintain working relationships with various governmental authorities and agencies, some of which may be out of the Group's control. There is no assurance that the Group will be able to successfully grow its businesses, implement its expansion strategies, manage or integrate any newly-acquired operations with the Group's existing operations. Failure by the Group to grow new businesses or implement its expansion strategies could have a material adverse effect on its business, financial condition, results of operations and prospects.

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

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

The Group's result of operations may be susceptible to the material fluctuation of interest rates.

Substantially all of the Group's indebtedness bears interest, some of which accrues at interest rates linked to benchmark lending rates published by PBOC or to the loan prime rates (the "**LPR**") published by the National Interbank Funding Centre. As at 31 December 2020, the Group's total indebtedness (comprising short-term borrowings, current portion of non-current liabilities, interest-bearing portion of other payables, long-term borrowings, bonds payable, interest-bearing portion of long-term payable and interest-bearing portion of other non-current liabilities) was RMB64,044.7 million. Any material fluctuation in the benchmark lending rate or the LPR may have a material impact on the Group's interest expenses and payables under its indebtedness and in turn affect its results of operations. The PRC government has historically from time to time adjusted benchmark lending rates to implement economic and monetary policies. The latest LPR for one-year lending published on 20 July 2021 was 3.85 per cent. Although the Group's financial condition and results of operations may benefit from the current low-interest environment, there is no assurance that this environment will continue. Any increase in the LPR in the future will increase the Group's financing costs and adversely affect the Group's profitability, financial condition and results of operations.

The Group operates its businesses through a large number of subsidiaries operating in different industries, and this corporate structure exposes the Group to challenges not faced by companies with a single or small number of businesses.

As at 31 December 2020, the Issuer had 57 subsidiaries operating in different industries including construction, real estate, engineering, design and trading. The Group is exposed to risks associated with conducting multiple business and operating through a large number of subsidiaries. Successful operation of the Issuer's subsidiaries requires effective management that emphasises accountability, imposes financial discipline on subsidiaries and creates value-focused incentives for management. As the Group continues to grow its businesses and expand into various industries, the Group's operations may become more complex, which would become more difficult for the Group to manage. Implementation of corporate governance, operational and safety standards across the Group's subsidiaries in a uniform manner may prove difficult and failure to do so may result in violations of laws, regulations or the Group's own internal policies. The Issuer may not be able to effectively monitor each subsidiary and prevent all non-compliance. Any violation or non-compliance could affect the Group's reputation and business prospects in the PRC, which could materially and adversely affect it financial condition and results of operations.

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

The Group is required to comply with extensive environmental, safety and health regulations in the PRC. Failure to comply with such regulations may result in fines or suspension or revocation of the Group's licenses 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, if at all. There can be no assurance that the PRC government will not impose additional or stricter laws or regulations, which may increase compliance costs of the Group.

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

The Group relies on its quality control system to ensure the safety and quality of its projects. The effectiveness of the Group's quality control system may be affected by many factors, including the timely updates of the quality control system to address the changing circumstances and the Group's and the contractor's ability to adhere to quality control policies. The Group cannot assure that its contractors are willing to and are capable of performing pursuant to the guidelines. Any failure of the Group's quality control system could result in subpar projects that may subject the Group to claims of contractual breaches and product liabilities. Any such claims, whether they are ultimately successful, may incur significant costs from the Group, harm its reputation and disrupt its operations significantly. If such claims are successful, the Group could be requested to pay significant monetary damages or penalties.

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

The insurance coverage of the Group may not adequately protect it against all operational risks. The Group faces various operational risks in connection with its business, including but not limited to:

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

The Group currently obtains no insurance coverage for its business, which exposes itself to the operational risks mentioned above. In addition, certain types of losses (such as from wars, acts of terrorism or acts of God, business interruption, property risks and third-party (public) liability) are not insured in the PRC because they are either uninsurable or not economically insurable. To the extent that the Group suffers loss or damage, its business, financial condition, 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.

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. The Group may be harmed if, for example, any of these parties engages in misrepresentation or fraudulent, deceptive or otherwise improper activities, conduct transactions that exceed authorised limits, make or accept bribes or improperly use or disclose confidential information. The Group's internal control procedures may be unable to identify all incidents of noncompliance or suspicious transactions in a timely manner if at all. Furthermore, it is not always possible to detect and prevent fraud and other misconduct, and the precautions the Group takes to prevent and detect such activities may not be effective. There is no assurance that fraud or other misconduct will not occur in the future. If such fraud or other misconduct does occur, it may have material adverse effect on the Group's reputation and business.

The Ministry of Land and Resources may impose fines or penalties on the Group or revoke the land use rights with respect to certain land held by the Group.

Under applicable PRC laws and regulations, the Ministry of Land and Resources may impose an idle land fee equal to 20 per cent. of the land premium or allocation fees if the Group does not commence development of the land held by the Group for more than one year after the date specified in the relevant land use rights grant contract, or the Group commences development on an area which is less than one-third of the area granted, or the capital invested in the development is less than one-fourth of the total investment approved for the development, and the development is suspended for more than one year without governmental approval. The Ministry of Land and Resources has the power to revoke the land use rights certificate without compensation if the Group does not commence development for more than two years after the date specified in the relevant land use rights grant contract without compelling causes. The State Council issued the Notice on Promoting the Saving and Intensification of Use of Land (國務院關於促進節約集約用地的通知) which states, among other things, that the Ministry of Land and Resources and other authorities are required to research and commence the drafting of implementation rules concerning the levy of land appreciation fees on idle land. Furthermore, the Ministry of Land and Resources issued in August 2009 the Notice on Restricting the Administration of Construction Land and Promoting the Use of Approved Land (關於嚴格建設用地管理促進批而未用土地利用的通知) which reiterates its policy on idle land.

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

The Group is required to comply with applicable anti-money laundering, anti-terrorism laws and other regulations in the PRC. The applicable anti-money laundering law requires financial institutions to establish sound internal control policies and procedures with respect to anti-money laundering monitoring and reporting activities. However, such measures put in place may not completely eliminate instances in which it may be used by other parties to engage in money laundering and other illegal activities. In the event that the Group fails to detect money laundering or other illegal or improper activities or fails to fully comply with applicable laws and regulations, the relevant government agencies may freeze its assets or impose fines or other penalties on it. Any of these may materially and adversely affect its business reputation, financial condition and results of operations.

Labour shortages, labour disputes or increases in labour costs could materially and adversely affect the Group's business and results of operations.

Many of the Group's businesses are labour intensive. In recent years, work stoppages, employee suicide and other similar events in certain cities in the PRC have caused the PRC government to amend labour laws to enhance protection of employees' rights. Increasingly stringent labour protection requirements as well as increasing minimum wages are likely to increase the labour costs of PRC enterprises in general, including the Group or the contractors participating in the Group's projects. Further, any labour shortages, labour disputes or increases in labour costs of the Group or third-party contractors could directly or indirectly prevent or hinder the construction progress, and, if not resolved in a timely manner, could lead to delays in completing the Group's projects which could materially and adversely affect the Group's business, financial condition, results of operations and prospects.

The Group may be subject to disputes, legal, regulatory or other proceedings.

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

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 the 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 disruptions in business, slower response times and limitations on its ability to monitor and manage data and risk exposures, control financial and operation conditions, and keep accurate records. These consequences could result in operating outages, poor operating performance, financial losses, and intervention of regulatory authorities. Any malfunction of these systems or any inadequacy in its controls could cause the relevant information to become unreliable, inaccurate or permanently lost, which could have an adverse effect on the Group's relevant business segment and, consequently, its operating income and results of operations.

The Group may not be able to effectively implement financial management.

The daily operations of the Group are capital intensive and require good financial management. The stable growth of the Group largely depends on its ability to control costs, obtain sufficient capital and effectively manage the use of funds. There is no assurance that the Group or any employees responsible for financial management is able to adhere to its financial policies and plan effective use of its capital. The inability to control and limit operation costs may adversely affect the Group's financial conditions and business prospects.

The Group may be unsuccessful in integrating and managing future investments and/or acquisitions.

The Group may acquire or invest in new projects. The ability of the Group's operations to grow by investments in and/or acquisitions is dependent upon, and may be limited by, the requirements of the relevant regulatory authorities, the availability of attractive projects, its ability to agree on commercially reasonable terms and there can be no assurance that the Group will be able to identify suitable investments and acquisition targets, complete the investments and acquisitions on satisfactory terms, if at all, or that the due diligence with respect to any acquisition will reveal all relevant facts that are necessary or useful in evaluating such opportunity.

Such investments and/or acquisitions may bring potential difficulties that could prevent the Group from achieving the strategic objectives for these investments and/or acquisitions or the anticipated levels of profitability from these 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 markets in different geographic locations and challenges of operating in markets and industries in which the Group does not have substantial experience;
- increases in debt, which may increase the Group's finance 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.

The Group cannot predict whether there will be any other suitable targets or when any other suitable acquisition, investment or joint venture opportunities could arise. In the event that the Group signs any letter of intent or agreement for any material acquisition, investment or joint venture after the issue of the Notes, the market price and the trading volume of the Notes may be adversely affected.

RISKS RELATING TO THE FINANCIAL INFORMATION

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

Members of the Group from time to time issue medium-term and short-term bonds in the domestic capital markets in the PRC. According to applicable PRC securities regulations on debt capital markets, members of the Group need to publish its semi-annual and annual financial information to satisfy their continuing disclosure obligations relating to its medium-term and short-term bonds. After the Notes are issued and so long as any Note remains outstanding, members of the Group are obligated by the terms of the Notes, among others, to provide the Trustee with its audited annual financial statements and semi-annual unaudited and unreviewed condensed consolidated financial statements. The semi-annual financial information published by members of the Group in the PRC is normally derived from the Group's management accounts which have not been audited or reviewed by independent auditors. As such, this financial information published in the PRC should not be referred to or relied upon by potential purchasers to provide the same quality of information associated with any audited information. The Issuer is not responsible to Noteholders for the unaudited and unreviewed financial information from time to time published in the PRC and therefore investors should not place any reliance on any such financial information.

The Issuer's accounts were prepared in accordance with PRC GAAP, which may be different from IFRS.

The Audited Financial Statements were prepared in accordance with the PRC GAAP. PRC GAAP are, to a certain extent, different from IFRS. See "*Summary of Significant 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. Potential investors should consult their own professional advisers for an understanding of any differences that may exist between PRC GAAP and IFRS, and how those differences might affect the financial information included in this Offering Circular.

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 and is sometimes adjusted or restated to address subsequent changes in accounting standards, accounting policies and/or applicable laws and regulations with retrospective impact on the Issuer's financial reporting or to reflect the comments provided by the Issuer's independent auditors during the course of their audit or review in subsequent financial periods. The historical 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 and PRC environmental rules and regulations.

The Group's auditors, Zhongxinghua has previously been investigated, censored or penalised by relevant PRC authorities.

The Issuer's current independent auditors, Zhongxinghua Certified Public Accountants LLP ("**Zhongxinghua**"), is a registered member of the Chinese Institute of Certified Public Accountants.

In addition, Zhongxinghua has been investigated and issued administrative warnings in relation to its audit works. For example, in August 2017 and 2018, CSRC issued warning letters to Zhongxinghua for negligence in its audit services for certain PRC companies. In February 2021, (i) CSRC issued an announcement regarding non-compliance practices of accounting firms, including Zhongxinghua and (ii) the Chinese Institute of Certified Public Accountants corresponded with Zhongxinghua regarding the auditing risk for listing company annual reports due to the frequent changes of accounting firms. In December 2019, Zhongxinghua was sued by Jiangsu Credit Re-guarantee Group Co., Ltd. (江蘇省信用再擔保集團有限公司) in People's Court of Hanjiang District, Yangzhou City. As at the date of the Offering Circular, Zhongxinghua is waiting for summons from the People's Court of Hanjiang District, Yangzhou City. In July 2019, the National Association of Financial Market Institutional Investors had also issued a warning letter to Zhongxinghua, ordering it to make certain rectifications and to suspend its business in relation to debt financing instruments for six months, effective from 15 July 2019 (the "**Suspension Period**") due to its negligence in performing its audit service for Luowa Technology Industry Group Company Ltd. (洛娃科技實業集團有限公司) and failure to participate in the investigations.

Zhongxinghua confirmed that as at the date of this Offering Circular:

- it has completed all the rectifications in relation to the above incidents;
- the Suspension Period has lapsed; and
- its auditing work is not affected by the above incidents and the audit reports included elsewhere in this Offering Circular are valid and effective.

Prospective investors should consider these factors prior to making any investment decision. Furthermore, there can be no assurance that there would be no additional negative news about the independent auditor and that negative news about the auditors would not have a material and adverse effect on the Group.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

The Group's business, financial condition, results of operations and prospects could be adversely affected by slowdown in the PRC economy.

There has been a slowdown in the growth of the PRC's GDP since the second half of 2013 and this has raised market concerns that the historic rapid growth of the economy of the PRC may not be sustainable. In May 2017, Moody's changed China's long-term sovereign credit rating and foreign currency issuer ratings to A1 from Aa3. In September 2017, S&P Global Ratings also downgraded China's long-term sovereign credit rating to A+ from AA–, citing increasing economic and financial risks from a prolonged period of strong credit growth. According to the National Bureau of Statistics of the PRC, the annual growth rate of China's GDP decreased from 7.3 per cent. in 2014 to 6.1 per. cent in 2019. China's economy has experienced a significant slowdown since the COVID-19 pandemic in 2020 and China recorded a GDP growth of 2.3 per cent., as compared to 10.3 per cent. for 2010.

In recent years, as a result of recurring liquidity-tightening in the banking system, alternative lending and borrowing outside of traditional banking practices, generally known as "shadow banking", has grown to become an integral and significant aspect of the PRC economy. Such alternative lending is loosely regulated and has led to an increase in China's debt levels, leading to concerns over rising bad debts and financial problems. As some of the funds obtained from shadow banking are being used for investments in speculative and risky products, should a widespread default on such investments occur, this could harm the growth prospects of the PRC economy. In 2014, there were reports of a number of shadow banking defaults in the PRC, resulting in increased scrutiny and oversight by regulators who have proposed draft rules to control the industry. Even if the PRC government increases regulation over such alternative lending and borrowing, there can be no assurance that such regulations will be successful, or that they would not have an adverse impact on the overall loan markets and liquidity in the PRC, which will negatively impact the PRC economy.

The PRC economy is also exposed to material changes in global economic and political environments as well as the performance of certain major developed economies in the world, such as the United States and the European Union. The United Kingdom withdrew from the European Union ("**EU**") on 31 January 2020 ("**Brexit**"), but continued to participate in certain EU organizations (such as the customs union) during a transition period that ended on 31 December 2020. With Brexit taking full effect, there remains uncertainty about the future relationship between the United Kingdom and the EU. Although a new trade and cooperation agreement between the United Kingdom and EU was agreed on 24 December 2020 and applied on a provisional basis for a limited time until 30 April 2021, it is unclear how Brexit would ultimately affect the fiscal, monetary and regulatory landscape within the United Kingdom, the EU and the rest of the world. This could potentially lead to volatility in the global markets. In addition, the U.S. government and the Chinese government had been renegotiating their trade relationships and reached the phase one deal in early 2020. However, China and the United States have not launched the phase two negotiation yet and whether the trade disputes between China and the United States will be fully resolved remains uncertain. It is also unclear what foreign policies the U.S. President Joe Biden and his administration will take towards China. Failure of trade negotiations between the United States and China may lead to the adoption and expansion of trade restrictions, the occurrence of a trade war, or other governmental action related to tariffs or trade agreements or policies that have the potential to adversely impact PRC economy.

Any slowdown in the PRC economy may decrease the opportunities for developing the Group's businesses, create a credit-tightening environment, increase the Group's financing costs, or reduce government subsidies to the Group, any of which may result in a material adverse effect on the Group's business, results of operations and financial condition.

Economic, political and social conditions in the PRC and government policies could affect the Group's business and prospects.

The PRC economy differs from the economies of developed countries in many respects, including, among other things, level of government involvement, level of economic development, growth rate, foreign exchange controls and resource allocation.

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 various 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 certain industries and the economy through numerous policy measures. The Group cannot predict whether changes in the nation's economic, political or social conditions, or in any 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 its reform measures. This refining and adjustment process may not necessarily have a positive effect on the Group's operations and business development.

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

- changes in PRC's 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 regulations 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 import restrictions.

If the PRC's economic growth slows down, or if the PRC economy experiences a recession, the Group's business, results of operations and financial condition could be materially and adversely affected.

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

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

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

The PRC legal system is evolving and may cause uncertainty which could limit the legal protection available to, or against, the Group.

The Group is generally subject to laws and regulations of the PRC. The PRC legal system is based on written statutes. Prior court decisions may be cited for reference, but they have limited precedential value. Since 1979, PRC legislation and regulations have significantly enhanced the protections afforded to market participants in the PRC. However, since these laws and regulations are relatively new and the PRC legal system continues to rapidly evolve, the enforcement of these laws, regulations and rules may be uncertain and their interpretation may not be as consistent or predictable as compared to other more developed jurisdictions. Such uncertainty may impede the Group's ability to enforce contracts that the Group has entered into with its investors, creditors, customers, suppliers and business partners. The Group cannot predict the effect of future developments in the PRC legal system or the integration of such developments under the legal systems of other jurisdictions, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, the pre-emption of local regulations by national laws, or the overturn of local government's decisions by itself or by provincial or national governments. This uncertainty may limit legal protections available to, or against, the Group.

In addition, any litigation in the PRC may be protracted, and could result in substantial costs, and may divert the Group's resources or management's attention, all of which could have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

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

Substantially all members of the Group are established in the PRC, and are subject to PRC regulations governing PRC companies. These regulations contain certain provisions that are required to be included in the joint venture contracts, articles of association and all other major operational agreements of these PRC companies, and are intended to regulate the internal affairs of these companies. These regulations, in general, and the provisions for protection of shareholders' rights and access to information in particular, are less developed than those applicable to companies incorporated in Hong Kong, the United States, the United Kingdom and other developed countries or regions.

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

Substantially all of the Group's assets and the Group's members are located in the PRC. In addition, substantially all of the assets of the Issuer's directors and the members of its senior management may be located within the PRC. The PRC has not entered into treaties or arrangements providing for the recognition of judgments made by courts of most other jurisdictions. Therefore, it may not be possible for investors to effect service of process upon the Issuer or its directors or members of its senior management inside the PRC.

On 14 July 2006, Hong Kong and the PRC entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgment 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**"), pursuant to which a party with a final court judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a "choice of court" agreement in writing may apply for recognition and enforcement of the judgment in the PRC. Similarly, a party with a final court judgment rendered by a PRC court requiring payment of money in a civil and commercial case pursuant to a "choice of court" agreement in writing may apply for recognition and enforcement of such judgment in Hong Kong. A "choice of court" agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the Reciprocal Arrangement in which a Hong Kong court or a PRC court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it is not possible to enforce a judgment rendered by a Hong Kong court in the PRC if the parties in dispute do not enter into a "choice of court" agreement in writing. As a result, it may be difficult, or impossible, for investors to effect service of process against the Issuer's assets or directors in the PRC in order to seek recognition and enforcement for foreign judgments in the PRC.

On 18 January 2019, the Supreme People's Court and the Department of Justice of the Hong Kong Special Administrative Region jointly promulgated the Arrangement for Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Cases by the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the "**New Reciprocal Arrangement**"), which will become effective when both parties announce a commencement date after the Supreme People's Court promulgates a judicial interpretation and relevant procedures are completed in the HKSAR. According to the New Reciprocal Arrangement, the Reciprocal Arrangement shall be repealed when the New Reciprocal Arrangement becomes effective; however, parties concerned who have signed a "choice of court" agreement in writing specified in the Reciprocal Arrangement before the New Reciprocal Arrangement becomes effective shall remain governed by the Reciprocal Arrangement.

Furthermore, the PRC does not have treaties or agreements providing for the reciprocal recognition and enforcement of judgments awarded by courts of the United States, the United Kingdom, or most other European countries or Japan. Hence, the recognition and enforcement in the PRC of judgment of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or even impossible.

The Group is subject to restrictions on the remittance of Renminbi into and out of the PRC, and governmental controls on currency conversion, and may be affected by the risks relating to fluctuations in exchange rates in the future.

The PRC government imposes controls on the convertibility of Renminbi into foreign currencies, and the remittance of currency out of PRC. A substantial part of the Group's revenues is denominated in Renminbi, a portion of which may need to be converted into other currencies in order to meet the Group's foreign currency obligations, such as payments of principal and interests under the Notes or other foreign currency denominated debt, if any.

Under the existing PRC laws and regulations on foreign exchange, payments of current account items, including profit distributions, interest payments and trade- and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from SAFE, provided that certain procedural requirements are complied with. Approval from, or registration with, competent government authorities is required where Renminbi is to be converted into foreign currency and remitted out of the PRC to pay capital expenses, such as the repayment of loans denominated in foreign currencies. The PRC government may, at its discretion, take measures to restrict access to foreign currencies for current account and capital account transactions under certain circumstances. If the foreign exchange control system prevents the Group from obtaining sufficient foreign currencies to satisfy the Group's foreign currency demands, the Group may not be able to pay interests and/or principal to holders of the Notes or other foreign currency denominated debt, if any. In addition, there can be no assurance that new laws or regulations will not be promulgated in the future that would have the effect of further restricting the remittance of Renminbi into or out of the PRC.

The proceeds from the offering of the Notes will be received in U.S. dollars. As a result, any appreciation of Renminbi against U.S. dollars or any other foreign currencies may result in the decrease in the value of the Group's foreign currency-denominated assets, and the Group's proceeds from the offering of the Notes. Conversely, any depreciation of Renminbi may adversely affect the Group's ability to service the Notes.

The value of Renminbi against U.S. dollars and other foreign currencies is subject to changes in the PRC's policies, as well as international economic and political developments. Renminbi has experienced significant depreciation in value against the U.S. dollar in the past, and there is no assurance that the Renminbi will not experience significant fluctuations against the U.S. dollar in the future. See "*Exchange Rate Information*". The PRC Government may adopt a more flexible currency policy in the future, which could result in further and more significant revaluations of the Renminbi against any foreign currency. Any future exchange rate volatility relating to Renminbi or any significant revaluation of Renminbi may materially and adversely affect the earnings and financial position of the Group.

The proceeds from the offering of the Notes will be received in U.S. dollars. As a result, any appreciation of Renminbi against U.S. dollars or any other foreign currencies may result in the decrease in the value of the Group's foreign currency-denominated assets, and the Group's proceeds from the offering of the Notes. Conversely, any depreciation of Renminbi may adversely affect the Group's ability to service the Notes.

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.

As at the date of this Offering Circular, the Group has approximately 570 employees in total. Some of the Group's employees are currently represented by labour unions. In addition, employees of some of the Group's suppliers, contractors or companies in which the Group has investments may become unionised in the future, or may experience labour instability. The Group is unable to predict the outcome of any future labour negotiations. There can be no assurance that any disputes, work stoppages or strikes will not arise in the future. Any conflicts with the Group's employees or contractors and/or their respective unions could have a material adverse effect on its financial condition and results of operations.

The Labour Contract Law of the PRC 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 labour unions, and employee general assembly, employment without a contract, dismissal of employees, compensation upon termination, overtime work, and collective bargaining. According to the Labour Contract Law of the PRC, 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.

RISKS RELATING TO THE NOTES

The PRC government has no obligations to pay any amount under the Notes.

The PRC government (including the Ganzhou Municipal Government and Ganzhou SASAC) is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Notes. This position has been reinforced by the MOF Circular 23 and the Circular of the National Development and Reform Commission and the Ministry of Finance on Improvement of Market Regulatory Regime and Strict Prevention of Foreign Debt Risks and Local Government Indebtedness Risks (Fa Gai Wai Zi [2018] No. 706) (國家發展改革委、財政部關於完善市場約束機制嚴格防範外債風險和地方債務風險的通知(發改外資[2018]706號)) ("**Joint Circular 706**").

The Circular 666, which emphasizes once again that (i) a local state-owned enterprise shall fulfil responsibilities for repayment for foreign debts in the capacity of independent legal person and shall intensify information disclosure; (ii) a local government or its departments shall not directly repay or undertake to repay foreign debts of a local state-owned enterprise with financial capital, or provide guarantee for the issuance of foreign debts by a local state-owned enterprise; and (iii) it is forbidden to mingle any misleading publicity information probably linked to government credit in documents such as this Offering Circular.

The PRC government (including Ganzhou SASAC), as the ultimate shareholder of the Issuer, only has limited liability in the form of its equity contribution in the Issuer. As such, the PRC government does not have any payment obligations under the Notes or the Trust Deed if the Issuer fails to meet its obligations. The Notes are solely to be repaid by the Issuer as an obligor under the relevant transaction documents and as an independent legal person. In addition, any ownership or control by the PRC government does not necessarily correlate to, or provide any assurance as to, any of the Issuer's financial condition. Investments in the Notes are reliant solely on the credit risk of the Issuer. Therefore, investors should base their investment decision only on the financial condition of the Issuer and the Group and base any perceived credit risk associated with an investment in the Notes only on the Group's own financial information reflected in its audited consolidated financial statements. In the event the Issuer does not fulfil its obligations under the Notes, investors will only be able to claim as unsecured creditors against the Issuer and its assets, and not any other person including the PRC government, Ganzhou Municipal Government, Ganzhou SASAC or any other local or municipal government. As the MOF Circular 23 and the Joint Circular 706 are relatively new, and given the limited volume of published decisions related to these circulars, the interpretation and enforcement of these laws and regulations involve uncertainties.

The Notes are unsecured obligations.

As the Notes are unsecured obligations of the Issuer, the repayment of the Notes may be compromised if:

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

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

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

The Notes 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 Notes unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Each potential investor in the Notes 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 Notes, the merits and risks of investing in the Notes 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 Notes 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 Notes;

- understand thoroughly the terms of the Notes 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 Notes may not develop.

The Notes are a new issue of securities for which there is currently no trading market. Although an application will be made to the HKSE for the listing of, and permission to deal in, the Notes by way of debt issues to Professional Investors only, no assurance can be given that such application will be approved, or even if the Notes become so listed, an active trading market for the Notes will develop or be sustained. No assurance can be given as to the ability of holders to sell their Notes or the price at which holders will be able to sell their Notes. In addition, one or more initial investors in the Notes may purchase a significant portion of the aggregate principal amount of the Notes pursuant to the offering. The existence of any such significant Noteholder(s) may reduce the liquidity of the Notes in the secondary trading market. Accordingly, there can be no assurance as to the liquidity of the Notes or that an active trading market will develop. If such a market were to develop, the Notes could trade at prices that may be higher or lower than the initial issue price depending on many factors, including prevailing interest rates, the Group's operations and the market for similar notes.

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

The price and trading volume of the Notes 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 Notes to change. Any such developments may result in large and sudden changes in the trading volume and price of the Notes. 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 Notes.

The market price of the Notes may be adversely affected by declines in the international financial markets and world economic conditions. The market for the Notes 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. The political, social and macroeconomic impact of post-Brexit is uncertain, which could potentially lead to volatility in the global markets. If similar developments occur in the international financial markets in the future, the market price of the Notes could be adversely affected.

Investment in the Notes is subject to exchange rate risks.

Investment in the Notes is subject to exchange rate risks. The value of the U.S. dollar against the Renminbi and other foreign currencies fluctuates and is affected by changes in the United States and international political and economic conditions and by many other factors. The Issuer will make all payments of interest and principal with respect to the Notes in U.S. dollars. As a result, the value of these U.S. dollar payments may vary with the prevailing exchange rates in the marketplace. If the value of the U.S. dollar depreciates against the Renminbi or other foreign currencies, the value of a Noteholder's investment in Renminbi or other applicable foreign currency terms will decline.

Changes in interest rates may have an adverse effect on the price of the Notes.

The Noteholders 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 Notes, resulting in a capital loss for the Noteholders. However, the Noteholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, the prices of the Notes may rise. The Noteholders may enjoy a capital gain, but interest payments received may be reinvested at lower prevailing interest rates. As the Notes will carry a fixed interest rate, the trading price of the Notes will consequently vary with the fluctuations in interest rates. If the Noteholders propose to sell their Notes before their maturity, they may receive an offer lower than the amount they have invested.

The Issuer may be unable to redeem the Notes.

On certain dates, including, but not limited to, the occurrence of a Change of Control or a Non-Registration Event and at maturity of the Notes, the Issuer may, and at maturity will be required to, redeem all of the Notes. 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 Notes in time, or on acceptable terms, or at all. The ability to redeem the Notes in such an event may also be limited by the terms of other debt instruments. Failure to redeem the Notes by the Issuer, in such circumstances, would constitute an Event of Default under the Notes, which may also constitute a default under the terms of other indebtedness of the Issuer or its subsidiaries.

Any failure to complete the relevant filing under Circular 2044 and the relevant filings with SAFE within the prescribed timeframe following the issue of the Notes may have adverse consequences for the Issuer and/or investors of the Notes.

According to Circular 2044, domestic enterprises and their overseas controlled entities shall procure the registration of debt securities with a maturity of one year or above issued outside the PRC with the NDRC prior to the issue of the securities and notify the particulars of the relevant issues within 10 working days after the completion of the issue of the securities. The Issuer has obtained the NDRC pre-issuance registration on 25 January 2021. The legal consequences of non-compliance with the post-issue notification requirement under Circular 2044 are unclear. In the worst-case scenario, such non-compliance with the post-issue notification requirement under Circular 2044 may result in it being unlawful for the Issuer to perform or comply with any of its obligations under the Notes. The Issuer undertakes to file or cause to be filed with the NDRC the requisite information and documents within the prescribed time period after the Issue Date in accordance with Circular 2044.

SAFE issued the Administrative Measures for Foreign Debt Registration (外債登記管理辦法) (the "**Foreign Debt Registration Measures**") on 28 April 2013, which came into effect on 13 May 2013. According to the Foreign Debt Registration Measures, the debtor shall submit foreign debt registration when borrowing foreign debts in accordance with laws and regulations. For the domestic debtors besides financial institutions and banks ("**Non-Bank Debtors**"), they shall submit filing or registration procedures of foreign debts with the local counterparts of the SAFE. According to the Operation Guidelines for Administration of Foreign Debt Registration (外債登記管理操作指引) promulgated together with Foreign Debt Registration Measures, Non-Bank Debtors shall complete the foreign debt registration procedure within 15 working days after execution of related deeds of foreign debts. In addition, the PBOC issued the

Circular on Matters Concerning the Macro- prudential Management of Full-Covered Cross-border Financing (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知), which came into effect on 12 January 2017. Pursuant to article 40 of Interim Measures on the Management of Foreign Debts (外債管理暫行辦法) promulgated by MOF, the NDRC and SAFE, a failure by a domestic entity to register a foreign debt contract will render the contract not legally binding and unenforceable. Thus, before such registration of the Notes is completed, it is uncertain whether the Notes are enforceable as a matter of PRC law and it may be difficult for Noteholders to recover amounts due from the Issuer, and the Issuer may not be able to remit the proceeds of the issue of the Notes into the PRC or remit money out of the PRC in order to meet its payment obligations under the Notes. In the unlikely event that the Issuer is unable to complete such registration within the relevant time period, Noteholders will have the right to require the Issue to redeem their holding of Notes. However, notwithstanding such right, if the Issuer fails to complete the registration with the local branch of SAFE, the Issuer may have difficulty in remitting funds offshore to service payments in respect of the Notes and investors may encounter difficulties in enforcing judgments obtained in the Hong Kong courts with respect to the Notes and the Trust Deed in the PRC. In such circumstances, the value and secondary market price of the Notes may be materially and adversely affected.

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

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

The Notes are the Issuer's unsecured obligations and will: (i) rank equally in right of payment with all the Issuer's other present and future unsubordinated and unsecured indebtedness; (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 Notes, these assets will be available to pay obligations on the Notes only after all other debt secured by these assets has been repaid in full. If there are not sufficient assets remaining to pay all these creditors, then all or a portion of the Notes then outstanding would remain unpaid.

The insolvency laws of the PRC and other local insolvency laws may differ from those of another jurisdiction with which the holders of the Notes are familiar.

Since the Issuer is incorporated under the laws of the PRC, any insolvency proceedings relating to the Issuer, even if brought in other jurisdictions, would likely involve the PRC insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the holders of the Notes are familiar.

The Issuer's subsidiaries, jointly controlled entities and associated companies may be subject to restrictions on the payment of dividends and the repayment of intercompany loans or advances to the Issuer, its jointly controlled entities and associated companies.

As a holding company, the Issuer will depend on the receipt of dividends and the interest and principal payments on intercompany loans or advances from its subsidiaries, jointly controlled entities and associated companies to satisfy its obligations under the Notes. The ability of the Issuer's subsidiaries, jointly controlled entities and associated companies to pay dividends and make payments on intercompany loans or advances to their shareholders is subject to, among other things, distributable earnings, cash flow conditions, restrictions contained in the articles of association of these companies, applicable laws and restrictions contained in the debt instruments of such companies. There can be no assurance that the Issuer's subsidiaries, jointly controlled entities and associated companies will have distributable earnings or will be permitted to distribute their distributable earnings to it as it anticipates, or at all. In addition, dividends payable to it by these companies are limited by the percentage of its equity ownership in these companies. In particular, the Issuer does not maintain complete control over its jointly controlled entities or associates in which it might hold a minority interest. Further, if any of these companies raises capital by issuing equity securities to third parties, dividends declared and paid with respect to such shares would not be available to the Issuer to make payments under the Notes. These factors could reduce the payments that the Issuer receives from its subsidiaries, jointly controlled entities and associated companies, which would restrict its ability to meet its payment obligations under the Notes.

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

If the Issuer is unable to comply with its 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, accelerate repayment of the debt and declare all outstanding amounts due and payable or terminate the agreements, as the case may be. Furthermore, some debt agreements of the Issuer may contain cross-acceleration or cross-default provisions. As a result, default under one debt agreement of the Issuer may cause the acceleration of repayment of not only such debt but also other debt, including the Notes, or result in a default under other debt agreements of the Issuer. If any of these events occur, the Issuer cannot assure holders that its assets and cash flows would be sufficient to repay in full all of its indebtedness, or that it would be able to find alternative financing. Even if the Issuer could obtain alternative financing, there is no assurance that it would be on terms that are favourable or acceptable to it.

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

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 Notes.

Additional procedures may be required to be taken to bring English law governed matters or disputes to the Hong Kong courts and the holders of the Notes 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 of the Notes and the transaction documents 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 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 in respect of a dispute 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 holders of the Notes will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts, and thus the holder's ability to initiate a claim outside Hong Kong will be limited.

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

Where the Trustee is, under the provisions of the Trust Deed, bound to act at the request or direction of the Noteholders, the Trustee shall nevertheless not be so bound unless first indemnified and/or provided with security and/or pre-funded to its satisfaction against all actions, proceedings, claims and demands to which it may render itself liable and all costs, charges, damages, expenses and liabilities which it may incur by so doing. Negotiating and agreeing to an indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions, 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 of the Notes 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 Notes to take such actions directly.

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

The Terms and Conditions of the Notes contain provisions for calling meetings of the holders of the Notes to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, including those Noteholders who did not attend and vote at the relevant meeting and those Noteholders who voted in a manner contrary to the majority. There is a risk that the decision of the majority of holders of the Notes may be adverse to the interests of the individual holders of the Notes. The Terms and Conditions of the Notes also provide that the Trustee may, without the consent of the holders of the Notes, agree to any modification of the Trust Deed, the Terms and Conditions of the Notes and/or the Agency Agreement (other than in respect of a reserved matter) which, in the opinion of the Trustee, will not be materially prejudicial to the interests of the holders of the Notes and to any modification of the Notes, the Trust Deed or the Agency Agreement which is of a formal, minor or technical nature or is to correct a manifest error.

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

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

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

While the Notes are represented by the Global Note Certificate, the Issuer will discharge its payment obligations under the Notes by making payments to the common depositary for Euroclear and Clearstream for distribution to their account holders. A holder of a beneficial interest in a Global Note Certificate must rely on the procedures of the relevant Clearing System to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Note Certificate.

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

Gains on the transfer of the Notes and interest payable by the Issuer to overseas Noteholders may be subject to tax under PRC tax laws.

Under the Enterprise Income Tax Law of the PRC ("**EIT Law**") (中華人民共和國企業所得稅法), which took effect on 1 January 2008 and was last revised on 29 December 2018, and its implementation rules, any gains realised on the transfer of the Notes 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 Notes by non-resident enterprise Noteholders would be treated as income 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 Notes by individual Noteholders 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 Notes minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排) (the "**Taxation Arrangement**") which was promulgated on 21 August 2006, Noteholders 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 Notes, if such capital gains are not connected with an office or establishment that the Noteholders have in the PRC and all the other relevant conditions are satisfied.

Pursuant to the EIT Law, the PRC Individual Income Tax Law (the "**IIT Law**") (中華人民共和國個人所得稅法), which took effect on 30 June 2011 and was last revised on 31 August 2018, and the implementation regulations in relation to both the EIT Law and the IIT Law, PRC income tax at a rate of 10 per cent. or 20 per cent. is normally applicable to PRC-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 Noteholders would be regarded as PRC-sourced, and therefore be subject to PRC income tax at a rate of 10 per cent. for non-resident enterprise Noteholders and at a rate of 20 per cent. for non-resident individual Noteholders (or a lower treaty rate, if any).

On 23 March 2016, the Ministry of Finance and the State Administration of Taxation of the PRC issued the Circular of Full Implementation of Business Tax to Value Added Tax Reform (財政部國家稅務總局關於全面推開營業稅改徵增值稅試點的通知) ("**Circular 36**") which introduced a new value-added tax ("**VAT**") from 1 May 2016. VAT is applicable where the entities or individuals provide services within the PRC. Based on the definition of "**loans**" under Circular 36, the issuance of Notes is likely to be treated as the holders of the Notes providing loans to the Issuer, which thus shall be regarded as financial services subject to VAT. Further, given that the Issuer is located in the PRC, the holders of the Notes would be regarded as providing the financial services within China and, consequently, the holders of the Notes shall be subject to VAT at the rate of 6 per cent. and certain surcharges on payments of interest and certain other amounts on the Notes paid by the Issuer to Noteholders that are non-resident enterprises or individuals.

VAT is unlikely to be applicable to any transfer of Notes between entities or individuals located outside the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Notes, but there is uncertainty as to the applicability of VAT if either the seller or the buyer of Notes is located inside the PRC. As Circular 36, together with other laws and regulations pertaining to VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties.

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

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

There can be no assurance as to whether or not payments on the Notes may be made without withholding taxes or deductions applying from the Issue Date on account of any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the PRC or any subdivision or authority therein or thereof having power to tax. Although, pursuant to the Terms and Conditions of the Notes, the Issuer is required to gross up payments on account of any such withholding taxes or deductions (whether by way of enterprise income tax ("**EIT**"), business tax, VAT or otherwise), the Issuer also has the right to redeem the Notes at any time in the event that (i) it has paid, or will become obliged to pay, additional tax amounts on account of any existing or future withholding or deduction for any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the PRC in excess of the applicable rate on 29 September 2021, or any political subdivision or any authority therein or thereof having power to tax as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 29 September 2021, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it.

On 23 March 2016, the MOF and the STA issued Circular 36 which introduces VAT from 1 May 2016. VAT is applicable where the entities or individuals provide services within the PRC. However, Circular 36 and laws and regulations pertaining to VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties but if the withholding tax applicable increases from that applicable on 29 September 2021 as a result of Circular 36, the Issuer is entitled to redeem the Notes under the Terms and Conditions of the Notes. For more details, see "*Taxation – PRC – Value-added Tax*".

If the Issuer redeems the Notes prior to their maturity dates, investors may not receive the same economic benefits they would have received had they held the Notes 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 Notes may reduce the market price of the Notes.

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

In relation to any Notes which has a principal amount consisting of a minimum specified denomination plus an integral multiple of another smaller amount, it is possible that the Notes 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 Noteholder 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 Notes be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more specified denominations. If definitive Notes are issued, holders should be aware that a definitive certificate which has a principal amount that is not an integral multiple of the minimum specified denomination may be illiquid and difficult to trade.

The Issuer may issue additional Notes in the future.

The Issuer may, from time to time, and without prior consultation of the Noteholders, create and issue further Notes (see "*Terms and Conditions of the Notes – 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 Notes.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the Terms and Conditions of the Notes which (subject to modification and except for the paragraphs in italics) will be endorsed on the Note Certificates (as defined below) issued in respect of the Notes.

The U.S.$150,000,000 3.00 per cent. Notes due 2024 (the "**Notes**", which expression, unless the context requires otherwise, includes any further notes issued pursuant to Condition 14 (*Further Issues*) to be consolidated into and forming a single series therewith) of Ganzhou Urban Investment Holding Group Co., Ltd. (贛州城市投資控股集團有限責任公司) (the "**Issuer**") are constituted by, are subject to, and have the benefit of, a trust deed dated 12 October 2021 (as amended, restated, replaced and/or supplemented from time to time, the "**Trust Deed**") between the Issuer and Citicorp International Limited as trustee (the "**Trustee**", which expression includes all persons for the time being trustee or trustees appointed under the Trust Deed) and are the subject of an agency agreement dated 12 October 2021 (as amended, restated, replaced and/or supplemented from time to time, the "**Agency Agreement**") between the Issuer, Citibank, N.A., London Branch as registrar (the "**Registrar**", which expression includes any successor registrar appointed from time to time in connection with the Notes), Citibank, N.A., London Branch as principal paying agent (the "**Principal Paying Agent**", which expression includes any successor principal paying agent appointed from time to time in connection with the Notes), the transfer agents named therein (the "**Transfer Agents**", which expression includes any successor or additional transfer agents appointed from time to time in connection with the Notes), the paying agents named therein (together with the Principal Paying Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes) and the Trustee. References herein to the "**Agents**" are to the Registrar, the Principal Paying Agent, the Transfer Agents and other Paying Agents and any reference to an "**Agent**" is to any one of them.

Certain provisions of these terms and conditions of the Notes (these "**Conditions**") are summaries of the Trust Deed and the Agency Agreement and are subject to their detailed provisions. The Noteholders (as defined below) are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them. Copies of the Trust Deed and the Agency Agreement are available for inspection by Noteholders during normal business hours (being 9:00 am to 3:00 pm) upon prior written request and satisfactory proof of holding at the Specified Office (as defined in the Agency Agreement) of the Principal Paying Agent, the initial Specified Office of which is set out below. All capitalised terms that are not defined in the Conditions have the same meanings given to them in the Trust Deed.

1. **Form, Denomination and Status**

(a) *Form and denomination*: The Notes are in registered form in the denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof (each, an "**Authorised Denomination**").

(b) *Status of the Notes*: The Notes constitute direct, general, unsubordinated, unconditional and (subject to Condition 3(a) (*Negative Pledge*)) unsecured obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsubordinated and unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

*Upon issue, the Notes will be evidenced by a global note certificate (the "**Global Note Certificate**") substantially in the form scheduled to the Trust Deed. The Global Note Certificate will be registered in the name of a nominee for, and deposited with, a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**"), and will be exchangeable for individual Note Certificates (as defined below) only in the circumstances set out therein. These Conditions are modified by certain provisions contained in the Global Note Certificate while any of the Notes are evidenced by the Global Note Certificate.*

2. **Register, Title and Transfers**

(a) *Register*: The Registrar will maintain a register (the "**Register**") in respect of the Notes in accordance with the provisions of the Agency Agreement. In these Conditions, the "**Holder**" of a Note means the person in whose name such Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and "**Noteholder**" shall be construed accordingly. A certificate (each, a "**Note Certificate**") will be issued to each Noteholder in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register.

(b) *Title*: The Holder of each Note shall (except as otherwise required by law or as ordered by a court of competent jurisdiction) be treated as the absolute owner of such Note for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Note Certificate) and no person shall be liable for so treating such Holder. Except as otherwise provided for in the Trust Deed, no person shall have any right to enforce any term or condition of the Notes or the Trust Deed under the Contracts (Rights of Third Parties) Act 1999.

(c) *Transfers*: Subject to paragraphs (f) (*Closed periods*) and (g) (*Regulations concerning transfers and registration*) below, a Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; *provided, however, that* a Note may not be transferred unless the principal amount of Notes transferred and (where not all of the Notes held by a Holder are being transferred) the principal amount of the balance of Notes not transferred are Authorised Denominations. Where not all the Notes evidenced by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Notes will be issued to the transferor. No transfer of title to a Note will be valid unless and until registered on the Register.

Transfers of interests in the Notes evidenced by the Global Note Certificate will be effected in accordance with the rules of the relevant clearing systems.

(d) *Registration and delivery of Note Certificates*: Within five business days of the surrender of a Note Certificate in accordance with paragraph (c) (*Transfers*) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured mail to the address specified for the purpose by such relevant Holder. In this paragraph, "**business day**" means a day (other than a Saturday, Sunday or public holiday) on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.

Except in the limited circumstances described in the Global Note Certificate, owners of interests in the Notes will not be entitled to receive physical delivery of individual Note Certificates.

(e) *No charge*: The transfer of a Note will be effected without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent but against such payment or indemnity, security and/or pre-funding as the Registrar or (as the case may be) such 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 transfer.

(f) *Closed periods*: Noteholders may not require transfers to be registered (i) during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Notes; (ii) during the period of 15 days ending on the date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 5(b) (*Redemption for tax reasons*) or (iii) after a Put Exercise Notice (as defined in Condition 5(c) (*Redemption for a Relevant Event*)) has been delivered in respect of the relevant Notes in accordance with Condition 5(c) (*Redemption for a Relevant Event*).

(g) *Regulations concerning transfers and registration*: All transfers of Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Notes, 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 Trustee and the Registrar, or by the Registrar with the prior written approval of the Trustee. A copy of the current regulations will be made available for inspection by the Registrar to any Noteholder upon prior written request and satisfactory proof of holding.

3. Covenants

(a) *Negative Pledge*: So long as any Note remains outstanding (as defined in the Trust Deed), the Issuer shall not, and the Issuer shall procure that none of its Subsidiaries will, create or permit to subsist any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or guarantee or indemnity of any Relevant Indebtedness without at the same time or prior thereto (i) securing the Notes equally and rateably therewith or (ii) providing such other security for the Notes as the Trustee may in its absolute discretion consider to be not materially less beneficial to the interests of the Noteholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of Noteholders.

(b) *Financial Statements etc.*: So long as any Note remains outstanding, the Issuer shall provide to the Trustee:

(i) (A) a copy of the Issuer Audited Financial Reports within 150 days of the end of each Relevant Period, prepared in accordance with PRC GAAP (audited by a nationally recognised firm of independent accountants); and (B) a copy of the Issuer Semi-Annual Unaudited Financial Reports within 90 days of the end of each Relevant Period, prepared on a basis consistent with the Issuer Audited Financial Reports; *provided that*, if at any time the capital stock of the Issuer is listed for trading on a recognised stock exchange, the Issuer may make available to the Trustee, as soon as they are available but in any event not more than 14 days after any financial or other reports of the Issuer are filed with the exchange on which the Issuer's capital stock is at such time listed for trading, true and correct copies of any financial or other report filed with such exchange in lieu of the reports identified in Conditions 3(b)(i)(A) or 3(b)(i)(B) above and, if the Issuer Audited Financial Reports and/or the Issuer Semi-Annual Unaudited Financial Reports, as the case may be, shall be in the Chinese language, together with an English language translation of the same translated by (x) a nationally recognised firm of independent accountants or (y) a professional translation service provider and checked by a nationally recognised firm of independent accountants, together with a certificate signed by an Authorised Signatory (as defined in the Trust Deed) of the Issuer certifying that such translation is complete and accurate; and

(ii) a Compliance Certificate (on which the Trustee may rely as to such compliance) within 14 days of a written request by the Trustee and at the time of provision of the Issuer Audited Financial Reports.

The Trustee shall not be required to review the Issuer Audited Financial Reports and/or the Issuer Semi-Annual Unaudited Financial Reports or any financial or other report furnished or delivered to it as contemplated in this Condition 3(b) and, if the same shall not be in the English language, shall not be required to request for or obtain or arrange for an English language translation of the same, and the Trustee shall not be liable to any Noteholders or any other person for not doing so.

(c) *Notification to NDRC*: The Issuer undertakes to file or cause to be filed with the NDRC the requisite information and documents within 10 PRC Business Days after the Issue Date (as defined herein) in accordance with the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號)) issued by the NDRC and which came into effect on 14 September 2015, and any implementation rules, reports, certificates, approvals or guidelines as issued by the NDRC (the "**NDRC Post-issue Filing**").

The Issuer shall within 10 PRC Business Days after submission of such NDRC Post-issue Filing (i) provide the Trustee with a certificate (substantially in the form scheduled to the Trust Deed) signed by an Authorised Signatory of the Issuer confirming the submission of the NDRC Post-issue Filing (together with the document(s), if any, evidencing due filing with the NDRC) and (ii) give notice to the Noteholders in accordance with Condition 15 (*Notices*) of the same.

(d) *Registration with SAFE*: The Issuer undertakes to file or cause to be filed with SAFE the requisite information and documents within the prescribed time frame in accordance with (i) the Administrative Measures for Foreign Debt Registration (《外債登記管理辦法》) issued by SAFE and which came into effect on 13 May 2013, and (ii) the Circular on Relevant Matters about the Macro-Prudential Management of Cross-Border Financing in Full Aperture (《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》) issued by the PBOC and which came into effect on 12 January 2017 and, any implementation rules, reports, certificates, approvals or guidelines as issued by SAFE or the PBOC, as the case may be (the "**Foreign Debt Registration**"), and to comply with all applicable PRC laws and regulations in relation to the Notes.

The Issuer shall complete the Foreign Debt Registration on or before the SAFE Registration Deadline and shall within 10 PRC Business Days after SAFE has notified it of the completion of the Foreign Debt Registration, (i) provide the Trustee with a certificate (substantially in the form scheduled to the Trust Deed) signed by an Authorised Signatory of the Issuer confirming the completion of the Foreign Debt Registration (together with a copy of the relevant document(s) issued by SAFE evidencing the completion of the Foreign Debt Registration (collectively, the "**Registration Documents**")) and (ii) give notice to the Noteholders in accordance with Condition 15 (*Notices*) of the same.

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

In these Conditions:

"**Compliance Certificate**" means a certificate in English of the Issuer signed by an Authorised Signatory of the Issuer stating that, having made all enquiries, to the best of the knowledge, information and belief of the Issuer as at a date (the "**Certification Date**") not more than five days before the date of the certificate:

(i) no Event of Default (as defined in Condition 8 (*Events of Default*)), or an event or circumstance which could, with the giving of notice, lapse of time, the issuing of a certificate and/or fulfilment of any other requirement provided for in Condition 8 (*Events of Default*), become an Event of Default (a "**Potential Event of Default**"), or a Relevant Event had occurred since the Certification Date of the last such certificate or (if none) the date of the Trust Deed or, if such an event had occurred, giving details of it; and

(ii) the Issuer has complied with all its obligations under the Trust Deed, the Agency Agreement and the Notes or, if the Issuer has not complied with all such obligations, giving details of that non-compliance;

"**Hong Kong**" means the Hong Kong Special Administrative Region of the People's Republic of China;

"**Issuer Audited Financial Reports**" means the annual audited consolidated balance sheet, income statement, cash flow statement and statement of changes in equity of the Issuer together with any statements, reports (including any directors' and auditors' reports) and notes attached to or intended to be read with any of them;

"**Issuer Semi-Annual Unaudited Financial Reports**" means the semi-annual unaudited and unreviewed condensed consolidated balance sheet, income statement, cash flow statement and statement of changes in equity of the Issuer together with any notes attached to or intended to be read with any of them, if any;

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

"**PBOC**" means the People's Bank of China;

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

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

"**PRC Business Day**" means a day on which commercial banks are generally open for business in the PRC;

"**PRC GAAP**" means the Accounting Standards for Business Enterprises and other specific standards issued by the Ministry of Finance of the PRC, and all applicable guidance, bulletins and other relevant accounting regulations issued thereafter, as amended from time to time;

"**Relevant Indebtedness**" means any present or future indebtedness incurred outside of the PRC which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument 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);

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

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

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

"**Security Interest**" means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction; and

"**Subsidiary**" means, in relation to any Person (the "**first Person**") at any particular time, any other Person (the "**second Person**"):

(i) whose affairs and policies the first Person Controls (as defined below) or has the power to Control (as defined below), whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or

(ii) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person.

4. **Interest**

The Notes bear interest from 12 October 2021 (the "**Issue Date**") at the rate of 3.00 per cent. per annum, (the "**Rate of Interest**") payable semi-annually in arrear in equal instalments on 12 April and 12 October in each year (each, an "**Interest Payment Date**"), subject as provided in Condition 6 (*Payments*) commencing 12 April 2022.

Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which case it will 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 Note up to that day are received by or on behalf of the relevant Noteholder and (b) the day which is seven days after the Principal Paying Agent or the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

The amount of interest payable on each Interest Payment Date shall be U.S.$15.00 in respect of each Note of U.S.$1,000 denomination (the "**Calculation Amount**"). The amount of interest payable per Calculation Amount for any other period shall be equal to the product of the Rate of Interest, 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).

If interest is required to be calculated for a period of a less than 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 first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date are each an "**Interest Period**".

5. **Redemption and Purchase**

(a) *Scheduled redemption*: Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on 12 October 2024, subject as provided in Condition 6 (*Payments*).

(b) *Redemption for tax reasons*: The Notes 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 in accordance with Condition 15 (*Notices*) to the Noteholders (which notice shall be irrevocable) at their principal amount, together with interest accrued to (but not including) the date fixed for redemption, if, immediately before giving such notice, the Issuer satisfies the Trustee that:

(i) the Issuer has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 29 September 2021; and

(ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it;

provided, however, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee:

(A) a certificate signed by an Authorised Signatory of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and

(B) an opinion in form and substance satisfactory to the Trustee of independent legal or tax advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such Additional Tax Amounts as a result of such change or amendment.

The Trustee shall be entitled (but not obliged) to accept and rely upon such certificate and opinion (without further investigation or enquiry) as sufficient evidence of the satisfaction of the circumstances set out in (i) and (ii) above, in which event they shall be conclusive and binding on the Noteholders, and the Trustee shall be protected and shall have no liability to any Noteholder or any person for so accepting and relying on such certificate or opinion.

Upon the expiry of any such notice period as is referred to in this Condition 5(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 5(b).

(c) *Redemption for a Relevant Event*: At any time following the occurrence of a Relevant Event, the Holder of any Note will have the right, at such Holder's option, to require the Issuer to redeem all but not some only of that Holder's Notes on the Put Settlement Date (as defined below) at 101 per cent. of their principal amount (in the case of a redemption for a Change of Control) or 100 per cent. of their principal amount (in the case of a redemption for a Non-Registration Event), in each case, together with accrued interest to (but not including) such Put Settlement Date. To exercise such right, the Holder of the relevant Note must deposit at the Specified Office of any Paying Agent a duly completed and signed notice of redemption, substantially in the form scheduled to the Agency Agreement, obtainable from the Specified Office of any Paying Agent (a "**Put Exercise Notice**"), together with the Note Certificates evidencing the Notes 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 Noteholders by the Issuer in accordance with Condition 15 (*Notices*). The "**Put Settlement Date**" shall be the 14th day after the expiry of such period of 30 days as referred to above.

A Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Notes subject to the Put Exercise Notices delivered as aforesaid.

The Issuer shall give notice to Noteholders in accordance with Condition 15 (*Notices*) and to the Trustee and the Principal Paying Agent in writing by not later than 14 days (in the case of a redemption for a Change of Control) or five days (in the case of a redemption for a Non-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 Notes pursuant to this Condition 5(c).

Neither the Trustee nor any of the Agents will be required to take any steps to monitor or ascertain whether a Change of Control, a Non-Registration Event or any event which could lead to the occurrence of a Change of Control or Non-Registration Event has occurred and none of them shall be responsible to the Noteholders or any other person for any loss arising from any failure to do so.

So long as the Notes are represented by the Global Note Certificate, a Holder's right to redemption of the Notes due to a Relevant Event will be effected in accordance with the rules of the relevant clearing systems.

In these Conditions:

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

(a) Ganzhou State-owned Assets Supervision and Administration Commission of the State Council (贛州市國有資產監督管理委員會), the People's Government of Jiangxi Province (including its departments and agencies) or any other Person directly or indirectly Controlled thereby or any other Person (directly or indirectly) wholly controlled by the central government of the PRC (including but not limited to the Social Security Fund of the PRC) (each a "**PRC Government Person**"), together, ceases to Control the Issuer; or

(b) the Issuer consolidates with or merges into or sells or transfers all or substantially all of its assets to any other person or persons, acting together, except where such person(s) is/are Controlled, directly or indirectly by a PRC Government Person;

"**Control**" means with respect to a Person (where applicable): (i) the ownership or control of 100 per cent. of the issued share capital of such Person; or (ii) the possession, directly or indirectly, of the power to nominate or designate all members then in office of such Person's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise. For the avoidance of doubt, a Person is deemed to Control another Person so long as it fulfils one of the two foregoing requirements and the terms "**Controlling**" and "**Controlled**" have meanings correlative to the foregoing;

a "**Non-Registration Event**" occurs when the Registration Condition has not been satisfied on or prior to the SAFE Registration Deadline;

"**Registration Condition**" means the receipt of the certificate referred to in Condition 3(d) (*Registration with SAFE*) and a copy of the Registration Documents by the Trustee and the publication of the notice to Noteholders of completion of the Foreign Debt Registration by the Issuer in accordance with Condition 3(d) (*Registration with SAFE*);

"**Relevant Event**" means a Change of Control or a Non-Registration Event.

(c) *No other redemption*: The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) (*Scheduled redemption*) to (c) (*Redemption for a Relevant Event*) above.

(d) *Purchase*: The Issuer or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price.

(e) *Cancellation*: All Notes so redeemed or purchased by the Issuer or any of its Subsidiaries shall be cancelled and may not be reissued or resold. The obligations of the Issuer in respect of such Notes duly cancelled shall be discharged.

(f) *No duty to monitor*: The Trustee and the Agents shall not be obliged to take any steps to ascertain whether a Relevant Event, Potential Event of Default or Event of Default has occurred or to monitor the occurrence of any Relevant Event, Potential Event of Default or Event of Default, and shall not be liable to the Noteholders or any other person for not doing so.

(g) *Calculations*: Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying the calculations of any amount payable under any notice of redemption or have a duty to verify accuracy, validity and/or genuineness of any documents in relation to or in connection thereto, and shall not be liable to the Noteholders or any other person for not doing so.

6. Payments

(a) *Principal*: Payments of principal and premium (if any) shall be made by wire transfer to a U.S. dollar account maintained by the payee and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

(b) *Interest*: Payments of interest shall be made by wire transfer to a U.S. dollar account maintained by the payee and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of any Paying Agent.

(c) *Payments subject to fiscal laws*: All payments in respect of the Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*) 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 7 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(d) *Payments on business days*: Payment instructions (for value the due date, or, if the due date is not a business day, for value the next succeeding business day) will be initiated (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from the due date for a payment not being a business day. In this paragraph, "**business day**" means any day on which banks are open for general business (including dealings in foreign currencies) in Hong Kong, the PRC, New York City and, in the case of surrender (or, in the case of part payment only, endorsement) of a Note Certificate, in the place in which the Note Certificate is surrendered (or, as the case may be, endorsed).

(e) *Partial payments*: If a Paying Agent makes a partial payment in respect of any Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note Certificate.

(f) *Record date*: Each payment in respect of a Note will be made to the person shown as the Holder in the Register at the close of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment (the "**Record Date**").

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

7. Taxation

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

Where such withholding or deduction is made by the Issuer by or within the PRC at the rate up to and including the rate applicable on 29 September 2021 (the "**Applicable Rate**"), the Issuer will pay such additional amounts as will result in receipt by the Noteholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required.

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

(a) held by a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of its having some connection with the PRC other than the mere holding of the Note; or

(b) where (in the case of a payment of principal or interest on redemption) the relevant Note Certificate is surrendered for payment more than 30 days after the Relevant Date except to the extent that the relevant Holder would have been entitled to such Additional Tax Amounts if it had surrendered the relevant Note Certificate on the last day of such period of 30 days.

In these Conditions, "**Relevant Date**" means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received by the Principal Paying Agent or the Trustee on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders.

Any reference in these Conditions to principal, premium (if any) or interest shall be deemed to include any additional amounts in respect of principal, premium (if any) or interest (as the case may be) which may be payable under this Condition 7 (*Taxation*) or any undertaking given in addition to or in substitution of this Condition 7 (*Taxation*) pursuant to the Trust Deed.

If the Issuer becomes subject at any time to any taxing jurisdiction other than the PRC, references in these Conditions to the PRC shall be construed as references to the PRC and/or such other jurisdiction.

Neither the Trustee nor any Agent shall in any event be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 7 or for determining whether such amounts are payable or the amount thereof, and shall not be responsible or liable for any failure by the Issuer or the Noteholders or any other person to pay such tax, duty, charges, withholding or other payment in any jurisdiction or be responsible to provide any notice or information in relation to the Notes in connection with payment of such tax, duty, charges, withholding or other payment imposed by or in any jurisdiction.

8. Events of Default

If any of the following events occurs (each, an "**Event of Default**"), then the Trustee at its discretion may and, if so requested in writing by Holders of at least one quarter of the aggregate principal amount of the outstanding Notes or if so directed by an Extraordinary Resolution, shall (subject to the Trustee having been indemnified and/or provided with security and/or pre-funded to its satisfaction) give written notice to the Issuer declaring the Notes to be immediately due and payable, whereupon the Notes shall become immediately due and payable at their principal amount together with accrued interest (if any) without further action or formality:

(a) *Non-payment*: the Issuer (i) fails to pay any amount of principal in respect of the Notes on the due date for payment thereof or (ii) fails to pay any amount of interest in respect of the Notes on the due date for payment thereof and such failure to pay such interest continues for a period of seven days after the due date for such payment; or

(b) *Breach of other obligations*: the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes or the Trust Deed (other than those obligations the breach of which would give rise to right of a redemption pursuant to Condition 5(c) (*Redemption for a Relevant Event*)) and such default (i) is incapable of remedy or (ii) being a default which is capable of remedy remains unremedied for 30 days after the Trustee has given written notice thereof to the Issuer; or

(c) *Cross-default of the Issuer or Subsidiary*:

(i) any indebtedness of the Issuer or any of its Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period;

(ii) any such indebtedness becomes (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the option of the Issuer or (as the case may be) the relevant Subsidiary or (*provided that* no event of default, howsoever described, has occurred) any person entitled to such Indebtedness; or

(iii) the Issuer or any of its Subsidiaries fails to pay when due any amount payable by it under any guarantee of any indebtedness;

provided that the amount of indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above and/or the amount payable under any guarantee referred to in sub-paragraph (iii) above, individually or in the aggregate, exceeds U.S.$20,000,000 (or its equivalent in any other currency or currencies 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 8(c) operates); or

(d) *Unsatisfied judgment*: one or more judgment(s) or order(s) is rendered against the whole or any material part of the undertaking, assets and revenues of the Issuer or any of its Principal Subsidiaries and continue(s) unsatisfied and unstayed for a period of 45 days after the date(s) thereof or, if later, the date therein specified for payment; or

(e) *Security enforced*: a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or any material part of the undertaking, assets and revenues of the Issuer or any of its Principal Subsidiaries, in each case undischarged or unstayed for a period of 45 days after date(s) thereof; or

(f) *Insolvency, etc.*: (i) the Issuer or any of its Principal Subsidiaries becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator or liquidator is appointed (or application for any such appointment is made) in respect of the Issuer or any of its Principal Subsidiaries or the whole or any material part of the undertaking, assets and revenues of the Issuer or any of its Principal Subsidiaries, (iii) the Issuer or any of its Principal Subsidiaries takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it or (iv) the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on all or any substantial part of its business (except, in the case of a Principal Subsidiary of the Issuer, (x) for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent or (y) where cessation of business or threat to cease is the result of a disposal or sale of such Principal Subsidiary whereby all or substantially all the business or assets of such Principal Subsidiary is (aa) transferred to the Issuer or another Subsidiary of the Issuer, or (bb) transferred to any other Person on arm's length terms for market considerations and the considerations (whether in cash or otherwise) resulting from such disposal or sale are vested in the Issuer or its Subsidiaries); or

(g) *Winding up, etc.*: an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer or any of its Principal Subsidiaries (except, in the case of a Principal Subsidiary of the Issuer, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or

(h) *Analogous event*: any event occurs which under the laws of the PRC has an analogous effect to any of the events referred to in paragraphs (d) (*Unsatisfied judgment*) to (g) (*Winding up, etc.*) above; or

(i) *Failure to take action, etc.*: any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Notes or the Trust Deed, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Note Certificates and the Trust Deed admissible in evidence in the courts of the PRC and Hong Kong is not taken, fulfilled or done; or

(j) *Unlawfulness*: it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or the Trust Deed, as the case may be; or

(k) *Government intervention*: (i) all or any substantial part of the undertaking, assets and revenues of the Issuer or any of its Principal Subsidiaries is condemned, seized or otherwise appropriated by any person acting under the authority of any national, regional or local government or (ii) the Issuer or any of its Principal Subsidiaries is prevented by any such person from exercising normal control over all or any substantial part of its undertaking, assets and revenues.

In this Condition 8, "**Principal Subsidiary**" means any Subsidiary of the Issuer:

(a) whose total assets or (in the case of a Subsidiary which itself has Subsidiaries) consolidated total assets, as shown by its latest audited balance sheet are at least five per cent. of the amount which equals the amount included in the consolidated total assets as shown by the latest audited consolidated balance sheet of the Issuer including, for the avoidance of doubt, the investment of the Issuer in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Issuer and after adjustment for minority interests; or

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

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

(d) to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, provided that the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall cease to be a Principal Subsidiary at the date on which the first audited accounts (consolidated, if appropriate) of the Issuer prepared as of a date later than such transfer are issued unless such Subsidiary would continue to be a Principal Subsidiary on the basis of such accounts by virtue of the provisions of paragraphs (a), (b) or (c) above of this definition,

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

(i) in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest consolidated audited accounts of the Issuer relate, the reference to the then latest consolidated audited accounts of the Issuer for the purposes of the calculation above shall, until consolidated audited accounts of the Issuer for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are published be deemed to be a reference to the then latest consolidated audited accounts of the Issuer adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;

(ii) if at any relevant time in relation to the Issuer or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, total assets, total revenue or net profit of the Issuer and/or any such Subsidiary shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by the Issuer;

(iii) if at any relevant time in relation to any Subsidiary, no accounts are audited, its total assets, total revenue or net profit (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by the Issuer; and

(iv) if the accounts of any Subsidiary (not being a Subsidiary referred to in proviso (i) above) are not consolidated with those of the Issuer, then the determination of whether or not such subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Issuer.

9. **Prescription**

Claims for principal and interest on redemption shall become void unless the relevant Note Certificates are surrendered for payment within ten years of the appropriate Relevant Date.

10. **Replacement of Note Certificates**

If any Note Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer, the Registrar or (as the case may be) the relevant Transfer Agent may reasonably require. Mutilated or defaced Note Certificates must be surrendered before replacements will be issued.

11. **Trustee and Agents**

Under the Trust Deed, the Trustee is entitled to be indemnified and/or pre-funded and/or provided with security to its satisfaction as well as relieved from responsibility in certain circumstances, including without limitation provisions relieving it from taking steps, actions or proceedings to enforce payment or taking other actions unless first indemnified and/or secured and/or pre-funded to its satisfaction, and to be paid its fees, costs, expenses and indemnity payments in priority to the claims of the Noteholders. In addition, the Trustee and Agents are entitled to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit.

In the exercise of its functions, rights, authorities, powers and discretions under these Conditions and the Trust Deed, the Trustee will have regard to the interests of the Noteholders as a class and shall not have regard to the interests of and will not be responsible for any consequence for individual Holders of Notes as a result of any circumstances particular to individual Holders of Notes, including but not limited to, such Holders being connected in any way with a particular territory or taxing jurisdiction.

None of the Trustee or any of the Agents shall be responsible for the performance by the Issuer and any other person appointed by the Issuer in relation to the Notes of the duties and obligations on their part expressed in respect of the same and, unless it has written notice from the Issuer 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 Noteholder, the Issuer or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Noteholders. The Trustee shall be entitled to rely on any direction, request or resolution of Noteholders given by Noteholders holding the requisite principal amount of Notes outstanding or passed at a meeting of Noteholders convened and held in accordance with the Trust Deed. Neither the Trustee nor any of the Agents shall be under any obligation to monitor or ascertain whether any Relevant Event, Event of Default or Potential Event of Default has occurred or monitor compliance by the Issuer with the provisions of the Trust Deed, the Agency Agreement or these Conditions.

Each Noteholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, and the Trustee shall not at any time have any responsibility for the same and each Noteholder shall not rely on the Trustee in respect thereof.

In acting under the Agency Agreement and in connection with the Notes, the Agents act solely as agents of the Issuer and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

The initial Agents and their initial Specified Offices are listed below. The Issuer reserves the right (with the prior approval of the Trustee) at any time to vary or terminate the appointment of any Agent and to appoint a successor registrar or principal paying agent and additional or successor paying agents and transfer agents; *provided, however, that* the Issuer shall at all times maintain a principal paying agent and a registrar.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given by the Issuer to the Noteholders.

12. **Meetings of Noteholders; Modification and Waiver**

(a) *Meetings of Noteholders*: The Trust Deed contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions, the Agency Agreement or the Trust Deed. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer or by the Trustee and shall be convened by the Trustee upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes and subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented; *provided, however, that* certain proposals (including any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to effect the exchange, conversion or substitution of the Notes for other obligations or securities, to amend Condition 3 (*Covenants*), to change the currency of payments under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution (each, a "**Reserved Matter**")) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more persons holding or representing not less than two-thirds or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of Noteholders, who for the time being are entitled to receive notice of a meeting of Noteholders under the Trust Deed, holding not less than 75 per cent. in nominal amount of the Notes outstanding, will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

So long as the Notes are evidenced by the Global Note Certificate, Extraordinary Resolution includes a consent given by way of electronic consents through the relevant clearing system(s) by or on behalf of all the Noteholders of not less than 75 per cent in principal amount of the Notes for the time being outstanding.

(b) *Modification and waiver*: The Trustee may (but shall not be obliged to), without the consent of the Noteholders, agree to any modification of these Conditions or the Trust Deed (other than in respect of a Reserved Matter) which is, in the opinion of the Trustee, not materially prejudicial to the interests of Noteholders and to any modification of the Notes or the Trust Deed which is of a formal, minor or technical nature or is to correct a manifest error. In addition, the Trustee may, without the consent of the Noteholders, authorise or waive any proposed breach or breach of the Notes or the Trust Deed (other than a proposed breach or breach relating to the subject of a Reserved Matter) if, in the opinion of the Trustee, the interests of the Noteholders will not be materially prejudiced thereby.

Any such authorisation, waiver or modification shall be binding on the Noteholders and unless the Trustee agrees otherwise, any such authorisation, waiver or modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter.

(c) *Directions from Noteholders*: Notwithstanding anything to the contrary in the Notes, the Trust Deed and/or the Agency Agreement, whenever the Trustee is required or entitled by the terms or conditions in the Notes, the Trust Deed and/or the Agency Agreement to exercise any discretion or power, take any action, make any decision or give any direction or certification, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction or certification, to seek directions or clarification of directions from the Noteholders by way of an Extraordinary Resolution and shall have been indemnified and/or secured and/or pre-funded to its satisfaction against all action, proceedings, claims and demands to which it may be or become liable and all costs, charges, damages, expenses (including legal expenses) and liabilities which may be incurred by it in connection therewith, and the Trustee is not responsible for any loss or liability incurred by any person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such direction or certification where the Trustee is seeking such directions or clarifications, or in the event that the directions or clarifications sought are not provided by the Noteholders.

(d) *Certificates and Reports*: The Trustee may rely without liability to Noteholders, the Issuer or any other person on a report, advice, opinion, confirmation or certificate or any advice of any lawyers, valuers, accountants (including auditors and surveyors), 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 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, opinion or certificate or advice and such report, confirmation, opinion or certificate or advice shall be binding on the Noteholders. The Trustee shall not be responsible or liable to the Issuer, the Noteholders 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.

13. **Enforcement**

The Trustee may at any time, at its discretion and without notice, take such actions or steps or institute such proceedings as it thinks fit to enforce its rights under the Trust Deed or the Notes, but it shall not be bound to do so unless:

(a) it has been so requested in writing by the Holders of at least one-quarter of the aggregate principal amount of the outstanding Notes or has been so directed by an Extraordinary Resolution; and

(b) it has been indemnified and/or provided with security and/or pre-funded to its satisfaction.

No Noteholder may proceed directly against the Issuer unless the Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing.

14. **Further Issues**

The Issuer may from time to time, without the consent of the Noteholders and in accordance with the Trust Deed, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the issue date, the first payment of interest and the timing to perform and complete the NDRC Post-issue Filing and the Foreign Debt Registration) so as to be consolidated into and form a single series with the Notes. The Issuer may from time to time, with the consent of the Trustee, create and issue other series of notes having the benefit of the Trust Deed, *provided that* such supplemental documents are executed and further opinions are obtained as the Trustee may require as further set out in the Trust Deed.

15. **Notices**

Notices to the Noteholders will be sent to them by mail at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing.

Until such time as any individual Note Certificates are issued and so long as the Global Note Certificate is held in its entirety on behalf of Euroclear and Clearstream any notice to the Noteholders shall be validly given by the delivery of the relevant notice to Euroclear and Clearstream for communication by the relevant clearing system to entitled accountholders in substitution for notification as required by the Conditions and shall be deemed to have been given on the date of delivery to such clearing system.

16. **Currency Indemnity**

If any sum due from the Issuer in respect of the Notes or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify the Trustee and each Noteholder, on the written demand of the Trustee or such Noteholder addressed to the Issuer and delivered to the Issuer, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which the Trustee or such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

17. **Governing Law and Jurisdiction**

(a) *Governing law*: The Notes and the Trust Deed and any non-contractual obligations arising out of or in connection with the Notes and the Trust Deed are governed by English law.

(b) *Jurisdiction*: The Issuer has in the Trust Deed (i) agreed for the benefit of the Trustee and the Noteholders that the courts of Hong Kong shall have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Notes (including any non-contractual obligation arising out of or in connection with the Notes); (ii) agreed that those courts are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue that any other courts are more appropriate or convenient; (iii) designated a process agent to accept service of any process on its behalf; (iv) consented to the enforcement of any judgment; and (v) to the extent that it may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process, and to the extent that in any such jurisdiction there may be attributed to itself or its assets or revenues such immunity (whether or not claimed), agreed not to claim and irrevocably waived such immunity to the full extent permitted by the laws of such jurisdiction.

SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

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

The Notes will be in registered form in the denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. The Notes will be represented by beneficial interests in a Global Note Certificate in registered form, which will be registered in the name of a nominee of, and deposited on or about the Issue Date with, a common depositary for Euroclear and Clearstream. Beneficial interests in the Global Note Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream.

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

Subject as provided in the Trust Deed, each person who is for the time being shown in the records of Euroclear and/or Clearstream as entitled to a particular principal amount of the Notes represented by this Global Certificate (in which regard any certificate or other document issued by Euroclear or Clearstream as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be deemed to be the holder of such principal amount of such Notes for all purposes other than with respect to payments of principal, premium (if any) and interest on the Notes for which purpose the registered holder of this Global Certificate shall be deemed to be the holder of such principal amount of the Notes in accordance with and subject to the terms of this Global Certificate and the Trust Deed. For so long as all of the Notes are represented by this Global Certificate and this Global Certificate is held on behalf of Euroclear and/or Clearstream notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream (as the case may be) for communication to the relative accountholders. Any such notice shall be deemed validly given to the Noteholders on the day on which such notice is delivered to Euroclear and/or Clearstream (as the case may be) as aforesaid.

The Global Note Certificate will become exchangeable in whole, but not in part, for Individual Note Certificates if (a) Euroclear or Clearstream is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 8 (*Events of Default*) occurs.

Whenever the Global Note Certificate is to be exchanged for Individual Note Certificates, such Individual Note Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Note Certificate within five business days of the delivery, by or on behalf of the registered holder of the Global Note Certificate, Euroclear and/or Clearstream to the Registrar of such information as is required to complete and deliver such Individual Note Certificates (including, without limitation, the names and addresses of the persons in whose names such Individual Note Certificates are to be registered and the principal amount of each such person's holding) against the surrender of the Global Note Certificate at the Specified Office (as defined in the Terms and Conditions of the Notes) of the Registrar. Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto and, in particular, shall be effected without charge to any holder of the Notes or the Trustee, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

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

Payments on business days*:* In the case of all payments made in respect of the Global Note Certificate "**business day**" means any day which is a day on which commercial banks are open for business (including dealings in foreign currencies) in the city in which the Register has its specified office.

Payment Record Date*:* Each payment made in respect of the Global Note Certificate will be made to the person shown as the registered holder of the Global Note Certificate in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the "**Record Date**") where "**Clearing System Business Day**" means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.

Exercise of put option*:* In order to exercise the option contained in Condition 5(c) (*Redemption for a Relevant Event*) (the "**Put Option**"), the registered holder of the Global Note Certificate must, within the period specified in the Terms and Conditions of the Notes for the deposit of the relevant Note Certificate and put exercise notice, give written notice of such exercise to the Principal Paying Agent, in accordance with the rules and procedures of Euroclear, Clearstream, and/or any other relevant clearing system, specifying the principal amount of Notes in respect of which the Put Option is being exercised. Any such notice shall be irrevocable and may not be withdrawn.

USE OF PROCEEDS

The gross proceeds from the offering of the Notes is U.S.$150,000,000. After deducting the underwriting commissions and other estimated expenses payable in connection with the offering of the Notes, the remaining proceeds (being the net proceeds from the offering of the Notes) will be used for construction projects and replenishment of working capital.

EXCHANGE RATE INFORMATION

The PBOC sets and publishes daily a central parity 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. From 1994 to 20 July 2005, the conversion of Renminbi into foreign currencies was based on rates set daily by the PBOC on the basis of the previous day's inter-bank foreign exchange market rates and then current exchange rates in the world financial markets. During this period, the official exchange rate for the conversion of Renminbi to U.S. dollars remained generally stable. Although the PRC government introduced policies in 1996 to reduce restrictions on the convertibility of Renminbi into foreign currencies for current account items, conversion of Renminbi into foreign currencies for capital items, such as foreign direct investment, loan principals and securities trading, still requires the approval of SAFE and other relevant authorities. 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. The PBOC has enlarged the floating band several times since then. On 17 March 2014, the floating band for the trading prices in the inter-bank foreign exchange market of the Renminbi against the U.S. dollar was expanded to 2 per cent. around the central parity rate. This allows the Renminbi to fluctuate against the U.S. dollar by up to 2 per cent. above or below the central parity rate published by PBOC. From 21 July 2005 to 30 June 2015, the value of the Renminbi appreciated by approximately 33.5 per cent. against the U.S. dollar. Subsequently, the Renminbi depreciated 4.3 per cent. from 30 June 2015 to 31 December 2015. Since 2016, the exchange rate of Renminbi against the U.S. dollar experienced further fluctuation. Following the gradual appreciation against U.S. dollar in 2017, Renminbi experienced a recent depreciation in value against U.S. dollar followed by a fluctuation in 2018 and early 2019. On 5 August 2019, the PBOC set the Renminbi's daily reference rate at above 7 per U.S. dollar for the first time in over a decade amidst an uncertain trade and global economic climate. The PBOC authorised the China Foreign Exchange Trading Centre, effective since 4 January 2006, to announce the central parity exchange rate of certain foreign currencies against the Renminbi on each business day. This rate is set as the central parity for the trading against the Renminbi in the inter-bank foreign exchange spot market and the over-the-counter exchange rate for the business day.

The following table sets forth the noon buying rate for U.S. dollars in New York City for cable transfer in Renminbi as certified for customs purposes by the Federal Reserve Bank of New York for the periods indicated as set forth in the H.10 statistical release of the Federal Reserve Board:

	Noon buying rate			
Period	**Period end**	**Average[(1)]**	**High**	**Low**
	(RMB per U.S.$1.00)			
2016	6.9430	6.6549	6.9580	6.4480
2017	6.5063	6.7350	6.9575	6.4773
2018	6.8755	6.6292	6.9737	6.2649
2019	6.9618	6.9014	7.1786	6.6822
2020	6.5250	6.9042	7.1681	6.5208
2021				
March	6.5518	6.5109	6.5716	6.4648
April	6.4749	6.5186	6.5649	6.4710
May	6.3674	6.4321	6.4749	6.3674
June	6.4566	6.4250	6.4811	6.3796
July	6.4609	6.4763	6.5104	6.4562
August	6.4604	6.4768	6.5012	6.4604
September (through 17 September)	6.4655	6.4531	6.4662	6.4320

Note:

(1) Determined by averaging the rates on the last business day of each month during the relevant year, except for monthly averages rates, which are determined by averaging the daily rates during the respective months.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the Group's capitalisation and indebtedness as at 31 December 2020 on an actual basis and on an adjusted basis to give effect to the issue of the Notes prior to deducting the commissions and other estimated expenses payable by the Issuer in connection with the offering of the Notes. The following table should be read in conjunction with the Audited Financial Statements and related notes included in this Offering Circular.

	As at 31 December 2020			
	Actual		Adjusted	
	(RMB'000)	*(US$'000)*[(1)]	*(RMB'000)*	*(US$'000)*[(1)]
Short-term indebtedness				
Short-term borrowings	1,106,000	169,502	1,106,000	169,502
Current portion of non-current liabilities	13,855,252	2,123,410	13,855,252	2,123,410
Interest-bearing portion of other payables[(2)]	279,100	42,774	279,100	42,774
Long-term indebtedness				
Long-term borrowings	22,754,920	3,487,344	22,754,920	3,487,344
Bonds payable	12,671,718	1,942,026	12,671,718	1,942,026
Interest-bearing portion of long-term payable[(2)]	12,959,011	1,986,055	12,959,011	1,986,055
Interest-bearing portion of other non-current liabilities[(2)]	418,682	64,166	418,682	64,166
Notes to be issued	–	–	978,750	150,000
Total indebtedness[(3)]	64,044,682	9,815,277	65,023,432	9,965,277
Total equity	46,974,107	7,199,097	46,974,107	7,199,097
Total capitalisation[(4)]	111,018,789	17,014,374	111,997,539	17,164,374

Notes:

(1) For convenience only, all translation from Renminbi into U.S. dollars are made at the rate of RMB6.5250 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 31 December 2020.

(2) Excluding non-interest bearing portion.

(3) Total indebtedness represents the sum of short-term indebtedness and long-term indebtedness.

(4) Total capitalisation represents the sum of total indebtedness and total equity.

Since 31 December 2020, the Group has entered into additional financing arrangements and incurred indebtedness, including but not limited to the following debt issuances, to replenish its working capital, finance its business development and for other general corporate purposes:

- bonds with an aggregate principal amount of RMB60 million issued on 4 June 2021 issued by the Issuer;
- bonds with an aggregate principal amount of RMB740 million issued on 31 March 2021 issued by the Issuer;
- 270-day commercial paper with an aggregate principal amount of RMB1 billion issued on 18 August 2021 issued by Ganzhou Urban Development Investment Group;

- 270-day commercial paper with an aggregate principal amount of RMB1 billion issued on 26 July 2021 issued by Ganzhou Urban Development Investment Group;

- 365-day commercial paper with an aggregate principal amount of RMB1 billion issued on 27 April 2021 issued by Ganzhou Urban Development Investment Group;

- 5-year medium term notes with an aggregate principal amount of RMB1 billion and an interest rate of 4.02 per cent. issued on 14 April 2021 issued by Ganzhou Urban Development Investment Group;

- 5-year medium term notes with an aggregate principal amount of RMB500 million and an interest rate of 4.13 per cent. issued on 25 March 2021 issued by Ganzhou Urban Development Investment Group; and

- 5-year medium term notes with an aggregate principal amount of RMB2 billion and an interest rate of 4.40 per cent. issued on 3 February 2021 issued by Ganzhou Urban Development Investment Group.

Except as otherwise disclosed above, there has been no material adverse change in the total capitalisation of the Issuer since 31 December 2020.

OVERVIEW OF GANZHOU

The description of Ganzhou below is for information purposes only and is based on, or derived or extracted from, among other sources, publicly available information. Any forecasts, indicators and statistics quoted below have been derived from various official governmental publications, market data providers and third-party reports that are publicly accessible. The Issuer believes that the sources of the information are appropriate sources of such to be reliable. None of the Issuer, the Joint Lead Managers, the Trustee, the Agents or their respective affiliates, directors, officers, employees, representatives, agents or advisers has independently verified such information. No representation or warranty, express or implied, is made or given by the Issuer, the Joint Lead Managers, the Trustee, the Agents, or their respective affiliates, directors, officers, employees, representatives, agents or advisers as to the accuracy, completeness or sufficiency of such information.

IMPORTANT: Information on Ganzhou and the selected governmental policies referred to herein are included to inform investors on the macro-environment where the Group operates only. There is no assurance that the Group can benefit from such governmental policies. Further, no inference shall be drawn from the inclusion of such information that the credit of any PRC government entities should be taken into consideration in the decisions to invest in the Notes. The Issuer operates as a separate legal corporate entity. Ganzhou SASAC's shareholding control over the Issuer does not necessarily correlate to, or provide any assurance as to, any of the Issuer's financial condition. Ganzhou SASAC and other PRC government entities are not obligors under the Notes and shall under no circumstances have any obligation arising out of or in connection with the Notes in lieu of the Issuer. See also "*Risk Factors – Risks relating to the Notes – The PRC government has no obligations to pay any amount under the Notes*."

All statements other than statements of historical fact, including, without limitation, those regarding plans, objectives, goals and targets, future developments in Ganzhou or Jiangxi province, and any statements preceded by, followed by or that include the words "expect", "aim", "intend", "will", "may", "anticipate", "seek", "should", "estimate" or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors beyond the Group's control, which may cause the actual results, performance or achievements, or conditions of the region to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

GENERAL

A city on the upper reaches of Gan River (贛江), Ganzhou is located in the south part of Jiangxi province. Divided into 18 districts, county-level cities and counties, with a land area of approximately 39,400 square kilometres, Ganzhou is the largest prefecture-level city in Jiangxi Province. It is also the most populous city in the province and is home to a population of around 9.8 million.

Bounded by the provinces of Hunan to the west, Guangdong to the south and Fujian to the east, Ganzhou has long been known for its strategic geographic location of being linked to other four provinces (四省通衢), which confers upon it distinct advantages in seeking integration with some of China's most dynamic economic regions, the Yangtze River Delta Economic Belt, the Pearl River Delta Economic Zone and Guangdong-Hong Kong-Macau Greater Bay Area (the "**GBA**"). With an intricate network of railway lines and highway systems passing through it, Ganzhou is a regional transport hub connecting coastal provinces in southeast China with the central and western parts of China, as well as an important node linking eastern and western China. Ganzhou is connected to other major cities in China by, for instance, State Highway 105, State Highway 323 and State Highway 206 and serves as an important junction of railways, including Beijing-Kowloon railway (京九鐵路) and Ganzhou-Longyan railway (贛龍鐵路). In February 2017, Ganzhou was positioned by the State Council as a national comprehensive transportation hub in the 13th Five-Year Plan for the Development of Modern Comprehensive Transportation System ("十三五"現代綜合交通運輸體系發展規劃).

Ganzhou has an abundance of natural resources. Known as the "capital of tungsten" and "capital of rare earth" in China, Ganzhou yields rich deposits of tungsten and rare earth. There are also considerable water resource resulting from the confluence of various water systems in the region.

According to statistics published by the Ganzhou Municipal Government and the 2020 Ganzhou National Economic and Social Development Statistical Communiqué (贛州市2020年國民經濟和社會發展統計公報), Ganzhou's economy has been growing at a fast pace in recent years: its GRP totalled RMB317.0 billion, RMB346.6 billion and RMB364.5 billion in 2018, 2019 and 2020, respectively, with a year-on-year growth of 9.3 per cent., 8.4 per cent. and 4.2 per cent; in 2020, Ganzhou ranked second in terms of GRP among Jiangxi Province's 11 cities with subordinate districts (設區市); benefiting from the dynamic economic growth, the per capita GRP in Ganzhou reached approximately RMB40 thousand in 2019 with an 8.1 per cent. year-on-year growth.

DESIGNATION AS SUB-CENTRE CITY AND REGIONAL CENTRE CITY

In November 2016, the 14th Party Congress of Jiangxi Province proposed for the first time to build Ganzhou into a sub-centre city of the province (省域副中心城市), and Jiangxi Provincial Government and Ganzhou Municipal Government have successively issued several opinions and measures to implement the proposal. In December 2016, the NDRC released the 13th Five-Year Plan Promoting the Rise of the Central Region (促進中部地區崛起"十三五"規劃) in which the Ganzhou is further designed as a regional centre city at national level (國家區域中心城市).

Designated as a sub-centre city of Jiangxi Province and a regional centre city at national level, Ganzhou enjoys a favourable policy environment for its development. For instance, with advanced metallurgical and manufacturing industries, Ganzhou has been chosen as one of the pilot cities under Made in China 2025 (中國製造2025), a national plan launched by the State Council to steer China's manufacturing sector towards high-end and high-tech manufacturing.

GANZHOU'S 14TH FIVE-YEAR PLAN

In January 2021, the Party Committee of Ganzhou Municipal Government released the Suggestions on the Formulation of the 14th Five-Year Plan for National Economic and Social Development and Long-term Goals for 2035 (關於制定全市國民經濟和社會發展第十四個五年規劃和2035年遠景目標的建議) (the "**14th Five-Year Plan**"), outlining the primary goals for the development in Ganzhou:

- *Further Enhancing Comprehensive Strength*. This will focus on various aspects including maintaining the growth rate of major economic indicators in the "first phalanx" of Jiangxi Province, further narrowing the gap between the local per capita level and that of the provincial and national level, continuing to move upward in ranking among the top 100 cities by the total economic output, and taking leap forward in the development.

- *Achieving New Breakthroughs in Industrial Development.* This will focus on various aspects including enhancing innovation-led development capabilities, achieving breakthrough in advancement of the industrial base and modernization of the industrial chain, improving the scale, quality, and efficiency of leading industries, building up advantageous agricultural industries, upgrading modern service industry, accelerating the development of strategic emerging industries, and forming influential industrial clusters.

- *Stepping Forward in Reform and Opening-up*. This will focus on various aspects including further improving the socialist market economy, establishing a high standard market system, creating first class business environment, continuing to expand the depth and breadth of the two-way opening up, achieving greater results in constructing the important node city along the Belt and Road, the inland open economic pilot zone, and the bridgehead for integration with the GBA.

- *Achieving New Leap in the City's Energy Level.* This will focus on various aspects including significantly improving the quality urban functions, accelerating the aggregation of development factors such as talents, capital, and technology, further improving the function of national comprehensive transportation hub, significantly enhancing comprehensive strength and the ability to drive development, achieving greater breakthroughs in construction of subcentre city of Jiangxi Province, building a regional centre city and a first class metropolis with strong competitiveness.

- *Achieving New Results in Ecological Civilisation Construction.* This will focus on various aspects including optimising the development of land resource, continuously improving ecological environment, continuously improving resource conservation and utilization, and further improving ecological civilization system.

- *Further Improving People's Lives.* This will focus on various aspects including consolidating and expanding the achievements in poverty alleviation, promoting the rural revitalisation and employment, and significantly narrowing the gap with the national level in basic public services, including education, medical care, housing, childcare and sports.

- *Stepping up Social Governance.* This will focus on various aspects including further improving socialist democracy and rule of law, constantly enhancing governance efficiency, achieving highly efficient coordinated governance structure on local government level, and significantly enhancing the capabilities in risk prevention and mitigation, and handling of public emergency.

The 14 Five-Year Plan sets out six key areas forming the long-term development goal of Ganzhou, namely, infrastructure construction, technology innovation, industry upgrading, rural revitalisation, new urbanisation, modern service industries. Specially, it is proposed that Ganzhou will:

- construct regional education centre, technology and innovation centre, finance centre, commercial and logistics centre, tourist and culture centre, medical and care centre;

- accelerate the concentration of urban population, expand the scale of the city, improve the quality of urban functions, and achieve the city scale, economic strength and radiating driving capability that matches the provincial sub centre position;

- continue to improve the construction of aviation airports, railway hubs, expressways, national and provincial roads, and accelerate the construction of a comprehensive transportation network; and

- promote the construction of major industrial platforms and major industrial projects, optimize the industrial layout, and attract high quality industries to transfer to Ganzhou, elements to gather in Ganzhou, and talents to flow to Ganzhou.

REVITALISATION OF GANZHOU REVOLUTIONARY ZONE

Ganzhou, known as the "Old Red Capital" and "Cradle of the Republic", is an important place for the inheritance of red culture. It has been part of the national strategy since as early as 2012 to promote economic and social development in the southern Jiangxi Province.

In June 2012, the State Council issued the Several Opinions on Supporting the Revitalisation and Development of the Former Central Soviet Areas including Southern Jiangxi (國務院關於支持贛南等原中央蘇區振興發展的若干意見). The revitalisation of Ganzhou had been upgraded to a national strategy, which is of decisive significance for the local economic and social development. In January 2021, further to its previous opinions, the State Council issued the Opinions on Supporting the Revitalization and Development of Old Revolutionary Areas in the New Era (國務院關於新時代支持革命老區振興發展的意見) (the "**Opinions**"), further clarifying the plan and goals for the revitalization and development of the old revolutionary areas in the new era with an aim to further consolidate the achievements of poverty alleviation, and start a new journey of socialist modernisation.

The Opinions focus on the following areas: (i) poverty alleviation, revitalisation and development, (ii) boosting real economy and enhancing vitality, (iii) improving public services and enhancing people's well-being, and (iv) improving policy system and long-term mechanism. The Opinions also set out overall goals for 2025 and 2035:

Goals for 2025

- consolidating and expanding the achievements in poverty alleviation;

- achieving significant improvement in rural revitalisation and new urbanisation;

- further improving infrastructure and basic public services;

- residents' income growth surpassing national average level;
- significantly enhancing the level of openness;
- significantly increasing the influence of red culture; and
- continuing to improve ecological environment quality.

Goals for 2035

- achieving socialist modernization of revolutionary zone;
- basically constructing a modern economic system;
- significantly improving residents' income;
- achieving equalization of basic public services;
- betterment of people's lives; and
- prosperity of the red culture, healthy ecological environment, comprehensive infrastructure, thriving industrial development, happy life of residents, and harmonious and stable society.

INTEGRATION WITH THE GREATER BAY AREA

In June 2020, the Jiangxi Provincial Government issued the Several Policies and Measures to Support Ganzhou in Building a Bridgehead Integrated into the Guangdong-Hong Kong-Macao Greater Bay Area (關於支持贛州打造對接融入粵港澳大灣區橋頭堡的若干政策措施) (the "**Integration Plan**"), confirming Ganzhou's role as the gateway for Jiangxi Province's integration with the GBA. The Integration Plan lays out development strategies and supportive policies covering autonomy in policy making and planning, talent recruitment policy, financial and land use support. Specific measures proposed under the Integration Plan include:

- facilitating integration of transportation network with the GBA;
- enhancing the level of opening-up in Ganzhou;
- creating platform for cooperation with the GBA;
- building shared leisure and tourist zone with the GBA; and
- piloting innovative mechanism in areas of qualification recognition and cross-province public services.

DESCRIPTION OF THE GROUP

OVERVIEW

Uniquely positioned to lead the urban development in Ganzhou by the Ganzhou SASAC, the Group is the pillar enterprise that carries out financing, investment, construction, operation and management of infrastructure construction and land development in the region. Since its establishment, the Group has continued to benefit from its strategic relationship with and received strong support from the Ganzhou Municipal Government. The Group has participated in a wide range of infrastructure construction projects including key public facilities, major roadways, railway stations and affordable housings. Building upon its strengths in infrastructure construction and land development, the Group has ventured into a wide range of businesses. Set forth below is an overview of each main business segment of the Group:

- *Infrastructure construction.* As Ganzhou's primary infrastructure investment platform, the Group has undertaken and completed a large number of infrastructure projects of strategic importance to urban development in Ganzhou over the years. The Group's operations cover investment, financing, construction and management of infrastructure projects. The Group conducts its infrastructure construction business mainly through its subsidiaries, Ganzhou Urban Development Group, Ganzhou Urban Investment Engineering Management and Ganzhou Zhenxing Industrial. For the years ended 31 December 2018, 2019 and 2020, operating income from the Group's infrastructure construction business was RMB1,878.8 million, RMB1,563.5 million and RMB1,105.9 million, respectively, representing 84.7 per cent., 64.5 per cent. and 37.4 per cent. of the Group's total operating income for the corresponding periods.

- *Property development.* The Group's property development business primarily involves the development and commercial sale of residential housing in Ganzhou. The Group conducts its property development business mainly through its wholly-owned subsidiary, Ganzhou Xingzhou Real Estate. For the years ended 31 December 2018, 2019 and 2020, operating income from the Group's property development business was RMB69.6 million, RMB26.4 million and RMB694.1 million, respectively, representing 3.1 per cent., 1.1 per cent. and 23.5 per cent. of the Group's total operating income for the corresponding periods.

- *Other businesses.* The Group's other businesses primarily include (i) construction service, (ii) building materials trading, (iii) property leasing and (iv) design service. For the years ended 31 December 2018, 2019 and 2020, operating income from the Group's other businesses was RMB271.2 million, RMB833.1 million and RMB1,154.9 million, respectively, representing 12.2 per cent., 34.4 per cent. and 39.1 per cent. of the Group's total operating income for the corresponding periods.

The following table sets forth a breakdown of the Group's total operating income from each business segment in absolute amount and as a percentage of its total operating income for the periods indicated:

	For the year ended 31 December					
	2018		2019		2020	
	(RMB'000)	*(per cent.)*	*(RMB'000)*	*(per cent.)*	*(RMB'000)*	*(per cent.)*
Infrastructure construction	1,878,760	84.7	1,563,477	64.5	1,105,936	37.4
Property development	69,575	3.1	26,410	1.1	694,096	23.5
Other businesses[(1)]	271,190	12.2	833,095	34.4	1,154,859	39.1
Construction service	–	–	412,337	17.0	607,578	20.6
Building materials trading	97,632	4.4	162,634	6.7	179,121	6.1
Property leasing	127,957	5.8	131,914	5.4	141,567	4.8
Design service	17,379	0.8	38,903	1.6	23,879	0.8
Miscellaneous	28,222	1.3	87,308	3.6	202,714	6.9
Total	2,219,525	100.0	2,422,982	100.0	2,954,891	100.0

For the years ended 31 December 2018, 2019 and 2020, the Group's net profit was RMB733.0 million, RMB754.1 million and RMB834.7 million, respectively, and its net profit margin was 33.0 per cent., 31.1 per cent. and RMB28.2 per cent., respectively. As at 31 December 2018, 2019 and 2020, the Group's total assets amounted to RMB94.9 billion, RMB113.6 billion and RMB131.8 billion, respectively.

COMPETITIVE STRENGTHS

The Group believes the following competitive strengths have contributed to its success and are important to its future development:

Strong support from favourable policies of the Ganzhou Municipal Government and the Jiangxi Provincial Government

With its assets constituting a key part of the state-owned assets in Ganzhou, the Group is the core enterprise among the seven state-owned enterprises under the administration and supervision of Ganzhou SASAC as at 31 December 2020, and is Ganzhou's primary state-owed assets operation and infrastructure investment platform. Therefore, the Group has, since its establishment, enjoyed favourable policies promulgated by the Ganzhou Municipal Government and the Jiangxi Provincial Government in various forms, including:

- *Industry policy support.* The Group's business growth has been strongly supported by government policies at a provincial and municipal level, which tap the development potential of Ganzhou on various fronts. In July 2017, the Jiangxi Provincial Government released the Implementation Plan for Supporting Ganzhou in Building an Important Node City Along the Belt and Road (關於支持贛州打造一帶一路重要節點城市的實施方案), setting out a series of specific policy goals designed at promoting Ganzhou's participation in the Belt and Road Initiative, including improvement of transport infrastructure, development of modern logistics industry, facilitation of industrial development, and strengthening multi-lateral and multi-front collaborations. In June 2020, the Jiangxi Provincial Government issued the Several Policies and Measures to Support Ganzhou in Building a Bridgehead Integrated into the Guangdong-Hong Kong-Macao Greater Bay Area (關於支持贛州打造對接融入粵港澳大灣區橋頭堡的若干政策措施), laying out the plan for Ganzhou's integration with the GBA (the "**Plan**"). With supportive policies under the Plan granting autonomy in policy making and planning, facilitating talent recruitment, as well as providing financial and land use support, Ganzhou will focus on, among other things, improvement of transport links, facilitation of cross-provincial and cross-industry collaborations and promoting development of new economy sectors. In January 2021, the Party Committee of the Ganzhou Municipal Government released the Recommendations on Formulating the Ganzhou's 14th Five-Year Plan for Economic and Social Development and Long-term Goals for 2035 (關於制定全市國民經濟和社會發展第十四個五年規劃和2035年遠景目標的建議), outlining six key areas forming the long-term development goal of Ganzhou, namely, infrastructure construction, technology innovation, industrial upgrading, rural revitalisation, new urbanisation and modern service industries.

- *Asset injection.* The Ganzhou Municipal Government has from time to time injected high-quality assets into the Group to enhance the Group's capital strength and overall competitiveness. For instance, it transferred investment property with a book value of RMB556.2 million and equity interest in Architectural Design and Research Institute of Ganzhou City (贛州市建築設計研究院) ("**Architectural Design and Research Institute**") with a book value of RMB66.7 million to the Group. As at 31 December 2020, the Ganzhou Municipal Government injected an aggregate book value of RMB29.6 billion of assets comprising equity interest in state-owned enterprises, land use rights and others into the Group, which form the Group's key asset base.

- *Financial support.* The infrastructure projects undertaken by the Group are heavily reliant on capital investment and are financed in part by the Ganzhou Municipal Government mainly in the forms of regular government grants and operating subsidies, which helps the Group to enhance its financial flexibility and fulfil its public mandate of infrastructure investment and development. For the years ended 31 December 2018, 2019 and 2020, the Group received government grants and operating subsidies in an aggregate amount of approximately RMB516.0 million, RMB511.9 million and RMB499.6 million, respectively. In addition, to facilitate the Group's business development, the government has granted the Group the operation rights of certain infrastructure it has developed, creating additional source of income for the Group.

- *Tax benefit.* Pursuant to the Announcement on the Continuation of the Corporate Income Tax Policy for the Western Development (關於延續西部大開發企業所得稅政策的公告) promulgated by MOF, STA and NDRC, and as approved by the local tax authority, the Group had enjoyed a preferential enterprise income tax rate of 15 per cent. compared to the standard tax rate of 25 per cent. under the EIT law.

Key role in infrastructure construction and urban development in Ganzhou

The Group is positioned as Ganzhou's primary state-owned integrated infrastructure investment platform. With broad-spectrum qualifications and expertise, the Group's operations cover investment, financing, construction, management and operation of infrastructure projects, spanning the entire life cycle of a project. The Group has, since its establishment, undertaken a large number of government-mandated infrastructure projects of strategic importance to Ganzhou, including urban roads, expressways, tunnels, bridges, affordable housing, as well as various public facilities, greatly accelerating the urban development in Ganzhou. For instance, the Group has undertaken the construction of Ganzhou West Railway Station (贛州西站), Gan Nan Avenue Expressways (贛南大道快速路), Ganzhou Natural Museum (贛州自然博物館), Songcheng Park (江南宋城), Ganzhou Comprehensive Culture and Art Centre (贛州市綜合文化藝術中心), Xingfu Jiayuan Resettlement Housing (幸福家園小區),the new hospital area of People's Hospital (人民醫院新院) and Ganzhou Teachers College (贛州師範高等專科學校). Through undertaking such wide variety of infrastructure and urban development projects mandated by the Ganzhou Municipal Government, the Group has played a strategic role in implementing the government's vision and planning for the urbanisation of Ganzhou, contributing substantially to its economic and social development.

The Group's extensive experience gained through leading the development of major infrastructure construction projects in Ganzhou has brought the Group in-depth knowledge in the management of large-scale projects and strong capabilities to deliver comprehensive solutions for implementing local urban development plans. Recognised for its ability to consistently deliver quality infrastructure and its deep roots and heavy involvement in Ganzhou's urbanisation, the Group is well positioned to continue its strong presence in the city's blueprint for further development and enjoys its dominant position in the infrastructure construction sector in Ganzhou. As at 31 December 2020, the Group had 36 projects under construction and 16 projects in the pipeline with an estimated total investment of approximately RMB25.3 billion and RMB17.1 billion, respectively.

Access to multiple financing channels

The Group has access to multiple financing channels to fund its operations and development, such as bank credit facilities, loans as well as issuance of debt instruments, providing the Group with the flexibility to optimise its capital structure and finance cost. The Group maintains long-term relationships with a number of reputable policy banks, commercial banks and other financial institutions in the PRC, including China Development Bank, Agricultural Development Bank of China, Export-Import Bank of China, Industrial and Commercial Bank of China, Bank of Communications, China Everbright Bank, China CITIC Bank, SPD Bank, China Merchants Bank, Industrial Bank, China Guangfa Bank, China Minsheng Bank, Bank of Beijing, Jiangxi Bank, Bank of Ganzhou and Bank of Jiujiang. As at 31 December 2020, the Group had obtained credit facilities in an aggregate amount of approximately RMB47.9 billion, of which approximately RMB21.4 billion had not been utilised. In addition to credit facilities, the Group has regularly tapped the capital market in the PRC by issuing debt securities. Corporate bonds and medium-term notes issued by the Group have been assigned solid credit ratings and well received in the market, underscoring market recognition of the Group's creditworthiness and prospects. With its well-established business operation, the Group is able to maintain a perfect track record of repaying debts. In recognition of the Group's strong credit profile, in December 2020, China Chengxin International

Credit Rating Co., Ltd. (中誠信國際信用評級有限責任公司), a PRC-based credit rating agency, assigned the Group a credit rating of "AA+". The Group has maintained its "AA+" rating as at the date of this Offering Circular. The Group believes that its access to diversified financing channels will provide adequate funding to the repayment of its indebtedness and expansion of its business. Furthermore, the Group has been able to maintain a debt profile with moderate pressure on repayment and refinancing. As at 31 December 2020, assuming the maximum maturity applies, approximately 32.0 per cent., 15.0 per cent. and 54.0 per cent. of the outstanding balance of the Group's bonds was repayable within one year, between one and three years, and between three and five years, respectively.

Sound corporate governance and dedicated senior management with extensive experience in government and state-owned enterprises

The Group has established a comprehensive corporate governance system, covering various aspects of its operations, such as internal control, risk management and compliance mechanism, to ensure that decision-making at all levels are sound and well-managed. To manage its daily operations, the Group has set up 11 departments at the headquarters level serving various functions, including, among others, strategic planning, financial management, internal audit, project management, risk control and government coordination. See "*Directors, Supervisors and Senior Management – Corporate Governance*" for more details. In addition, as a state-owned enterprise, the Group is under the direct administration and supervision of Ganzhou SASAC which maintains strong control and oversight of the Group. Major corporate decisions of the Group, such as the strategy formulation, financing plans, major projects and appointment of senior management, require the approval of Ganzhou SASAC. The Group's operating and financial results are monitored by and subject to the evaluation of Ganzhou SASAC as well.

The Group is led by a dedicated management team with extensive experience in the management of state-owned enterprises. Many members of the Group's management team have previously served in senior roles in governmental authorities. See "*Directors, Supervisors and Senior Management*" for more details. In addition, the Group's management team has an in-depth understanding of government policies, which allows the Group to better respond to policy development and align its business interest with the development of Ganzhou. Under the leadership of its management team, the Group has over the years successfully executed its strategies and achieved its development goals.

BUSINESS STRATEGIES

Tasked by the Ganzhou Municipal Government to develop key urban infrastructure in Ganzhou and promote the "integration of five central districts" (中心城區五區一體化) in the city, the Group aims to maintain a leading presence in the infrastructure construction and urban development sector, and at the same time continue to improve its capital structure and operating performance. The Group's vision is to establish itself as a comprehensive state-owned assets operation and investment platform in Ganzhou with core strengths in both infrastructure construction and land development. The Group's strategies for achieving this goal are more particularly described as follows:

Continue to focus on infrastructure construction sector in Ganzhou

Leveraging its industry experience, local knowledge and track record, together with strong and ongoing government policy support, the Group plans to continue to focus on infrastructure construction and urban development projects mandated by the Ganzhou Municipal Government. The Group has invested considerable resources into and placed strong emphasis on the major infrastructure projects to improve transport network in Ganzhou, including roads on the ground around Ganzhou West Railway Station, Gannan Avenue Expressway (贛南大道快速路), Yingbin Avenue Expressway (迎賓大道快速路), Wenming Avenue Expressway (文明大道快速路) and Dongjiangyuan Avenue Expressway (東江源大道快速路). In addition, with an aim to improve the living standard of the residents in Ganzhou, a series of livelihood projects undertaken by the Group are under construction, including affordable housing, Ganzhou People's Hospital (贛州市人民醫院), Ganzhou Teachers College (贛州高等師範專科學校) and Grand Theatre of Comprehensive Culture and Arts Centre (綜合文化藝術中心大劇院).

Further enhance financing capability

The Group believes that the success of its business relies in part on its ability to raise necessary funding to finance its operations and it will therefore benefit from an enhanced financing capability. To this end, the Group will strengthen cooperation with banks and other financial institutions with an aim to achieve an upgraded credit rating. The Group strives for enhanced operating and financial performance while at the same time adhering to prudent financial management and stringent risk control. The Group has established effective capital and financial management mechanism with emphases on capital efficiency and optimisation, risk prevention and financial stability. In addition, the Group intends to achieve more flexibility in managing its capital structure and lowering its finance costs through seeking alternative sources of financing as well as making use of different financing channels customised to its operational needs, such as principal-protected notes, medium-term notes, corporate bonds, perpetual bonds and bank credit facilities.

Further improve operational performance

As an overall strategy to drive future growth with a focus on advancing its asset operations and capital management, the Group endeavours to explore investment and collaboration opportunities. In this regard, the Group plans to actively seek cooperation with other state-owned enterprises in Ganzhou in resources sharing and consolidation. The Group expects that such cooperation, including cross-industry cooperation, would drive future growth of its business and lead to better operating performance. Leveraging its leading position in the infrastructure construction and urban development, the Group also intends to explore investment opportunities in key industries that are closely aligned with the government strategies, so as to enhance its capital operation capability and maximise the value of the state-owned assets.

Continue its reform and improve management process

Riding the wave of reorganisation measures taken by the local government to consolidate resources injected into the Group, and echoing the government's call for state-owned-enterprise reform, the Group plans to continue streamlining and enhancing its management process. The Group will implement a broad spectrum of reform initiatives, including (i) clear delineation of the roles and responsibilities of various entities and working departments within the Group; (ii) optimisation of allocation of human resources, (iii) adoption of a market-driven approach in talent recruitment, and (iv) refinement of its performance evaluation mechanism.

RECENT DEVELOPMENT

Managing the Impact of COVID-19

The COVID-19 pandemic led to temporary disruptions to the Group's business operation. See "*Risk Factors – Risks Relating to the Group's Business – The Group faces risks related to force majeure events, natural disasters, health epidemics and other outbreaks, such as the outbreak of COVID-19, which could significantly disrupt its business operations*". The Group had taken measures to optimise the arrangement and scheduling of its construction work to minimise the delays in its projects caused by the COVID-19 pandemic. Furthermore, through tapping alternative channels of financing and with policy support from the government, the Group has been able to minimise the impact of the COVID-19 financially. The Group, for instance, successfully issued a pandemic bond in April 2020 to provide support for its repayment of existing indebtedness. With the COVID-19 pandemic kept under control within the PRC and lockdown measures lifted by the PRC Government, the Group has gradually resumed its normal business operation.

Transfer of State-Owned Equity in Ganzhou Development Investment Group

On 22 March 2021, Ganzhou SASAC transferred its 10 per cent. equity interest in Ganzhou Development Investment Group, the holding company of the Group, to Jiangxi Administrative Assets Group. Upon completion of the transfer and as at the date of the Offering Circular, Ganzhou SASAC held 90 per cent. equity interest in the Issuer.

HISTORY AND DEVELOPMENT

On 14 December 2009, the Issuer was established with an initial registered capital of RMB10 million. In September 2018, its registered capital was increased to RMB30 billion. As at the date of this Offering Circular, the registered capital of the Issuer is approximately RMB30 billion.

The following table sets forth the important events in the course of the Group's development:

Year	Event
2004	Ganzhou Urban Development Group, one of the principal operating subsidiaries of the Group, was jointly established by the Ganzhou Municipal Government and two other shareholders, with an initial registered capital of RMB300.0 million. The Ganzhou Municipal Government held 40 per cent. equity interest in Ganzhou Urban Development.
2008	The Guanzhou Municipal Government transferred, for nil consideration, 40 per cent. equity interest in Ganzhou Urban Development Group to Ganzhou Development Investment Group, the ultimate holding company of the Group.
2009	Ganzhou SASAC acquired 60 per cent. equity interest in Ganzhou Urban Development Group and the registered capital of Ganzhou Urban Development Group was increased to RMB1.0 billion. The Issuer, then known as "Ganzhou Chengdong Investment and Development Co., Ltd. (贛州城東投資開發有限責任公司)", was established.
2018	Ganzhou SASAC transferred, for nil consideration, 60 per cent. equity interest in Ganzhou Urban Development Group to Ganzhou Development Investment Group. As a result of a reorganisation at the direction of Ganzhou SASAC, the Issuer became a wholly-owned subsidiary of Ganzhou Development Investment Group and the parent company of Ganzhou Urban Development Group. The Issuer changed its name to "Ganzhou Urban Investment Holding Group Co., Ltd. (贛州城市投資控股集團有限責任公司)".
2020	The Group's total assets surpassed RMB130.0 billion as at 31 December 2020.

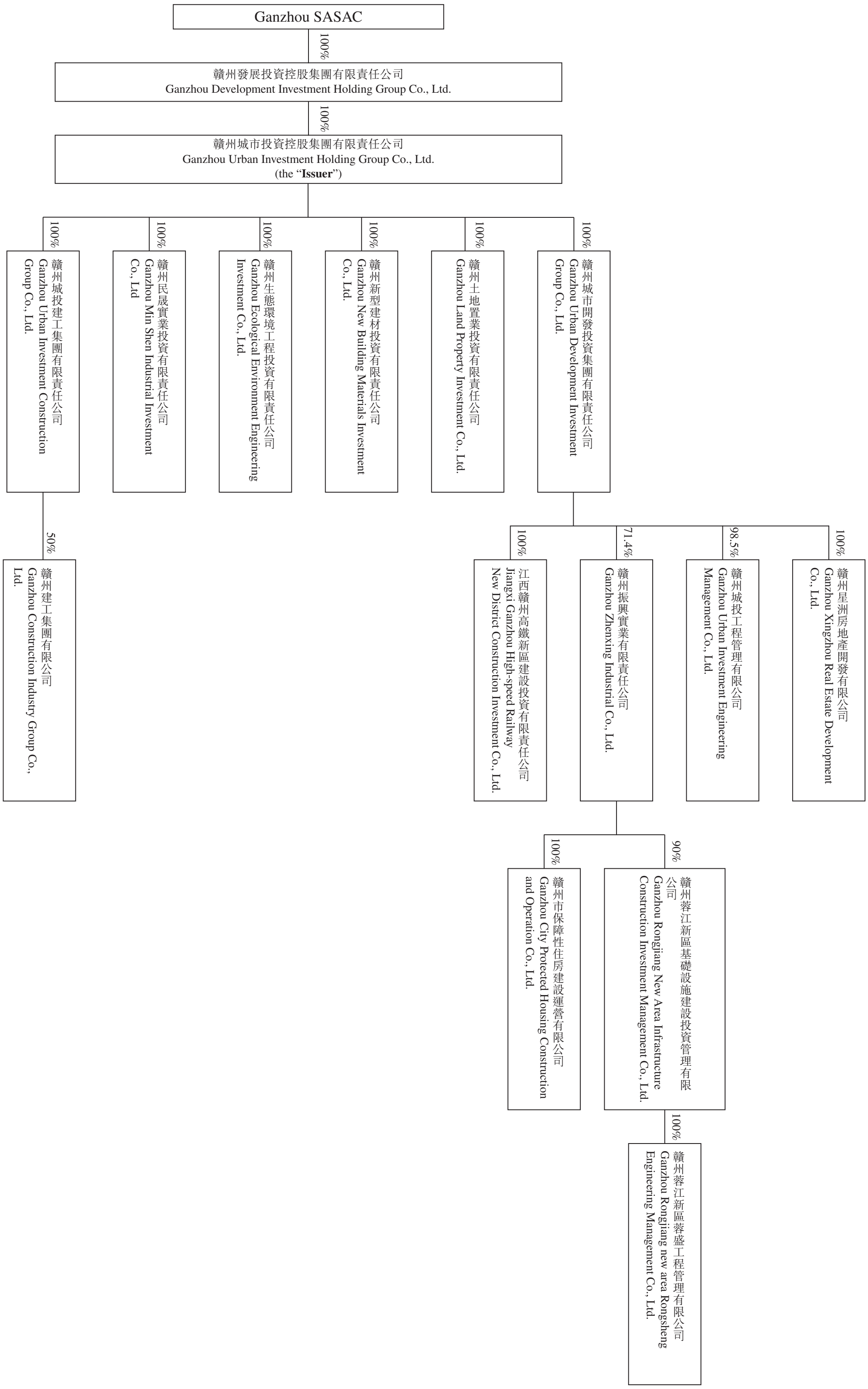
AWARDS AND RECOGNITIONS

The Group has over the years received various honours and awards in recognition of its operational excellence, including the following:

Award/Recognition	Awarding Authority/Institutions	Year Awarded
Advanced Unit in Information Work (信息工作先進單位)	China City Development Association and Urban Investment Research Association (中國城發會城投研究會)	2014
Advanced Performance in Building National Model City (創建全國文明城市工作先進集體)	Party Committee of Ganzhou Municipality and Ganzhou Municipal Government	2017
Jiangxi Province "May 1st" Labour Award (江西省"五一"勞動獎狀)	Jiangxi Federation of Trade Unions (江西省總工會)	2019
Jiangxi Province Model Unit (江西省文明單位)	Party Committee of Jiangxi Province and Jiangxi Provincial Government	2019
Ganzhou Worker-Pioneer Award (贛州市工人先鋒號)	Ganzhou Federation of Trade Unions (贛州市總工會)	2019

GROUP STRUCTURE

The following chart presents a simplified structure of the Group as at 31 December 2020:



DESCRIPTION OF THE GROUP'S BUSINESS

Overview

The Group is one of the core state-owned enterprises operating in Ganzhou with a focus on infrastructure construction and land development in Ganzhou. The Group's business consists of three main segments, namely (i) infrastructure construction, (ii) property development and (iii) other businesses. The following table sets forth a breakdown of the Group's total operating income by business segments for the periods indicated:

	For the year ended 31 December					
	2018		2019		2020	
	(RMB'000)	*(per cent.)*	*(RMB'000)*	*(per cent.)*	*(RMB'000)*	*(per cent.)*
Infrastructure construction	1,878,760	84.7	1,563,477	64.5	1,105,936	37.4
Property development	69,575	3.1	26,410	1.1	694,096	23.5
Other businesses[1]	271,190	12.2	833,095	34.4	1,154,859	39.1
Construction service	–	–	412,337	17.0	607,578	20.6
Building materials trading	97,632	4.4	162,634	6.7	179,121	6.1
Property leasing	127,957	5.8	131,914	5.4	141,567	4.8
Design service	17,379	0.8	38,903	1.6	23,879	0.8
Miscellaneous	28,222	1.3	87,308	3.6	202,714	6.9
Total	2,219,525	100.0	2,422,982	100.0	2,954,891	100.0

Infrastructure Construction

Overview

The Group's infrastructure construction business covers investment, financing, construction, operation and management of infrastructure projects. Positioned by the Ganzhou Municipal Government as Ganzhou's primary infrastructure investment platform, the Group has over the years undertaken and completed a large number of government-mandated infrastructure projects of strategic importance to Ganzhou's urban development, including various projects on urban roads, expressways, tunnels, bridges and public facilities to improve municipal infrastructure, as well as projects for shantytown redevelopment. The Group conducts its infrastructure construction business mainly through its subsidiaries, Ganzhou Urban Development Group, Ganzhou Urban Investment Engineering Management and Ganzhou Zhenxing Industrial.

As at 31 December 2020, the Group had 36 projects under construction and 16 projects in the pipeline with an estimated total investment of approximately RMB25.3 billion and RMB17.1 billion, respectively. For the years ended 31 December 2018, 2019 and 2020, operating income from the Group's infrastructure construction business was RMB1,878.8 million, RMB1,563.5 million and RMB1,105.9 million, respectively, representing 84.7 per cent., 64.5 per cent. and 37.4 per cent. of the Group's total operating income for the corresponding periods.

Business Model

Agent Construction Model

The Group develops urban infrastructure projects under an agent construction model. The Group has entered into a framework agreement (the "**Framework Agreement**") with the Ganzhou Municipal Government, whereby the Group is entrusted by the government to construct and develop municipal infrastructure on its behalf. Each year the Ganzhou Municipal Government, based on its arrangement designed for Ganzhou's urban development, issues to the Group an annual plan for the specific infrastructure projects to be constructed for that particular year. Such plan typically details, among other things, the ownership of the projects, the construction period, the development schedule, the annual target for investment and the project progress.

The infrastructure projects undertaken by the Group are financed through a combination of the Group's own funds and government funds appropriated for such purpose. Under the Framework Agreement, the Group is responsible for procuring financing for the projects it undertakes. To support the Group's operations, the Ganzhou Municipal Government makes advances, in forms of government grants and subsidies, to the Group as prepayments prior to the completion of a project.

The Group develops the infrastructure projects in accordance with the specification and requirements of the government. The Group engages third-party contractors to carry out the construction work for its projects through a tendering process whereby acceptable tender is determined by the Finance Bureau of Ganzhou Municipal Government, and settles payment for construction costs to its contractors in accordance with the winning tender. Upon completion and acceptance of an infrastructure project, the Group transfers ownership of the completed project to the Ganzhou Municipal Government through a buyback arrangement. For each project, the buyback consideration to be settled by the government is assessed and determined by the Finance Bureau of Ganzhou Municipal Government after it performs audit on the Group's costs incurred from the development of the project. After auditing the Group's total cost for developing the projects, the government will arrange payment for the balance of the buyback consideration, calculated as the Group's total development costs plus a service fee reflecting a certain percentage (approximately 15 per cent.) of such costs. The settlement payment is generally paid by the Ganzhou Municipal Government in instalments within a period of 10 years after the completion of a project. According to the accounting policies of the Group, the Group recognises operating income when it receives instalment payment from the Ganzhou Municipal Government.

Government Purchase Model

The Group undertakes shantytown redevelopment projects under a government purchase model. Shantytown redevelopment projects undertaken by the Group are awarded by departments of the Ganzhou Municipal Government through public or selective tenders, competitive negotiations and other market-oriented process. For each shantytown redevelopment project, the Group, acting through its subsidiary Ganzhou Zhenxing Industrial, enters into a service purchase agreement (the "**Service Purchase Agreement**") with relevant government departments. Under the Service Purchase Agreement, the Group was commissioned to conduct shantytown redevelopment work, which involves housing expropriation and demolition, and relocation and compensation of local residents affected by the redevelopment plan, within the designated area in exchange for a service fee consisting of compensations for the Group's development costs, finance costs and management service. The finance costs are determined by prevailing market rates while the fee for the Group's management service is typically 0.5 per cent of its development costs. The Group finances its shantytown redevelopment projects through its own funds, such as cash flows generated from its business operations, as well as external funds raised by the Group through banks loans and other debt instruments.

Pursuant to the payment arrangement under the Service Purchase Agreement, service fees to the Group are generally paid by relevant government departments in instalments over a period of 20 years, with the first instalment payable starting from the third year after commencement of construction. The instalments are made in accordance with an agreed payment schedule under the Service Purchase Agreement for a continuous period of 18 years. The Ganzhou Municipal Government makes provisions in its annual fiscal budget for the payment of service fees to the Group.

Project Descriptions

Urban Infrastructure Projects

Completed projects

The Group had completed major urban infrastructure projects with an aggregate investment amount of RMB9,543.0 million, and had received buyback payments for those projects totalling approximately RMB628.0 million as at 31 December 2020. The particulars of those projects are set forth in the table below:

Project	Year of Completion	Total Investment	Total Buyback Consideration	Total Payment Received[1]	Payment to Be Received		
					2021	2022	2023
		(RMB in million)	*(RMB in million)*	*(RMB in million)*	*(RMB in million)*		
Chuang'er Road, Chuanxin Fifth Road and Chunxi Road Project (創二路、創新五路、春熙路)	2015	29	43	24	7	7	5
Dongjiangyuan Avenue and 29 Other Roads (Section V) Project (東江源大道等二十九條道路第五標段)	2015	66	69	42	10	10	7
Zhangjiang New District Swimming Hall and Community Service Centre Project (贛州市章江新區游泳館及章貢區社區綜合服務中心工程)	2015	239	301	173	37	37	37
Xichu Rukou Resettlement Housing Project (西出入口農民返遷房)	2015	43	43	30	5	5	3
South Gate Underpass Tunnel Project (南門口下穿隧道工程)	2016	160	189	92	28	28	28
Zhangjiang New District (Lot K16) Project (章江新區K16地)	2016	333	330	207	27	27	27
Ganzhou Ganziyuan Drainage Station Project (贛州市柑子園排澇站工程)	2017	14	26	11	5	5	5
Shashi Zutuan (Lot A14) Resettlement Housing Project (沙石組團A14地塊返遷房)	2018	424	488	12	49	49	49
Zhangjiang South Avenue West Extension, Jinqiu Road and Xuefu Road Project (章江南大道西延、金秋路及學府路)	2018	283	325	8	33	33	33
Ganzhou Discipline Inspection and Supervision Case Handling Site Project (贛州市紀檢監察辦案場所項目)	2018	239	275	7	28	28	28
Wenming Avenue Expressway Project (文明大道快速路工程)	2019	624	718	–	72	72	72
Yingbin Avenue Expressway (including Feixiang Road) Project (迎賓大道(含飛翔路)快速路兩側立面)	2019	192	221	22	22	22	22

Project	Year of Completion	Total Investment	Total Buyback Consideration	Total Payment Received(1)	Payment to Be Received		
					2021	2022	2023
		(RMB in million)	*(RMB in million)*	*(RMB in million)*	*(RMB in million)*		
Gannan Polytechnic College Project (贛南職業技術學院項目)	2020	1,099	1,264	–	126	126	126
Dongjiangyuan Avenue Expressway Project (東江源大道快速路)	2019	2,120	2,438	–	244	244	244
Gannan Avenue Expressway (Section One) Project (贛南大道快速路一標段).	2020	1,281	1,473	–	147	147	147
Gannan Avenue Expressway (Section Two) Project (贛南大道快速路二標段)	2020	1,124	1,293	–	129	129	129
Nanhe Bridge Widening and Reconstruction Phase One Project (南河大橋拓寬改造工程一期) . . .	2020	250	286	–	29	29	29
Zhangjiang South Avenue West Extension Greening Project (章江南大道西延綠化工程).	2020	435	500	–	50	50	50
Yinglongqiu Road Project (迎龍丘路)	2020	40	46	–	5	5	5
Convention and Exhibition Center Surrounding Roads Phase One Project (會展中心周邊道路(一期))	2020	273	314	–	31	31	31
Guijiaowei Park Reconstruction Project (龜角尾公園改造工程). . .	2020	4	5	–	0.5	0.5	0.5
Grain City Complex Project (糧食城綜合樓)	2020	60	69	–	7	7	7
Yuanling Road (Feixiang Avenue-Changling Road) Project (園嶺路(飛翔大道–長嶺路)).	2020	29	33	–	3	3	3
Changling Road (Zhenxing Avenue-Feixiang Avenue) Project (長嶺路(振興大道–飛翔大道))	2020	182	209	–	21	21	21
Total	–	9,543	10,958	628	1,116	1,116	1,109

Note:

(1) Represents the total buyback payment received as at 31 December 2020.

Projects in progress

The following table sets forth the particulars as at 31 December 2020 of certain major ongoing projects selected based on the expected investment size with construction expected to be completed within the next two years:

Project	Construction Period	Expected Payment Period	Estimated Total Investment	Invested Amount[1]
			(RMB in million)	*(RMB in million)*
Zhangjiang New District Xingfu Jiayuan Resettlement Housing Project (章江新區幸福家園農民返遷房)	2014-2021	2022-2032	5,546	4,785
Zhangjiang New District Sub-arterial Road and Branch Road Network Project (章江新區次幹道、支路網)	2016-2020	2021-2031	426	177
Rongjiang Third Road and Wuling Avenue Utility Tunnel Project (贛州市中心城區蓉江三路和武陵大道地下綜合管廊工程).	2018-2021	2022-2032	1,054	201
Ganzhou West Railway Station Building Phase I Project (贛州西站站房一期工程)	2017-2020	2021-2031	830	485
Yingbin Avenue Expressway Project (迎賓大道快速路).	2017-2022	2023-2033	3,660	1,844
Hakka Avenue West Extension Project (客家大道西延).	2017-2022	2023-2033	2,604	2,533
Xingannan Road Traditional Community Redevelopment Project (新贛南路傳統風貌街區改造)	2017-2022	2023-2033	7,500	2,295
Hakka Avenue West Extension (Ground Section II) Project (客家大道西延道路工程(地面段2))	2016-2022	2023-2033	2,633	2,556
Chuangye Road (Elevated Section) Project (創業路(高架段))	2017-2021	2022-2032	2,791	2,355
Ganzhou Comprehensive Culture and Art Centre (贛州市綜合文化藝術中心).	2018-2020	2021-2031	866	350
Ganzhou West Railway Station Square Elevated System Project (贛州西站站前廣場高架系統)	2018-2020	2021-2031	387	381
Ganzhou West Railway Station Drainage Reconstruction Project (贛州高鐵西站下雨塘水系改造工程).	2018-2020	2021-2031	150	129
Urban Roads Surrounding Fangte Theme Park Project (方特主題公園周邊城市道路)	2019-2021	2022-2032	461	182
Wenming Avenue Expressway (across the Beijing-Kowloon Railway Interchange) Project (文明大道快速路(上跨京九鐵路立交工程)).	2020-2022	2023-2033	390	195
Nanhe Bridge Widening and Reconstruction Project (Phase Two) (南河大橋拓寬改造工程二期).	2020-2022	2023-2033	370	127

Project	Construction Period	Expected Payment Period	Estimated Total Investment	Invested Amount[(1)]
			(RMB in million)	*(RMB in million)*
Zhangjiang You'an Civic Park (Binjiang Road) Project (Phase One) (章江右岸市民公園–濱江道路(一期))	2019-2021	2022-2032	530	353
Panlong Bridge Project (蟠龍大橋)	2020-2022	2023-2033	692	121
Total	–	–	30,890	19,069

Note:

(1) Represents the total costs incurred as at 31 December 2020.

Pipeline projects

The following table sets forth the particulars of major pipeline projects of the Group as at 31 December 2020:

Project	Expected Construction Period	Estimated Total Investment
		(RMB in million)
Workers Cultural Palace Project (工人文化宮)	2021	200
Yuhong First Road, Yuhong Second Road and Jindongbei Road (Phase Two) Project (玉虹一路、玉虹二路和金東北路二期工程)	2021-2022	250
Shizi Road Project (獅孜路)	2021-2022	158
Xijin Bridge Project (西津大橋)	2021-2022	400
Loutiling Bridge Project (樓梯嶺大橋)	2021-2023	475
Building Residual Soil Dissipating Field in Central District Project (中心城區建築餘土消納場)	2021-2022	200
Zhangjiang You'an Riverside Ecological Protection Green Space (Shanshan Outlets – Heping Road) Project (章江右岸濱江生態防護綠地(杉杉奧特萊斯–和平路)).	2021-2022	510
Gannan Characteristic Cultural Street Project (贛南特色文化一條街).	2021-2022	300
Zhangjiang Slow-Traffic Bridge Project (章江慢行橋)	2021-2022	200
Hexie Avenue (Ring Road Connection Line-Yingbin South Avenue) Project (和諧大道(繞城高速連接線–迎賓南大道)) . .	2021-2023	600
Airport Expressway to Ganzhou International Port Connection Project (機場快速路至贛州國際港連接線工程)	2021-2023	520
Total	–	3,813

Shantytown Redevelopment Projects

As at 31 December 2020, all of the Group's shantytown redevelopment projects are under construction. As at the same date, the Group had two ongoing shantytown redevelopment projects with an estimated total investment amount of approximately RMB19,620 million. The particulars of such projects as at 31 December 2020 are set forth in the table below:

Project	Expected Year of Completion	Estimated Total Investment	Invested Amount[1]	Estimated Service Fee
		(RMB in million)	*(RMB in million)*	*(RMB in million)*
Rongjiang New Town Shantytown Redevelopment Project (蓉江新城棚戶區改造項目)	2022	12,237	8,418	14,531
Zhanggong District Shantytown Redevelopment Project (章貢區棚戶區改造項目)	2022	7,383	6,952	9,906
Total	–	19,620	15,370	24,437

Note:

(1) Represents the total costs incurred as at 31 December 2020.

Property Development

Overview

The Group's property development business primarily involves the development and commercial sale of residential housing in Ganzhou. The Group conducts its property development business mainly through its wholly-owned subsidiary, Ganzhou Xingzhou Real Estate. With a registered capital ranked second among all property developers in Ganzhou, Ganzhou Xingzhou is the city's only state-owned enterprise operating in the property development sector, and possesses the Provisional Qualification Certificate of Real Estate Development Enterprise (房地產開發企業暫定資質證書) issued by the Ministry of Housing and Urban-Rural Development.

As at 31 December 2020, the Group had completed three housing projects with a total GFA of 190,900 square metres and had one housing project under construction with an estimated total GFA of 171,800 square metres. For the years ended 31 December 2018, 2019 and 2020, operating income from the Group's property development business was RMB69.6 million, RMB26.4 million and RMB694.1 million, respectively, representing 3.1 per cent., 1.1 per cent. and 23.5 per cent. of the Group's total operating income for the corresponding periods.

Business Model

The Group acquires land use rights through public tender, auction or listing-for-sale procedure in accordance with requirement for transfer of land use rights under relevant PRC laws and regulations, and obtains the land use rights certificate and the approval for planning and construction. The Group finances its land acquisition primarily through its own funds, supplemented by external funding secured through mortgage of land use rights to banks and other financial institutions. As at 31 December 2020, the Group has a land reserve of 731,451 square metres with an aggregate book value of RMB4,012 million.

To carry out the construction work, the Group engages third-party contractors through a bidding process or other procedures. The Group oversees the execution of the project and coordinates with all parties participating in the project in respect of work allocation and project progress. The Group generally requests the contractors to submit performance guarantees and detailed construction plans to ensure that the projects are on schedule and the work of the contractors meets the Group's quality requirements.

In line with the market practice in the PRC, the Group sells the properties it develops prior to the completion of construction, subject to satisfaction of relevant requirements under the applicable PRC laws and regulations. The Group generally enters into a pre-sale contract of commodity housing (商品房預售合同) with its customers, whereby the property is to be delivered upon completion of construction. Payments pursuant to the pre-sale contracts, according to the Group's accounting policies, are booked as prepayments from customers and are only recognised as revenue after the completion and delivery of the property to such customers. Property developed by the Group is priced at market rates, which take into account various factors, including, among others, location of the property, ancillary facilities, price of comparable properties, market conditions and macroeconomic environment.

Project Description

Completed Projects

The following table sets forth the particulars of property development projects the Group had completed as at 31 December 2020:

Project	Total GFA	Total Investment	Total GFA Sold	Total Sales Amount
	(sq.m.)	*(RMB in million)*	*(sq.m.)*	*(RMB in million)*
Xingzhou Bay Phase I (星洲灣一期)	85,100	311	85,100	498
Xingzhou Bay Phase II (星洲灣二期)	55,300	330	55,300	484
Xingzhou Bay Phase III (星洲灣三期)	50,500	265	50,500	460
Total	190,900	906	190,900	1,442

Projects under Construction

As at 31 December 2020, the Group had one ongoing property development project with an estimated total investment of approximately RMB829 million. The particulars of such project as at 31 December 2020 are set forth in the table below:

Project	Total GFA	Estimated Total Investment	Total GFA Sold	Pre-sales Amount
	(sq.m.)	*(RMB in million)*	*(sq.m.)*	*(RMB in million)*
Xingzhou Bay Jiujing Project (星洲灣•九境項目)	168,600	829	1,209	1,304

Other Businesses

The Group's other businesses primarily include (i) construction service, (ii) building materials trading, (iii) property leasing and (iv) design service. For the years ended 31 December 2018, 2019 and 2020, operating income from the Group's other businesses was RMB271.2 million, RMB833.1 million and RMB1,154.9 million, respectively, representing 12.2 per cent., 34.4 per cent. and 39.1 per cent. of the Group's total operating income for the corresponding periods.

Construction Service

The Group's construction service business generates operating income mainly from undertaking construction work for municipal projects and housing projects of the local government, whereby the Group is engaged as a contractor under an EPC (Engineering, Procurement and Construction) or PPP (Public-Private Partnership) arrangement. For the years ended 31 December 2018, 2019 and 2020, operating income from the Group's construction service business was nil, RMB412.3 million and RMB607.6 million, respectively, representing nil, 17.0 per cent. and 20.6 per cent. of the Group's total operating income for the corresponding periods.

Building Materials Trading

The Group conducts its building materials business through its subsidiaries, Ganzhou Urban Development Concrete Co., Ltd. (贛州城投混凝土有限公司), Ganzhou Huijin Sand Industry Co., Ltd. (贛州匯金沙業有限公司) and Ganzhou New Building Materials Investment Co., Ltd. (贛州新型建材投資有限責任公司). The Group supplies concrete, river sand, steel bar and other building materials for construction use. For the years ended 31 December 2018, 2019 and 2020, operating income from the Group's building materials trading business was RMB97.6 million, RMB162.6 million and RMB179.1 million, respectively, representing 4.4 per cent., 6.7 per cent. and 6.1 per cent. of the Group's total operating income for the corresponding periods.

Property Leasing

The Group's property leasing business generates rental income from leasing of its properties in Ganzhou, including commercial properties as well as public rental housing developed by it under the mandates of Ganzhou Municipal Government. The Group generally enters into an agreement for a term of five years in connection with leasing of commercial properties, while term of the agreement is typically one year in the case of leasing of public rental housing. As at 31 December 2020, the Group had a total gross leasable area of approximately 104,500 square metres, of which approximately 65 per cent. had been leased. For the years ended 31 December 2018, 2019 and 2020, operating income from the Group's property leasing business was RMB128.0 million, RMB131.9 million and RMB141.6 million, respectively, representing 5.8 per cent., 5.4 per cent. and 4.8 per cent. of the Group's total operating income for the corresponding periods.

Design Service

The Group conducts its design service business primarily through the Issuers' indirect subsidiaries, Ganzhou Tiancheng Municipal Planning and Design Co., Ltd. (贛州市天成市政規劃設計有限公司) and the Architectural Design and Research Institute. Operating income is mainly derived from provision of road survey service and other related services. For the years ended 31 December 2018, 2019 and 2020, operating income from the Group's design service business was RMB17.4 million, RMB38.9 million and RMB23.9 million, respectively, representing 0.8 per cent., 1.6 per cent. and 0.8 per cent. of the Group's total operating income for the corresponding periods.

Miscellaneous

The Group also derives operating income from charges for advance of funds and fees for miscellaneous services. For the years ended 31 December 2018, 2019 and 2020, operating income generated from these businesses was RMB28.2 million, RMB87.3 million and RMB202.7 million, respectively, representing 1.3 per cent., 3.6 per cent. and 6.9 per cent. of the Group's total operating income for the corresponding periods.

OCCUPATIONAL HEALTH AND SAFETY

The Group is dedicated to ensuring workplace safety. Comprehensive policies are in place to set out responsibilities of safety officers at different levels, requirements to optimise the management network monitoring the effectiveness of the safety measures, guidelines for handling any infractions and emergency incidents, and mechanisms for regular internal safety checks and onsite inspections. In addition, the Group has established a project management department supervising the management of emergencies and implementation of workplace safety measures. As at the date of this Offering Circular, the Group has complied in all material respects with applicable PRC laws and regulations on workplace safety. During the years ended 31 December 2018, 2019 and 2020, the Group had not experienced any major workplace or industrial accidents that could have a material adverse effect on its business, results of operations or financial conditions.

ENVIRONMENTAL MATTERS

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

EMPLOYEES

As at 31 December 2020, the Group had approximately 570 full-time employees.

As at the date of this Offering Circular, the Group has entered into an employment contract with each of its employees in accordance with applicable PRC laws and regulations. Such contracts include provisions on wages, vacation, employee benefits, training programmes, health and safety, confidentiality obligations and grounds for termination.

The Group participates in the mandatory pension fund and social insurance schemes in accordance with the applicable regulations of local governments in regions where the Group has business operations. The Group also makes contributions to an employee housing fund according to applicable PRC regulations. In addition, recognising that its employees are critical to its success, the Group provides continuing vocational education and training to its employees to promote personal and career development.

During the years ended 31 December 2018, 2019 and 2020, the Group had not been involved in any labour disputes that have materially affected its operations.

INSURANCE

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

LEGAL PROCEEDINGS AND REGULATORY COMPLIANCE

The Group may from time to time 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 may be subject to disputes, legal, regulatory or other proceedings.*"

As at the date of this Offering Circular, to the best of its knowledge, there are no current litigation or arbitration proceedings against the Group or any of its senior management team members that could have a material adverse effect on its business, financial condition and results of operations.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

The board of directors of the Issuer (the "**Board**") currently consists of six members[1], including the chairman. The directors are appointed for a term of three years, which is renewable upon re-election and re-appointment. The Board is accountable to Ganzhou SASAC and primarily responsible for implementing the decisions of and reporting to Ganzhou SASAC, formulating long-term development plans and investment proposals, determining annual business plans, making annual financial budget plans, profit distribution plans and major restructuring plans, determining the management structure of the Guarantor, appointing the senior management of the Guarantor, formulating proposals for amendments to the articles of association, providing guarantees for third parties and managing information disclosure. The following table sets forth the Issuer's directors as at the date of this Offering Circular:

Name	Age	Position/Title
Mr. Zhu Jianhua (朱建華)(1)	50	Chairman and Legal Representative
Mr. LI Guoquan (李國泉)(2)	47	Director and General Manager
Mr. HUANG Jiawei (黃家偉)	56	Deputy Secretary of the Party Committee, Director
Mr. LIU Yaoming (劉耀明)	44	External Director
Mr. LIU Bo (劉波)	47	External Director
Mr. QI Jiangbiao (戚江標)	39	Employee Director, Secretary of the Board of Directors

Notes:

(1) The Issuer has been notified that Mr. Zhu Jianhua will no longer serve as the chairman and legal representative of the Issuer. According to the Issuer's articles of association and the Company Law of the PRC, the termination of Mr. Zhu's position shall only take effect once a successor has been formally appointed. The Issuer is in the process of completing internal and external procedures to complete the appointment of a successor. Such appointment is also subject to approval of the Board and to shareholders' approval.

(2) The Issuer has been notified that Mr. Li Guoquan will no longer serve as the director of the Issuer. According to the Issuer's articles of association and the Company Law of the PRC, the termination of Mr. Li's position shall only take effect once a successor has been formally appointed. The Issuer is in the process of completing internal and external procedures to complete the appointment of a successor. Such appointment is also subject to shareholders' approval.

Mr. Zhu Jianhua (朱建華), aged 50, has been the chairman of the Board and legal representative of the Issuer since 2018. Mr. Zhu previously served as a director of the publicity department of Ganxian County Party Committee (贛縣縣委宣傳部幹事), deputy secretary, secretary, head of town and a member of the National People's Congress of Ganxian Huxinxiang Party Committee (贛縣湖新鄉黨委), secretary and a member of the National People's Congress of Ganxian Jibu Town Party Committee (贛縣吉埠鎮黨委書記), party committee member, deputy district head and district head of Ganzhou Municipal Government, member of the standing committee of Zhanggong district, deputy party secretary of the district government party committee, member of Ganzhou Economic Trade and Development District (贛州經濟技術開發區黨工委). Mr. Zhu obtained a bachelor's degree in economic management at Party School of the Central Committee of the Communist Party of China (中共中央黨校).

Mr. LI Guoquan (李國泉), aged 47, has been a director of the Board and the general manager of the Issuer since 2018. He also serves as the general manager of Ganzhou Urban Development Group and a director of the board of Bank of Ganzhou (贛州銀行). Mr. Li previously served as the deputy general manager of Overseas Engineering Company of Jiangxi Construction Engineering Group Corporation (江西省建工集

1 The current number of directors in office falls below the requirement as set out in the Issuer's articles of association. The Issuer is in the process of completing the appointment of a new director. To the best knowledge of the Issuer, this process does not affect the normal operations of the Board.

團公司海外工程公司), the director and deputy researcher of Jiangxi Provincial Party Committee Agricultural Work Department Office (江西省委農工部辦公室), the vice governor of Quannan County Government, Ganzhou City, Jiangxi Province (江西西省贛州市全南縣政府), the deputy secretary general of Ganzhou Municipal Government and member of the Party Group of the Municipal Government Office of Jiangxi Province. Mr. Li studied English for Industry and Trade at Department of Foreign Languages of Nanchang Institute of Aeronautics and Technology (南昌航空工業學院) (now known as Nanchang Institute of Aeronautics and Technology later changed its name to Nanchang Hangkong University (南昌航空大學)) and obtained an executive master's degree in business administration at School of Economics and Management at Tsinghua University (清華大學).

Mr. HUANG Jiawei (黃家偉), aged 56, has been a director and deputy secretary of the Party Committee of the Issuer since 2011. He also serves as the director and deputy general manager of Huakai (Ganzhou) City Investment Co., Ltd. (華開(贛州)城市投資有限公司). Mr. Huang previously served as the director of the Training Centre for Planning Cadres of Ganzhou Municipal Planning Commission (贛州市計委計劃幹部培訓中心), the deputy general manager, chairman and general manager of Gannan Modern Agricultural Demonstration Park (贛南現代農業示範園), the director of the Rural Economic Development Section (農村經濟發展科) of Ganzhou Municipal Planning Commission, the head of Rural Economy Section (農村經濟科) and chief of Project Approval Service Section (項目審批服務科) of Ganzhou Development and Reform Commission (贛州市發展和改革委員會), the deputy general manager and member of the Party Committee of Ganzhou Urban Development Group. Mr. Huang obtained a bachelor's degree in Agronomy at Jiangxi Agricultural University (江西農業大學) and bachelor's degree in economic management at Party School of the Central Committee of the Communist Party of China (中共中央黨校).

Mr. LIU Yaoming (劉耀明), aged 44, has been an external director of the Issuer since 2019. He also serves as the deputy director of Ganzhou SASAC. Mr. Liu previously served as the deputy company commander and company commander of the communications battalion of the Second Armoured Division of the Twelve Group Army (十二集團軍裝甲二師通信營通信連), the company commander of the third battalion of the second regiment (第二團一營三連) and the chief of communications unit of the command department (司令部通信股) of Jiangxi Army Reserve Infantry Division (江西陸軍預備役步兵師), the full battalion staff officer of the Military Section (軍事科) of the People's Armed Forces Department (人民武裝部) of Dingnan County (定南縣), Jiangxi Province, the chief of the logistics section and chief of the security section of the People's Armed Forces Department of Chongyi County (崇義縣), Jiangxi Province. Mr. Liu obtained a bachelor's degree in communication engineering at Nanchang University (南昌大學).

Mr. LIU Bo (劉波), aged 47, has been an external director of the Issuer since 2019. He also serves as a member of the Party Committee and deputy director of Ganzhou SASAC. Mr. Liu previously served as the head of planning and development section and supervision and audit section, the deputy secretary of discipline inspection committee, the director of supervision office, the chief of enterprise reform and property rights management section and the chief economist of Ganzhou SASAC. Mr. Liu obtained a diploma in public finance at Jiangxi University of Finance and Economics (江西財經大學).

Mr. QI Jiangbiao (戚江標), aged 39, has been an employee director and a secretary of the board of directors of the Issuer since 2020. Mr. Qi previously served as the deputy director of Comprehensive Department (綜合部) and the vice minister of the party and group work department at Jiangxi Tongwei Highway Construction Group Company (江西通威公路建設集團公司), the deputy director of the office, the secretary of the youth league committee and the party branch secretary of Xinggan expressway project office of Ganzhou Expressway Co., Ltd. (贛州高速公路有限責任公司) and the deputy general manager, the party branch secretary and the executive vice general manager of Jiangxi Xunquan Expressway Co., Ltd. (江西省尋全高速公路有限責任公司). Mr. Qi obtained a master's degree in business administration at Jiangxi University of Technology (江西理工大學).

SUPERVISORS

The board of supervisors (the "**Supervisory Board**") consists of five supervisors, including one chairman. The supervisors are appointed by Ganzhou SASAC and elected by the staff. The supervisors are appointed for a term of three years, which is renewable upon re-election and re-appointment. The following table sets forth the Issuer's Supervisory Board as at the date of this Offering Circular:

Name	Age	Position/Title
Mr. Chen Xiaorong (陳孝榮)	58	Chairman of the Supervisory Board
Mr. ZHU Yongsheng (朱泳生)	46	Employee Supervisor
Mr. HUANG Bin (黃斌)	58	Employee Supervisor
Ms. GUO Wenting (郭雯婷)	31	Supervisor
Ms. ZHUO Yanjing (卓豔菁)	32	Supervisor

Mr. Chen Xiaorong (陳孝榮), aged 58, has been the chairman of Supervisory Board since 2018. He also serves as the chairman of the external supervisory board of Ganzhou SASAC. Mr. Chen previously served as the director of the Bureau of Township Enterprises of Nankang City (南康市鄉鎮企業局), the director of Nankang Municipal Government Office (南康市政府辦公室), the secretary of the Party Committee of Rongjiang Township, Nankang City (南康市蓉江鎮), the assistant to mayor of the municipal government of Nankang City, the chairman and party secretary of Ganzhou Water Affairs Group Co., Ltd. (贛州水務集團有限責任公司) and the chairman of Ganzhou State-owned Assets Management Co., Ltd. (贛州市國有資產經營有限責任公司). Mr. Chen obtained a diploma in economic management at Party School of the Central Committee of the Communist Party of China.

Mr. ZHU Yongsheng (朱泳生), aged 46, has been the employee supervisor of the Issuer since 2013. He also serves as the member of audit department and deputy secretary of the organisation party branch of Ganzhou Development Investment Group. Mr. Zhu was employed as the accountant, tax staff and sales of Ganzhou Guwu Company Limited (贛州鈷鎢有限責任公司) and served as the employee supervisor and the member of the discipline committee of the Group as well as the director of the department of discipline of Ganzhou Urban Development Investment Group. Mr. Zhu obtained a bachelor's degree in accounting at Jiangnan University (江南大學).

Mr. HUANG Bin (黃斌), aged 58, has been the employee supervisor of the Issuer since 2020. Mr. Huang previously served as the deputy manager of enterprise development department and preliminary work department, the deputy director of investment and development department and the executive deputy manager of Ganzhou Urban Development Group and the deputy manager of Jiangxi Xingzhou Real Estate Development Co., Ltd. (江西星洲房地產開發有限公司). Mr. Huang obtained a diploma in infrastructure and credit at Jiangxi Finance and Economics School (江西省財經學院).

Ms. GUO Wenting (郭雯婷), aged 31, has been the supervisor of the Issuer since 2021. Ms. Guo was employed as an auditor of Pan-China Certified Public Accountants LLP (天健會計師事務所(特殊普通合夥)), served as the head of treasurer of Jiangxi Jianqiang Department Store Chain Co., Ltd. (江西堅強百貨連鎖有限公司) and an auditor of Ganzhou Construction Investment Holding Co., Ltd. (贛州建控投資控股集團有限公司). Ms. Guo holds a obtained a bachelor's degree in administration at Jiangxi Finance and Economics University (江西財經大學).

Ms. ZHUO Yanjing (卓豔菁), aged 32, has been the supervisor of the Issuer since 2021. Ms. Zhuo was employed as an audit and finance specialist of Xiangyang (Cayman) International Holdings Group (向陽(開曼)國際控股集團) and a teller and an operation supervisor of Jiangxi Rural Commercial Bank Co., Ltd (江西農村商業銀行股份有限公司). Ms. Zhuo obtained a bachelor's degree in finance management at Huaqiao University (華僑大學) and a master's degree in economics at Jiangxi Finance and Economics University.

SENIOR MANAGEMENT

The general manager is appointed by the Ganzhou Municipal Government. The general manager is appointed for a term of three years, which is renewable upon re-election and re-appointment. The following table sets forth the Issuer's senior management as at the date of this Offering Circular:

Name	Age	Position/Title
Mr. LI Guoquan (李國泉)(1)	50	Director and General Manager
Mr. WANG Yuanping (王遠平)	55	Deputy General Manager, Chief Engineer
Mr. LIANG Xiaobin (梁曉斌)	46	Chief Financial Officer
Mr. ZENG Fuyou (曾富有)(2).......	45	Secretary of the Discipline Committee
Mr. ZHONG Ming (鐘鳴)(3)	37	Deputy General Manager

Notes:

(1) By the Notice of Removal from Office of Li Guoquan issued by Ganzhou Municipal Government on 4 June 2021, Mr. Li Guoquan is required to vacate his position as general manager of the Issuer. The Issuer is in the process of completing internal and external procedures to complete the termination of Mr. Li's position and the appointment of a successor. Such appointment is also subject to approval of the Board.

(2) By the Notice of Appointment and Termination of 36 Personnel including Xu Song of Ganzhou Committee of the Chinese Communist Party issued on 4 August 2021, Mr. Zeng Fuyou is required to vacate his position as secretary of the discipline committee of the Issuer. The Issuer is in the process of completing internal and external procedures to complete the termination of Mr. Zeng's position and the appointment of a successor. Such appointment is also subject to approval of the Board.

(3) The Issuer has been notified that Mr. Zhong Ming will no longer serve as the deputy general manager of the Issuer. The Issuer is in the process of completing internal and external procedures to complete the termination of Mr. Zhong's position and the appointment of a successor. Such appointment is also subject to approval of the Board.

Mr. LI Guoquan (李國泉) is a director of the board and the general manager of the Issuer. For Mr. Li Guoquan's biography, see "*Directors*" above.

Mr. WANG Yuanping (王遠平), aged 55, has been a deputy general manager and chief engineer of the Issuer since 2020. He also serves as the executive director of Ganzhou New Building Materials Investment Co., Ltd. (贛州新型建材投資有限責任公司). Mr. Wang previously served as the party secretary and director of Shangyou County Construction Bureau (上猶縣建設局), the director of Real Estate Bureau (房產局) and Housing Provident Fund Management Centre (住房公積金管理中心) of Shangyou County, the senior staff of Bureau of Urban and Rural Planning and Construction (城鄉規劃建設局) of Shangyou County and a member of the party committee of the Issuer. Mr. Wang obtained a bachelor's degree in industrial and civil construction at Tongji University (同濟大學).

Mr. LIANG Xiaobin (梁曉斌), aged 46, has been the chief financial officer of the Issuer since 2019. He also served as the executive director and general manager of Ganzhou Chengxing Investment Management Co. Ltd. (贛州城興投資管理有限公司), the executive director of Ruixingyu (Ganzhou) State-owned Capital Operation Co., Ltd. (瑞興於(贛州)國有資本運營有限公司) and the director and chief financial officer of Gannan Su Region Revitalization Development Industry Investment Fund Management Co., Ltd. (贛南蘇區振興發展產業投資基金管理有限公司). Mr. Liang previously served as the director and the manager of Financial Management Department (財務管理部) and the deputy chief financial officer of Ganzhou Urban Development Group and the assistant general manager of Ganzhou Chengxing Investment Management Co., Ltd.. Mr. Liang obtained a bachelor's degree in engineering management at Jiangxi University of Technology (江西理工大學).

Mr. ZENG Fuyou (曾富有), aged 45, has been the secretary of the discipline committee and a member of the Party Committee of the Issuer since 2020. Mr. Zeng previously served as the deputy mayor, the organization member of Party Committee, the deputy secretary of the Party Committee and the mayor of Xijiang Township, Huichang County, Ganzhou City, Jiangxi Province (江西省贛州市會昌縣西江鎮) and the party secretary of Junmenling Township, Huichang County, Ganzhou City, Jiangxi Province (江西省贛州市會昌縣筠門嶺鎮). Mr. Zeng obtained a bachelor's degree in Economic Information Management at Huainan Industrial College (淮南工業學院).

Mr. ZHONG Ming (鐘鳴), aged 37, has been a deputy general manager of the Issuer since 2019. He also serves as an executive director and general manager of Ganzhou Land Property Investment Co., Ltd. (贛州土地置業投資有限責任公司), a director of Ganzhou Jinshengyuan Guarantee Co., Ltd (贛州市金盛源擔保有限公司) and a director of Ganzhou Rural Commercial Bank Co., Ltd. (贛州農村商業銀行股份有限公司). Mr. Zhong previously served as the chief of fixed assets audit section, head of foreign investment utilization audit section and head of economic responsibility audit section of Ganzhou Audit Bureau (贛州市審計局). Mr. Zhong obtained a diploma in economic management at Jiangxi Provincial Construction Engineering School (江西省建築工程學校) and obtained a bachelor's degree in economic management at Party School of the Central Committee of the Communist Party of China.

CORPORATE GOVERNANCE

The Issuer has established and implemented an effective corporate governance structure. It understands the importance of an internal control system and has established provisional measures for investment management, asset management, supervision and management of financing, loans and guarantees and capital management.

The party committee of the Issuer (黨委) plays a leading role in the direction and management of the corporate affairs, ensures the implementation of the policies and leads the discussion about the major issues before the decision-making process of the management of the Issuer.

The shareholders also have important decision-making power. The following is a list of the powers of the shareholders:

- to decide on the Issuer's business policies and investment plans;
- to request the replacement of directors in accordance with the appointment documents by the authority and decide on matters relating to the remuneration of directors;
- to request the replacement of supervisors represented by shareholders in accordance with the appointment documents by the authority and decide on matters relating to the remuneration of supervisors;
- to consider and approve the report of the Board;
- to consider and approve the report of the Supervisory Board or supervisors;
- to consider and approve the Company's annual financial budget proposal and final accounts proposal;
- to review on the increase or decrease of the registered capital of the Issuer;
- to review the merger, change of corporate structures, dissolution and liquidation of the Issuer;
- to amend the articles of association of the Issuer;
- to review and decide on the issuance of bonds of the Issuer; and
- to decide on other matters that shall be decided by the shareholders as stipulated by laws, regulations and the articles of association of the Issuer.

The Issuer has set up 11 functional departments, namely the strategic development department, operations and management department, financing management department, general office, financial audit department, human resources department, risk control department, property affairs department, engineering department, culture and publicity department and inspection office.

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

- the strategic development department is primarily responsible for strategic planning, investment management and implementation and management of financing.

- the operations and management department is primarily responsible for planning of management system, implementation and supervision of the management plan, performance assessment, supervision and information management of projects and asset and ledger control.

- the financing management department is primarily responsible for financial budgeting, fund and debt management, accounting, disclosure of financial information and tax planning.

- the general office is primarily responsible for managing the daily affairs of the Party Committee, the Board and the Issuer, processing of government documents, coordination of meetings, management of files and the corporate seal, management of logistics and integrated corporate governance.

- the financial audit department is primarily responsible for organisation and implementation of internal audit, cooperating with external audit, supervising the implementation of internal control system and audit rectification work.

- the human resources department is primarily responsible for organisation of the activities of the Party, management of members of the Party Committee, implementation of recruitment plans and training of staff, staffing and stipulating policies.

- the risk control department is primarily responsible for legal affairs in the ordinary course of business, improving risk control system, managing risks of the investment projects, reviewing contracts, assisting the management team with its decision-making and managing expert pool and third-party cooperation agencies.

- the property affairs department is primarily responsible for research and filing of the land information before acquisition, monitoring the relocation process, reviewing funds, and coordination with various departments on land matters.

- the engineering department is primarily responsible for pre-construction management, bidding, changes engineering design, supervision and management of costs, project quality, safety and progress, handling of emergencies and maintenance of business stability.

- the culture and publicity department is primarily responsible for public relations, promotion on social network sites and applications, construction of corporation culture and ideological and political education.

- the inspection office is primarily responsible for daily affairs of the discipline inspection committee, investigation and handling of discipline violations.

In addition, the Issuer has established several effective internal control measures, including systems for the management of subsidiaries, external guarantees, safe production, audit, budget, capital, human resources, financing, investment, information disclosure, connected transactions and emergency response.

TAXATION

The following summary of certain tax consequences of the purchase, ownership and disposition of the Notes 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 summary 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 Notes and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any holder of the Notes or any person acquiring, selling or otherwise dealing in the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. Persons considering the purchase of the Notes should consult their own tax advisers concerning the tax consequences of the purchase, ownership and disposition of the Notes.

PRC

The following summary describes the principal PRC tax consequences of ownership of the Notes by beneficial owners who, or which, are not residents of the PRC for PRC tax purposes. These beneficial owners are referred to as non-PRC Noteholders in this section. In considering whether to invest in the Notes, 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.

EIT and IIT

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

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 Noteholders.

Under the EIT Law and its implementation rules, any gains realised on the transfer of the Notes 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 Notes by non-resident 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 one 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 Notes 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 Notes minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. According to the Arrangement, Noteholders 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 Notes if such capital gains are not connected with an office or establishment that the Noteholders have in the PRC and all the other relevant conditions are satisfied.

VAT

On 23 March 2016, the Ministry of Finance and the State Administration of Taxation ("**SAT**") issued Circular 36 which confirms that business tax will be completely replaced by VAT from 1 May 2016. Since then, the income derived from the provision of financial services which attracted business tax will be entirely replaced by, and subject to, VAT.

According to Circular 36, the entities and individuals providing the services within China shall be subject to VAT. The services are treated as being provided within China where either the service provider or the service recipient is located in China. The services subject to VAT include the provision of financial services such as the provision of loans. It is further clarified under Circular 36 that the "loans" refers to the activity of lending capital for another's use and receiving the interest income thereon. Based on the definition of "loans" under Circular 36, the issuance of Notes is likely to be treated as the holders of the Notes providing loans to the Issuer, which thus shall be regarded as financial services subject to VAT. Further, given that the Issuer is located in the PRC, the holders of the Notes would be regarded as providing the financial services within China and consequently, the holders of the Notes shall be subject to VAT at the rate of 6 per cent. when receiving the interest payments under the Notes. In addition, the holders of the Notes shall be subject to the local levies at approximately 12 per cent. of the VAT payment and consequently, the combined rate of VAT and local levies would be around 6.72 per cent. Given that the Issuer pays interest income to Noteholders who are located outside of the PRC, the Issuer, acting as the obligatory withholder in accordance with applicable law, shall withhold VAT and local levies from the payment of interest income to Noteholders who are located outside of the PRC.

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

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.

Pursuant to the EIT Law, the Business Tax Laws and the VAT reform detailed above, the Issuer shall withhold EIT, (should such tax apply) from the payments of interest in respect of the Notes for any non-PRC-resident Noteholder and the Issuer shall withhold VAT (should such tax apply) from the payments of interest in respect of the Notes for any Noteholders located outside of the PRC. However, in the event that the Issuer is required to make such a deduction or withholding (whether by way of EIT or VAT otherwise), the Issuer has agreed to pay such additional amounts as will result in receipt by the Noteholders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required. For more information, see "*Terms and Conditions of the Notes – Condition 7* (*Taxation*)."

Stamp duty

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

HONG KONG

Withholding tax

No withholding tax is payable in Hong Kong in respect of payments of principal (including any premium payable on redemption of the Notes) or interest on the Notes or in respect of any capital gains arising from the sale of the Notes.

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 or disposal of capital assets).

Under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (the "**Inland Revenue Ordinance**") as it is currently applied by the Inland Revenue Department, interest on the Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried out in Hong Kong in the following circumstances:

(a) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or

(b) interest on the Notes is derived from Hong Kong and is received by or accrues to a corporation (other than a financial institution) carrying on a trade, profession or business in Hong Kong;

(c) interest on the Notes 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 the trade, profession or business; or

(d) interest on the Notes 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 Inland Revenue Ordinance).

Sums derived from the sale, disposal or redemption of the Notes will be subject to Hong Kong profits tax where received by or accrued to a person other than a financial institution who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source. The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired and disposed. Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of the Notes will be subject to 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 (as defined in section 16(3) of the Inland Revenue Ordinance) from the sale, disposal or redemption of the Notes will be subject to profits tax.

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

Stamp duty

No Hong Kong stamp duty will be chargeable for the issue and transfer of the Notes.

Estate duty

No Hong Kong estate duty is payable in respect of the Notes.

THE PROPOSED FINANCIAL TRANSACTIONS TAX ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt. Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

FOREIGN ACCOUNT TAX COMPLIANCE ACT

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. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, 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 Notes, such withholding would not apply prior to the date that is two years after the publication of the final regulations defining "foreign passthru payment" and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date.

Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes.

PRC REGULATIONS

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

NDRC REGISTRATION

On 14 September 2015, the NDRC issued Circular 2044, which became effective on the same day. In order to encourage the use of low-cost capital from the international capital markets in promoting investment and steadying growth and to facilitate cross-border financing, the Circular 2044 abolishes the case-by-case quota review and approval system for the issuance of foreign debts by PRC enterprises and sets forth the following measures to promote the administrative reform of the issuance of foreign debts by PRC enterprises or overseas enterprises and branches controlled by PRC enterprises:

- steadily promote the administrative reform of the filing and registration system for the issuance of foreign debts by enterprises;
- increase the size of foreign debts issued by enterprises, and support the transformation and upgrading of key sectors and industries;
- simplify the filing and registration of the issuance of foreign debts by enterprises; and
- strengthen the supervision during and after the process to prevent risks.

For the purposes of the Circular 2044, "**foreign debts**" means RMB-denominated or foreign currency-denominated debt instruments with a maturity of one year or above which are issued offshore by PRC enterprises and their controlled offshore enterprises or branches and for which the principal and interest are repaid on the terms set out therein, including offshore bonds and long-term and medium-term international commercial loans, etc. According to this definition, offshore bonds issued by both PRC enterprises and their controlled offshore enterprises or branches shall be regulated by the Circular 2044.

Pursuant to the Circular 2044, an enterprise must: (i) apply to the NDRC for the filing and registration procedures prior to the issuance of the bonds; and (ii) report the information on the issuance of the bonds to the NDRC within ten working days after the completion of each issuance. The materials to be submitted by an enterprise must include an application report and an issuance plan, setting out details such as the currency, size, interest rate, term, use of proceeds and remittance details.

To issue foreign debts, an enterprise must meet these basic conditions:

- have a good credit history with no default in its issued bonds or other debts;
- have sound corporate governance and risk prevention and control mechanisms for foreign debts; and
- have a good credit standing and relatively strong capability to repay its debts.

Pursuant to the Circular 2044, the NDRC must control the overall size of foreign debts that can be raised by PRC enterprises and their controlled overseas branches or enterprises. Based on trends in the international capital markets, the needs of the PRC economic and social development and the capacity to absorb foreign debts, the NDRC must reasonably determine the overall size of foreign debts and guide the funds towards key industries, key sectors, and key projects encouraged by the State, and effectively support the development of the real economy. According to the Circular 2044, the proceeds raised may be used onshore or offshore according to the actual needs of the enterprises, but priority must be given to supporting the investment in major construction projects and key sectors, such as the "Belt and Road" Initiative (一帶一路), the Integration of Beijing-Tianjin-Hebei, the Yangtze River Economic Belt, international cooperation on production capacity, and the manufacturing of equipment. As the Circular 2044 is relatively newly published, certain detailed aspects of its interpretation and application remain subject to further clarification.

On 6 June 2019, the NDRC promulgated Circular 666, which further provides that (i) where all enterprises (including local state-owned enterprises) and overseas enterprises or subsidiaries controlled by them issue foreign debts, domestic enterprises shall apply for record-filing and registration to the NDRC; (ii) as for the application for record-filing and registration of issuance of foreign debts by all enterprises (including local state-owned enterprises), applicants shall submit a commitment letter on authenticity of application materials, which shall be signed and confirmed by the main decision maker of the enterprises; (iii) where a local state-owned enterprise applies for the record-filing and registration of issuance of foreign debts, it shall have operated continuously for not less than three years; and (iv) foreign debts issued by a local state-owned enterprise undertaking local government financing function can be only used for repaying medium-and-long-term foreign debts due within the future one year.

SAFE ADMINISTRATION

According to the Administrative Measures for Foreign Debt Registration (外債登記管理辦法) and its operating guidelines (外債登記管理操作指引), effective as at 13 May 2013 and amended on 4 May 2015, 26 April 2016 and 9 June 2016, respectively, issuers of foreign debts are required to register with the SAFE. Issuers other than banks and financial departments of the government shall go through registration or record-filing procedures with the local branch of the SAFE within 15 business days of entering into a foreign debt agreement. If the receipt and payment of funds related to the foreign debt of such issuer is not handled through a domestic bank, the issuer shall, in the event of any change in the amount of money withdrawn, principal and interest payable or outstanding debt, go through relevant record-filing procedures with the local branch of the SAFE.

According to the Circular of PBOC on Matters Concerning the Macro-prudential Management of Full-Covered Cross-border Financing (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知) (the "**PBOC Circular**") issued by the PBOC on 12 January 2017, which is not applicable to government financing platforms or real estate enterprises, enterprises conducting cross-border financing shall complete the filing with the capital project information system of SAFE after the execution of cross-border financing contracts and three PRC business days prior to drawing for SAFE's records. Enterprises shall also promptly update information on cross-border financing and rights and interests each year (including overseas creditors, borrowing term, amount, interest rate and its net assets, etc.). In the case of any change in the audited net assets, overseas creditors, borrowing term, amount, or interest rate involved in the financing contracts, the enterprise shall promptly file the change for SAFE's records.

PBOC REGISTRATION

Under the PBOC Circular (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), an enterprise shall report the information on the conclusion of cross-border financing contracts to the capital account information system of the SAFE for recordation after the date of conclusion but no later than three working days before the withdrawal date. In addition, the enterprise is also required to update the information with respect to the cross-border financing every year. If the audited net assets, or the creditor, loan terms, amount or interest rate of the cross-border financing agreement changes, the enterprise is required to complete the change of the filing in due course.

THE PRC LEGAL SYSTEM

The PRC legal system is based on the PRC Constitution and is made up of written laws, regulations, directives and local laws, 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 binding precedents. However, they are used for the purposes of judicial reference and guidance.

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

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

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

THE PRC JUDICIAL SYSTEM

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

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

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

The Civil Procedure Law of the PRC (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 order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a jurisdiction where civil actions may be brought, **provided that** the jurisdiction is either the plaintiff's or the defendant's place of residence, the place of execution or implementation of the contract or the place of the object of the contract. However, such contractual selection may not override the stipulations of the mandated jurisdiction of the different levels of court and the exclusive jurisdiction of a given court in any case.

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

A party seeking to enforce a judgment or order 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 order. 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.

PRC CURRENCY CONTROLS

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

Current Account Items

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

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

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

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

Capital Account Items

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

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

On 11 May 2013, the SAFE promulgated the Provisions on the Foreign Exchange Administration of Domestic Direct Investment by Foreign Investors (外國投資者境內直接投資外匯管理規定) (the "**SAFE Provisions**"), which became effective on 13 May 2013 and amended on 10 October 2018 and 30 December 2019. According to the SAFE Provisions, foreign investors can use cross-border Renminbi (including Renminbi inside and outside the PRC held in the capital accounts of non-PRC residents) to make a contribution to an onshore enterprise or make a payment for the transfer of an equity interest of an onshore enterprise by a PRC resident within the total investment amount approved by the competent authorities (for example, MOF and/or its local counterparts as well as financial regulators). Capital account transactions in Renminbi must generally follow the current foreign exchange control regime applicable to foreign currencies.

On 3 December 2013, the MOF promulgated the Announcement on Issues in relation to Cross-border Renminbi Foreign Direct Investment (商務部關於跨境人民幣直接投資有關問題的公告(2013年第87號)) (the "**MOF Announcement**"), which became effective on 1 January 2014, to further facilitate foreign direct investment by simplifying and streamlining the applicable regulatory framework. Pursuant to the MOF Announcement, the appropriate office of MOF and/or its local counterparts will grant written approval for each foreign direct investment and specify "Renminbi Foreign Direct Investment" and the amount of capital contribution in the approval. The MOF Announcement also removes the approval requirement for foreign investors who intend to change the currency of its existing capital contribution from a foreign currency to Renminbi. In addition, the MOF Announcement specifically prohibits the use of funds used for foreign direct investment for any investment in securities and financial derivatives (except for investment in the PRC listed companies as strategic investors) or for entrustment loans in the PRC.

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

The SAFE Provisions, the MOF Circular 23 and the Administrative Measures on Renminbi Settlement of Foreign Direct Investment (外商直接投資人民幣結算業務管理辦法) (the "**PBOC FDI Measures**"), which were revised on 5 June 2015, have been promulgated to control the remittance of Renminbi for payment of transactions categorised as capital account items and such new regulations are subject to interpretation and application by the relevant PRC authorities. The Circular on Reforming the Administrative Approach of the Foreign Exchange Capital Settlement for Foreign Invested Enterprises (關於改革外商投資企業外匯資本金結匯管理方式的通知) became effective on 1 June 2015 (the "**2015 SAFE Circular**") and was revised on 30 December 2019. In addition to the option to settle foreign current capital through payment-based foreign exchange settlement (支付結匯制), the 2015 SAFE Circular allows foreign-invested enterprises to settle up to 100 per cent. (subject to future adjustment at discretion of the SAFE) of the foreign currency capital (which has been processed through the SAFE's equity interest confirmation procedure for capital contribution in cash or registered by a bank on the SAFE's system for account-crediting for such capital contribution) into Renminbi according to their actual operational needs on a voluntary basis. In principle, the Renminbi proceeds through the aforementioned voluntary settlement shall be deposited into designated bank account called capital account item – account for foreign currency settlement pending payment (資本項目–結匯待支付賬戶) (the "**Account for Foreign Currency Settlement Pending Payment**") as opened by such foreign-invested enterprise, and accordingly all future payments shall be processed from such Account for Foreign Currency Settlement Pending Payment. A negative list with respect to the usage of the foreign currency capital and the Renminbi proceeds settled therefrom is set forth under the 2015 the SAFE Circular. In particular, a foreign invested enterprise with investment as its main business (including the foreign-invested investment company (外商投資性公司), foreign-invested venture capital enterprise (外商投資創業投資企業) or foreign-invested equity investment enterprise (外商投資股權投資企業)) is permitted to use the Renminbi proceeds settled from its foreign currency capital (whether directly settled, or from the Renminbi deposit in its Account for Foreign Currency Settlement Pending Payment as previously settled through voluntary settlement) to make equity contribution to its invested enterprises directly, without further filings with SAFE. PRC entities are also permitted to borrow Renminbi-denominated loans from foreign lenders (which are referred to as "**foreign debt**") and lend Renminbi-denominated loans to foreign borrowers (which are referred to as "**outbound loans**"), as long as such PRC entities have the necessary quota, approval or registration. PRC entities may also denominate security or guarantee arrangements in Renminbi and make payments thereunder to parties in the PRC as well as other jurisdictions (which is referred to as "**cross-border security**").

On 9 June 2016, the SAFE promulgated the Notice on Reforming and Standardizing the Administrative Provisions on Capital Account Foreign Exchange Settlement (關於改革和規範資本項目結匯管理政策的通知(匯發[2016]16號)) (the "**SAFE Circular 16**") which took effect on the same day. According to the SAFE Circular 16, enterprises registered in PRC could settle the external debts in foreign currencies to Renminbi at their own discretion. The SAFE Circular 16 sets a uniform standard for discretionary settlement of foreign currencies under capital accounts (including but not limited to foreign currency capital, foreign debts and repatriated funds raised through overseas listing), which is applicable to all enterprises registered in the PRC. It reiterated that the Renminbi funds obtained from the settlement of foreign currencies shall not be used directly or indirectly for purposes beyond the company's scope of business, and shall not be used for domestic securities investment or investments and wealth management products other than principal-protected products issued by banks, unless otherwise expressly prescribed. Furthermore, such Renminbi funds shall not be used for disbursing loans to non-affiliated enterprises, unless the scope of business expressly provides so; and shall not be used to construct or purchase real estate not for self-use (except for real estate enterprises).

Under current rules promulgated by the SAFE, foreign debts borrowed, outbound loans extended, and the cross-border security provided by a PRC onshore entity (including a financial institution) in Renminbi shall, in principle, be regulated under the current PRC foreign debt, outbound loan and cross-border security regimes applicable to foreign currencies. However, there remains potential inconsistencies between the provisions of the SAFE rules and the provisions of the 2013 PBOC Circular. It is not clear how regulators will deal with such inconsistencies in practice.

Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules.

REGULATIONS ON FISCAL DEBTS OF LOCAL GOVERNMENTS

In accordance with the Guidance on Further Strengthening Adjustment of Credit Structure to Promote Fast and Smooth Development of National Economy (中國人民銀行中國銀行業監督管理委員會關於進一步加強信貸結構調整促進國民經濟平穩較快發展的指導意見) issued jointly by the PBOC and the CBRC in March 2009, local governments are encouraged to establish financing platforms to issue financing instruments such as enterprise bonds and med-term notes. In order to strengthen the management of financing platforms and effectively prevent fiscal financial risks, the Notice on Strengthening Management of Financing Platform of Local Government (國務院關於加強地方政府融資平台公司管理有關問題的通知) (the "**Circular 19**") and the Notice on Further Regulating Issuance of Bonds by Financing Platform of Local Government (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臺公司發行債券行為有關問題的通知) (the "**Circular 2881**") were separately promulgated in June 2010 and November 2010. In accordance with Circular 19, all levels of local governments shall clear up the debts of their respective financing platforms. In accordance with Circular 2881, the level of indebtedness of local governments will have an impact on the ability of the financing platform to issue enterprise bonds. On 21 September 2014, the Opinion on Enhancing the Administration of Fiscal Debts of Local Governments (國務院關於加強地方政府性債務管理的意見) (the "**Circular 43**") was promulgated by the State Council. Circular 43 aims at regulating the financing system of local government. In accordance with Circular 43, financing platforms shall no longer serve the fiscal financing functions nor incur new government debts. Public interest projects may be funded by the government through issuing government bonds, since the new Budget Law of the PRC, which took effect on 1 January 2015 and amended on 29 December 2018, empowers local governments to issue government bonds, and public interest projects with income generated, such as city infrastructure construction, may be operated independently by social investors or jointly by the government and social investors through the establishment of special purpose companies. Social investors or such special purpose companies shall invest in accordance with market-oriented principles and may be funded by, among other market-oriented approaches, bank loans, enterprise bonds, project revenue bonds and asset-backed securitisation. Social investors or the special purpose companies shall bear the obligation to pay off such debts and the government shall not be liable for any of the social investors' or special purpose companies' debts. Circular 43 also sets forth the general principles of dealing with existing debts of financing platforms. Based on the auditing results of such debts run by the local governments, the existing debts that should be repaid by the local governments shall be identified, reported to State Council for approval, and then included in the budget plan of local governments.

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

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

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

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

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

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

Neither Circular 43 nor Circular 40 is applicable to the Notes and neither Ganzhou SASAC nor any other government authority has any obligation to repay any amount under the Notes. In the event the Issuer does not fulfil its payment obligations under the Notes, investors will only be able to claim against the Issuer, and not Ganzhou SASAC or any other government authority.

On 28 March 2018, the MOF promulgated the MOF Circular 23, which came into effect on the same day. Under the MOF Circular 23, when providing intermediary services for local government financing platform companies and other local state-owned enterprises regarding issuance of bonds at home and abroad, state-owned financial enterprises shall prudently evaluate the financial capability of fund-raisers and their source of funds for repayment. Where the source of revenue of bond-issuing enterprises involves fiscal funds, due diligence investigation shall be carried out, and the compliance and authenticity of fiscal funds shall be diligently verified. In bond prospectuses and other documents, local financial revenues and expenditures, government debt data, or any other information implicitly or explicitly indicating support of government credit shall not be disclosed, and misleading publicity connecting with government credit shall be prohibited. It shall be specified in relevant transaction documents that the local government shall only assume limited liability to the extent of its amount of contribution and the relevant debts shall be repaid by local state-owned enterprises as independent legal persons.

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

REGULATIONS ON FINANCIAL LEASING

PRC Civil Code (民法典), which was issued on 28 May 2020 and became effective on 1 January 2021, sets forth the definition on financial leasing contracts providing that a financial leasing contract means a contract whereby the lessor buys the leased property from the seller based on the lessee's choice of the seller and the leased property, and supplies it to the lessee for the latter's use, and the lessee pays the rent. In addition, a financial leasing contract should be made in written form, and if the lessee still fails to pay the rent within a reasonable time limit after being urged, the lessor may either required the lessee to pay all the rent, or rescind the contract and take back the leased property.

On 22 October 2004, the Circular of the Ministry of Commerce and the State Administration of Taxation on Relevant Issues concerning Undertaking Financing Lease Business (商務部國家稅務總局關於從事融資租賃業務有關問題的通知(商建發[2004]560號)) (the "**Circular 560**") was issued and it proposes that the Ministry of Commerce will carry out the piloting of financing lease business by Chinese-funded leasing enterprises. In the meantime, Circular 560 stipulates the conditions the pilot enterprise that undertakes financing lease business shall meet and provides that a financing lease pilot enterprise shall strictly abide by relevant PRC laws and regulations, and may not undertake such businesses as absorbing deposit or depositing in disguised form, providing working capital loans and other loans under the leasing item to the tenant, making securities investment or making equity investment in financial institutions, engaging inter-bank borrowing or lending business.

On 12 April 2006, the Circular of the Ministry of Commerce and the State Administration of Taxation on Strengthening the Supervision over Pilot Financing Lease with Domestic Investment (商務部、國家稅務總局關於加強內資融資租賃試點監管工作的通知(商建發[2006]160號)) was issued. Circular 160 proposes to establish a sound supervision mechanism to strengthen administration on alteration and to establish a withdrawal mechanism and also proposes that all administrative departments of commerce and taxation throughout the country shall strengthen the instruction of and supervision over pilot enterprises.

On 15 December 2011, the Ministry of Commerce issued the Circular of Guiding Opinions of the Ministry of Commerce on Promoting the Development of Financial Lease Industry during the Twelfth Five-Year Period (商務部關於"十二五"期間促進融資租賃業發展的指導意見(商服貿發[2011]487號)) (the "**Circular 487**"). Circular 487 proposes main tasks to promote the development of financial lease industry during the twelfth five-year period such as innovating the business mode of financial lease enterprises, optimizing the development layout of the financial lease industry, supporting enterprises in expanding new business areas, opening up the overseas assets lease market, broadening the financing channels for enterprises, improving the ability of risk prevention and accelerating the development of industries related to financial leases. Additionally, Circular 487 proposes some safeguard measures to achieve those tasks.

On 31 August 2015, the Circular of Guiding Opinions of the General Office of the State Council on Accelerating the Development of the Financial Leasing Industry (國務院辦公廳關於加快融資租賃業發展的指導意見(國辦發[2015]68號)) (the "**Financial Leasing Circular**") was issued by the General Office of the State Council. The Financial Leasing Circular provides to remove the restrictions on the minimum registered capital for subsidiaries established by finance lease enterprises and provides that (i) finance lease enterprises are allowed to concurrently carry out commercial factoring business relevant to their primary business, (ii) all social capital entering the finance lease industry shall be guided and standardized, and diversification of investment subjects shall be promoted by supporting private capital to establish finance lease companies by promotion and independent third-party service institutions to invest in the establishment of finance lease companies. The Financial Leasing Circular also highlights that manufacturers of construction machinery, railway, electric power, civil aircraft, ships, marine engineering equipment, and other major complete equipment are encouraged to develop international market and cross-border lease by means of finance lease. And that finance lease companies are encouraged to launch cross-border RMB business. Besides, the Financial Leasing Circular supports the integrated development of finance lease companies and the Internet, as well as the enhanced cooperation between finance lease companies and financial institutions of banks, insurance, trusts, and funds, for the innovation in commercial modes.

REGULATIONS ON LAND, PLANNING AND CONSTRUCTION PERMIT

Pursuant to the Land Administration Law of the PRC (中華人民共和國土地管理法) promulgated by the NPCSC on 25 June 1986 and amended on 29 December 1988, 29 August 1998, 28 August 2004 and 26 August 2019, land owned by the State may be remised or allotted to construction units or individuals in accordance with the law. The People's Government at or above the county level shall register and put on record uses of state-owned land used by construction units or individuals, and issue certificates to certify the land use rights.

According to the Land Allocation Catalogue (劃撥用地目錄) promulgated and implemented on 22 October 2001, the land use rights of construction projects which are in conformity with the Catalogue can only be allotted through application by the construction units and approval of the people's government with the approval authority.

According to the Urban and Rural Planning Law of the PRC (中華人民共和國城鄉規劃法) promulgated by the NPCSC on 28 October 2007 and amended on 24 April 2015 and 23 April 2019, a Construction Land Planning Permit is required for the use of both allocated land and granted land. If a construction entity which was authorized to use the construction land fails to obtain a Construction Land Planning Permit, the People's Government at or above the county level shall cancel any relevant authorization documents previously issued. If the land has already been occupied, it shall be returned promptly. Furthermore, the construction entity shall be obliged to compensate for any damage caused to any other relevant parties according to law.

Where construction work is conducted in a city or town planning area, the relevant construction entity or individual shall apply for a Construction Work Planning Permit from a competent urban and rural planning administrative department of the People's Government at the municipal or county level or to the People's Government of town as recognised by the People's Government of a province, autonomous region or municipality directly under the Central Government. For construction work that proceeds without the Construction Work Planning Permit or in violation of the provisions of the Construction Work Planning Permit, a competent urban and rural planning administrative department at or above the county level can order termination. If the impact on the planning caused by such construction can be eliminated, the department shall order it to take remedial action within a prescribed time limit and pay a fine of not less than 5 per cent. but not exceeding 10 per cent. of the construction cost. If such impact cannot be eliminated by remedial action, the department shall order the construction entity to demolish its construction within a prescribed time limit. For construction work that cannot be demolished, the department shall not only confiscate it or seize any illegal income but also may impose a fine of not more than 10 per cent. of the construction price.

According to the Construction Law of the PRC (中華人民共和國建築法) promulgated by the NPCSC on 1 November 1997, implemented on 1 March 1998, amended on 22 April 2011, implemented on 1 July 2011, amended on 23 April 2019 and implemented on the same day a construction entity shall, prior to the commencement of a construction project, apply for a Construction Work Commencement Permit from a competent department of the construction administration of the People's Government at or above the county level of the place where the project is located pursuant to the relevant regulations of the State. However, small projects determined by the competent department of construction administration of the State Council, and construction projects which have already obtained approvals for their construction commencement report pursuant to the terms of reference and procedures prescribed by the State Council, are subject to exception.

According to the Rules on the Administration of Construction Quality (建設工程質量管理條例) promulgated by the State Council, and implemented on 30 January 2000, and amended on 7 October 2017 and 23 April 2019, a construction entity commencing the project without obtaining the Construction Work Commencement Permit or approvals for its construction commencement report, shall be ordered to stop the construction work, carry out remedial actions within a prescribed time limit and pay a fine of not less than 1 per cent. but not exceeding 2 per cent. of the construction price.

According to the Rules on the Administration of Construction Quality (建設工程質量管理條例) and Administrative Measures for Recording of the Inspection and Acceptance on Construction Completion of Buildings and Municipal Infrastructure (房屋建築和市政基礎設施工程竣工驗收備案管理辦法) which was promulgated and implemented on 19 October 2009 a construction project shall not be delivered for use unless it has passed the acceptance checks. The construction entity should file a record to a competent construction administrative department at or above the county level at the place where the project is located within 15 days from the day when the construction project passes the acceptance checks. Where a construction entity illegally delivers the construction project for use without obtaining the acceptance checks or in circumstances where it failed to pass the acceptance checks, it shall be ordered to carry out remedial actions and also pay a fine of not less than 2 per cent. but not exceeding 4 per cent. of the contractual project price, and shall be obliged to pay compensation according to law if any losses have been caused. If the construction entity fails to file a record of passing the acceptance checking in respect of the project within 15 days from the day when the construction project passes such checks, it shall be ordered to carry out remedial actions within a prescribed time limit and shall be fined not less than RMB200,000 but not exceeding RMB500,000.

REGULATIONS ON BIDDING AND TENDERING MANAGEMENT

Bidding and tendering of various construction projects have been provided in the Bidding and Tendering Law of the People's Republic of China (中華人民共和國招標投標法) promulgated by the NPCSC on 3 August 1999 which became effective on 1 January 2000 and amended on 27 December 2017, Regulation on the Implementation of the Bidding and Tendering Law of the People's Republic of China (中華人民共和國招標投標法實施條例) promulgated by State Council on 20 December 2011 which became effective on 1 February 2012 and was amended on 1 March 2017 and 2 March 2019, Measures for the Construction Bidding and Tendering of Construction Projects (工程建設項目施工招標投標法) jointly promulgated by NDRC, MOC, Ministry of Railways, Ministry of Transport of the PRC (the "**MOT**"), Ministry of Information Industry of the People's Republic of China, Ministry of Water Resources of the People's Republic of China, and Civil Aviation Administration of China in 8 March 2003 which became effective on 1 May 2003 and was amended in 2013, Administrative Measures for the Bidding and Tendering of Design of Construction Projects (建築工程設計招標投標管理辦法) issued by MOC on 24 January 2017 and became effective on 1 May 2017, Administrative Measures for the Bidding and Tendering of Housing Construction and Municipal Infrastructure Work (房屋建築和市政基礎設施工程施工招標投標管理辦法) issued by MOC on 1 June 2001 and amended on 28 September 2018, and the Administrative Measures for the Bidding and Tendering of Highway Engineering Construction Projects (公路工程建設項目招標投標管理辦法) promulgated by MOT on 8 December 2015 which became effective on 1 February 2016.

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

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

REGULATIONS ON ENVIRONMENTAL PROTECTION

The Environmental Protection Law of the PRC (中華人民共和國環境保護法), promulgated on 26 December 1989 and last amended on 24 April 2014, requires any entity operating a facility that produces pollutants or other hazards to incorporate environmental protection measures into its operations and to establish an environmental protection responsibility system with effective measures to control and properly dispose of waste gasses, waste water, waste residue, dust or other waste materials.

According to the Law on Prevention and Control of Water Pollution of the PRC (水污染防治法), projects which directly or indirectly discharge pollutants to water, such as coal mines and coking plants, must conduct an environmental impact assessment. Every new production facility must be equipped with wastewater processing facilities which must be put in use together with the production facilities. Construction projects that discharge pollutants into water shall pay a pollutant discharge fee in accordance with state regulations.

On 29 August 2015, the Law on Prevention and Control of Atmospheric Pollution (大氣污染防治法) was amended and promulgated by the Standing Committee of National People's Congress of the PRC, which was implemented on 1 January 2016 and amended on 26 October 2018. The Atmospheric Pollution Law has, among other things, set standards, plan and timeline to reach the atmospheric pollution control targets, provide detailed regulations on major pollution sources and impose stringent requirements to control the pollution from coal-fire, automobile, vessel and volatile organic compounds.

According to the Law on Prevention and Control of Noise Pollution (環境噪聲污染防治法), which was promulgated by the NPCSC on 29 October 1996, and became effective on 1 March 1997 and amended on 29 December 2018, any person undertaking a construction, decoration or expansion project which might cause environmental noise pollution, shall prepare and submit an environmental impact report to the environmental protection authority for approval. Facilities for prevention and control of environmental noise pollution shall be designed and approved by the environmental protection authority prior to the commencement of the project, and be built and put into use simultaneously with the project works. Facilities for prevention and control of environmental noise pollution may not be dismantled or suspended without the approval of the environmental protection authority.

The Environmental Impact Appraisal Law (中華人民共和國環境影響評價法) promulgated by the Standing Committee of the NPC on 28 October 2002 which became effective on 1 September 2003 and was amended on 2 July 2016 and 29 December 2018, the Administration Rules on Environmental Protection of Construction Projects (建設項目環境保護管理條例) promulgated by the State Council on 29 November 1998 which became effective on the same date and was amended on 16 July 2017, and the Interim Measures for the Administration of Construction Projects (建設項目竣工環境保護驗收暫行辦法) promulgated by the State Environmental Protection Administration of PRC on 20 November 2017, require enterprises planning construction projects to engage qualified professionals to provide assessment reports on the environmental impact of such projects.

In addition to the PRC environmental laws and regulations, China is a signatory to the 1992 United Nations Framework Convention on Climate Change and the 1998 Kyoto Protocol, which propose emission targets to reduce greenhouse gas emissions. The Kyoto Protocol came into force in 2005. At present, the Kyoto Protocol has not set any specific emission targets for certain countries, including China.

REGULATIONS ON LABOUR

Employment Contracts

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

Employee Funds

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

REGULATIONS ON WORK SAFETY

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

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

SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN PRC GAAP AND IFRS

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

Accordingly, no assurance is **provided that** the following summary of differences between PRC GAAP and IFRS is complete. In making an investment decision, each investor must rely upon its own examination of the Group, the terms of the offering and other disclosure contained herein. Each investor should consult its own professional advisors for an understanding the differences between PRC GAAP and IFRS and/or between PRC GAAP and other generally accepted accounting principles, and how those differences might affect the financial information contained herein.

Reversal of an impairment loss

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

Related party disclosures

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

Asset valuation

Under PRC GAAP, asset values are typically measured by compounding historical costs. Under IFRS, asset values can be measured either using historical costs or by re-evaluating assets (such as property, plants and equipment) to obtain their fair value, and then deducting the cumulative depreciation and impairment losses from this value.

SUBSCRIPTION AND SALE

The Issuer has entered into a subscription agreement with the Joint Lead Managers on 29 September 2021 (the "**Subscription Agreement**"), pursuant to which and subject to certain conditions contained therein, the Issuer has undertaken, among other things, that the Notes will be issued on 12 October 2021 (the "**Issue Date**"), and the Joint Lead Managers have severally and not jointly agreed with the Issuer to subscribe and pay for, or procure subscribers to subscribe and pay for, the Notes at an issue price of 100.00 per cent. of their principal amount in the amount set forth below:

Joint Lead Managers	**Principal amount of Notes to be subscribed**
	(U.S.$)
Guotai Junan Securities (Hong Kong) Limited	120,000,000
Shenwan Hongyuan Securities (H.K.) Limited	10,000,000
China International Capital Corporation Hong Kong Securities Limited	10,000,000
CNCB (Hong Kong) Capital Limited	10,000,000
Total	**150,000,000**

The Subscription Agreement provides that the Issuer has agreed to pay the Joint Lead Managers certain fees and commissions, to reimburse the Joint Lead Managers for certain of their expenses in connection with the initial sale and distribution of the Notes, and the Issuer will indemnify the Joint Lead Managers against certain liabilities in connection with the offer and sale of the Notes. 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 their respective subsidiaries and affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Joint Lead Managers and certain of their respective subsidiaries and affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for, and entered into certain commercial banking transactions with, the Issuer and/or the Group for which they have received or will receive customary fees and expenses.

The Joint Lead Managers and their respective affiliates may purchase the Notes and be allocated Notes for asset management and/or proprietary purposes but not with a view to distribution. References herein to the Notes being offered should be read as including any offering of the Notes to the Joint Lead Managers and/or their respective affiliates acting in such capacity. In the ordinary course of their various business activities, the Joint Lead Managers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

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

Accordingly, the Notes should not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material, circular, prospectus, form of application or advertisement in connection with the Notes should be distributed or published in or from any jurisdiction, except in circumstances which will result in compliance with any applicable laws and regulations and will not, save as disclosed in this Offering Circular, impose any obligations on the Issuer or the Joint Lead Managers.

In connection with the issue of the notes, the Stabilising Manager (or any person(s) acting on behalf of such Stabilising Manager) may over-allot the notes or effect transactions with a view to supporting the market price of the notes at a level higher than that which might otherwise prevail. However, there is no obligation on such Stabilising Manager to do this. Such stabilising, if commenced, may be discontinued at any time, and must be brought to an end after a limited period. Such stabilising shall be in compliance with all applicable laws, regulations and rules.

GENERAL

No action has been taken or will be taken in any jurisdiction that would permit a public offering of the Notes, or possession or distribution of this Offering Circular or any amendment or supplement thereto or any other offering or publicity material relating to the Notes, in any country or jurisdiction where action for that purpose is required. The Issuer will have no responsibility for, and each Joint Lead Manager will obtain any consent, approval or permission required by it for, the acquisition, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in or from which it makes any acquisition, offer, sale or delivery. None of the Joint Lead Managers are authorised to make any representation or use any information in connection with the issue, subscription and sale of the Notes, other than as contained in this Offering Circular or any amendment or supplement thereto.

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

UNITED STATES

The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each of the Joint Lead Managers has represented, warranted and undertaken to the Issuer that:

(i) it has not offered or sold, and will not offer or sell, any Notes constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S under the Securities Act; and that

(ii) neither it nor any of its Affiliates (as defined in Rule 501(b) of Regulation D under the Securities Act) (nor any person acting on behalf of such Joint Lead Manager or any of its Affiliates) has engaged or will engage in any directed selling efforts (as defined in Regulation S) with respect to the Notes.

Terms used in the paragraph above have the meanings given to them by Regulation S under the Securities Act.

UNITED KINGDOM

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

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

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

HONG KONG

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

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (1) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong ("**SFO**") and any rules made under the SFO; or (2) 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 Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes 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 undertaken that the Notes 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 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 Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

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

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(1) 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;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

JAPAN

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**"). Accordingly, each of the Joint Lead Managers has represented, warranted and undertaken that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes 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, regulations and ministerial guidelines of Japan.

GENERAL INFORMATION

1. **Clearing Systems**: The Notes have been accepted for clearance through Euroclear or Clearstream with a Common Code 237564294 and an ISIN XS2375642944. The Legal Entity Identifier number of the Issuer is 655600G82HNPS8MEVF21.

2. **Listing**: Application will be made to the HKSE for the listing of, and permission to deal in, the Notes by way of debt issues to Professional Investors only. It is expected that dealing in, and listing of, the Notes on the HKSE will commence on or about 13 October 2021.

3. **Authorisations**: The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue of the Notes, the entry into of the Trust Deed and the Agency Agreement, and the performance of its obligations under the Notes, the Trust Deed and the Agency Agreement. The issue of the Notes was authorised by resolutions of the board of directors of the Issuer passed on 30 September 2020.

   Pursuant to the Circular 2044, the Issuer has registered the issuance of the Notes with the NDRC and obtained a certificate dated 25 January 2021 from the NDRC in connection with the issuance of the Notes, which remains in full force and effect as at the date of this Offering Circular. The Issuer intends to, and will undertake in the Terms and Conditions of the Notes to, provide the requisite information and documents on the issuance of the Notes to the NDRC within the prescribed timeframe after the Issue Date.

   The Issuer intends to, and will undertake in the Terms and Conditions of the Notes to, file or cause to be filed with SAFE the Foreign Debt Registration.

4. **No Material Adverse Change**: Except as disclosed in this Offering Circular, there has been no material adverse change, or any development reasonably likely to involve an adverse change, in the Group's financial or trading position, prospects or results of operations of the Group since 31 December 2020.

5. **Litigation**: Except as disclosed in this Offering Circular, neither the Issuer nor any other member of the Group is involved in any litigation or arbitration proceedings that the Issuer believes are material in the context of the Notes as at the date of this Offering Circular. The Issuer is not aware that any such proceedings are pending or threatened as at the date of this Offering Circular.

6. **Available Documents**: Copies of the Audited Financial Statements, the Trust Deed and the Agency Agreement will be available for inspection from the Issue Date during normal business hours on any week day (other than public holidays) at the specified office of the Trustee (being at the date of this Offering Circular at 20/F, Citi Tower, One Bay East, 83 Hoi Bun Road, Kwun Tong, Kowloon Hong Kong) following prior written request and proof of holding and identity satisfactory to the Trustee, subject to the Trustee having first been provided by the Issuer with copies of the same, so long as any of the Notes are outstanding.

7. **Independent Auditors**: The Audited Financial Statements as at and for the years ended 31 December 2019 and 2020, which are included elsewhere in this Offering Circular, have been audited by Zhongxinghua Certified Public Accountants LLP, the independent auditors of the Group, as stated in its reports appearing herein.

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Auditor's Report of Ganzhou Urban Investment Holding Group Co,.Ltd

Consolidated and Parent Company Financial Statements

For the Year Ended December 31, 2020

ZHONGXINGHUA CERTIFIED PUBLIC ACCOUNTANTS LLP

Add: 20/F, Tower B, Lize SOHO,20 Lize Road, Fengtai District, Beijing PR China

Tel:010-51423818 Fax:010-51423816

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x. Copy of Business License of Zhongxinghua Certified Public Accountants LLP

xi. Copy of Practicing Certificate of Zhongxinghua Certified Public Accountants LLP

xii. Copy of Securities and Future Business License of Zhongxinghua Certified Public Accountants LLP

xiii. Copies of Certified Public Accountants' Practicing Certificates

ZHONGXINGHUA CERTIFIED PUBLIC ACCOUNTANTS LLP
location：20/F,Tower B,Lize SOHO,20 Lize Road,Fengtai District,Beijing PR China
tel：010-51423818 fax：010-51423816

AUDITOR'S REPORT

ZXHSZ(2021)No. 190049

To all Shareholders of Ganzhou Urban Investment Holding Group Co., Ltd.

I. Opinion

We have audited the financial statement of Ganzhou Urban Investment Holding Group Co., Ltd. ((hereinafter the "Company"), which comprise the consolidated and the Parent Company's balance sheets as at December 31, 2020, the consolidated and the Parent Company's income statement, the consolidated and the Parent Company's cash flow statement and the consolidated and the Parent Company's statement of changes in equity for the year then ended, and notes to the financial statement.

In our opinion, the accompanying financial statement present fairly, in all material respects, the consolidated and the Parent Company's financial position as at December 31, 2020 and their financial performance and there cash flows for the year ended in accordance with Accounting Standards for Business Enterprises.

II.Basis for Opinion

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

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

The management of the Company is responsible for the preparation and fair presentation of these financial statement in accordance with Accounting Standards for Business Enterprises, and for the design, implementation and maintenance of such internal control as management determine is necessary to enable the preparation of financial statement that are free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is responsible for assessing the going concern capability of the Company, disclosing matters relating to the going concern, if applicable, and applying the going concern assumption, unless management either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

IV.Auditors' Responsibilities for the Audit of the Financial Statement

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

In carrying out the audit in accordance with the auditing standards, we exercised professional judgment and maintained professional skepticism. At the same time, we also implement the following work:

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

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

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

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

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

（6）Obtain sufficient and appropriate audit evidence regarding financial information of the entity or business activities of the Company to express an opinion on the financial statement. We are responsible for directing, overseeing and performing group audits. We accept full responsibility for the audit opinion.

We communicated with management about the scope of the planned audit, the timing, and the significant audit findings, including the internal control deficiencies that we identified during the audit as a cause for concern.

(This blank page is the signature and seal page of Ganzhou Urban Investment Holding Group Co., Ltd Auditor's Report (ZXHSZ(2021) No. 190049)

ZHONGXINGHUA CERTIFIED PUBLIC ACCOUNTANTS LLP

CICPA:

CICPA:

Beijing, China

April 29, 2021

Consolidated Balance Sheet

31 December 2020

Prepared by: Ganzhou Urban Investment Holding Group CO.,Ltd. Unit: RMB Yuan

Item	Notes	31 December 2020	31 December 2019
CURRENT ASSETS:			
Cash and Cash equivalents	1	8,351,037,507.45	7,402,362,395.88
Financial assets at fair value through profit or loss			
Derivative financial assets			
Notes receivable	2	27,439,571.53	1,500,000.00
Accounts receivable	3	1,196,445,431.57	1,156,543,663.95
Prepayments	4	1,451,605,922.51	1,309,279,617.65
Other receivables	5	8,085,933,544.40	4,986,538,429.06
Inventories	6	79,719,556,212.84	70,917,405,198.60
Assets classified as held for sale			
Current portion of non-current assets			
Other current assets	7	731,862,435.21	494,554,896.03
Total current assets		99,563,880,625.51	86,268,184,201.17
NON-CURRENT ASSETS:			
Available-for-sale financial assets	8	3,188,616,000.00	1,756,692,000.00
Held-to-maturity investments	9		20,000,000.00
Long-term receivables	10	15,588,950,740.44	14,636,020,543.01
Long-term equity investments	11	2,352,914,156.87	2,498,530,146.70
Investment properties	12	960,910,759.80	874,626,809.80
Fixed assets	13	4,734,866,675.49	4,641,217,106.22
Construction in progress	14	149,262,059.00	268,314,519.83
Intangible assets	15	3,643,313,841.65	1,023,192,026.42
Development expenditures	16	134,762.53	
Goodwill	17	10,000,000.00	
Long-term prepaid expenses	18	13,046,640.31	8,400,246.59
Deferred tax assets	19	689,225.51	487,257.54
Other non-current assets	20	1,567,466,656.21	1,567,466,656.21
Total non-current assets		**32,210,171,517.81**	**27,294,947,312.32**
Total assets		**131,774,052,143.32**	**113,563,131,513.49**

The accompanying notes are an integral part of these financial statements

Legal Representative: **Chief Accountant:** **Head of Accounting Department:**

Consolidated Balance Sheet （CONTINUED)

31 December 2020

Prepared by：Ganzhou Urban Investment Holding Group CO.,Ltd. Unit: RMB Yuan

Item	Notes	31 December 2020	31 December 2019
Current liabilities:			
Short-term borrowings	21	1,106,000,000.00	475,000,000.00
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Notes payable	22	560,000,000.00	
Accounts payable	23	1,417,026,963.31	998,066,513.35
Receipts in advance	24	465,445,795.23	388,747,386.62
Payroll and employee benefits payable	25	27,637,945.53	6,551,153.49
Taxes payable	26	545,237,934.96	488,366,162.42
Other payables	27	5,317,693,049.12	5,069,711,437.71
Liabilities classified as held for sale			
Current portion of non-current liabilities	28	13,855,252,067.45	11,347,130,983.47
Other current liabilities	29	11,840,462.71	1,531,976.36
Total current liabilities		**23,306,134,218.31**	**18,775,105,613.42**
Non-current liabilities:			
Long-term borrowings	30	22,754,919,823.47	19,460,860,000.00
Bonds payable	31	12,671,717,979.17	7,910,281,105.09
Long-term payable	32	25,512,381,854.56	21,908,519,507.48
Provisions			
Deferred income			
Deferred tax liabilities	19	25,869,182.96	24,027,391.42
Other non-current liabilities	33	528,921,600.00	528,921,600.00
Total non-current liabilities		**61,493,810,440.16**	**49,832,609,603.99**
Total liabilities		**84,799,944,658.47**	**68,607,715,217.41**
SHAREHOLDERS' EQUITY:			
Paid-in capital	34	30,000,000,000.00	30,000,000,000.00
Other equity instruments			
Capital reserve	35	9,008,504,233.88	7,942,589,551.97
Other comprehensive income	36	50,239,270.01	42,650,206.21
Surplus reserve	37	288,767,697.50	287,716,469.45
Retained earnings	38	5,309,254,329.03	4,536,391,485.43
Equity attributable to owners of the parent		44,656,765,530.42	42,809,347,713.06
Non-controlling interests		2,317,341,954.43	2,146,068,583.02
Total shareholders' equity		**46,974,107,484.85**	**44,955,416,296.08**
TOTAL LIABILITIES AND SHAREHOLDERS'EQUITY		**131,774,052,143.32**	**113,563,131,513.49**

The accompanying notes are an integral part of these financial statements

Legal Representative: **Chief Accountant:** **Head of Accounting Department:**

Consolidated Income Statement

31 December 2020

Prepared by：Ganzhou Urban Investment Holding Group CO.,Ltd. Unit: RMB Yuan

Item	Notes	2020	2019
1. Total revenue	39	**2,954,890,585.54**	**2,422,982,413.95**
Including: Operating revenue		**2,954,890,585.54**	**2,422,982,413.95**
2. Total cost of sales	40	**2,483,961,932.71**	**2,153,033,388.05**
Including: Cost of sales		2,312,084,030.10	2,020,331,217.34
Taxes and surcharges	41	24,471,009.06	19,857,943.95
Selling expenses	42	45,959,103.84	14,977,368.30
General and administrative expenses	43	166,086,546.68	120,357,836.86
R&D expenses			
Financial expenses	44	-64,638,756.97	-22,490,978.40
Including: Interest expense		22,905,170.98	22,780,435.37
Interest income		86,555,079.00	47,683,920.02
Assets impairment losses	45	504,658,192.87	511,951,724.04
Add: Other income	46	4,154,171.62	-6,294,584.14
Investment income/(loss)			
Including: Share of profits or loss of associates and joint ventures	47	-2,566,450.00	45,084,843.16
Gain/ (loss) on the changes in fair value	48	-922,075.94	126,403.96
Gain/ (loss) from disposal of assets	49	570,120.78	
2. Operating profit		976,822,612.16	820,817,412.92
Add: Non-operating income	50	9,690,212.44	8,838,856.88
Less: Non-operating expenses	51	9,864,098.37	9,421,720.15
4. Profit/(loss) before tax		976,648,726.23	820,234,549.65
Less: Income tax expense	52	141,929,843.17	66,130,647.99
5. Net profit /(loss)		**834,718,883.06**	**754,103,901.66**
(1) Categorized by operation continuity:			
Net profit from continuing operations		834,718,883.06	753,973,501.98
Net profit from discontinuing operations			130,399.68
(2) Categorized by ownership			
Net profit attributable to owners of the parent		804,280,632.64	735,638,739.98
Net profit attributable to non-controlling interests		30,438,250.42	18,465,161.68
6. Other comprehensive income, net of tax		**7,589,063.80**	**11,859,036.21**
(1) Other comprehensive income, net of tax, attributable to owners of the parent		7,589,063.80	11,859,036.21
1. Other comprehensive income that will not be reclassified to profit or loss			
Remeasurement gains or losses of a defined benefit plan			
Other comprehensive income using the equity method that will not be reclassified to profit or loss			
2. Other comprehensive income to be reclassified to profit or loss		7,589,063.80	11,859,036.21
Other comprehensive income that can be reclassified to profit or loss in equity method			
Change in the fair value of available-for-sale financial assets			
Reclassification of held-to-maturity investments as available-for-sale financial assets			
Others		7,589,063.80	11,859,036.21
(2) Other comprehensive income, net of tax, attributable to non-controlling interests			
7. Total comprehensive income		**842,307,946.86**	**765,962,937.87**
Total comprehensive income attributable to owners of the parent		811,869,696.44	735,638,739.98
Total comprehensive income attributable to non-controlling interests		30,438,250.42	18,465,161.68

The accompanying notes are an integral part of these financial statements

Legal Representative: **Chief Accountant:** **Head of Accounting Department:**

Consolidated Cash Flow Statement

For the year ended 31 December 2020

Prepared by: Ganzhou Urban Investment Holding Group CO.,Ltd. Unit: RMB Yuan

Item	Notes	2020	2019
1. CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash receipts from the sale of goods and the rendering of services		3,130,321,104.91	1,532,055,969.19
Tax refunds received		6,681,141.99	
Cash received relating to other operating activities		10,041,037,018.40	10,760,254,772.68
Sub-total of cash inflows		**13,178,039,265.30**	**12,292,310,741.87**
Cash paid for purchase of goods and services		10,440,773,757.81	9,741,674,723.11
Cash paid to and on behalf of employee		173,348,931.01	133,603,253.45
Cash paid for taxes		244,207,196.92	102,432,716.03
Cash paid relating to other operating activities		2,003,627,046.37	2,269,396,401.35
Sub-total of cash outflows		**12,861,956,932.11**	**12,247,107,093.94**
Net cash flows from operating activities		**316,082,333.19**	**45,203,647.93**
2.CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash received from disposal of investments		453,116,026.86	101,034,073.67
Cash received from investment income		11,778,717.50	11,530,539.26
Net proceeds from disposal of property, plant and equipment, intangible assets and other long-term assets		131,098.00	
Cash received from disposal of subsidiaries and other business units			
Cash received relating to other investing activities		935,194,001.44	25,000,000.00
Sub-total of cash inflows		**1,400,219,843.80**	**137,564,612.93**
Purchase of property, plant and equipment, intangible assets and other non-current assets		155,452,296.85	221,133,101.78
Cash paid for investments		3,849,816,049.00	1,881,084,750.00
Net cash paid for acquisition of a subsidiary and other operating units			
Cash paid relating to other investing activities		7,050,054,990.04	3,164,993,656.67
Sub-total of cash outflows		**11,055,323,335.89**	**5,267,211,508.45**
Net cash flows from investing activities		**-9,655,103,492.09**	**-5,129,646,895.52**
3.Cash flows from financing activities:			
Cash received from investment		1,041,387,190.00	726,530,060.39
Including: Cash receipts from capital contributions from non-controlling interests of subsidiaries			
Proceeds from borrowings		23,425,452,262.90	6,100,420,000.00
Cash receipts relating to other financing activities		3,009,939,527.77	9,351,840,000.00
Subtotal of cash inflows		**27,476,778,980.67**	**16,178,790,060.39**
Repayments for debts		12,645,187,619.92	4,909,530,000.00
Cash payments for distribution of dividends or profit and interest expenses		2,311,272,775.27	2,230,827,275.83
Including: Dividends or profit paid to non-controlling shareholders of subsidiaries			
Cash payments relating to other financing activities		2,899,333,673.16	2,404,835,038.84
Subtotal of cash outflows		**17,855,794,068.35**	**9,545,192,314.67**
Net cash flows from financing activities		**9,620,984,912.32**	**6,633,597,745.72**
4. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
5. NET INCREASE IN CASH AND CASH EQUIVALENTS		281,963,753.42	1,549,154,498.13
Add: Cash and cash equivalents at beginning of year		7,041,622,395.88	5,492,467,897.75
6. CASH AND CASH EQUIVALENTS AT END OF YEAR		**7,323,586,149.30**	**7,041,622,395.88**

The accompanying notes are an integral part of these financial statements

Legal Representative: **Chief Accountant:** **Head of Accounting Department:**

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

Prepared by: Ganzhou Urban Investment Holding Group CO.,Ltd. Unit: RMB Yuan

Item	2020							
	Equity attributable to owners of the parent						Non-controlling interests	Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Subtotal		
1. Balance at the end of previous year	30,000,000,000.00	7,942,589,551.97	42,650,206.21	287,716,469.45	4,536,391,485.43	42,809,347,713.06	2,146,068,583.02	44,955,416,296.08
Changes in accounting policies								
Corrections of prior period errors								
Others								
2. Balance at the beginning of the year	30,000,000,000.00	7,942,589,551.97	42,650,206.21	287,716,469.45	4,536,391,485.43	42,809,347,713.06	2,146,068,583.02	44,955,416,296.08
3. Increase/(decrease) during the period		1,065,914,681.91	7,589,063.80	1,051,228.05	772,862,843.60	1,847,417,817.36	171,273,371.41	2,018,691,188.77
(1) Total comprehensive income			7,589,063.80		804,280,632.64	811,869,696.44	30,438,250.42	842,307,946.86
(2) Shareholders' contributions and reduction		1,065,914,681.91			-62,360.99	1,065,852,320.92	140,835,120.99	1,206,687,441.91
(i) Shareholders 'contributions in ordinary share							140,772,760.00	140,772,760.00
(ii) Other equity instruments contributions								
(iii) Others		1,065,914,681.91			-62,360.99	1,065,852,320.92	62,360.99	1,065,914,681.91
(3). Profit distribution				1,051,228.05	-31,355,428.05	-30,304,200.00		-30,304,200.00
(i) Transfer to surplus reserve				1,051,228.05	-1,051,228.05			
(ii) Transfer to general Reserve					-30,304,200.00	-30,304,200.00		-30,304,200.00
(iii)Others								
(4) Transfer within equity								
(i) Capital reserves converted to share capital								
(ii) Surplus reserves converted to share capital								
(iii) Loss made up by surplus reserves								
(iv) Others								
(5) Others								
4. Balance at the end of the period	30,000,000,000.00	9,008,504,233.88	50,239,270.01	288,767,697.50	5,309,254,329.03	44,656,765,530.42	2,317,341,954.43	46,974,107,484.85

The accompanying notes are an integral part of these financial statements

Legal Representative: **Chief Accountant:** **Head of Accounting Department:**

Consolidated Statement of Changes in Equity(CONTINUED)

For the year ended 31 December 2020

Prepared by: Ganzhou Urban Investment Holding Group CO.,Ltd. Unit: RMB Yuan

Item	2019							
	Equity attributable to owners of the parent						Non-controlling interests	Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Subtotal		
1. Balance at the end of previous year	30,000,000,000.00	6,772,907,299.94	30,791,170.00	287,280,175.77	3,822,545,239.13	40,913,523,884.84	1,951,354,977.10	42,864,878,861.94
Changes in accounting policies								
Corrections of prior period errors								
Others								
2. Balance at the beginning of the year	30,000,000,000.00	6,772,907,299.94	30,791,170.00	287,280,175.77	3,822,545,239.13	40,913,523,884.84	1,951,354,977.10	42,864,878,861.94
3. Increase/(decrease) during the period		1,169,682,252.03	11,859,036.21	436,293.68	713,846,246.30	1,895,823,828.22	194,713,605.92	2,090,537,434.14
(1) Total comprehensive income			11,859,036.21		735,638,739.98	747,497,776.19	18,465,161.68	765,962,937.87
(2) Shareholders' contributions and reduction		1,169,682,252.03				1,169,682,252.03	176,248,444.24	1,345,930,696.27
(i) Shareholders 'contributions in ordinary share							112,600,000.00	112,600,000.00
(ii) Other equity instruments contributions								
(iii) Others		1,169,682,252.03				1,169,682,252.03	63,648,444.24	1,233,330,696.27
(3). Profit distribution				436,293.68	-21,792,493.68	-21,356,200.00		-21,356,200.00
(i) Transfer to surplus reserve				436,293.68	-436,293.68			
(ii) Transfer to general Reserve					-21,356,200.00	-21,356,200.00		-21,356,200.00
(iii)Others								
(4) Transfer within equity								
(i) Capital reserves converted to share capital								
(ii) Surplus reserves converted to share capital								
(iii) Loss made up by surplus reserves								
(iv) Others								
(5) Others								
4. Balance at the end of the period	30,000,000,000.00	7,942,589,551.97	42,650,206.21	287,716,469.45	4,536,391,485.43	42,809,347,713.06	2,146,068,583.02	44,955,416,296.08

The accompanying notes are an integral part of these financial statements

Legal Representative: **Chief Accountant:** **Head of Accounting Department:**

Parent Company Balance Sheet

31 December 2020

Prepared by: Ganzhou Urban Investment Holding Group CO.,Ltd. Unit: RMB Yuan

Item	Notes	31 December 2020	31 December 2019
CURRENT ASSETS:			
Cash and Cash equivalents		226,487,849.44	12,355,890.59
Financial assets at fair value through profit or loss			
Derivative financial assets			
Notes receivable			
Accounts receivable			
Prepayments		6,638,715.65	1,508,445.99
Other receivables		4,659,796,388.86	4,356,311,805.44
Inventories		204,138,755.16	153,349,450.63
Assets classified as held for sale			
Current portion of non-current assets			
Other current assets			
Total current assets		**5,097,061,709.11**	**4,523,525,592.65**
NON-CURRENT ASSETS:			
Available-for-sale financial assets		160,000,000.00	
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments		41,779,426,268.75	41,376,784,326.23
Investment properties		112,998,500.00	112,870,000.00
Fixed assets		1,329,106.71	9,502.60
Construction in progress			
Intangible assets			
Development expenditures			
Goodwill			
Long-term prepaid expenses			
Deferred tax assets		131,142.95	18,224.51
Other non-current assets			
Total non-current assets		**42,053,885,018.41**	**41,489,682,053.34**
Total assets		**47,150,946,727.52**	**46,013,207,645.99**

The accompanying notes are an integral part of these financial statements

Legal Representative: **Chief Accountant:** **Head of Accounting Department:**

Parent Company Balance Sheet(CONTINUED)

31 December 2020

Prepared by：Ganzhou Urban Investment Holding Group CO.,Ltd. Unit: RMB Yuan

Item	Notes	31 December 2020	31 December 2019
Current liabilities:			
Short-term borrowings		200,000,000.00	200,000,000.00
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Accounts payable			
Accounts payable			
Receipts in advance			
Payroll and employee benefits payable		1,502,653.67	1,410,824.13
Taxes payable		41,087,254.77	41,443,468.93
Other payables		4,647,383,310.71	5,939,944,450.02
Liabilities classified as held for sale			
Current portion of non-current liabilities		130,000,000.00	
Other current liabilities			
Total current liabilities		**5,019,973,219.15**	**6,182,798,743.08**
Non-current liabilities:			
Long-term borrowings		2,312,500,000.00	
Bonds payable			
Long-term payable			
Provisions			
Deferred income			
Deferred tax liabilities		9,243,022.52	9,210,897.52
Other non-current liabilities			
Total non-current liabilities		**2,321,743,022.52**	**9,210,897.52**
Total liabilities		**7,341,716,241.67**	**6,192,009,640.60**
SHAREHOLDERS' EQUITY:			
Paid-in capital		30,000,000,000.00	30,000,000,000.00
Other equity instruments			
Capital reserve		9,672,274,326.23	9,672,274,326.23
Other comprehensive income		23,093,377.50	23,093,377.50
Surplus reserve		1,487,521.73	436,293.68
Retained earnings		112,375,260.39	125,394,007.98
Total shareholders' equity		**39,809,230,485.85**	**39,821,198,005.39**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**47,150,946,727.52**	**46,013,207,645.99**

The accompanying notes are an integral part of these financial statements

Legal Representative: **Chief Accountant:** **Head of Accounting Department:**

Parent Company Income Statement

31 December 2020

Prepared by：Ganzhou Urban Investment Holding Group CO.,Ltd. Unit: RMB Yuan

Item	Notes	2020	2019
1. Total revenue		**226,248.82**	**340,219.07**
Less: Total cost of sales		427,379.23	234,322.99
Taxes and surcharges		647,238.92	362,204.68
Selling expenses			
General and administrative expenses		28,454,028.13	8,798,511.98
R&D expenses			
Financial expenses		-1,421,439.60	-400,466.62
Including: Interest expense			
Interest income		1,431,408.40	415,972.21
Assets impairment losses		40,103,379.69	10,000,000.00
Add: Other income		-858,057.48	
Investment income/(loss)			
Including: Share of profits or loss of associates and joint ventures		128,500.00	4,450,197.00
Gain/ (loss) on the changes in fair value		-451,673.76	-41,269.74
Gain/ (loss) from disposal of assets		110,296.43	
2. Operating profit		**11,151,487.02**	**5,754,573.30**
Add: Non-operating income			131,151.13
Less: Non-operating expenses		720,000.00	20,000.00
3. Profit/(loss) before tax		**10,431,487.02**	**5,865,724.43**
Less: Income tax expense		-80,793.44	1,502,787.59
4. Net profit /(loss)		**10,512,280.46**	**4,362,936.84**
(1) Net profit from continuing operations		**10,512,280.46**	**4,362,936.84**
(2) Net profit from discontinuing operations			
5. Other comprehensive income, net of tax			
(1) Other comprehensive income that will not be reclassified to profit or loss			
1.Remeasurement gains or losses of a defined benefit plan			
2.Other comprehensive income using the equity method that will not be reclassified to profit or loss			
(2) Other comprehensive income to be reclassified to profit or loss			
1.Other comprehensive income that can be reclassified to profit or loss in equity method			
2.Change in the fair value of available-for-sale financial assets			
3.Reclassification of held-to-maturity investments as available-for-sale financial assets			
4.Others			
6. Total comprehensive income		**10,512,280.46**	**4,362,936.84**

The accompanying notes are an integral part of these financial statements

Legal Representative: **Chief Accountant:** **Head of Accounting Department:**

Parent Company Cash Flow Statement

For the year ended 31 December 2020

Prepared by：Ganzhou Urban Investment Holding Group CO.,Ltd. Unit: RMB Yuan

Item	Notes	2020	2019
1. CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash receipts from the sale of goods and the rendering of services		239,107.58	278,405.58
Tax refunds received			
Cash received relating to other operating activities		3,187,540,473.44	7,251,150,406.07
Sub-total of cash inflows		**3,187,779,581.02**	**7,251,428,811.65**
Cash paid for purchase of goods and services		4,503,863.27	4,369,178.28
Cash paid to and on behalf of employee		24,024,154.17	6,821,675.66
Cash paid for taxes		630,578.98	434,316.05
Cash paid relating to other operating activities		2,029,067,229.52	5,948,971,931.76
Sub-total of cash outflows		**2,058,225,825.94**	**5,960,597,101.75**
Net cash flows from operating activities		**1,129,553,755.08**	**1,290,831,709.90**
2.CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash received from disposal of investments			
Cash received from investment income			
Net proceeds from disposal of property, plant and equipment, intangible assets and other long-term assets		123,393.00	
Cash paid relating to other investing activities			
Sub-total of cash inflows		**123,393.00**	
Purchase of property, plant and equipment, intangible assets and other non-current assets		6,207,542.00	
Cash paid for investments		563,500,000.00	1,484,510,000.00
Cash paid relating to other investing activities		2,660,400,000.00	
Sub-total of cash outflows		**3,230,107,542.00**	**1,484,510,000.00**
Net cash flows from investing activities		**-3,229,984,149.00**	**-1,484,510,000.00**
3.Cash flows from financing activities:			
Cash received from investment			
Proceeds from borrowings		2,700,000,000.00	200,000,000.00
Cash receipts relating to other financing activities			
Subtotal of cash inflows		**2,700,000,000.00**	**200,000,000.00**
Repayments for debts		257,500,000.00	
Cash payments for distribution of dividends or profit and interest expenses		127,937,647.23	
Cash payments relating to other financing activities			
Subtotal of cash outflows		**385,437,647.23**	
Net cash flows from financing activities		**2,314,562,352.77**	**200,000,000.00**
4. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
5. NET INCREASE IN CASH AND CASH EQUIVALENTS		214,131,958.85	6,321,709.90
Add: Cash and cash equivalents at beginning of year		12,355,890.59	6,034,180.69
6. CASH AND CASH EQUIVALENTS AT END OF YEAR		**226,487,849.44**	**12,355,890.59**

The accompanying notes are an integral part of these financial statements

Legal Representative: **Chief Accountant:** **Head of Accounting Department:**

Parent Company Statement of Changes in Equity

For the year ended 31 December 2020

Prepared by: Ganzhou Urban Investment Holding Group CO.,Ltd. Unit: RMB Yuan

Item	2020					
	Share capital	**Capital reserve**	**Other comprehensive income**	**Surplus reserve**	**Retained earnings**	**Total shareholders' equity**
1. Balance at the end of previous year	30,000,000,000.00	9,672,274,326.23	23,093,377.50	436,293.68	125,394,007.98	39,821,198,005.39
Changes in accounting policies						
Corrections of prior period errors						
Others						
2. Balance at the beginning of the year	30,000,000,000.00	9,672,274,326.23	23,093,377.50	436,293.68	125,394,007.98	39,821,198,005.39
3. Increase/(decrease) during the period				1,051,228.05	-13,018,747.59	-11,967,519.54
(1) Total comprehensive income					10,512,280.46	10,512,280.46
(2) Shareholders' contributions and reduction						
(i)Shareholders' contributions in ordinary share						
(ii)Other equity instruments contributions						
(iii) Others						
(3). Profit distribution				1,051,228.05	-23,531,028.05	-22,479,800.00
(i) Transfer to surplus reserve				1,051,228.05	-1,051,228.05	
(ii) Distribution to shareholders					-22,479,800.00	-22,479,800.00
(iii) Others						
(4) Transfer within equity						
(i) Capital reserves converted to share capital						
(ii) Surplus reserves converted to share capital						
(iii) Loss made up by surplus reserves						
(iv) Others						
(5) Others						
4. Balance at the end of the period	30,000,000,000.00	9,672,274,326.23	23,093,377.50	1,487,521.73	112,375,260.39	39,809,230,485.85

The accompanying notes are an integral part of these financial statements

Legal Representative: **Chief Accountant:** **Head of Accounting Department:**

Parent Company Statement of Changes in Equity(CONTINUED)

For the year ended 31 December 2020

Prepared by: Ganzhou Urban Investment Holding Group CO.,Ltd. Unit: RMB Yuan

Item	2019					
	Share capital	**Capital reserve**	**Other comprehensive income**	**Surplus reserve**	**Retained earnings**	**Total shareholders 'equity**
1. Balance at the end of previous year	30,000,000,000.00	9,672,274,326.23	30,791,170.00		121,467,364.82	39,824,532,861.05
Changes in accounting policies						
Corrections of prior period errors						
Others						
2. Balance at the beginning of the year	30,000,000,000.00	9,672,274,326.23	30,791,170.00		121,467,364.82	39,824,532,861.05
3. Increase/(decrease) during the period			-7,697,792.50	436,293.68	3,926,643.16	-3,334,855.66
(1) Total comprehensive income			-7,697,792.50		4,362,936.84	-3,334,855.66
(2) Shareholders' contributions and reduction						
(i)Shareholders' contributions in ordinary share						
(ii)Other equity instruments contributions						
(iii) Others						
(3). Profit distribution				436,293.68	-436,293.68	
(i) Transfer to surplus reserve				436,293.68	-436,293.68	
(ii) Distribution to shareholders						
(iii) Others						
(4) Transfer within equity						
(i) Capital reserves converted to share capital						
(ii) Surplus reserves converted to share capital						
(iii) Loss made up by surplus reserves						
(iv) Others						
(5) Others						
4. Balance at the end of the period	30,000,000,000.00	9,672,274,326.23	23,093,377.50	436,293.68	125,394,007.98	39,821,198,005.39

The accompanying notes are an integral part of these financial statements

Legal Representative: **Chief Accountant:** **Head of Accounting Department:**

Ganzhou Urban Investment Holding Group Co. ,Ltd.

Notes to the Financial Statement for the Year 2019

（The unit of amount shall be RMB yuan unless otherwise specified）

I. General Information

1.Registered Place and Organizational Form of the Company

Ganzhou Urban Investment Holding Group CO.,Ltd. （hereinafter referred to as ‘the Company’ or ‘the Group’ if including subsidiaries） was established in Ganzhou on 14 February 2009, founded by Ganzhou Urban Development and Investment Group Co., Ltd. （hereinafter referred to as Urban Development Group） with registered capital RMB 10,000,000.00. Upon resolution of the shareholders' meeting of City Development Group, City Development Group transferred 100% of the equity to Ganzhou Zhenxing Industrial Co., Ltd.

In 2018, for the purpose to finish corporation of state-owned at the city level, Ganzhou Zhenxing Industrial Co., Ltd. transferred 100% of the equity to City Development Group. Finally, the equity was transferred to Ganzhou Development Investment Holding Group Co. Ltd. with its’ registered capital raised to RMB 30,000,000,000.00 with approval of local Market Supervision and Administration Bureau in September 2018.

Company unified social credit code: 9136070069846202X0, Type of enterprise: Limited liability company （wholly owned by a legal person that is not invested or controlled by a natural person）, Legal representative: Zhu Jianhua, Address: Floor 6 to Floor 14, Building 5, Shenghui City Center, No. 13 Changgang Road, Zhanggong District, Ganzhou City, Jiangxi Province.

2. Main Business Activities

Main business activities: city infrastructure investment, construction, operation and management; investment in land development and operation; enterprise project investment and management; investment in ecological and environmental projects, building materials trade and investment; smart city investment, construction and operation （the project mentioned above should not involve absorb deposits, raise funds and receive payments and authorize loans and so on which belongs to State finance, securities, futures and financial credit business）

3. Scope of Consolidation

The scope of the consolidated financial statement of the Group includes 53 companies. For more details of the subsidiaries, please refer to Note 7. Changers in Consolidation Scope.

II. Basis of Preparation of Financial Statement

1. Basis of Preparation

Based on the going-concern assumption, the consolidated financial statement of the Group have been prepared in accordance with Accounting Standards for Business Enterprises and their application guidelines ,interpretations and other relevant provisions（collectively referred to as "Accounting Standards for Business Enterprises"） issued by the Ministry of Finance based on the actual transactions and matters.

In accordance with the relevant provisions of Accounting Standards for Business Enterprises, the Company's accounting is based on an accrual basis. These financial statement are based on historical cost except some financial instruments and investment real estate. If evidences showing the impairment of the assets , the related devalued allowance should be prepared.

2. Going-concern Assumption

The normal operating cycle refers to the period between the Company's purchase of assets for processing and the realization of cash or cash equivalents.The Company takes 12 months as an operating cycle and takes it as the standard for the classification of liquidity of assets and liabilities.

III. Declaration on the compliance with Accounting Standards for Business Enterprises

The financial statement have been prepared by the Group in accordance with the Accounting Standards for Business Enterprises, representing a true and fair presentation of the Company’s and the Group’s and financial position in December 31st 2020nd of the operating results and cash flows and other relevant information in 2020

IV. Significant Accounting Policies and Accounting Estimates

The Company and its subsidiaries are mainly engaged in municipal infrastructure construction, affordable rental housing construction and management, concrete production and sales, real estate development and construction, planning and design services and other business activities. According to the characteristics of actual production and operation, the Company and its subsidiaries have formulated a number of specific accounting policies and estimates for transactions and events such as revenue recognition according to the relevant provisions of Accounting Standards for Business Enterprises. For more details, please refer to Note IV, line 20 “Operating Income”. As for the statement of significant accounting judgments and estimates,. please refer to Note IV, line 25 “ Significant Accounting Judgments and Estimates”.

1.Accounting Period

The Company's accounting period is divided into annual and interim accounting period. Interim accounting period refers to the reporting period shorter than a complete fiscal year. The Company's accounting period is from 1st January to 31st December.

2. Cycleperating Cycle

The normal operating cycle refers to the period between the Company's purchase of assets for processing and the realization of cash or cash equivalents. The operating cycle of the Company is 12 months and it is taken as the classification standard for the liquidity of assets and liabilities.

3. Functional Currency

RMB is used as the functional currency.

4. Accounting Treatment for Business Combination under Common Control and Not under Common Control

A business merger is a transaction or event in which two or more separate businesses are merged into a single reporting entity. Merger of enterprises can be divided into merger under the common control and merger not under common control.

（1） Accounting Treatment for Business Combination under Common Control

Before and after the merger, the enterprises participating in the merger are under the final control of the same party or the same parties, and the control is not temporary, it is the enterprise merger under common control. In the case of a business combination under common control, the party that obtains the control right of the other participating enterprises on the merger date shall be the merging party, and the other participating enterprises shall be the merged party. The date of merger refers to the date on which the merging party actually acquires the control right of the merged party.

The assets and liabilities acquired by the merging party are measured at the book value of the merged party on the merger date.The capital reserve shall be adjusted according to the difference between the the book value of the net assets acquired and the book value of the paid consideration; if the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

The direct expenses paid by the merged parties incurred in the business merger shall be recorded into the current profit and loss when incurred.

（2） Accounting treatment for business combination not under common control

If the enterprises participating in the merger are not under the final control of the same party or the same parties before and after the merger, it is an enterprise merger not under common control. In the case of an enterprise merger not under the same control, the party that acquires the control right of the other enterprises participating in the merger on the purchase date is the purchaser, and the other enterprises participating in the merger are the acquiree. The term "purchase date" refers to the date on which the purchaser actually acquires the control right of the purchaser.

For a business merger not under common control, the merger cost is the sum of the fair value of the Group's cash or non-cash assets, issued or assumed liabilities, issued equity securities, etc. paid by the Group on the purchase date to acquire the control of the acquire, as well as intermediary expenses such as audit, legal service, evaluation and consultation and other management expenses incurred in the enterprise merger, which are recorded into the current profit and loss when incurred. The transaction costs of equity or debt securities issued by the purchaser as consideration for the merger shall be included in the initial recognized amount of equity or debt securities. The contingent consideration involved is included in the consolidation cost at its fair value on the purchase date. If new or further evidence of the conditions existing on the purchase date arises within 12 months after the purchase date and necessitates an adjustment or consideration, the consolidated goodwill shall be adjusted accordingly.

The difference between the merger cost for the acquiree on the purchase date and the share of the identifiable net assets of the acquiree acquired by the purchaser is recognized as goodwill. If the merger cost is less than the share of the fair value of the identifiable net assets acquired by the purchaser in the merger, the fair value of the acquired identifiable assets, liabilities and contingent liabilities and the measurement of the merger cost are firstly reviewed. If after the review, the merger cost is still less than the share of the fair value of the identifiable net assets acquired by the purchaser in the merger, the difference shall be accounted into non-operating income for the current period.

The acquirer obtains the acquiree deductible temporary differences, on the acquisition date by does not meet the requirements for the deferred income tax assets confirmation and did not confirm, within 12 months after purchase, such as new or further information suggests that the related situation already exists on the acquisition, expected to be the acquirer in the deductible temporary differences on the acquisition of the economic benefits can be achieved, The relevant deferred income tax assets are recognized and the goodwill is reduced at the same time. If the goodwill is insufficient to be written down, the difference is recognized as the profit and loss of the current period. In addition to the above circumstances, the recognition of the deferred income tax assets related to the enterprise merger shall be recorded into the current profit and loss.

Trade through the multiple step by step implementation of the business combination not under the same control, according to the Treasury about notice issued by the accounting standards for enterprises account for 5 （finance and accounting） [2012] No. 19 and the accounting standards for enterprises No. 33 - consolidated financial statement, article 51 of "package" criterion （see note 4, 5 （2））, Determine whether the multiple transactions are a "package deal". For a "package transaction", refer to the description in the preceding paragraphs of this section and the "long-term equity investment" in this Note IV, 11; If it does not belong to "package transaction", separate individual financial statement and consolidated financial statement for relevant accounting treatment:

In the consolidated financial statement, the equity held by the purchaser before the purchase date shall be re-measured according to the fair value of the equity on the purchase date, and the difference between the fair value and the book value shall be recorded into the current investment income; If the equity of the purchaser held before the purchase date involves other comprehensive income, the other comprehensive income related thereto shall be accounted for on the same basis as the relevant assets or liabilities directly disposed of by the purchaser（i.e., except for the corresponding share of the change resulting from the re-measurement of the net liabilities or net assets of the benefit plan by the Purchaser under the equity method, the rest is converted to the current investment income）.

5. Preparation of Consolidated Financial Statement

（1） Principles for determining the scope of consolidated financial statement

The consolidated scope of the consolidated financial statement is determined on a control basis. Control means that the Company has the right over the investee, enjoys variable returns through participating in relevant activities of the investee, and has the ability to influence the amount of such returns by using the power over the investee. The scope of the merger includes the Company and all of its subsidiaries. Subsidiary refers to the subject controlled by the company.

When changes in relevant facts and circumstances cause changes in the relevant elements of the control definition described above, revaluation should be carried out.

（2） Preparation of Consolidated Financial Statement

From the date of acquiring the net assets and effective control of the production and operation decisions of the subsidiary, the Company shall begin to incorporate it into the scope of merger; cease to be incorporated into the scope of amalgamation from the date of loss of actual control right. For the disposal subsidiary, the operating results and cash flows prior to the Disposal date have been appropriately included in the consolidated income statement and consolidated cash flow statement; the beginning of the consolidated balance sheet shall not be adjusted for the subsidiaries disposed of in the current period. The operating results and cash flows of the subsidiaries added by the combination of enterprises under different control have been properly included in the consolidated income statement and consolidated cash flow statement after the purchase, and the beginning and comparison figures of the consolidated financial statement are not adjusted. The operating results and cash flows of the subsidiaries increased by the business combination under the same control from the beginning of the current period to the consolidation date have been properly included in the consolidated income statement and consolidated cash flow statement, and the comparison of the consolidated financial statement has been adjusted at the same time

When preparing the consolidated financial statement, if the subsidiary’s accounting policies or accounting period is not consistent with the Company, the financial statement of the subsidiaries shall be adjusted based on the Company’s accounting policies or accounting period. When preparing consolidated financial statement, it shall adjust the financial statement of subsidiaries on the basis of the fair values of the identifiable assets, liabilities and contingent liabilities determined on the acquisition date.

All major intra-group transactions, receivables and payables, and unrealized profits within the scope of the consolidation are eliminated in full at the time of preparation of the consolidated financial statement.

The share of the owner's equity of a subsidiary that does not belong to the parent company and the current net profit or loss, other comprehensive income and the share of the total comprehensive income that belongs to the minority shareholders' equity shall be listed as minority interests, non-controlling interest and other comprehensive income attributable to non-controlling interest and total comprehensive income attributable to non-controlling interest in the consolidated financial statement. The loss shared by the minority shareholders of the subsidiary exceeds the minority shareholders' share in the initial shareholders' equity of the subsidiary, which still reduces the equity of several shareholders.

When the Group disposes part of the equity investment and lose control of the entity, when preparing the consolidated financial statement, the Group shall re-measure the fair value of the remaining equity investment subsequent to the disposal at the date when the Group lost control. The difference between the sum of the consideration obtained from the disposal of equity and the fair value of the remaining equity, less the share of the net assets of the original subsidiary calculated continuously from the date of purchase or merger calculated according to the original shareholding ratio, shall be included in the investment income for the current period when the control right is lost, and the goodwill shall be offset at the same time. Other comprehensive income related to the equity investment of the original subsidiary shall be recognized in investment income when the control right is lost. Subsequently, the residual equity shall be measured in accordance with the relevant provisions of the Accounting Standards for Business Enterprises No. 2 - Long-term Equity Investments or the Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments, as detailed in Note IV, 11, "Long-term Equity Investments" or Note IV, 8, "Financial Instruments".

For long-term equity investment in a subsidiary disposed step by step through multiple transactions until losing control right, it is necessary to judge if the disposal of the equity investment in the subsidiary until the loss of control of the transaction is a package transaction. The terms, conditions and economic impact of the transactions in respect of the equity investments in the Subsidiaries are subject to one or more of the following conditions, which normally indicate that multiple transaction matters should be accounted for as a package transaction: ①the transactions were entered into simultaneously or with regard to their mutual influence; ②These transactions as a whole are needed to achieve a complete commercial outcome; ③The occurrence of one transaction depends on the occurrence of at least one other transaction; ④A transaction is not economical when viewed alone, but it is economical when considered together with other transactions. If it is not a package transaction, the long-term equity investment in the subsidiaries shall be partially disposed of as appropriate "without loss of control" for each transaction"（for more details, please refer to NOTE IV 11、（2）④" and "loss of control over the original subsidiary due to the disposal of part of the equity investment or other reasons" （ as the former section referred）. For long-term equity investment in a subsidiary disposed step by step through multiple transactions until losing control right and it is a "package deal", accounting treatment shall be carried out for each transaction as one transaction that disposes subsidiaries and loses control. However, before the loss of control, the difference between each disposal price and the share of the subsidiary's net assets corresponding to the disposal investment shall be recognized as other comprehensive income in the consolidated financial statement, which shall be recognized in profit or loss when losing control.

6. Category of joint arrangements and accounting treatment of joint operations

A joint arrangement refers to an arrangement under the joint control of two or more participants.

According to the rights and obligations the company enjoys in the joint venture arrangement, the joint venture arrangement is divided into joint operation and joint venture. Joint operation refers to a joint venture arrangement in which the Company enjoys the assets related to the arrangement and bears the liabilities related to the arrangement. The term "joint venture" refers to a joint venture arrangement in which the Company has rights only to the net assets of such arrangement.

The Company's investment in Joint Venture shall be accounted for by the equity method and shall be treated in accordance with the accounting policies stated in Note IV, 11 （2） ② "Long-term equity investment accounted for by the equity method".

The Company, as the joint venture party in the joint operation, recognizes the assets held separately and the liabilities assumed, as well as the assets held and liabilities assumed by shares; recognizes the proceeds arising from the sale of the Company's share of the joint business output; recognizes the revenue generated from the sale of the output of the joint venture in accordance with the Company's share; recognizes the expenses incurred by the company separately and the expenses incurred by joint operation according to the share of the company.

When the Company invests or sells assets （the assets do not constitute a business, the same below） as part of the joint venture, or purchases assets from the joint venture, the Company will only recognize the portion of the gains and losses arising from the transaction attributable to the other parties in the joint venture prior to the sale of such assets to a third party. If such assets suffer impairment losses in accordance with the Accounting Standards for Business Enterprises No. 8 - Impair of Assets, the Company shall fully recognize such losses in the case of the investment or sale of assets by the Company to the joint operation; In the case of the purchase of assets by the Company from the joint operation, the Company shall recognize such loss according to the share it bears.

7. Cash and cash equivalents

The Company's cash and cash equivalents include cash on hand, deposits readily available for payment, and investments with short holding period （generally less than 3 months）, and highly liquidity that are readily convertible to known amounts of cash and are subject to insignificant risk of change in value.

8. Financial instruments

Recognize a financial asset or financial liability when the Company becomes a party to a financial instrument contract. Financial assets and financial liabilities are measured at fair value at the time of initial recognition.For financial assets and financial liabilities that are measured at fair value and whose changes are recorded into the current profit and loss, the relevant transaction costs are directly recorded into the profit and loss; For other categories of financial assets and financial liabilities, related transaction costs are included in the initial recognition amount.

（1）Method for determining the fair value of financial assets and financial liabilities

Fair value refers to the price that market participants can receive or transfer a liability when selling an asset in an orderly transaction occurring on the measurement date.The Company measures the fair value of financial assets and financial liabilities at the price of the main market, or in the absence of a major market, at the price of the most favorable market, and adopts the valuation technology that is applicable at the time and has sufficient available data and other information to support it.The input value used by the fair value measurement is divided into three levels, that is, the input value of the first level is the unadjusted quotation of the same assets or liabilities in the active market that can be obtained on the measurement day; The input value of the second level is the directly or indirectly observable input value of related assets or liabilities except the input value of the first level. The third level input value is the unobservable input value of the related asset or liability.The first level input value is preferred by the company, and the third level input value is used finally. The level to which the fair value measurement result belongs is determined by the lowest level to which the input value of great significance to the fair value measurement as a whole belongs.

（2）Classification, recognition and measurement of financial assets

Trading financial assets in a conventional way, accounting recognition and termination recognition on a daily basis. At the time of initial recognition, financial assets are divided into financial assets measured at fair value and whose changes are recorded into current profits and losses, hold-to-maturity investments, loans and receivables, and financial assets available for sale.

① Financial assets measured at fair value and the changes recorded in current profits and losses

Includes trading financial assets and financial assets designated as measured at fair value and whose changes are recorded into current profits and losses

Tradable financial assets refer to financial assets that meet one of the following conditions:A.The purpose of acquiring the financial asset is to sell it in the near future;B it is part of a centrally managed identifiable portfolio of financial instruments, and there is objective evidence that the Company has recently managed the portfolio in a short-term profit-making manner;C With respect to derivative instruments, however, derivatives which are designated and are effective hedging instruments, derivatives which belong to financial security contracts, derivatives linked to equity instrument investments which are not quoted in the active market and whose fair value cannot be measured reliably, and which must be settled through delivery of the equity instrument are excluded.

Financial assets that meet one of the following conditions can be designated as financial assets that are measured at fair value and whose changes are recorded into current profits and losses at the time of initial recognition:A.This designation may eliminate or significantly reduce inconsistencies in the recognition or measurement of relevant gains or losses caused by different measurement bases of the financial assets.BAs stated in the official written documents of the risk management or investment strategy of the Company, the portfolio of financial assets or the portfolio of financial assets and financial liabilities where the financial asset is located shall be managed, evaluated and reported to key managers on the basis of fair value.

Financial assets measured at fair value and whose changes are included in current profits and losses are subsequently measured at fair value. Gain or loss caused by changes in fair value as well as dividends and interest income related to such financial assets are included in current profits and losses.

② Hold to maturity investment

Hold to maturity investment refers to the non-derivative financial assets with a fixed maturity date, a fixed or definable recovery amount, and the Company has a clear intention and ability to hold them to maturity.

Hand-to-maturity investment adopts the effective interest rate method and carries out subsequent measurement according to the amortized cost. Gain or loss arising from termination of recognition, impairment or amortization is recorded into the current profit and loss.

The effective interest rate method refers to the method of calculating the amortized cost and the interest income or expenditure of each period according to the real interest rate of a financial asset or financial liability（including a group of financial assets or financial liabilities）. The effective interest rate refers to the interest rate used to discount the future cash flow of a financial asset or financial liability into the current carrying value of the financial asset or financial liability during the expected duration or the shorter period where applicable.

The effective interest rate method refers to the method of calculating the amortized cost and the interest income or expenditure of each period according to the real interest rate of a financial asset or financial liability（including a group of financial assets or financial liabilities）. The effective interest rate refers to the interest rate used to discount the future cash flow of a financial asset or financial liability into the current carrying value of the financial asset or financial liability during the expected duration or the shorter period where applicable.

③ Loans and receivables

Loans and receivables are non-derivative financial assets that are not quoted in an active market and have a fixed or determinable recovery amount. The Company's financial assets classified as loans and receivables include notes receivable, accounts receivable, interest receivable, dividends receivable and other receivables

Loans and receivables are subsequently measured at the amortized cost using the effective interest rate method. Gains or losses arising from termination of recognition, impairment or amortization are recorded into current profits and losses.

④ Financial assets available for sale

It includes non-derivative financial assets that are designated as available for sale at the time of initial recognition, and financial assets other than financial assets measured at fair value and whose changes are recorded in current profits and losses, loans and receivables, and investments held to maturity.

The ending cost of the investment in the sale of debt instruments shall be determined according to the amortized cost method, that is, the initial recognized amount less the repaid principal, plus or minus the accumulated amortization amount resulting from the amortization of the difference between the initial recognized amount and the maturity amount by the effective interest rate method, and the amount after deducting the impairment loss incurred. The ending cost of an equity instrument investment available for sale is its initial acquisition cost.

Available for sale financial assets using follow-up measurement of fair value, formed on the changes in the fair value of the profit or loss, in addition to the impairment loss and foreign currency financial assets amortized cost related exchange balance recorded into the profits and losses of the current, identified as other comprehensive income, in the end of the financial asset confirmation roll-out, included in the current profits and losses. However, equity instrument investment without quotation in the active market and its fair value cannot be reliably measured, as well as the derivative financial assets linked to the equity instrument and which must be delivered to the equity instrument for settlement, shall be subsequently measured according to cost.

The interest obtained during the holding period of the financial asset available for sale and the cash dividend declared to be paid by the invested entity shall be included in the investment income.

（3）Finance Assets Devalue

Except for financial assets measured at fair value and whose changes are recorded into current profits and losses, the Company inspects the book value of other financial assets and assets on each balance sheet date. If there is objective evidence that financial assets are impaired, provision for impairment shall be drawn.

The Company shall conduct separate impairment tests on financial assets with a single item of significant amount; For financial assets with no significant amount in a single item, the impairment test shall be carried out separately or included in the portfolio of financial assets with similar credit risk characteristics. Separate testing of financial assets without impairment （including financial assets with single significant amount and non-significant amount）, including further impairment testing of financial assets with similar credit risk characteristics in the portfolio. The financial assets for which the impairment loss has been recognized separately shall not be included in the impairment test for the financial assets portfolio with similar credit risk characteristics.

① Hold to maturity investment, Loans and receivables Devalue

The book value of financial assets measured at cost or amortized cost is written down to the present value of the expected future cash flow, and the amount of writedown is recognized as an impairment loss and recorded into the current profit and loss.Financial assets after confirm the impairment loss, if there is any objective evidence that the financial asset value has been restored, and objectively related to confirm the loss occurred after items, confirm the impairment loss be turned back, the book value of the return of financial assets impairment loss after no more than assumed without provision for impairment of the financial asset return on the day of the amortized cost.

② Impairment of financial assets available for sale

When the decline in the fair value of the equity instrument investment available for sale is judged to be serious or non-temporary by integrating relevant factors, it indicates that the equity instrument investment available for sale is impaired. Among them, "severe decline" refers to the cumulative decline in fair value of more than 20%; "Other than temporary decline" refers to a continuous decline in fair value over 12 months.

Available for sale financial assets impairment occurs, the original plan for fair value in other comprehensive income by forming the cumulative losses shall be transferred out and recorded into the profits and losses of the current, the initial roll-out of cumulative losses for the assets already withdraw the principal and already amortized cost deducted, the current fair value and the original has been included in the balance of the profit and loss of the impairment loss.

After confirm the impairment loss, if there is any objective evidence that the financial asset after the value has been restored, and objectively related to confirm the loss occurred after items, confirm the impairment loss be turned back, to sell equity instrument investment return impairment loss recognized as other comprehensive income, available for sale debt instruments of impairment losses back into the profits and losses of the current period.

Investments in equity instruments which are not quoted in the active market and whose fair value cannot be reliably measured, or the impairment losses of derivative financial assets linked to the equity instruments which must be settled through delivery of the equity instruments, shall not be rolled back.

（4）The recognition basis and measurement method of financial asset transfer

The recognition of financial assets shall be terminated if one of the following conditions is satisfied:①The contractual right to receive the cash flow of the financial asset terminates;② the financial asset has been transferred, and almost all the risks and rewards of the ownership of the financial asset have been transferred to the transferee; ③ The financial asset has been transferred. Although the enterprise has neither transferred nor retained almost all the risks and rewards of the ownership of the financial asset, it has given up its control over the financial asset.

If the enterprise neither transfers nor retains almost all the risks and rewards of the ownership of the financial asset, nor gives up its control over the financial asset, the relevant financial asset shall be recognized according to the degree of its continuing involvement in the transferred financial asset, and the relevant liabilities shall be recognized accordingly. The degree of continued involvement in the transferred financial asset refers to the level of risk faced by the enterprise by changes in the value of the financial asset.

If the enterprise neither transfers nor retains almost all the risks and rewards of the ownership of the financial asset, nor gives up its control over the financial asset, the relevant financial asset shall be recognized according to the degree of its continuing involvement in the transferred financial asset, and the relevant liabilities shall be recognized accordingly. The degree of continued involvement in the transferred financial asset refers to the level of risk faced by the enterprise by changes in the value of the financial asset.

If partial transfer of financial assets meets the conditions for termination of recognition, the book value of the transferred financial assets shall be apportioned between the parts with termination of recognition and those without termination of recognition according to their relative fair value. And the sum of the consideration received due to the transfer and the accumulated amount of fair value change that should be apportioned to the part of termination recognition and originally booked into other comprehensive income and the difference between the apportioned book amount mentioned above shall be recorded into the current profit and loss.

The Company shall determine whether almost all the risks and rewards of the ownership of the financial assets have been transferred with respect to the sale of the financial assets with recourse or endorsement transfer of the financial assets it holds. Where almost all the risks and rewards of the ownership of the financial asset have been transferred to the transferee, the recognition of the financial asset shall be terminated; If almost all the risks and rewards of the ownership of a financial asset have been retained, the recognition of the financial asset shall not be terminated; If almost all the risks and rewards of the ownership of a financial asset have not been transferred or retained, it shall continue to determine whether the firm retains control over the asset and conduct accounting treatment according to the principles described in the preceding paragraphs.

（5） Classification and measurement of financial liabilities

At the time of initial recognition, financial liabilities are divided into financial liabilities which are measured at fair value and whose changes are recorded into current profits and losses and other financial liabilities. The financial liabilities initially recognized shall be measured at fair value. For the financial liabilities measured at fair value and the changes recorded in the current profit and loss, the relevant transaction costs are directly recorded in the current profit and loss; For other financial liabilities, the relevant transaction costs shall be included in the initial recognized amount.

① Financial liabilities measured at fair value and the change recorded in current profit and loss

The conditions for classifying financial liabilities as tradable and financial liabilities that are measured at fair value at the time of initial recognition and whose changes are recorded in current profit and loss are the same as those for classifying financial assets as tradable and financial assets that are measured at fair value at the time of initial recognition and whose changes are recorded in current profit and loss.

Financial liabilities measured at fair value and whose changes are included in current profits and losses are subsequently measured at fair value. Gain or loss caused by changes in fair value as well as dividends and interest expenses related to such financial liabilities are included in current profits and losses.

② Other financial liabilities

Derivative financial liabilities linked to equity instruments without quotations in active markets and whose fair value cannot be measured reliably and which must be delivered to the equity instruments for settlement shall be subsequently measured according to cost. For other financial liabilities, the effective interest rate method shall be adopted, and the subsequent measurement shall be made at the amortized cost, and the gains or losses arising from termination of recognition or amortization shall be recorded into the current profit and loss.

（6）Cessation of recognition of financial liabilities

The recognition of a financial liability or part of the financial liability shall cease only when the current obligation of the financial liability has been discharged in whole or in part. If the Company （debtor） and the creditor sign an agreement to replace the existing financial liability by assuming the new financial liability, and the contract terms of the new financial liability and the existing financial liability are substantially different, the recognition of the existing financial liability shall be terminated and the new financial liability shall be recognized simultaneously.

Where the recognition of a financial liability is terminated in whole or in part, the difference between the book value of the terminated recognition part and the consideration paid （including the non-cash assets transferred out or the new financial liabilities assumed） shall be recorded into the current profit and loss.

（7）Offset off of financial assets and financial liabilities

Where the Company has a legal right to set off recognized financial assets and financial liabilities, and the Company is currently able to enforce such legal rights, and the Company plans to settle the financial assets on a net basis or simultaneously realize the financial assets and pay off the financial liabilities, the financial assets and financial liabilities shall be shown in the balance sheet at the offset amount. In addition, financial assets and financial liabilities shall be separately presented in the balance sheet and shall not be set off against each other.

9. Accounts receivable

Receivables include notes receivable, accounts receivable, other receivables, etc.

（1）Criteria for recognition of bad debt reserves

The Company inspects the book value of receivables on the balance sheet date and draws an impairment provision if the following objective evidences show that the receivables are impaired: ① The debtor is in serious financial difficulties; （2） the debtor violates the terms of the contract （such as the default or overdue payment of interest or principal, etc.）; ③ the debtor is likely to go bankrupt or undergo other financial restructuring; （4） Other objective basis indicating the impairment of receivables.

（2） Method for the provision for bad debts

The Company does not make provision for bad debts except for the receivables and deposits of related parties and projects specially loaned by the finance department or China Development Bank, government departments and projects designated by the government. Other provisions are made by the aging analysis method.

Aging	Accounts receivable Proportion (%)	Other receivables Proportion (%)
Within 1 year	0	0
1-2 years	10	10
2-3 years	20	20
3-4 years	50	50
4-5 years	50	50
More than 5 years	100	100

(3) Reversal of the provision for bad debts

If there is objective evidence to show that the value of the receivables has been recovered and it is objectively related to the events that occurred after the recognition of the loss, the impairment loss originally recognized shall be reversed and recorded into the current profit and loss. However, the carrying value after the rollover does not exceed the amortized cost of the receivables on the rollover date under the assumption that no impairment provision is made.

10. Inventories

(1) Classification of inventory

Inventory mainly includes development cost, land cost, development products, raw materials, low-value consumable goods, engineering construction, etc.

(2) A method of valuing the acquisition and delivery of inventory

Inventories are valued at actual cost at the time of acquisition and weighted average/specific identification at the time of acquisition and delivery.

(3) Confirmation of the net realizable value of inventory and the method of drawing and withdrawing the provision for depreciation

Net realizable value is the estimated selling price of inventory in daily activities after deducting the estimated costs to be incurred by completion, estimated sales expenses and related taxes and fees. The net realizable value of inventories is determined on the basis of conclusive evidence obtained, taking into account the purpose for which inventories are held and the impact of events following the balance sheet date.

On the balance sheet date, inventory is measured at the lower of cost and net realizable value. When its net realizable value is lower than the cost, the reserve for inventory decline is withdrawn. The reserve for inventory depreciation is usually drawn on the basis of the difference between the cost of an individual inventory item and its net realizable value.

On the balance sheet date, inventory is measured at the lower of cost and net realizable value. When its net realizable value is lower than the cost, the reserve for inventory decline is withdrawn. The reserve for inventory depreciation is usually drawn on the basis of the difference between the cost of an individual inventory item and its net realizable value.

（4）The inventory system is the perpetual inventory system.

（5）Low value consumables shall be amortized by one-time amortization method at the time of receipt

11. Longe- term equity investment

The long-term equity investment referred to in this Part refers to the long-term equity investment in which the Company controls, jointly controls or has significant influence on the invested entity. For the long-term equity investments which are not controlled, jointly controlled or have significant influence on the investee, the Company shall be accounted as financial assets available for sale or measured at fair value and their changes shall be recorded into the profits and losses of the current period. The accounting policies are detailed in Note IV, 8 "Financial Instruments".

Joint control refers to the common control of an arrangement by the Company in accordance with the relevant agreements, and the relevant activities of the arrangement can only be decided upon the unanimous consent of the parties who share the control rights. "Major influence" means that the Company has the right to participate in the decision-making of the financial and business policies of the invested entity, but it cannot control or jointly control the formulation of these policies with other parties.

（1）Determination of investment cost

For the long-term equity investment obtained from the merger of enterprises under the same control, the initial investment cost of the long-term equity investment shall be the share of the owner's equity of the merged party in the book value of the consolidated financial statement of the final controlling party on the merger date.The difference between the initial investment cost of long-term equity investment and the cash paid, the non-cash assets transferred and the book value of the debts assumed, adjusting the capital reserve; If the capital reserve is insufficient to be written down, the retained earnings shall be adjusted.To issue equity securities as a merger of value, owners' equity on the combining date according to the combined party on the final the share of the book value of the control side of the consolidated financial statement as the initial cost of the long-term equity investment, according to the face value of the total issued shares as equity, long-term equity investment in the initial cost of investment and the difference between the total issued shares value, adjust the capital reserves;If the capital reserve is insufficient to be written down, the retained earnings shall be adjusted. If the equity of the merged party under the same control is acquired step by step through multiple transactions, and the enterprise merger under the same control is finally formed, it shall be dealt with separately whether it is a "package transaction" : if it is a "package transaction", each transaction shall be accounted for as a transaction to obtain the control right.If it is not a "package transaction", the initial investment cost of long-term equity investment shall be the share of the book value of the owner's equity of the merged party in the consolidated financial statement of the ultimate controlling party on the merger date. The difference between the initial investment cost of a long-term equity investment and the book value of the long-term equity investment before the merger plus the book value of the new consideration for further acquisition of the shares on the merger date, and the adjustment of the capital reserve; If the capital reserve is insufficient to be written down, the retained earnings shall be adjusted. The equity investment held before the merger date will not be accounted for for the time being due to the use of the equity method or other comprehensive income recognized for financial assets available for sale.

For the long-term equity investment obtained by enterprise merger not under the same control, the initial investment cost of the long-term equity investment shall be taken as the merger cost on the purchase date, which includes the sum of the assets paid by the purchaser, the liabilities incurred or borne, and the fair value of the equity securities issued.If the equity of the Purchaser is acquired step by step through multiple transactions, and the enterprise merger not under the same control is finally formed, it shall be dealt with separately whether it is a "package transaction" : if it is a "package transaction", each transaction shall be accounted for as a transaction in which the control rights are acquired. If it does not belong to a "package transaction", the sum of the book value of the equity investment of the original holding buyer plus the cost of the new investment shall be the initial investment cost of the long-term equity investment accounted by the cost method. Where the stock right formerly held is accounted for by the equity method, relevant other comprehensive income shall not be accounted for for the time being.Where the stock right formerly held is accounted for by the equity method, relevant other comprehensive income shall not be accounted for for the time being. Where the equity investment previously held is a financial asset available for sale, the difference between its fair value and its carrying value, as well as the accumulated change in the fair value originally recorded in other comprehensive income, shall be transferred to the current profit and loss.

The intermediary expenses incurred by the merging party or the purchaser for the enterprise merger, such as auditing, legal services, evaluation and consultation, and other related administrative expenses, shall be recorded into the current profit and loss when incurred.

For equity investment other than long-term equity investment formed by enterprise merger, the initial measurement shall be based on the cost, which depends on the different acquisition methods of long-term equity investment. It shall be determined in accordance with the actual cash purchase price paid by the Company, the fair value of the 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 traded out in the non-monetary asset exchange transaction, and the fair value of the long-term equity investment itself. Expenses, taxes and other necessary expenses directly related to the acquisition of a long-term equity investment are also included in the investment cost.

（2）Follow-up measurement and profit and loss recognition methods

Long-term equity investment with joint control （except for joint operators） or significant influence on the invested entities shall be accounted for by the equity method. In addition, the company's financial statement use the cost method to account for long-term equity investments that can exercise control over the invested units.

① Costing method accounting for long-term equity investments

When the cost method is adopted, the long-term equity investment is priced at the initial investment cost, and the cost of adding or recovering the investment is adjusted to adjust the long-term equity investment.

Except for the declared but not yet paid cash dividends or profits included in the price actually paid or the consideration when the investment is acquired, the current investment income shall be recognized in accordance with the cash dividends or profits declared and paid by the entity enjoying the investment.

② Long-term equity investments accounted for by the equity method

If the initial investment cost of long-term equity investment is greater than the fair value share of the identifiable net assets of the investee, the initial investment cost of long-term equity investment will not be adjusted. If the initial investment cost is less than the fair value share of the identifiable net assets of the investee, the difference shall be recorded into the profits and losses of the current period, and the cost of long-term equity investment shall be adjusted at the same time.

When accounting by the equity method, the investment income and other comprehensive income are recognized respectively according to the share of the net profit and loss realized by the invested entity and other comprehensive income that should be enjoyed or shared, and the book value of long-term equity investment is adjusted at the same time. The portion to be enjoyed shall be calculated according to the profits or cash dividends declared to be distributed by the invested entity, and the book value of long-term equity investment shall be reduced accordingly; For changes in owners' equity other than net profit and loss, other comprehensive income and profit distribution of the invested entity, the book value of long-term equity investment shall be adjusted and recorded into the capital reserve. When recognizing the share of the net profit and loss of the invested entity, the net profit of the invested entity shall be recognized after adjustment on the basis of the fair value of the identifiable assets of the invested entity at the time of acquiring the investment. If the accounting policies and accounting periods adopted by the invested entity are inconsistent with those of the Company, the financial statement of the invested entity shall be adjusted in accordance with the accounting policies and accounting periods of the Company, and the investment income and other comprehensive income shall be recognized accordingly. For the transactions between the Company and its associates or joint ventures, where the assets invested or sold do not constitute business, the unrealized internal transaction gains and losses shall be offset according to the proportion of the gains and losses attributable to the Company, and the investment gains and losses shall be recognized on this basis. However, the unrealized internal trading losses between the Company and the invested entity shall not be offset if they are impairment losses of the transferred assets. The company to the joint venture or consortium out assets constitute a business, investors, therefore obtains the long-term equity investment, but not the acquisition to the fair value of the cast business as the new initial cost of the long-term equity investment, the initial cost of investment and threw the difference between the book value of the business, fully included in the current profits and losses. Where the assets sold by the Company to the joint venture or associated enterprise constitute business, the difference between the consideration obtained and the book value of the business shall be fully included in the profit and loss of the current period. If the assets purchased by the company from the associated enterprises and joint ventures constitute business, accounting treatment shall be conducted in accordance with the provisions of the accounting standards for enterprises no. 20 - business merger, and the gains or losses related to the transactions shall be fully recognized.

When the net loss incurred by the invested entity is recognized to be shared, the book value of the long-term equity investment and other long-term interests that substantially constitute the net investment of the invested entity shall be written down to zero. In addition, if the Company is obligated to bear additional losses to the invested entity, the expected liabilities will be recognized according to the expected obligations and recorded in the current investment loss. If the invested entity realizes net profits in the following period, the Company shall resume the recognition of the amount of income sharing after the amount of income sharing makes up for the unrecognized amount of loss sharing.

③ Purchase of a minority stake

In the preparation of consolidated financial statement, the difference between the long-term equity investment added due to the purchase of minority equity and the share of net assets that should be continuously calculated by the subsidiary since the purchase date（or merger date）based on the proportion of newly added shares shall be adjusted for the capital reserve. If the capital reserve is insufficient to be written off, the retained earnings shall be adjusted.

④ Disposal of long-term equity investments

In the consolidated financial statement, the parent company shall partially dispose of the long-term equity investment in the subsidiary without losing the control right, and the difference between the disposal price and the long-term equity investment corresponding to the disposal of the subsidiary's net assets shall be recorded into shareholders' equity; Where the parent company partially dispositions its long-term equity investment in its subsidiaries, resulting in the loss of control over its subsidiaries, it shall be treated in accordance with the relevant accounting policies described in Notes IV, 5 and （2） "Methods for the Preparation of Consolidated Financial Statement".

For the disposal of long-term equity investment under other circumstances, the difference between the book value of the disposed equity and the actual price obtained shall be recorded into the current profit and loss.

If the long-term equity investment accounted for by the equity method is still accounted for by the equity method after the disposal of the remaining equity, the other comprehensive income originally included in the owner's equity shall be accounted for at the time of disposal according to the corresponding proportion on the same basis as the direct disposal of the relevant assets or liabilities by the invested entity. The owners' equity recognized as a result of changes in owners' equity other than net profit and loss, other comprehensive income and profit distribution of the investee shall be transferred to the current profit and loss on a pro rata basis.

Of a long-term equity investment measured by employing the cost method, after the disposal of the remaining stake still use cost accounting method, before its control on the invested entity for using the equity method accounting or financial instruments accounting recognition and measurement criteria and confirmation of other comprehensive income, use and disposal of related assets and liabilities directly by the invested entity, the same on the basis of accounting, And carry forward current profits and losses on a pro rata basis; Changes in owners' equity other than net profit and loss, other comprehensive income and profit distribution in the net assets of the invested entity recognized by the equity method are carried forward to current profit and loss on a pro rata basis.

Stakes in the company for disposal of investment has lost control of the invested entity, the preparation of individual financial statement, the disposal of the remaining shares to the invested entity do joint control or significant influences, to change according to the equity method accounting, and the remaining shares shall be regarded as must pick up adjust measured by employing the equity method, namely; If the residual equity after disposal cannot be jointly controlled or exert significant influence on the invested entity, it shall be accounted for in accordance with the relevant provisions of the Standards for the recognition and measurement of financial instruments, and the difference between the fair value and the book value on the date of loss of control shall be recorded into the current profit and loss. For other comprehensive income recognized by the equity method accounting or financial instrument recognition and measurement criterion accounting before the Company obtains the control of the invested unit, the same basis as the direct disposal of relevant assets or liabilities shall be used for accounting treatment when the Company loses control of the invested unit. Changes in owners' equity other than net profit and loss, other comprehensive income and profit distribution in the net assets of the investee recognized by the equity method shall be transferred to the current profit and loss when the investee loses control. Among them, if the residual equity after disposal is accounted for by the equity method, other comprehensive income and other owners' equity shall be carried forward proportionately; If the residual equity after disposal is accounted for in accordance with the standards for recognition and measurement of financial instruments, all other comprehensive income and other owners' equity shall be carried forward.

If the Company loses the common control or significant influence on the invested unit due to the disposal of part of the equity investment, the remaining equity after disposal shall be accounted according to the recognition and measurement criteria of financial instruments, and the difference between the fair value and the book value on the day of the loss of common control or significant influence shall be recorded into the current profit and loss. The original equity investment by using the equity method accounting confirmation of other comprehensive income, in the end when measured by employing the equity method, the invested entity is used to direct the disposal of related assets and liabilities on the basis of the same accounting treatment, by investors away all the profit and loss and other comprehensive income and profit distribution of the changes in owners' equity, other than to confirm the owner of the rights and interests, Upon termination of the equity method, all proceeds are transferred to the current investment income.

The company through multiple transactions disposal of subsidiary company equity investment until losing control step by step, if the transaction belong to the package, will the deal as a disposal of subsidiary equity investment and loss of control transactions accounting treatment, each time before losing control disposal cost of a long-term equity investment and equity corresponding disposal by the difference between the book value, It is first recognized as other comprehensive income and then transferred into the current profit and loss of the loss of control right when the loss of control right occurs.

12.Investment property

An investment property is a property held for the purpose of earning rent or capital appreciation, or both. Include the land use right that has been leased, the land use right that holds and prepares to be transferred after appreciation, the building that has been leased, etc. In addition, vacant buildings held by the Company for operating lease shall also be reported as investment real estate if the Board of Directors （or similar body） makes a written resolution expressly stating that they are to be used for operating lease and the intention of holding will not change in the short term.

The initial measurement of investment real estate is carried out according to the cost. Subsequent expenditures associated with investment real estate are included in investment real estate costs if the economic benefits associated with the asset are likely to flow in and can be measured reliably. Other subsequent expenditures shall be recorded into current profits and losses when incurred.

The company adopts the fair value model to carry out subsequent measurement of investment real estate, the basis of accounting policy selection is as follows:

① Investment real estate is located in an active real estate trading market.

② The company can obtain the market price and other relevant information of the same or similar real estate from the real estate trading market, so as to make a reasonable estimate of the fair value of the investment real estate.

③ The fair value of the company's investment real estate is estimated using key assumptions and major uncertainties.

The Company does not carry out depreciation or amortization of the investment real estate. On the balance sheet date, the book value of the investment real estate is adjusted based on the fair value of the investment real estate, and the difference between the fair value and the original book value is recorded into the current profit and loss.

When determining the fair value of an investment real estate, reference shall be made to the current market price of the same or similar real estate in the active market; If it is impossible to obtain the current market price of the same kind or similar real estate, it shall make a reasonable estimate of the fair value of the investment real estate by referring to the recent transaction price of the same kind or similar real estate in the active market and taking into account such factors as the transaction situation, transaction date and location; Or determine its fair value based on the expected future rental income and the present value of the relevant cash flows.

When self-use real estate or inventory is converted into investment real estate, the valuation shall be carried out according to the fair value on the conversion date. If the fair value on the conversion date is less than the original carrying value, the difference shall be recorded into the current profit and loss. If the fair value on the conversion date is greater than the original carrying value, the difference shall be recognized as other comprehensive income. When an investment real estate is converted into a real estate for personal use, the fair value of the conversion date shall be taken as the book value of the real estate for personal use, and the difference between the fair value and the original book value shall be recorded into the profit and loss of the current period.

When the use of an investment real estate is changed for personal use, the investment real estate shall be converted into fixed assets or intangible assets as of the date of change. When the purpose of self-use real estate is changed to earn rent or capital appreciation, fixed assets or intangible assets shall be converted into investment real estate as of the date of change. When conversion occurs, the book value before conversion shall be taken as the entry value after conversion for the converted investment real estate measured by the cost model. In case of conversion to an investment real estate measured by the fair value model, the fair value on the conversion date shall be taken as the booked value after conversion.

When an investment real estate is disposed of or permanently withdrawn from use and no economic benefit is expected from its disposal, the recognition of the investment real estate shall be terminated. The disposal income from the sale, transfer, scrapping or damage of the investment real estate shall be deducted from its book value and relevant taxes and fees and recorded into the current profit and loss.

13. Fixed assets

（1）Recognition of fixed assets

Fixed assets are tangible assets that are held for the production of goods, providing labor services, renting or business management, and have useful life over one accounting year. Fixed asset is recognised when the future economic benefits associated with the item will probably flow to the company and the cost of the item can be measured reliably. Fixed assets are initially measured at cost and taking into account the impact of expected disposal costs.

（2）Methods of depreciation of fixed assets

Depreciation of fixed assets shall be calculated and withdrawn within their useful life using the life average method from the month following the date when the fixed assets reach the predetermined usable state. The service life, estimated net salvage value and annual depreciation rate of various types of fixed assets are shown below:

Types of fixed assets	useful life	estimated net salvage value rate	annual depreciation rate
Houses and buildings	20-50	5	1.90--4.75
Machinery equipment	8-10	5	9.50--11.875
Delivery equipment	5-10	5	9.50--19.00
Office andElectronics Equipment	4-6	5	15.833--23.75
Other	10	5	9.50

The estimated net salvage value refers to the amount currently received by the company from the disposal of a fixed asset after deducting the estimated disposal expenses, assuming that the asset is in the expected state at the end of its expected useful life.

（3）Method for the impairment test of fixed assets and method for the provision of impairment

For more details of methods for the impairment test of fixed assets and method for the provision of impairment, please refer to Note IV, 18 "Impairment of Long-term Assets".

（4）other description

The subsequent expenditure related to the fixed asset shall be included in the cost of the fixed asset and shall terminate the recognition of the book value of the replaced part if the economic benefits related to the fixed asset are likely to flow in and can be measured reliably. Other subsequent expenditures shall be recorded into current profits and losses when incurred.

When a fixed asset is in a state of disposal or cannot generate economic benefits through its use or disposal, the recognition of the fixed asset shall be terminated. The balance of the disposal income from the sale, transfer, scrapping or damage of fixed assets after deducting its book value and relevant taxes and fees is recorded into the current profit and loss.

The Company shall review the service life, estimated net residual value and depreciation method of fixed assets at least at the end of the year. Any change shall be treated as a change in accounting estimates.

14. Projects under construction

The cost of the construction in progress shall be determined according to the actual construction expenditure, including the construction expenditure and other related expenses incurred during the construction period. The projects under construction shall be carried forward to fixed assets after reaching the predetermined usable state. For the impairment test method and the impairment provision method of the project under construction, please refer to Note IV, 18 "Impairment of Long-term Assets".

15. Borrowing costs

Borrowing costs include borrowing interest, amortization of discounts or premiums, ancillary expenses, and exchange differences arising from foreign currency borrowings. Borrowing costs that can be directly attributable to the acquisition, construction or production of assets that meet the capitalization conditions, when the asset expenditure has occurred, the borrowing costs have occurred, and the acquisition, construction or production activities necessary for the asset to reach the expected usable or saleable state have been At the beginning, capitalization starts; when the constructed or produced assets that meet the capitalization conditions reach the intended usable state or saleable state, capitalization is stopped. The remaining borrowing costs are recognized as expenses in the current period.

The interest expense actually incurred in the current period of the special loan shall be capitalized after subtracting the interest income obtained from the unused borrowed funds deposited in the bank or the investment income obtained from the temporary investment.The capitalization amount of general borrowing shall be determined according to the weighted average of the total asset expenditure exceeding the portion of special borrowing multiplied by the capitalization rate of the general borrowing occupied. The capitalization rate is calculated based on the weighted average interest rate of general borrowings.

During the capitalization period, all the exchange differences of special foreign currency loans shall be capitalized; The exchange difference of foreign currency general borrowings is booked into the current profit and loss.

Assets eligible for capitalization refer to fixed assets, investment real estate, inventory and other assets that can be used or sold in a predetermined state after a long period of purchase and construction or production activities.

If the assets eligible for capitalization are abnormally interrupted in the process of acquisition and construction or production and the interruption period is more than 3 months in a row, the capitalization of borrowing costs shall be suspended until the acquisition and construction of assets or production activities restart.

16. Intangible assets

（1） Intangible assets

Intangible assets refer to identifiable non-monetary assets which have no physical form and are owned or controlled by the Company.

Intangible assets are initially measured at cost. Expenses related to intangible assets are included in the cost of intangible assets if the relevant economic benefits are likely to flow to the company and the cost can be measured reliably. The expenditure of other items other than these shall be recorded into the current profit and loss when incurred.

Use rights are usually accounted for as intangible assets. If a building such as a factory building is developed and constructed by itself, the relevant expenditure on land use right and construction cost of the building shall be accounted for as intangible assets and fixed assets respectively. If it is the house and building purchased from outside, the relevant price is distributed between the land use right and the building. If it is difficult to distribute reasonably, it shall be handled as fixed assets entirely.

For intangible assets with limited service life, from the time when they are available for use, the original value minus the estimated net salvage value and the accumulated amount of the impairment provision shall be amortized by the straight-line method on an average basis over their estimated service life. Intangible assets with uncertain service life shall not be amortized.

At the end of the period, the service life and amortization method of intangible assets with limited service life will be rechecked. If there is any change, it will be treated as a change in accounting estimation. In addition, the service life of intangible assets with uncertain service life is reviewed. If there is evidence that the term of the intangible assets bringing economic benefits to the enterprise is foreseeable, its service life is estimated and amortized in accordance with the amortization policy of intangible assets with limited service life.

（2）Methods for testing the impairment of intangible assets and methods for the provision of impairment

For the impairment test method and provision method of intangible assets, please refer to Note IV, 18 "Impairment of Long-term Assets".

17. Long-term prepaid expenses

Long-term prepaid expenses are incurred expenses with an apportionment period of more than one year that should be borne by the reporting period and the subsequent periods. The company's long-term prepaid expenses mainly include decoration costs. Long-term prepaid expenses are amortized on a straight-line basis over the period of expected benefit.

18. Impairment of long-term assets

For fixed assets, projects under construction, intangible assets with limited service life and non-current and non-financial assets such as long-term equity investment in subsidiaries, joint ventures and associated enterprises, the Company shall judge whether there is any sign of impairment on the balance sheet date. If there are signs of impairment, estimate the recoverable amount and conduct an impairment test. Goodwill, intangible assets with uncertain service life and intangible assets that have not yet reached the usable state, regardless of whether there is any indication of impairment, shall be subject to impairment tests every year.

If the result of the impairment test shows that the recoverable amount of an asset is lower than its carrying value, the impairment provision shall be drawn on the basis of the difference and recorded as an impairment loss. The recoverable amount is the higher between the net of the fair value of the asset less disposal expenses and the present value of the estimated future cash flows of the asset. The fair value of the asset is determined according to the sale agreement price in fair trade; Where there is no sales agreement but there is an active market for the asset, the fair value shall be determined according to the price offered by the buyer of the asset; Where there is no sales agreement and no active market for the asset, the fair value of the asset is estimated on the basis of the best information available. Disposal expenses include legal fees related to the disposal of assets, relevant taxes and fees, handling fees, and direct expenses incurred to bring the assets to a saleable state. The present value of the expected future cash flow of an asset is determined according to the expected future cash flow generated during the continuous use of the asset and the final disposal of the asset, and the amount after the discount is determined by selecting the appropriate discount rate. Provision for impairment of assets shall be calculated and recognized on the basis of individual assets. If it is difficult to estimate the recoverable amount of individual assets, the recoverable amount of the asset group shall be determined by the asset group to which the asset belongs. An asset group is the smallest portfolio that can generate cash inflows independently.

For goodwill shown separately in the financial statement, the carrying value of the goodwill is allocated to the asset groups or combinations of asset groups that are expected to benefit from the synergies of the business combination when the impairment test is conducted. If the test results show that the recoverable amount of the asset group or the combination of the asset group containing the apportioned goodwill is lower than its carrying value, the corresponding impairment loss shall be recognized. The amount of impairment loss is first deducted from the book value apportioned to the goodwill of the asset group or the combination of assets, and then deducted from the book value of all assets other than goodwill in proportion to the proportion of the book value of all assets in the asset group or the combination of assets.

Once the aforesaid asset impairment loss is recognized, the portion of the recovered value shall not be transferred back in the subsequent period.

19. Employee compensation

The company's employee compensation mainly includes short-term employee compensation, post-service welfare and dismiss welfare. Among them:

Short-term salary mainly includes salary, bonus, allowance and subsidy, employee welfare, medical insurance, maternity insurance, industrial injury insurance, housing accumulation fund, labor union funds and employee education funds, non-monetary welfare, etc. During the accounting period when the employees provide services to the Company, the Company will recognize the short-term employee compensation actually incurred as liabilities and record it into the current profit and loss or the cost of relevant assets. Among them, non-monetary welfare is measured at fair value.

Post-service benefits mainly include basic endowment insurance, unemployment insurance and so on. The after-service benefits plan includes a set up escrow plan. If a set escrow plan is adopted, the corresponding amount payable for escrow shall be recorded into the cost of relevant assets or current profit and loss at the time of occurrence.

In staff to remove labor contract expires and the worker's labor relations, or to encourage employees to voluntarily accept cuts and puts forward Suggestions for the compensation, in the company is unable to unilaterally withdraw the plan on due to terminate the labor relationship or the layoff proposal provided by the termination benefits, and the company confirmed that involves payment of termination benefits of restructuring related cost both at an early date, The employee compensation liabilities arising from dismiss welfare are recognized and recorded into the current profit and loss. However, if the dismiss welfare cannot be fully paid within 12 months after the end of the annual report period, it shall be treated as the remuneration of other long-term employees.

20. Revenue

（1） Revenue from Selling Goods

In has the ownership of the goods on the main risks and rewards transfer to the buyer, neither keep contact all the ministers usually continue to power, also does not have to carry out effective control of goods sold, the amount of revenues can be measured reliably, the related economic interests are likely to flow into the enterprise, has occurred or will occur associated costs can be measured reliably, the implementation of the sales income is confirmed.

（2）Revenue from Rendering Services

Provided that the results of the transaction for the provision of services can be reliably estimated, the income from the provision of services is recognized on the balance sheet date in accordance with the percentage of completion method. The completion schedule of a service transaction shall be determined according to the proportion of the services already provided to the total services to be provided.

The results of providing labor transactions can be reliably estimated means that both meet: ① the amount of income can be reliably measured; ②the relevant economic benefits are likely to flow into the enterprise; ③ the degree of completion of the transaction can be reliably determined; ④ The cost that has occurred and will occur in the transaction can be measured reliably.

If the results of the transaction of providing services cannot be reliably estimated, the income of providing services shall be recognized according to the amount of service costs incurred and expected to be compensated, and the incurred service costs shall be taken as the current expenses. If the cost of service already incurred is not expected to be compensated, the income shall not be recognized.

Where the contract or agreement signed by the Company with other enterprises includes the sale of goods and the provision of services, if the part of selling goods and the part of providing services can be distinguished and measured separately, the part of selling goods and the part of providing services shall be treated separately; If it is impossible to distinguish the part of goods sold from the part of services provided, or if it is possible to distinguish but cannot be measured separately, the contract shall be treated as goods sold altogether.

（3）charge for use

Income is recognized on an accrual basis in accordance with relevant contracts or agreements

（4）Interest Revenue

It shall be calculated and determined in accordance with the time and the actual interest rate when others use the monetary funds of the Company

21. Government grants

Government subsidy refers to the monetary assets and non-monetary assets obtained by the Company free of charge from the government, excluding the capital invested by the government as an investor and enjoying the corresponding owner's equity. Government subsidy is divided into the government subsidy related to assets and the government subsidy related to income. The Company defines the government subsidies obtained for the acquisition and construction of long-term assets or the formation of long-term assets in other ways as the government subsidies related to assets; The remaining government subsidies are defined as the government subsidies related to income.If the object of subsidy is not clearly specified in the government documents, the subsidy is divided into the government subsidy related to income and the government subsidy related to assets in the following way:（1） If a specific project for which the subsidy is targeted is defined in the government document, it shall be divided according to the relative proportion between the expenditure amount to form assets and the expenditure amount to be included in expenses in the budget of the specific project. The proportion shall be reviewed on each balance sheet date and changed if necessary; （2） If the purpose is only stated in a general way in the government document and no specific project is specified, it shall be regarded as the government subsidy related to the income. If the government subsidy is a monetary asset, it shall be measured according to the amount received or receivable. If the government subsidies are non-monetary assets, they shall be measured at fair value; If the fair value cannot be reliably obtained, it shall be measured according to the nominal amount. The government subsidy measured in accordance with the nominal amount shall be directly recorded into the current profits and losses.

The company usually confirms and measures the government subsidy according to the actual amount received when it is actually received.However, at the end of the period, if there is conclusive evidence that it can meet the relevant conditions stipulated by the financial support policy, it is expected to receive the financial support funds, which shall be measured according to the amount receivable. The government subsidy measured according to the receivable amount shall meet the following conditions at the same time :（1） The amount of the receivable subsidy has been confirmed by the authorized government department in a document, or it can be reasonably calculated according to the relevant provisions of the officially issued financial fund management measures, and the amount is not expected to have significant uncertainty; （2） is based on the local financial department formally issued and shall be in accordance with the provisions of the government information disclosure regulations and active public project and its financial support measures for the management of financial funds, and the management measures should be universality （any conform to the requirements as prescribed in the enterprise application）, rather than specific to a particular enterprise set;（3） The disbursement period has been clearly promised in the relevant grant approval documents, and the disbursement is guaranteed by the corresponding financial budget, so it can be reasonably guaranteed that it can be received within the prescribed period; （4） According to the specific situation of the Company and the subsidy, other relevant conditions should be met （if any）.

The government subsidies related to the assets are recognized as deferred income and recorded into the current profits and losses by stages in a reasonable and systematic way during the service life of the relevant assets. If the government subsidy related to the income is used to compensate the relevant cost, expense or loss in the future period, it shall be recognized as deferred income and recorded into the current profit and loss during the period when the relevant cost, expense or loss is recognized; Those used to compensate the related costs or losses incurred shall be directly recorded into the current profit and loss.

At the same time, it includes the government subsidies related to the assets and the income, and divides the different parts for accounting treatment; If it is difficult to distinguish, it is classified as a whole as government subsidies related to benefits.

The government subsidies related to the daily activities of the Company shall, according to the nature of economic business, be included in other earnings or offset relevant costs and expenses; Government subsidies unrelated to daily activities shall be included in non-operating income and expenditure.

When the confirmed government subsidies need to be returned, if there is a balance of relevant deferred income, the balance of relevant deferred income book shall be written off, and the excess part shall be recorded into current profits and losses; Belong to other circumstances, directly included in the current profit and loss.

22. Deferred tax assets and deferred tax liabilities

（1）current income tax

On the balance sheet date, the current income tax liabilities （or assets） formed in the current and previous periods shall be measured by the expected amount of income tax payable（or returned）calculated in accordance with the provisions of the tax law. The amount of taxable income used in the calculation of the current income tax expense is calculated after making corresponding adjustments to the pre-tax accounting profit of the current year in accordance with the relevant provisions of the tax law.

（2）Deferred income tax assets and deferred income tax liabilities

Some of the book value of the assets, liabilities and its tax base, the difference between and confirmed but not as assets and liabilities in accordance with the provisions of the tax law book value of the project of its tax base can be determined and the difference between the tax base of temporary differences, using the balance sheet debt method confirmed deferred income tax assets and deferred income tax liabilities.

The relevant deferred income tax liability is not recognized for taxable temporary differences related to the initial recognition of goodwill and the initial recognition of assets or liabilities arising from transactions that neither merge nor affect accounting profits and taxable income （or deductible losses） at the time of occurrence. In addition, for taxable temporary differences related to investments in subsidiaries, associates and joint ventures, if the Company can control the timing of reversal of the temporary differences and such temporary differences are likely not to be reversed in the foreseeable future, the relevant deferred income tax liability will not be recognized. Except for the above exceptions, the Company recognizes all other deferred income tax liabilities arising from taxable temporary differences.

Deductible temporary differences related to the initial recognition of an asset or liability arising from a transaction that is neither a business merger nor does it affect accounting profit and taxable income （or deductible loss）at the time of occurrence are not recognized as related deferred income tax assets. In addition, for the deductible temporary differences related to the investments of subsidiaries, associates and joint ventures, deferred income tax assets shall not be recognized if the temporary differences are not likely to be reversed in the foreseeable future, or if the taxable income amount used to offset the deductible temporary differences is not likely to be obtained in the future. Except for the above exceptions, the Company shall recognize the deferred income tax assets arising from other deductible temporary differences to the extent that the taxable income amount is likely to be obtained to offset the deductible temporary differences.

For deductible losses and tax credits that can be carried forward to future years, the corresponding deferred income tax asset is recognized to the extent that the amount of future taxable income that is likely to be obtained to offset the deductible losses and tax credits.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities shall be measured in accordance with the applicable tax rate during the period of expected recovery of the relevant assets or settlement of the relevant liabilities in accordance with the provisions of the tax law.

On the balance sheet date, the book value of the deferred income tax asset shall be reviewed. If it is likely that sufficient taxable income will not be obtained in the future to offset the interests of the deferred income tax asset, the book value of the deferred income tax asset shall be written down. When sufficient taxable income is likely to be obtained, the amount of writedown will be reversed.

（3）Income tax expense

Income tax expense includes current income tax and deferred income tax.

In addition to the identified as other comprehensive income or recorded in the shareholder's transactions and events related to the current income tax and deferred income tax included in other comprehensive income or shareholders' equity, and enterprise merger of deferred income tax to adjust the book value of the goodwill, the rest of the current income tax and deferred income tax expenses or benefits included in the current profits and losses.

（4）Offset of income tax

When the company has the legal right to settle on a net basis and intends to settle on a net basis or acquire assets and pay off liabilities at the same time, the current income tax assets and current income tax liabilities of the company shall be reported on a net basis after set-off.

When have to netting current income tax assets and legal rights of the current income tax liabilities, and deferred income tax assets and deferred income tax liabilities are with the same tax collection and administration departments related income tax rate to the same entity or are related to different tax subject, but each has the importance in the future return of deferred income tax assets and liabilities during the period, Where the tax payer involved intends to settle the current income tax assets and liabilities on a net basis or acquire assets and pay off liabilities at the same time, the deferred income tax assets and deferred income tax liabilities of the Company shall be reported on a net basis after offset.

23.Leasing

A financial lease is a lease that essentially transfers all the risks and rewards related to the ownership of an asset, whose ownership may or may not be transferred eventually. A lease other than a financial lease is an operating lease.

（1）The Company operates a lease business as a record lessee

The rental expenses of an operating lease shall be recorded into the cost of relevant assets or current profits and losses in each period of the lease term according to the straight-line method. Initial direct expenses are booked into current profit and loss. The contingent rent shall be recorded into the profit and loss of the current period when actually incurred.

（2）Our company carries on the lease business as a record lessor

The rental income of an operating lease shall be recognized as the profit and loss of the current period according to the straight-line method for each period of the lease term. The initial direct expenses with a large amount shall be capitalized when incurred and recorded into the current profit and loss in installments throughout the lease term on the basis of the same as the recognized rental income; Other smaller initial direct expenses shall be recorded into current profit and loss when incurred. The contingent rent shall be recorded into the profit and loss of the current period when actually incurred.

（3）The Company records the finance lease business as the lessee

On the beginning date of the lease period, the lower of the fair value of the leased asset and the present value of the minimum lease payment on the beginning date shall be taken as the entry value of the leased asset, the minimum lease payment shall be taken as the entry value of the long-term payables, and the difference shall be taken as the unrecognized financing expense. In addition, the initial direct expenses attributable to the leased project incurred during the lease negotiation and signing of the lease contract are also included in the value of the leased asset. The balance of the minimum lease payment after deducting the unrecognized financing expense is shown respectively for long-term liabilities and long-term liabilities due within one year.

Unrecognized financing expenses Financing expenses of the current period shall be calculated and recognized using the effective interest rate method during the lease term. The contingent rent shall be recorded into the profit and loss of the current period when actually incurred.

24.Changes in important accounting policies and accounting estimates

（1）Changes in important accounting policies

① Changes and basis of accounting policies

The Ministry of Finance issued the Notice on Amending and Printing the Format of General Financial Statement for Enterprises for 2019 （[2019] No. 6） （hereinafter referred to as "Format of Financial Statement"） in April 2019. Enterprises implementing the Accounting Standards for Business Enterprises shall prepare their financial statement in accordance with the Accounting Standards for Business Enterprises and the requirements of the Notice.

② The impact of changes in accounting policies

Implementing the revised financial statement format

In accordance with the requirements of the format of financial statement, the Company will separately and separately present notes receivable and accounts receivable as two items, notes payable and accounts payable. The Company accordingly retroactively adjusted the statement for the comparative period, and the change in accounting policy had no impact on the consolidation, the Company's net profit and owners' equity.

（2）Change in accounting estimates: no change in accounting estimates for the current period.

25.Significant accounting judgments and estimates

In the process of applying accounting policies, due to the inherent uncertainty of business activities, the Company needs to judge, estimate and assume the book value of the statement items that cannot be accurately measured. These judgments, estimates and assumptions are based on the past historical experience of the management of the Company and are based on consideration of other relevant factors. These judgments, estimates and assumptions affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities at the balance sheet date. However, the uncertainties in these estimates may result in actual results that differ from the current estimates of the Company's management, resulting in a material adjustment of the carrying amounts of the affected assets or liabilities in the future.

The Company regularly reviews the aforementioned judgments, estimates and assumptions on the basis of going concern. If the change in accounting estimates only affects the current period of change, the amount of the impact will be recognized in the current period of change. If it affects both the current period of the change and future periods, the amount of the impact will be recognized in the current period of the change and future periods.

On the Balance Sheet Date, the Company shall make judgments, estimates and assumptions regarding the amounts of items in the financial statement in the following important areas:

（1）Classification of Leases

The company according to the accounting standards for enterprises no. 21 - leases the provisions of the will is classified as an operating lease and finance lease rental, when a categorization, and whether the management need to have rent out all essentially risks and rewards related to the ownership of an asset transfers to the lessee, or whether the company has been in essence and for all the risks and rewards related to the ownership of an asset, Make analysis and judgment.

（2）Provision for Bad Debt

According to the accounting policy of receivables, the Company adopts the allowance method to calculate the bad debt losses. The impairment of receivables is based on the assessment of the receivables' recoverability. Identification of impairments in receivables requires management judgment and estimation. The difference between the actual results and the original estimate will affect the carrying value of the receivables and the provision or rollback of the receivables allowance for doubtful accounts during the period in which the estimate is changed.

（3）Reserves for inventory depreciation

In accordance with the inventory accounting policy, the Company shall measure the lower of the cost and the net realizable value. For the inventory whose cost is higher than the net realizable value and for the obsolete and unsalable inventory, the Company shall set aside the inventory depreciation reserve. The impairment of inventory to net realizable value is based on the assessment of the saleability of inventory and its net realizable value. The identification of inventory impairment requires the management to make judgments and estimates on the basis of obtaining conclusive evidence and considering the purpose of holding inventory and the impact of events after the balance sheet date. The difference between the actual results and the original estimate will affect the carrying value of the inventory and the provision for or roll-back of the inventory depreciation during the period in which the estimate is changed.

（4）Hold to maturity investment

The Company classifies eligible non-derivative financial assets that have a fixed or definable repayment amount and a fixed maturity date and that the Company has a clear intention and ability to hold to maturity as hold-to-maturity investments. This classification involves a great deal of judgment. In doing so, the Company will assess its willingness and ability to hold such investments to maturity. In addition to the specific conditions （such as selling amount in the close to maturity date without significant investment）, if the company failed to these investments held to maturity, all these heavy investment must be classified and available for sale financial assets, and in the current fiscal year and within two full fiscal year after the financial asset shall not be divided into held-to-maturity investments. Such an occurrence may have a material impact on the value of the relevant financial assets presented in the financial statement and may affect the Company's risk management strategy for financial instruments.

（5）Hold-to-maturity investment impairment

The Company's determination of the impairment of hold-to-maturity investments is largely dependent on the judgment of management. The objective evidence of impairment includes the financial difficulties of the issuer which make it impossible for the financial asset to continue trading in the active market, failure to fulfil the terms of the contract （for example, default on interest payments or principal payments）, etc. During the judgment process, the Company shall evaluate the effect of objective evidence of impairment on the expected future cash flows of the investment.

（6）Impairment of financial assets available for sale

The Company's determination of the impairment of financial assets available for sale depends to a large extent on the judgment and assumptions of management to determine whether it is necessary to recognize the impairment loss in the income statement. In the course of making judgments and assumptions, the Company will evaluate the extent to which the fair value of the investment is below the cost and the duration of the investment, as well as the financial condition and short-term business outlook of the investee, including industry conditions, technological change, credit rating, default rate and counterparty risk

（7）Impairment provisions for long-term assets

On the balance sheet date, the Company judges whether there is any indication of possible impairment of non-current assets other than financial assets. For intangible assets with uncertain service life, in addition to the annual impairment test, when there are signs of impairment, the impairment test shall also be carried out. Other non-current assets other than financial assets shall be subject to impairment tests when there are indications that their carrying amount is unrecoverable.

Impairment occurs when the carrying value of an asset or group of assets is higher than the recoverable amount, that is, the net of fair value less disposal expenses and the present value of expected future cash flows.

The net fair value less disposal expenses is determined by reference to the sale agreement price or observable market price of similar assets in a fair trade less the incremental cost directly attributable to the disposal of the asset.

When estimating the present value of future cash flows, it is necessary to make significant judgments on the production, selling price, related operating costs and the discount rate used to calculate the present value of the asset （or group of assets）. The Company will estimate recoverable amounts using all available information, including projections of production volumes, selling prices and related operating costs based on reasonable and supportable assumptions.

The Company tests goodwill for impairment at least annually. This requires a projection of the present value of the future cash flows of the asset group or combination of asset groups to which goodwill has been allocated. When predicting the present value of the future cash flow, the Company shall estimate the cash flow generated by the future asset group or the combination of asset groups, and select the appropriate discount rate to determine the present value of the future cash flow.

（8）Depreciation and amortization

The Company shall deduct depreciation and amortization of investment real estate, fixed assets and intangible assets by the straight-line method during their service lives after considering their residual values.

The Company periodically reviews the useful life to determine the amount of depreciation and amortization charges to be charged to each reporting period. The service life is determined by the Company on the basis of previous experience with similar assets combined with anticipated technical updates. If previous estimates change materially, depreciation and amortization charges will be adjusted in future periods.

（9）Deferred income tax assets

The Company recognizes deferred income tax assets for all unutilized tax losses to the extent that there is likely to be sufficient taxable profit to offset the loss. This requires the Company's management to use a great deal of judgment to estimate when and how much future taxable profits will occur, in combination with tax planning strategies, to determine the amount of deferred tax assets that should be recognized.

（10）Income tax

In the normal business activities of the Company, there are certain uncertainties in the final tax treatment and calculation of some transactions. Whether partial projects can be itemized before tax needs the examination and approval of the competent organ of taxation. If there is a difference between the final determination of these tax matters and the initial estimated amount, the difference will have an impact on the current income tax and deferred income tax during the final determination period.

V、Taxation

Main categories of tax and tax rates

Category	Details of tax rate
Value Added Tax （VAT）	Taxable income multiply tax rate 3%、5%，6%，9%，13% to calculate output tax and then deduct Input tax allowed to be deducted during the current period.
Constructiontax	7% of turnover tax which has been paid
Corporate income tax	15% or 25% of taxable income

VI、Notes to Items of the Consolidated Financial Statement

The following annotated items （including the annotated principal items in the Company's financial statement） refer to the beginning of the year as at January 1, 2020, the ending of the period as at December 31, 2020, the current period as at 2020and the preceding period as at 2019 unless otherwise specified.

1. Cash and Cash equivalents

Item	Closing balance	Opening balance
Cash on hand	27,709.17	8,030.31
Bank deposits	7,317,779,225.52	7,041,614,365.57
Other monetary funds	1,033,230,572.76	360,740,000.00
Total	8,351,037,507.45	7,402,362,395.88

Note: Time deposit of the Business Department of Ganzhou Branch of Agricultural Development Bank 250 million; debt service reserve of China Development Bank Co., Ltd. Jiangxi Branch 110.24 million Yuan; the loan deposit of Ganzhou Zhanggong Sub-branch China Construction Bank 0.5 million; pledge of loan certificates of deposit of Ganzhou Branch of Minsheng Bank 100 million yuan; pledge of loan certificates of deposit of Ganzhou Branch of China Everbright Bank100 million yuan; Wage security funds for migrant workers 6,711,358.15 Yuan, and the deposits above are other currency funds with limited use.

2. Notes receivable

Item	Closing balance	Opening balance
Bank acceptances	27,439,571.53	1,500,000.00
Total	27,439,571.53	1,500,000.00

3. Accounts receivable

（1）According to the aging analysis method, the accounts receivable of bad debt provision is drawn

Aging	Closing balance			Opening balance		
	Book balance	Ratio %	Bad debt provision	Book balance	Ratio %	Bad debt provision
Within 1 year	869,950,465.48	72.66	993.96	873,865,240.26	75.51	
1 to 2 years	62,750,805.54	5.24	11,683.26	16,492,760.36	1.43	32,434.37
2 to 3 years	5,513,454.36	0.46	34,165.18	9,014,774.67	0.78	5,206.90
3-4 years	6,558,425.98	0.55	7,281.80	4,492,856.20	0.39	2,878.17
4 to 5 years	1,779,223.66	0.15	235,712.42	4,476,311.92	0.39	68,895.38
More than 5 years	250,693,797.69	20.94	510,904.52	248,876,409.98	21.50	565,274.62
Total	1,197,246,172.71	100.00	800,741.14	1,157,218,353.39	100.00	674,689.44

（2）The top five accounts receivable according to the closing balance collected by the debtor

Company name	Closing balance	Aging	Proportion of other receivables at end of period（%）	Bad debt provision
Ganzhou Rongjiang New District Jinyuan Real Estate Co., Ltd.	578,367,901.62	Within 1 year	48.31	
Nankang Finance Bureau	246,587,677.24	More than 5 years	20.60	
Rongjiang New District Finance Bureau	210,102,081.35	Within 1 year	17.55	
China Railway 25th Bureau Group（Ganzhou）Engineering Co., Ltd.	23,373,365.28	Within 1 year: 35,182.91 1-2 years: 23,338,182.37	1.95	
Beijing Municipal No.4 Construction Engineering Co., Ltd.	34,680,325.55	Within 1 year：32,180,811.36 1-2 years: 2,499,514.19	1.73	
Total	1,093,111,351.04	—	90.14	

4. Prepayments

（1）Prepayments are shown according to the age of account

Aging	Closing balance		Opening balance	
	Amount	Ratio %	Amount	Ratio %
Within 1 year	181,696,309.14	12.52	486,812,345.85	37.18
1 to 2 years	811,237,729.25	55.89	297,499,975.08	22.72
2 to 3 years	66,010,980.09	4.55	148,070,018.40	11.31
More than 3 years	392,660,904.03	27.04	376,897,278.32	28.79
Total	1,451,605,922.51	100.00	1,309,279,617.65	100.00

（2）The advance payment of the top five final balances collected by the prepaid objects

Company name	Closing balance	Aging	Proportion of other receivables at end of period（%）	Bad debt provision
Changjiu Intercity Railway Co., Ltd.	364,676,550.00	Within 1 year：15,000,000.00 1-2 years：349,676,550.00	25.12	
Jiangxi Railway Investment Group Corporation	250,000,000.00	5More than 5 years	17.22	
Ganzhou Economic and Technological Development Zone Finance Bureau	266,600,000.00	1-2 years	18.37	
China Railway 21st Bureau Group Co. ,Ltd.	193,194,244.00	1-2 years: 147,330,000.00 2 to 3 years:45,864,244.00	13.31	
Ganzhou City Construction Municipal Engineering Management Co., Ltd.	127,437,438.52	Within 1 year:54,429,280.12 1-2 years: 11,791,109.39 2 to 3 years:8,310,649.90 3 to 4years:15,292,690.95 More than 5 years：27,382,893.16	8.78	
Total	1,201,908,232.52	—	82.80	

5. Other receivables

Item	Closing balance	Opening balance
Other receivables	8,012,770,804.67	4,913,375,689.33
Interest receivable	73,162,739.73	73,162,739.73
Total	8,085,933,544.40	4,986,538,429.06

（1）Other receivables

① Other receivables to be set aside for bad debts according to the aging analysis method

Aging	Closing balance			Opening balance		
	Book balance	Ratio	Bad debt provision	Book balance	Ratio	Bad debt provision
Within 1 year	6,209,713,380.20	77.47	-	3,281,982,333.86	66.77	
1 to 2 years	419,645,365.57	5.24	3,805.97	915,127,857.42	18.62	422,379.58
2 to 3 years	696,421,887.03	8.69	26,487.84	88,659,146.30	1.80	491,243.75
3-4 years	82,260,768.39	1.03	981,687.51	1,168,350.34	0.02	11,629.13
4 to 5years	2,268,221.46	0.03	19,072.81	4,851,436.12	0.10	77,651.10
More than 5 years	605,147,771.14	7.54	1,655,534.99	623,477,130.17	12.69	887,661.32
Total	8,015,457,393.79	100.00	2,686,589.12	4,915,266,254.21	100.00	1,890,564.88

② Other accounts receivable of the top five in terms of the ending balance collected by the debtor

Company name	Closing balance	Aging	Proportion of other receivables at end of period（%）	Bad debt provision
Ganzhou Zhanggong District Construction Investment Group Co. ,Ltd.	2,352,345,964.86	1Within 1 year	29.35	

Rongjiang New District Finance Bureau	1,028,863,390.89	1Within 1 year	12.84	
Huakai（Ganzhou）City Investment Co., Ltd.	900,003,149.54	Within 1 year：350,003,149.54 1-2 years：170,000,000.00 2-3years：380,000,000.00	11.23	
Ganzhou Xingzhou Runda Group Co., Ltd.	818,833,378.41	Within 1 year：746,381,255.67 1-2 years：72,452,122.74	10.22	
Ganzhou Development Investment Holding Group Co., Ltd.	736,180,088.52	Within 1 year：19,088.52 2-3years：463,500,000.00 4-5years：26,073.45 More than 5 years：272,634,926.55	9.18	
Total	5,836,225,972.22	—	72.82	

（2）Interest receivable

Item	Closing balance	Opening balance
Ganzhou Zhanggong District Urban Construction Investment Development Co., Ltd.	73,162,739.73	73,162,739.73
Total	73,162,739.73	73,162,739.73

6. Inventories

（1）Inventory classification

Item	Closing balance	Opening balance
Development costs	50,053,481,525.89	40,914,497,802.74
The cost of land	29,658,416,278.23	29,673,176,065.23
The raw materials	4,468,737.79	5,189,388.82
Low value consumable goods	99,107.00	87,327.00
Develop a product	738,893.50	738,893.50
Project construction（completed but not settled）	1,514,957.75	323,715,721.31
Finished goods	836,712.68	
subtota	79,719,556,212.84	70,917,405,198.60
Reserves for inventory depreciation		
Total	79,719,556,212.84	70,917,405,198.60

（2）The amount of inventory used for debt guarantee at the end of the period is RMB 4,811,804,220.33.

7. Other current assets

Item	Closing balance	Opening balance
Affordable housing proceeds	1,299,729.50	1,299,729.50
Input tax to be deducted	700,615,151.35	493,224,211.54
Prepaid expenses	623,392.92	30,954.99
Advance tax	29,324,161.44	
Total	731,862,435.21	494,554,896.03

8. Available-for-sale financial assets

（1）Availability of financial assets for sale

Item	Closing balance	Opening balance

	Book balance	Impairment loss	The book value	Book balance	Impairment loss	The book value
Equity instruments available for sale	3,096,990,000.00		3,096,990,000.00	1,671,540,000.00		1,671,540,000.00
Therein measured at cost	3,096,990,000.00		3,096,990,000.00	1,671,540,000.00		1,671,540,000.00
other	91,626,000.00		91,626,000.00	85,152,000.00		85,152,000.00
Total	3,188,616,000.00	-	3,188,616,000.00	1,756,692,000.00		1,756,692,000.00

Note: Others are trust security funds.

（2）Available financial assets measured at cost at the end of the period

Investee	Book balance			
	Opening balance	Increase in current year	Reduction in current year	Closing balance
Ganzhou Bank Co., Ltd.	33,000,000.00			33,000,000.00
Southern Jiangxi Soviet Area （Ganzhou）New Urbanization Investment Center （Limited Partnership）	299,990,000.00			299,990,000.00
Goldhold Ganzhou Fund Management Co., Ltd.	150,000.00		150,000.00	-
Advantage Industry Guiding Fund of Ganzhou Southern Soviet Area （Limited Partnership）	120,000,000.00			120,000,000.00
Ganzhou Jitong Construction Co., Ltd.	8,000,000.00			8,000,000.00
China dilute supply chain management co., Ltd.	1,000,000.00			1,000,000.00
Ganzhou Rural Commercial Bank Co. ,Ltd.	61,000,000.00			61,000,000.00
Jiangxi Zhongqiaohui Guarantee Co., Ltd.	7,500,000.00			7,500,000.00
Ganzhou Guoruitai Guarantee Co., Ltd.	20,000,000.00			20,000,000.00
Southern Jiangxi Soviet Area （Ganzhou）New Urbanization Investment Center （Limited Partnership）	599,900,000.00	1,000,000,000.00		1,599,900,000.00
SPD （Ganzhou）Enterprise Management Center （Limited Partnership）	500,000,000.00			500,000,000.00
Ganzhou Jingu Equity Investment Fund （Limited Partnership）	1,000,000.00	32,000,000.00		33,000,000.00
Ganzhou Zhanxing Industrial Equity Investment Fund （Limited Partnership）	20,000,000.00			20,000,000.00
Ganzhou Jingu Equity Investment Fund （Limited Partnership）		6,000,000.00		6,000,000.00
Ganzhou City Investment Engineering Management Co., Ltd.		212,600,000.00		212,600,000.00
Ganzhou Rare Earth Group Co., Ltd.		150,000,000.00		150,000,000.00
Ganzhou Industrial Development Guide Fund （Limited Partnership）		10,000,000.00		10,000,000.00
Jiangxi Yibo Education Technology Co., Ltd.		15,000,000.00		15,000,000.00
Total	1,671,540,000.00	1,425,600,000.00	150,000.00	3,096,990,000.00

（continue）

Investee	Impairment loss	Shareholding	Current cash

	Opening balance	Increase in current	Reduction in current	Closing balance	ratio in the invested company（%）	dividend
Ganzhou Bank Co., Ltd.					0.82	2,747,895.80
Southern Jiangxi Soviet Area （Ganzhou） New Urbanization Investment Center （Limited Partnership）					99.99997	
Goldhold Ganzhou Fund Management Co., Ltd.					15.00	
Advantage Industry Guiding Fund of Ganzhou Southern Soviet Area （Limited Partnership）					11.3959	
Ganzhou Jitong Construction Co., Ltd.					10.00	
China dilute supply chain management co., Ltd.					10.00	
Ganzhou Rural Commercial Bank Co., Ltd.					6.91	792,000.00
Jiangxi Zhongqiaohui Guarantee Co., Ltd.					5.6604	
Ganzhou Guoruitai Guarantee Co., Ltd.					10.00	22,863.12
Southern Jiangxi Soviet Area （Ganzhou） New Urbanization Investment Center （Limited Partnership）					34.78	
SPD（Ganzhou）Enterprise Management Center（Limited Partnership）					10.00	
Ganzhou Jingu Equity Investment Fund （Limited Partnership）					19.99	
Ganzhou Zhanxing Industrial Equity Investment Fund （Limited Partnership）					10.00	
Ganzhou Jingu Equity Investment Fund （Limited Partnership）					14.12	
Ganzhou City Investment Engineering Management Co., Ltd.					10.00	
Ganzhou Rare Earth Group Co., Ltd.					4.82	
Ganzhou Industrial Development Guide Fund（Limited Partnership）					8.75	
Jiangxi Yibo Education Technology Co., Ltd.					100.00	
Total					—	3,562,758.92

9. Held-to-maturity investments

Item	Closing balance			Opening balance		
	Book balance	Impairment loss	The book value	Book balance	Impairment loss	The book value
Trust investment products				20,000,000.00		20,000,000.00
Total				20,000,000.00		20,000,000.00

10. Long-term receivables

Item	Closing balance			Opening balance		
	Book balance	Impairment loss	The book value	Book balance	Impairment loss	The book value

Ganzhou Zhanggong District Urban Construction Investment Development Co., Ltd.	7,594,665,635.25		7,594,665,635.25	7,594,665,635.25		7,594,665,635.25
Counties and cities transfer loans	6,507,540,000.00		6,507,540,000.00	6,494,700,000.00		,494,700,000.00
Other transfer loan	1,009,887,500.00		1,009,887,500.00	545,000,000.00		545,000,000.00
other	476,857,605.19		476,857,605.19	1,654,907.76		1,654,907.76
Total	15,588,950,740.44		15,588,950,740.44	14,636,020,543.01		14,636,020,543.01

11. Long-term equity investmentsc

investee	Opening balance	Change of increase or decrease in current period				
		additional investment	investment reduction	Investment gains and losses under the equity method	Other comprehensive income adjustments	Changes in other interests
1.cooperative enterprise						
Rongyuan（Ganzhou）City Investment Co., Ltd.	566,264,241.06	221,700,879.00	433,000,000.00	-12,384,063.10		
Huakai （Ganzhou） City Investment Co., Ltd.	712,720,050.24			-3,589,567.17		
Ganzhou OCT Cultural Tourism Development Co. ,Ltd.		20,000,000.00		-858,057.48		
subtotal	1,278,984,291.30	241,700,879.00	433,000,000.00	-16,831,687.75		
2.jointly run business						
Ganzhou Jinshengyuan Guarantee Co., Ltd.	642,364,696.47			19,318,002.99		
Gannan Soviet Area Zhenxing Development Industrial Investment Fund Management Co., Ltd.	18,364,712.92			127,613.13		
Ganzhou zhangchuang municipal engineering co. ,Ltd.	493,357,500.00					
Xingguo Jiacheng Real Estate Development Co., Ltd.	11,791,480.06			-4,397,138.93		
Ganzhou Probiotics Livable Low Carbon Environmental Protection Material Co., Ltd.	2,033,015.99			-92,080.69		
Ganzhou Letian Agricultural Development Co., Ltd.	12,199,934.34			-392,496.26		
Ganzhou Ronglong Cultural Memorial Park Management	1,400,000.00	600,000.00				

Co., Ltd.						
Ganzhou Construction Industrialization Co., Ltd.	14,453,890.87	40,000,000.00	30,000,000.00	-8,336,656.69		
Ganzhou Xingzhou Runda Group Co., Ltd.	23,580,624.75	27,000,000.00		18,115,018.02		
Ganzhou Minsheng Xinli Property Service Co., Ltd.		1,887,000.00		889,448.22		
subtotal	1,219,545,855.40	69,487,000.00	30,000,000.00	25,231,709.79		
Total	2,498,530,146.70	311,187,879.00	463,000,000.00	8,400,022.04		

（continue）

Investee	Change of increase or decrease in current period			Opening balance	Impairment loss Opening balance
	Announced cash dividends or profits	Impairment provision is withdrawn	other		
1.cooperative enterprise					
Huakai （Ganzhou） City Investment Co., Ltd.				342,581,056.96	
Rongyuan （Ganzhou） City Investment Co., Ltd.				709,130,483.07	
Ganzhou OCT Cultural Tourism Development Co.,Ltd.				19,141,942.52	
subtotal				1,070,853,482.55	
2.jointly run business					
Ganzhou Jinshengyuan Guarantee Co., Ltd.	7,750,000.00			653,932,699.46	
Gannan Soviet Area Zhenxing Development Industrial Investment Fund Management Co., Ltd.				18,492,326.05	
Ganzhou zhangchuang municipal engineering co., Ltd.				493,357,500.00	
Xingguo Jiacheng Real Estate Development Co., Ltd.				7,394,341.13	
Ganzhou Probiotics Livable Low Carbon Environmental Protection Material Co. ,Ltd.				1,940,935.30	
Ganzhou Letian Agricultural Development Co., Ltd.				11,807,438.08	
Ganzhou Ronglong Cultural Memorial Park Management Co., Ltd.				2,000,000.00	
Ganzhou Construction Industrialization Co., Ltd.			5,546,109.13	21,663,343.31	
Ganzhou Xingzhou Runda Group Co., Ltd.				68,695,642.77	
Ganzhou Minsheng Xinli Property Service Co., Ltd.				2,776,448.22	
subtotal	7,750,000.00		5,546,109.13	1,282,060,674.32	
Total	7,750,000.00		5,546,109.13	2,352,914,156.87	

12. Investment properties

Investment real estate with the fair value measurement model

Item	Houses and buildings	Total
1.Opening balance	874,626,809.80	874,626,809.80
2.Increase in this period		
other	88,850,400.00	88,850,400.00
Fair value changes	-2,566,450.00	-2,566,450.00
3.Current current decrease		
Other		
4.Closing balance	960,910,759.80	960,910,759.80

13. Fixed assets

Item	Opening balance	Increase in this year	Reduction in this year	Closing balance
1、Total original price of fixed assets	5,164,703,866.24	248,204,196.29	63,562,783.36	5,349,345,279.17
Therein: Houses and buildings	5,094,309,819.46	183,344,993.05	28,097,337.15	5,249,557,475.36
machinery equipment	7,300,650.52	16,321,826.05		23,622,476.57
delivery equipment	36,546,598.27	30,625,818.75	29,441,342.33	37,731,074.69
Office and Electronics Equipment	14,497,399.50	5,752,725.67	1,641,015.48	18,609,109.69
other	12,049,398.49	12,158,832.77	4,383,088.40	19,825,142.86
2、Total accumulated depreciation	523,486,760.02	128,461,517.00	37,469,673.34	614,478,603.68
Therein: Houses and buildings	477,710,080.05	99,290,007.64	10,194,957.19	566,805,130.50
machinery equipment	4,911,230.49	2,169,969.62		7,081,200.11
delivery equipment	26,144,778.85	21,178,468.42	24,087,120.27	23,236,127.00
Office and Electronics Equipment	9,748,316.40	2,441,145.82	1,769,250.26	10,420,211.96
other	4,972,354.23	3,381,925.50	1,418,345.62	6,935,934.11
3、Total impairment provision for fixed assets				
Therein: Houses and buildings				
machinery equipment				
delivery equipment				
Office and Electronics Equipment				
other				
4、Total fixed asset value	4,641,217,106.22			4,734,866,675.49
Therein: Houses and buildings	4,616,599,739.41			4,682,752,344.86
machinery equipment	2,389,420.03			16,541,276.46
delivery equipment	10,401,819.42			14,494,947.69
Office and Electronics Equipment	4,749,083.10			8,188,897.73
other	7,077,044.26			12,889,208.75

Note: The properties in Sing Chau Bay and Jinjiang Villa are used as collateral for the 200 million yuan loan from Ganzhou Branch of China Merchants Bank; the properties in Entrepreneurship homes are used as collateral for the 630 million yuan loan from Ganzhou Branch of Minsheng Bank

14. Construction in progress

Item	Closing balance	Opening balance

	Book balance	provision for diminution in value	book value	Book balance	provision for diminution in value	book value
Low - rent housing construction	31,081,833.71		31,081,833.71	121,912,199.90		121,912,199.90
Plant construction	68,286,661.93		68,286,661.93	27,717,231.02		27,717,231.02
Other works	49,893,563.36		49,893,563.36	118,685,088.91		118,685,088.91
Total	149,262,059.00		149,262,059.00	268,314,519.83		268,314,519.83

Note: No asset mortgage guarantee at the end of the period.

15. Intangible assets

Item	Opening balance	Increase in this year	Reduction in this year	Closing balance
1.Total original price of intangible assets value	1,052,544,960.56	2,655,602,369.83	5,589,568.13	3,702,557,762.26
Land usage right	1,049,603,187.31	2,628,085,506.75	5,585,813.86	3,672,102,880.20
Software	2,094,273.25	933,982.66		3,028,255.91
Other	847,500.00	26,582,880.42	3754.27	27,426,626.15
2.Total accumulated amortization	29,352,934.14	31,566,730.56	1,675,744.09	59,243,920.61
Land usage right	27,837,901.39	31,183,029.88	1,675,744.09	57,345,187.18
Software	1,055,970.25	298,950.68		1,354,920.93
Other	459,062.50	84,750.00		543,812.50
3.Total impairment value				
Land usage right				
Software				
Other				
4.Total intangible asset value	1,023,192,026.42			3,643,313,841.65
Land usage right	1,021,765,285.92			3,614,757,693.02
Software	1,038,303.00			1,673,334.98
Other	388,437.50			26,882,813.65

Note: With the usage right of"Entrepreneurship homes", the company provide guarantee for the loan of Ganzhou Affordable Housing Construction and Operation Co., Ltd.to China Mingsheng Bank Ganzhou Branch,which is RMB 630 million.

16. Development expenditures

Item	Opening balance	Increase in this year			Reduction in this year			Closing balance
		Internal development expenditures	Other	...	Recognised as intangible assets	Transfer to profit or loss for the current period	...	
New biological denitrification process test project of ammonia nitrogen wastewater from rare earth mines		134,762.53						134,762.53
Total		134,762.53						134,762.53

17. Goodwill

（1）Cost of goodwill

Name of the investee or item resulting in goodwill	Opening balance	Increase in this year		Reduction in this year		Closing balance
		Arising from business combination	……	Disposal	……	
Ganzhou City Investment Construction Group Co., Ltd.		10,000,000.00				10,000,000.00
Total		10,000,000.00				10,000,000.00

18. Long-term prepaid expenses

Item	Opening balance	Increase in current year	Amortization in current year	Closing balance
Decoration costs	8,055,789.47	1,421,309.13	1,411,265.66	8,065,832.94
organization costs		156,301.43	23,445.21	132,856.22
Yard project		5,199,958.97	1,105,134.58	4,094,824.39
House rent	344,457.12		200,933.36	143,523.76
Cost of Advertising space production		630,623.79	21,020.79	609,603.00
Total	8,400,246.59	7,408,193.32	2,761,799.60	13,046,640.31

19. Deferred tax assets/Deferred tax liabilities

（1）Details of deferred tax assets

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Preparations of assets depreciation	3,479,643.68	689,225.51	2,565,254.36	487,257.54
Total	3,479,643.68	689,225.51	2,565,254.36	487,257.54

（2）Deferred tax liabilities tax assets

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Changes in fair value gains and losses	114,820,429.04	25,869,182.96	107,268,127.32	24,027,391.42
Total	114,820,429.04	25,869,182.96	107,268,127.32	24,027,391.42

20. Other non-current assets

Item	Closing balance	Opening balance
Land consolidation of Zhangjiang New District	1,422,771,501.18	1,422,771,501.18
Asset Packaging of Ganzhou Rural Commercial Bank Co., Ltd.	107,205,155.03	107,205,155.03
Asset Packaging of Ganzhou Rural Development Bank Co., Ltd.	37,490,000.00	37,490,000.00
Total	1,567,466,656.21	1,567,466,656.21

21. Short-term borrowings

Item	Closing balance	Opening balance
Mortgage loan	552,000,000.00	200,000,000.00
Guaranteed loan	494,000,000.00	200,000,000.00
Fiduciaryloan	60,000,000.00	75,000,000.00

Item	Closing balance	Opening balance
Mortgage loan	552,000,000.00	200,000,000.00
Total	1,106,000,000.00	475,000,000.00

22. Notes payable

	Closing balance	Opening balance
Bank acceptances	560,000,000.00	
Total	560,000,000.00	

23. Accounts payable

Item	Closing balance	Opening balance
Within 1 year	937,979,274.28	595,634,654.02
1 to 2 years	117,567,235.53	150,430,078.74
2 to 3 years	145,090,900.93	4,783,801.38
More than 3 years	216,389,552.57	247,217,979.21
Total	1,417,026,963.31	998,066,513.35

24. Receipts in advance

Item	Closing balance	Opening balance
Within 1 year	444,130,762.62	375,765,816.51
1 to 2 years	8,351,392.77	3,000,000.00
2 to 3 years	2,982,069.73	6,647,657.10
More than 3 years	9,981,570.11	3,333,913.01
Total	465,445,795.23	388,747,386.62

25. Employee benefits payable

（1）Presentation of employee benefits payable

Item	Opening balance	Increase in this year	Reduction in this year	Closing balance
Short-term compensation	6,524,888.47	191,711,712.52	170,667,365.74	27,569,235.25
Post-service welfare definedcontributionplans	26,265.02	3,894,415.64	3,851,970.38	68,710.28
Total	6,551,153.49	195,606,128.16	174,519,336.12	27,637,945.53

（2）Presentation of short-term salary

Item	Opening balance	Increase in this year	Reduction in this year	Closing balance
Salary, bonus, allowance and subsidy	4,969,478.56	162,258,820.80	141,630,069.58	25,598,229.78
Employee welfare		8,243,200.17	8,233,619.17	9,581.00
Social insurance charges	29,650.09	5,432,569.09	5,454,546.78	7,672.40
Housing accumulation fund	43,614.04	12,913,037.54	12,909,338.14	47,313.44
labor union funds and employee education funds	1,482,145.78	2,864,084.92	2,439,792.07	1,906,438.63
Total	6,524,888.47	191,711,712.52	170,667,365.74	27,569,235.25

（3）Presetation of definedcontributionplan

Item	Opening balance	Increase in this year	Reduction in this year	Closing balance
Basicendowmentinsurance	24,796.40	3,092,513.45	3,052,372.37	64,937.48
Unemploymentinsuranceexpense	1,468.62	73,004.53	70,700.35	3,772.80

Other		728,897.66	728,897.66	
Total	26,265.02	3,894,415.64	3,851,970.38	68,710.28

In accordance with the regulations,the Company participates in basic endowment insurance, unemployment insurance plans that set up by government agencies, and the Company pay the fees as the plans required.Besides the fees mentioned above, the Company assumed no further obligation. the corresponding amount payable for escrow shall be recorded into current profit and loss or the cost of relevant assets at the time of occurrence.

26. Taxes payable

Item	Closing balance	Opening balance
Value-added tax	54,347,859.12	65,932,714.86
Business tax	19,713,210.71	19,713,210.71
Citymaintenanceandconstructiontax	6,248,588.96	5,760,140.57
Educational surcharge	2,646,613.90	2,524,801.03
Local education surcharge	1,812,216.02	17,660,121.68
Corporateincometax	450,996,380.10	367,999,489.95
Individual incometax	1,195,961.18	2,557,695.12
Landvalueincrementtax	1,497,933.06	1,502,436.36
Housing property tax	2,347,435.91	1,171,422.48
Tenure tax	1,226,818.92	1,313,795.34
Stamptax	2,766,558.52	1,899,134.68
Resource tax	96,618.20	
Environmental protection tax	10,540.72	
Flood prevention surcharge	331,199.64	331,199.64
Total	545,237,934.96	488,366,162.42

27. Other payables

Item	Closing balance	Opening balance
Other payables	5,002,866,352.10	4,896,546,650.49
Interest payable	314,826,697.02	173,164,787.22
Total	5,317,693,049.12	5,069,711,437.71

（1）Other payables

① Presentation of other payables as its nature

Item	Closing balance	Opening balance
Within 1 year	701,489,178.55	3,662,314,363.75
1to 2 years	3,541,126,605.54	435,437,080.77
2 to 3 years	117,394,126.05	100,376,801.18
More than 3 years	642,856,441.96	698,418,404.79
Total	5,002,866,352.10	4,896,546,650.49

② Presentation of important accounts other payable more than 1 year

Item	Closing balance	Reasons for not been repaid or transferred
Ganzhou zhangchuang municipal engineering co., Ltd.	2,884,429,166.67	unsettled
Huakai（Ganzhou）City Investment Linited Comany	450,010,000.00	unsettled
Finance Bureau	92,197,899.48	unsettled
Xinfeng County Poverty Alleviation Investment Development Co., Ltd.	55,000,000.00	unsettled
Ganzhou Zhanggong District Finance Bureau	50,000,000.00	unsettled
Total	3,531,637,066.15	-

（2）Interest payable

Item	Closing balance	Opening balance
bond interest	314,826,697.02	173,164,787.22
Total	314,826,697.02	173,164,787.22

28. Current portion of non-current liabilities

Item	Closing balance	Opening balance
long-term loan within 1year（Note 6. Line 27）	6,370,005,700.00	6,494,950,000.00
Bonds payable within 1 year（Note 6. Line 28）	6,030,000,000.00	3,930,000,000.00
long-term account payable within 1 year（Note 6. Line 29）	1,455,246,367.45	922,180,983.47
Total	13,855,252,067.45	11,347,130,983.47

29. Other current liabilities

Item	Closing balance	Opening balance
Revenue of affordable housing	1,299,726.13	1,299,726.13
Rent for Security Housing	10,492,374.59	183,888.24
Others	48,361.99	48,361.99
Total	11,840,462.71	1,531,976.36

30. Long-term borrowings

Item	Closing balance	Opening balance
Borrow money on credit	2,183,357,150.00	934,000,000.00
Guaranteed loan	9,383,417,262.91	6,161,200,000.00
Mortgage loan	640,000,000.00	1,300,000,000.00
The pledge loan	10,144,540,000.00	10,194,700,000.00
The pledge and guaranteed loan	2,733,420,000.00	2,612,710,000.00
Mortgage and guaranteed loan	150,000,000.00	500,000,000.00
The pledge and Mortgageloan	120,000,000.00	
The pledge, Mortgage and guaranteed loan	3,770,191,110.56	4,253,200,000.00
Minus: long-term loan within 1year（Note 6. Line 25）	6,370,005,700.00	6,494,950,000.00
Total	22,754,919,823.47	19,460,860,000.00

31. Bonds payable

Item	Closing balance	Opening balance
Bonds payable-nominal value	18,805,000,000.00	11,895,000,000.00
Bonds payable- interest adjustments	-103,282,020.83	-54,718,894.91

Minus: Bonds payable within 1 year（Note 6,line 25）	6,030,000,000.00	3,930,000,000.00
Total	12,671,717,979.17	7,910,281,105.09

32. Long-term Payable

Item	Closing balance	Opening balance
Finance lease payment	2,492,540,551.61	2,273,375,293.99
Finance Bureau	1,229,915,799.37	1,239,067,920.37
Ganzhou Development Town Investment and Exploration Co., Ltd.	60,678,129.70	60,678,129.70
Ganzhou River Embankment Management Office	9,000,000.00	9,000,000.00
Ganzhou Zhangjiang Hydraulic Pump Management Station	680,100.00	680,100.00
Ganzhou Development Investment Holding Group Co., Ltd.	1,095,000,000.00	1,430,000,000.00
Jiangxi Provincial Bureau of Water Resources	4,330,000.00	4,330,000.00
Shanghai Pudong Development （Ganzhou） Enterprise Management Center（Limited Partnership）	5,000,000,000.00	5,000,000,000.00
Southern Jiangxi Soviet Area （Ganzhou） New Urbanization Investment Center（Limited Partnership）	4,600,000,000.00	4,100,000,000.00
Ganzhou Rongjiang New District Jinyuan Real Estate Co., Ltd.	78,000,000.00	
Special accounts payable	12,397,483,641.33	8,713,569,046.89
Minus: within 1 year （Note VI. Line 25^{th}）	1,455,246,367.45	922,180,983.47
Total	25,512,381,854.56	21,908,519,507.48

33. Other current liabilities

Item	Closing balance	Opening balance
Security deposit for paying debt	110,240,000.00	110,240,000.00
Settlement funds for reserved land payment in escrow	418,681,600.00	418,681,600.00
Total	528,921,600.00	528,921,600.00

34. Paid-in capital

Investor	Opening balance	Increase in this year	Reduction in this year	Closing balance
Ganzhou Urban Development and Investment Group Co., Ltd.	30,000,000,000.00			30,000,000,000.00
Total	30,000,000,000.00			30,000,000,000.00

35. Capital reserve

Item	Opening balance	Increase in this year	Reduction in this year	Closing balance
Other capital reserve	7,942,589,551.97	1,065,914,681.91		9,008,504,233.88
Total	7,942,589,551.97	1,065,914,681.91		9,008,504,233.88

Note:The government allocated funds and house property which caused increase in capital reserve in the current year.

36. Other comprehensive income

Item	Opening balance	Increase in this year	Reduction in this year	Closing balance
Othercomprehensiveincome	42,650,206.21	7,589,063.80		50,239,270.01
Total	42,650,206.21	7,589,063.80		50,239,270.01

Note:The government allocated funds and house property which caused increase in capital reserve in the current year.

37. Surplus reserve

Item	Opening balance	Increase in this year	Reduction in this year	Closing balance
Legal surplus	287,716,469.45	1,051,228.05		288,767,697.50
Total	287,716,469.45	1,051,228.05		288,767,697.50

38. Retained earnings

Item	Current period	Prior period
Retained earnings at the beginning of the term	4,536,391,485.43	3,822,545,239.13
Plus: net profit attributable to owners of the parent	804,280,632.64	735,638,739.98
Minus:withdrawal legal surplus	1,051,228.05	436,293.68
Allocation to owners	30,304,200.00	21,356,200.00
Other	62,360.99	
Retained earnings at the end of the term	5,309,254,329.03	4,536,391,485.43

39. Operating revenue

Item	Current period	Prior period
Major business	2,780,069,848.89	2,350,449,976.14
Other business	174,820,736.65	72,532,437.81
Total	2,954,890,585.54	2,422,982,413.95

40. Cost of sales

Item	Current period	Prior period
Major business	2,241,445,443.95	2,017,446,467.76
Other business	70,638,586.15	2,884,749.58
Total	2,312,084,030.10	2,020,331,217.34

41. Taxes and surcharges

Item	Current period	Prior period
Citymaintenanceandconstructiontax	3,270,013.29	2,424,329.49
Educational surcharge	1,394,286.39	1,006,895.40
Local education surcharge	1,461,157.38	671,281.27
Landvalueincrementtax		5,341,505.21
Stamptax	3,186,664.28	1,676,131.73
Housing property tax	9,016,573.57	8,203,064.60
Tenure tax	4,501,273.19	528,035.38
Vehicle and vessel usage tax	34,322.30	
Environmental protection tax	386,991.40	
Resource tax	1,219,105.04	
Other	622.22	6,700.87
Total	24,471,009.06	19,857,943.95

Note:For the calculation and payment standards of various taxes and additional taxes, refer to Note 5. Taxes

42. Selling expenses

Item	Current period	Prior period
Employee benefits	14,738,466.14	6,385,743.80
Administrative expenses	164,198.93	257,936.30
Advertisingandgeneral publicity expense	3,646,699.48	2,843,387.00
Sales agency fee	7,879,871.05	2,856,357.66
Professional Service Fee	275,681.50	315,925.00
Depreciation and amortization	12,828.00	25,940.00
Exhibition fee		412,892.69
Entertainment expense	6,744.22	3,495.24
Transportation expenses	14,604,117.64	
Other	4,630,496.88	1,875,690.61
Total	45,959,103.84	14,977,368.30

43. General and administrative expenses

Item	Current period	Prior period
Employee benefits	116,829,107.81	79,964,105.97
Travel expense	702,132.23	811,431.24
Vehicle cost	635,802.40	1,071,689.58
Administrative expenses	3,567,728.15	4,355,586.58
Entertainment expense	662,177.59	636,463.34
Lease property management fee	4,477,618.52	2,402,919.68
Professional Service Fee	10,921,254.36	11,285,982.88
Depreciation and amortization	19,077,921.94	17,853,311.07
Other	9,212,803.68	1,976,346.52
Total	166,086,546.68	120,357,836.86

44. Financial expenses

Item	Current period	Prior period
Interest expense	22,905,170.98	22,780,435.37
Minus: interest income	92,215,695.39	47,683,920.02
Service fee expense	4,671,767.44	2,412,506.25
Total	-64,638,756.97	-22,490,978.40

45. Other income

Item	Current period	Prior period
Governmental subsidy related to normal operations of business	499,578,492.28	511,947,194.42
Other	5,079,700.59	4,529.62
Total	504,658,192.87	511,951,724.04

Therein, details of governmental subsidy as follows:

Subsidy item	Current period	/Asset-related/income-related

Subsidy for special project operation	499,578,492.28	income-related

46. Investment income

Item	Current period	Prior period
Long-term equity investment income calculated by the equity method	8,400,022.04	-9,794,123.40
Investment income on disposal of long-term equity investments	-8,230,594.78	
Investment income of held-to-maturity investment within holding term	465,958.58	1,054,946.90
Investment income of Available-for-sale financialassets within holding term	3,562,758.92	2,441,043.10
Investment income from disposal of available-for-sale financial assets	-43,973.14	
Financing income		3,549.26
Total	4,154,171.62	-6,294,584.14

47. Gain or loss on the changes in fair value

Source of gain or loss on the changes in fair value	Current period	Prior period
Investment real estate measured at fair value	-2,566,450.00	45,084,843.16
Total	-2,566,450.00	45,084,843.16

48. Assets impairment losses

Item	Current period	Prior period
Loss on bad debts	570,120.78	126,403.96
Total	570,120.78	126,403.96

49. Gains from disposal of assets

Item	Current period	Prior period
Gain or loss on the disposal of fixed assets	570,120.78	
Total	570,120.78	

50. Non-operating income

Item	Current period	Prior period
Indemnity income for breach of contract	7,215,624.45	7,034,295.42
Other	2,474,587.99	1,804,561.46
Total	9,690,212.44	8,838,856.88

51. Non-operating expenses

Item	Current period	Prior period
Loss on disposal of fixed assets		12,464.05
Donation outlay	6,195,348.50	5,324,503.00
Tax delay charge	1,825.39	519,338.39
Other	3,666,924.48	3,565,414.71
Total	9,864,098.37	9,421,720.15

52. Income tax expense

Item	Current period	Prior period
Current income tax expense	142,819,707.54	45,476,410.31
Deferred income tax expense	-889,864.37	20,654,237.68

Total	141,929,843.17	66,130,647.99

53. Supplementary information to the cash flow statement

（1）Supplementary information to the cash flow statement

Supplementary information	Current period	Prior period
1.Reconciliation of net income to cash flow from operations		
Net profit	834,718,883.06	754,103,901.66
Plus:Assets impairment losses	922,075.94	-126,403.96
Depreciationoffixedassets	128,461,517.00	102,513,257.88
Amortization of intangible assets	31,566,730.56	11,169,473.13
Amortization of long-term prepaid expenses	2,761,799.60	818,548.14
Loss on disposal of fixed assets and intangible assets（Income is marked with "-"）	-570,120.78	
Lossonretirement of fixedassets（Income is marked with "-"）		12,464.05
loss on the changes in fair value（Income is marked with "-"）	2,566,450.00	-45,084,843.16
Financial expenses （Income is marked with "-"）	22,905,170.98	22,780,435.37
Investment loss （Income is marked with "-"）	-4,154,171.62	6,294,584.14
Reduction of deferred tax assets（Increase is marked with "-"）	-201,967.97	78,051.33
Increase of deferred tax liabilities （reduction is marked with "-"）	1,841,791.54	24,027,391.42
Reduction of inventory （increase is marked with "-"）	-7,809,514,256.91	-9,171,036,574.09
Reduction of operational receivable （increase is marked with "-"）	808,483,307.75	-1,689,365,923.75
Increase of operational payable （reduction is marked with "-"）	6,296,295,124.04	10,029,019,285.77
Other		
Net cash flow from operating activities	316,082,333.19	45,203,647.93
2.Major investments and financing activities that do not involve cash receipts and payments		
Conversion of debt into capital		
3.Net changes in cash and cash equivalents		
Cash at the end of the period	7,323,586,149.30	7,041,622,395.88
Minus:Cash at the beginning of the period	7,041,622,395.88	5,492,356,962.52
Plus: cash equivalent at the end of the period		
Minus:cash equivalent at the beginning of the period		
Net cash flow of cash and cash equivalent	281,963,753.42	1,549,265,433.36

（2）Composition of cash and cash equivalents

Item	Current period	Prior period
1.cash	7,323,586,149.30	7,041,622,395.88
Therein: Cash on hand		
Bank deposits available for payment at any time	7,323,586,149.30	7,041,622,395.88
Other monetary fundsavailable for payment at any time		
3.cash equivalent		
4.closing balance of cash and cash equivalent	7,323,586,149.30	7,041,622,395.88

54. Assets with restrictedownership or right to use

Item	Carrying amount at the end of the reporting period	Reasons of restriction
Cash and Cash equivalents	1,027,451,358.15	Secutity deposit
Inventories	4,811,804,220.33	Loan collateral
Fixed assets	390,921,925.02	Loan collateral
Intangible assets	115,051,574.98	Loan collateral
Investment properties	585,910,078.00	Loan collateral
Total	6,931,139,156.48	-

Ⅶ、Changers in consolidation scope

Changers in consolidation scope due to other reasons

New subsidiary：Ganzhou Rongjiang New District Ronghong Property Co.,Ltd.，Ganzhou Rongjiang New District Rongfeng Supply Chain Management Co., Ltd.，Ganzhou Rongjiang New District Ronghui Hospital Management Co., Ltd.，Ganzhou Chengjian Culture Media Co., Ltd.，Ganzhou Xijin Environment Co.,Ltd.，Ganzhou City Investment Culture Development Co.,Ltd.，Ganzhou City Investment Talent Housing Operation Management Co.,Ltd.，Ganzhou City Investment Red Education Training Development Co., Ltd.，Ganzhou City Investment Liangyan Environment Co., Ltd.。

Ⅷ、Equity in other corporation

1、Equity in subsidiary

Subsidiary	Registered and main operating city	Shareholding ratio	Proportion of voting rights	Method to obtain
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou	100	100	Equity transfer
Ganzhou Xingzhou Real Estate Development Co., Ltd.	Ganzhou	100	100	Funded
Ganzhou Xingzhou Real Estate Development Co., Ltd.	Ganzhou	100	100	Funded
Ganzhou Xingrun Property Co., Ltd.	Ganzhou	100	100	Funded
Ganzhou Xinghui Property Co., Ltd.	Ganzhou	100	100	Funded
Ganzhou City Investment Engineering Management Co., Ltd. Ganzhou City Investment Engineering Management Co., Ltd.	Ganzhou	83.33	100	Funded
Ganzhou City Investment Concrete Co., Ltd. Ganzhou City Investment Engineering Management Co., Ltd.	Ganzhou	100	100	Funded
Ganzhou City Investment Engineering Management Co., Ltd.	Ganzhou	100	100	Funded
Ganzhou Tiancheng Municipal Planning and Design Co., Ltd.	Ganzhou	88	88	Funded
Ganzhou Zhenxing Industry Co., Ltd.	Ganzhou	65.91	100	Funded
Ganzhou Zhenxing Industry Co., Ltd.	Ganzhou	100	100	Funded

Ganzhou Affordable Housing Construction and Operation Co., Ltd.	Ganzhou	100	100	Equity transfer
Ganzhou City Infrastructure Construction Investment Management Co., Ltd.	Ganzhou	100	100	Equity transfer
Ganzhou Rongjiang New District Infrastructure Construction Investment Management Co., Ltd.	Ganzhou	90	90	Debt-for-equity swap
Ganzhou Rongjiang New District Construction Waste Management Co., Ltd.	Ganzhou	90	90	Debt-for-equity swap
Ganzhou Rongjiang New District Rongsheng Engineering Management Co., Ltd.	Ganzhou	90	90	Debt-for-equity swap
Ganzhou Rongjiang New District Rongsheng Human Resource Management Co., Ltd.	Ganzhou	90	90	Debt-for-equity swap
Ganzhou Rongjiang New District Ronghong Property Co., Ltd.	Ganzhou	90	90	Funded
Ganzhou Rongjiang New District Rongfeng Supply Chain Management Co., Ltd.	Ganzhou	90	90	Funded
Ganzhou Rongjiang New District Ronghui Hospital Management Co., Ltd.	Ganzhou	90	90	Funded
Ganzhou Jianghe Development Industry Co., Ltd.	Ganzhou	100	100	Equity transfer
Ganzhou Chengxing Investment Management Co., Ltd.	Ganzhou	100	100	Funded
Jiangxi Ganzhou High-Speed Railway New District Construction Investment Co., Ltd.	Ganzhou	100	100	Funded
Ganzhou Chengjian Culture Media Co.,Ltd.	Ganzhou	100	100	Funded
Ruixingyu （Ganzhou） State-Owned Capital Operation Co., Ltd.	Ganzhou	51	51	Funded
Ganzhou City Investment Construction Group Co., Ltd.	Ganzhou	100	100	Funded
Ganzhou Architecture Design and Research Institute	Ganzhou	100	100	Funded
Ganzhou City Investment Construction Group Co., Ltd.	Ganzhou	50	50	Funded
Ganzhou Construction Group Co., Ltd.	Ganzhou	50	50	Funded
Ganzhou Land Property Investment Co., Ltd.	Ganzhou	100	100	Funded
Ganzhou Xinglin Property Co., Ltd.	Ganzhou	100	100	Funded
Ganzhou Xingfa Property Co., Ltd.	Ganzhou	100	100	Funded
Ganzhou Xingfang Property Co., Ltd.	Ganzhou	100	100	Funded
Ganzhou Xinghao Property Co., Ltd.	Ganzhou	100	100	Funded
Ganzhou Xingyuan Property Co., Ltd.	Ganzhou	100	100	Funded
Ganzhou Mindao Property Co., Ltd.	Ganzhou	100	100	Funded
Ganzhou Minde Property Co., Ltd.	Ganzhou	100	100	Funded
Ganzhou Minfa Property Co., Ltd.	Ganzhou	100	100	Funded
Ganzhou Minhuan Property Co., Ltd.	Ganzhou	100	100	Funded
Ganzhou Minxiu Property Co., Ltd.	Ganzhou	100	100	Funded
Ganzhou Zhongheng Longshun Real Estate Development Co., Ltd.	Ganzhou	100	100	Funded
Ganzhou City Investment Culture Development Co., Ltd.	Ganzhou	100	100	Funded

Ganzhou New Building Materials Investment Co., Ltd.	Ganzhou	100	100	Funded
Ganzhou New Building Materials Investment Co., Ltd.	Ganzhou	100	100	Funded
Ganzhou Minsheng Industrial Investment Co., Ltd.	Ganzhou	100	100	Funded
Ganzhou Minxi Property Co., Ltd.	Ganzhou	100	100	Funded
Ganzhou City Investment Talent Housing Operation Management Co., Ltd.	Ganzhou	100	100	Funded
Ganzhou City Investment Red Education Training Development Co., Ltd.	Ganzhou	100	100	Funded
Ganzhou Ecological Environment Engineering Investment Co., Ltd.	Ganzhou	100	100	Funded
Ganzhou Ecological Environment Co., Ltd.	Ganzhou	50	50	Funded
Ganzhou Smart and New Energy Technology Co., Ltd.	Ganzhou	55	55	Funded
Ganzhou Xijin Environment Co., Ltd.	Ganzhou	50	50	Funded
Ganzhou City Investment Liangyan Environment Co., Ltd.	Ganzhou	50	50	Funded

2、Equity in joint venture or associated enterprises

Name of the enterprise	Registered and main operating city	Shareholding ratio	Accounting treatment of affiliated enterprises
Huakai（Ganzhou）City Investment Co., Ltd.	Ganzhou	50	Equity method
Rongyuan（Ganzhou）City Investment Co., Ltd.	Ganzhou	50	Equity method
Ganzhou Jinshengyuan Guarantee Co. Ltd.	Ganzhou	24.80	Equity method
Gannan Soviet Area Zhenxing Development Industrial Investment Fund Management Co. Ltd.	Ganzhou	25	Equity method
Xingguo Jiacheng Real Estate Development Co. Ltd.	Ganzhou	20	Equity method
Ganzhou Yisheng Livable Low Carbon Environmental Protection Materials Co. , Ltd.	Ganzhou	26	Equity method
Ganzhou Construction Industrialization Co. , Ltd.	Ganzhou	20	Equity method
Ganzhou Rongrong Humanities and Memorial Park Management Co. , Ltd.	Ganzhou	20	Equity method
Ganzhou Letian Agricultural Development Co. Ltd.	Ganzhou	20	Equity method
Ganzhou Xingzhou Runda Group Co. Ltd.	Ganzhou	45	Equity method

IX、Related parties and related transactions

1. The holding company

The holding company	Register city	Registered capital	The shareholding ratio of holding company	The voting rights ratio of holding company
Ganzhou City Development and Investment Group Co., Ltd.	Ganzhou	30 billion	100.00	100.00

Note:The ultimate controlling party is Ganzhou State-owned Assets Supervision and Administration Commission.

2. Holding company

Refer to Note 8, line 1 “Equity in subsidiary”

3. Operation of ventures and associated companies

For important equity in joint venture and associated enterprises, refer to Note 8,line 2 "Equity in joint venture or associated enterprises"

4. Other related parties

Other related enterprises	Relationship
Ganzhou City Development and Investment Group Co., Ltd.	Under the control of the same party
Jiangxi China Coal Construction Group Co., Ltd.	The minority shareholder in a subsidiary
Shanghai Liangyan Environment Co., Ltd.	The minority shareholder in a subsidiary
Huaxon Power Technology （Ganzhou） Co., Ltd.	The minority shareholder in a subsidiary
Ganzhou Minsheng Xinli Property Service Co., Ltd.	Joint company
Overseas Chinese Town （Ganzhou） Industrial Development Co., Ltd.	Joint company
Gannan Soviet Area Zhenxing Development Industrial Investment Fund Management Co. ,Ltd.	Joint company
Ganzhou Xingzhou Runda Group Co., Ltd.	Joint company
Huakai（Ganzhou）City Investment Co., Ltd.	Joint company
Xingguo Jiacheng Real Estate Development Co. ,Ltd.	Joint company
Rongyuan（Ganzhou）City Investment Co., Ltd.	Joint company

5. Related transaction

（1）Lease transactions between related parties

Warrantor	Warranted party	Guarantee amount	Guarantee expiry date	Whether the guarantee has been fulfilled
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou Urban Investment Holding Group Co., Ltd.	1,000,000,000.00	Three years from the date on which the obligor's performance of the debt expires	NO
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou Urban Investment Holding Group Co., Ltd.	150,000,000.00	Two years from the date of expiration of the time limit for the performance of the debt	NO
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou Urban Investment Holding Group Co., Ltd.	200,000,000.00	Two years from the date of maturity of debt performance	NO
Ganzhou Zhenxing Industry Co., Ltd.	Ganzhou City Development Investment Group Co., Ltd.	287,500,000.00	Three years from the date on which the obligor's performance of the debt expires	NO
Ganzhou Zhenxing Industry Co., Ltd.	Ganzhou City Development Investment Group Co., Ltd.	200,000,000.00	Three years from the date on which the obligor's performance of the debt expires	NO

Ganzhou Zhenxing Industry Co., Ltd.	Ganzhou Rongjiang New District Infrastructure Construction Investment Management Co., Ltd.	200,000,000.00	Three years from the date on which the obligor's performance of the debt expires	NO
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou Xingzhou Real Estate Development Co., Ltd.	500,000,000.00	Three years from the day after the maturity of the debt performance	NO
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou City Investment Engineering Management Co., Ltd.Ganzhou Zhenxing Industry Co., Ltd.	391,588,705.03	Three years from the day after the maturity of the debt performance	NO
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou City Investment Engineering Management Co., Ltd.Ganzhou Zhenxing Industry Co., Ltd.	175,000,000.00	Three years from the day after the maturity of the debt performance	NO
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou City Investment Engineering Management Co., Ltd.Ganzhou Zhenxing Industry Co., Ltd.	261,012,528.18	Three years from the day after the maturity of the debt performance	NO
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou City Investment Engineering Management Co., Ltd.Ganzhou Zhenxing Industry Co., Ltd.	100,000,000.00	Two years from the date of maturity of debt performance	NO
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou Zhenxing Industry Co., Ltd.	900,000,000.00	Two years from the date of maturity of debt performance	NO
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou Zhenxing Industry Co., Ltd.	500,000,000.00	Two years from the date of maturity of debt performance	NO
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou Zhenxing Industry Co., Ltd.	500,000,000.00	Two years from the date of maturity of debt performance	NO
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou Zhenxing Industry Co., Ltd.	500,000,000.00	Two years from the date of maturity of debt performance	NO
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou Zhenxing Industry Co., Ltd.	4,500,000,000.00	Two years from the date of maturity of debt performance	NO
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou Zhenxing Industry Co., Ltd.	4,900,000,000.00	Two years from the date of maturity of debt performance	NO
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou Zhenxing Industry Co., Ltd.	1,500,000,000.00	Two years from the date of maturity of debt performance	NO
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou Zhenxing Industry Co., Ltd.	2,000,000,000.00	Two years from the date of maturity of	NO

			debt performance	
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou Zhenxing Industry Co., Ltd.	140,806,000.00	Three years from the day after the maturity of the debt performance	NO
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou Zhenxing Industry Co., Ltd.	271,586,377.78	Two years from the date of maturity of debt performance	NO
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou Zhenxing Industry Co., Ltd.	121,571,708.30	Two years from the date of maturity of debt performance	NO
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou Zhenxing Industry Co., Ltd.	361,110,384.20	Three years from the day after the maturity of the debt performance	NO
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou Zhenxing Industry Co., Ltd.	15,200,000.00	Three years from the day after the maturity of the debt performance	NO
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou Zhenxing Industry Co., Ltd.	498,400,000.00	Two years from the date of maturity of debt performance	NO
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou Zhenxing Industry Co., Ltd.	150,000,000.00	Three years from the day after the maturity of the debt performance	NO
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou Zhenxing Industry Co., Ltd.	75,000,000.00	Two years from the date of maturity of debt performance	NO
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou Zhenxing Industry Co., Ltd.	260,000,000.00	Three years from the day after the maturity of the debt performance	NO
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou Zhenxing Industry Co., Ltd.	50,000,000.00	Three years from the day after the maturity of the debt performance	NO
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou Zhenxing Industry Co., Ltd.	100,000,000.00	Two years from the date of maturity of debt performance	
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou Zhenxing Industry Co., Ltd.	250,000,000.00	Three years from the day after the maturity of the debt performance	NO
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou Affordable Housing Construction and Operation Co., Ltd	630,000,000.00	Two years from the date of maturity of	NO

			debt performance	
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou Rongjiang New District Infrastructure Construction Investment Management Co., Ltd.	435,000,000.00	Three years from the day after the maturity of the debt performance	NO
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou Rongjiang New District Infrastructure Construction Investment Management Co., Ltd.	300,000,000.00	Two years from the date of expiration of the time limit for the performance of the debt	NO
Ganzhou Rongjiang New District Rongsheng Engineering Management Co., Ltd.	Ganzhou Rongjiang New District Infrastructure Construction Investment Management Co., Ltd.	100,000,000.00	Two years from the date of maturity of debt performance	NO
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou Rongjiang New District Infrastructure Construction Investment Management Co., Ltd.	241,676,828.32	Two years from the date of maturity of debt performance	NO
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou Rongjiang New District Infrastructure Construction Investment Management Co., Ltd.	225,373,971.60	Three years from the day after the maturity of the debt performance	NO
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou Rongjiang New District Infrastructure Construction Investment Management Co., Ltd.	234,747,956.64	Three years from the day after the maturity of the debt performance	NO
Ganzhou City Development Investment Group Co., Ltd.	Huakai（Ganzhou）City Investment Co., Ltd.	300,000,000.00	Two years from the date of maturity of debt performance	NO
Ganzhou Rongjiang New District Infrastructure Construction Investment Management Co., Ltd.	Ganzhou Rongjiang New District Rongsheng Engineering Management Co., Ltd.	10,000,000.00	Three years from the day after the maturity of the debt performance	NO
Ganzhou Rongjiang New District Infrastructure Construction Investment Management Co., Ltd.	Ganzhou Rongjiang New District Rongsheng Engineering Management Co., Ltd.	8,000,000.00	Three years from the date of maturity of the loan stipulated in the contract	NO
Ganzhou City Development Investment Group Co., Ltd. Ganzhou Rongjiang New District Infrastructure Construction Investment Management Co., Ltd.	Ganzhou Rongjiang New District Rongsheng Engineering Management Co., Ltd.	300,000,000.00	Three years after the expiration of the time limit for the performance of the debt	NO
Ganzhou Rongjiang New District Infrastructure Construction Investment Management Co., Ltd.	Ganzhou Rongjiang New District Rongsheng Engineering Management Co., Ltd.	170,000,000.00	Two years from the date of maturity of debt performance	NO
Ganzhou City Development Investment Group Co., Ltd.	Jiangxi Ganzhou High-Speed Railway New District Construction Investment Co., Ltd.	200,000,000.00	Three years from the day following the expiration of the debt	NO

			performance period	
Ganzhou City Development Investment Group Co., Ltd.	Jiangxi Ganzhou High-Speed Railway New District Construction Investment Co., Ltd.	200,000,000.00	Two years from the date of maturity of debt performance	NO
Ganzhou City Development Investment Group Co., Ltd.	Jiangxi Ganzhou High-Speed Railway New District Construction Investment Co., Ltd.	486,282,850.00	Two years from the date of maturity of debt performance	NO
Ganzhou City Development Investment Group Co., Ltd.	Jiangxi Ganzhou High-Speed Railway New District Construction Investment Co., Ltd.	360,000,000.00	Three years from the day after the maturity of the debt performance	NO
Ganzhou City Investment Construction Group Co., Ltd.	Ganzhou Xijin Environment Co., Ltd.	113,000,000.00	Two years from the date of maturity of debt performance	NO
Ganzhou City Development Investment Co., Ltd.	Ganzhou New Building Materials Investment Co., Ltd.	30,000,000.00	Three years from the day after the maturity of the debt performance	NO
Ganzhou New Building Materials Investment Co., Ltd.	Ganzhou New Building Materials Investment Co., Ltd.	10,000,000.00	Three years from the day after the maturity of the debt performance	NO
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou New Building Materials Investment Co., Ltd.	10,000,000.00	Two years from the date of maturity of debt performance	NO
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou City Investment Construction Group Co., Ltd.	25,000,000.00	Two years from the date of maturity of debt performance	NO
Ganzhou Urban Investment Holding Group Co. Ltd. Ganzhou City Investment Construction Group Co., Ltd.	Ganzhou City Investment Construction Group Co., Ltd.	30,000,000.00	Three days after the debt performance period	NO
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou City Investment Construction Group Co., Ltd.	500,000,000.00	Three years from the date of maturity of the debt	NO
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou City Investment Construction Group Co., Ltd.	25,000,000.00	Two years from the date of maturity of debt performance	NO
Ganzhou City Investment Holding Group Co. Ltd. Ganzhou City Investment Engineering Management Co., Ltd.	Ganzhou City Investment Concrete Co., Ltd.	100,000,000.00	Three years from the date following the maturity of the loan determined by the loan contract	NO
Ganzhou City Investment Engineering Management Co., Ltd.	Ganzhou City Investment Concrete Co., Ltd.	10,000,000.00	Three years from the day after the maturity	NO

			of the debt performance	
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou City Investment Concrete Co., Ltd.	100,000,000.00	Three years from the day after the maturity of the debt performance	NO
Ganzhou Rongjiang New District Infrastructure Construction Investment Management Co., Ltd. Ganzhou Rongjiang New District Construction Waste Management Co., Ltd.	Rongyuan（Ganzhou）City Investment Co., Ltd.	200,000,000.00	Two years from the date of maturity of debt performance	NO
Ganzhou Rongjiang New District Infrastructure Construction Investment Management Co., Ltd.	Rongyuan（Ganzhou）City Investment Co., Ltd.	240,000,000.00	Two years from the date of maturity of debt performance	NO
Ganzhou Rongjiang New District Infrastructure Construction Investment Management Co., Ltd.	Rongyuan（Ganzhou）City Investment Co., Ltd.	233,348,611.11	Three years from the day after the maturity of the debt performance	NO

6. Accounts receivable and payable from related parties

（1）Accounts receivable

Item	Closing balance	
	Book balance	Bad debt provision
Other receivables		
Huakai（Ganzhou）City Investment Co., Ltd.	900,003,149.54	
Ganzhou Xingzhou Runda Group Co., Ltd.	818,833,378.41	
Ganzhou Development Investment Holding Group Co., Ltd.	736,180,088.52	
Jiangxi China Coal Construction Group Co. ,Ltd.	231,912,314.84	
Ganzhou Minsheng Xinli Property Service Co., Ltd.	58,821.21	
Overseas Chinese Town （Ganzhou） Industrial Development Co., Ltd.	43,288.00	
Xingguo Jiacheng Real Estate Development Co., Ltd.	11,200.00	
Ganzhou Construction Industrialization Co. , Ltd.	454.72	
Subtotal	2,687,042,695.24	
Shanghai Liangyan Environment Co., Ltd.	15,725,663.77	
Subtotal	15,725,663.77	
Xingguo Jiacheng Real Estate Development Co., Ltd.	210,000,000.00	
Subtotal	210,000,000.00	
Total	2,912,768,359.01	

（2）**Accounts payable**

Item	Closing balance
Accounts payable：	
Ganzhou Minsheng Xinli Property Service Co. ,Ltd.	1,177,793.61

Huaxon Power Technology （Ganzhou） Co., Ltd.	2,023,800.00
Ganzhou Construction Industrialization Co. , Ltd.	507,838.98
Subtotal	3,709,432.59
Other payables：	
Huakai（Ganzhou）City Investment Co., Ltd.	450,010,000.00
Huaxon Power Technology （Ganzhou） Co., Ltd.	5,550,000.00
Ganzhou Minsheng Xinli Property Service Co., Ltd.	604,792.99
Gannan Soviet Area Zhenxing Development Industrial Investment Fund Management Co., Ltd.	33,748.82
Xingguo Jiacheng Real Estate Development Co., Ltd.	15,640.97
Ganzhou Development Investment Holding Group Co., Ltd.	12,500.00
Subtotal	456,226,682.78
Long-term payable：	
Ganzhou Development Investment Holding Group Co., Ltd.	1,095,000,000.00
Subtotal	1,095,000,000.00
Total	1,554,936,115.37

X、Commitments and Contingencies

1. Major Commitments

As of 31 December 2020, the Company has no major commitments.

2. Contingencies

As of December 31, 2020, the Company provides guarantees for the following entities:

Warrantor	Warranted party	Guarantee amount	Guarantee expiry date	Whether the guarantee has been fulfilled
Ganzhou Zhenxing Industry Co., Ltd.	Yichun Zhongxin House Construction and Development Co., Ltd.	300,000,000.00	Three years from the date on which the obligor's performance of the debt expires	NO
Ganzhou City Investment Engineering Management Co., Ltd.	Ganzhou Construction Industrialization Co. , Ltd.	2,000,000.00	Two years from the date of maturity of the debt	NO
Ganzhou City Investment Engineering Management Co., Ltd.	Ganzhou Construction Industrialization Co. , Ltd.	18,000,000.00	Two years from the date of maturity of the debt	NO
Ganzhou City Investment Engineering Management Co., Ltd.	Ganzhou Construction Industrialization Co. , Ltd.	1,600,000.00	Three years from the day following the expiration of the debt performance period	NO
Ganzhou City Investment Engineering Management Co., Ltd.	Ganzhou Construction Industrialization Co. , Ltd.	400,000.00	Three years from the day following the expiration of the debt performance period	NO
Ganzhou Rongjiang New District Infrastructure	Ganzhou Rongjiang New District Jinyuan Real Estate Co.,	100,000,000.00	Two years from the date of maturity of the debt	NO

Construction Investment Management Co., Ltd.	Ltd.			
Ganzhou Rongjiang New District Infrastructure Construction Investment Management Co., Ltd.	Ganzhou Rongjiang New District Jinyuan Real Estate Co., Ltd.	300,000,000.00	Two years from the date of expiration of the performance period of the secured obligation under the principal contract	NO
Ganzhou City Development Investment Group Co., Ltd.	Xingguo County Urban Development Investment Co., Ltd.	1,000,000,000.00	The maturity of the bond and two years from the date of maturity of the bond	NO
Ganzhou Rongjiang New District Infrastructure Construction Investment Management Co., Ltd.	Ganzhou Rongjiang New District Jinyuan Real Estate Co., Ltd.	100,000,000.00	Two years from the date of expiration of the performance period of the secured obligation under the principal contract	NO

XI、Events after balance sheet data

As of the reporting date, the Company and its subsidiaries had borrowed an additional 0.8326 billion.

XII、Other Important Matters

As of 31 December 2020 the Company has no other important matters that need to be disclosed.

XIII、Notes to Main Items on the Company Financial Statement

1. Other receivables

（1）According to the aging analysis method, the accounts other receivable of bad debt provision is drawn

Aging	Closing balance			Opening balance		
	Book balance	Ratio %	Bad debt provision	Book balance	Ratio%	Bad debt provision
Within 1 year	1,299,805,660.98	27.89		3,901,174,747.75	89.55	
1 to 2 years	2,905,374,367.75	62.34		150,700,000.00	3.46	
2 to 3 years	150,700,000.00	3.23		1,262,187.65	0.03	25,243.75
3 to 4 years	1,242,187.65	0.03	49,687.51			
4 to 5 years	259,993,410.62	5.58		260,468,110.62	5.98	47,470.00
More than 5 years	43,205,333.67	0.93	474,884.30	42,779,657.47	0.98	184.30
Total	4,660,320,960.67	100.00	524,571.81	4,356,384,703.49	100.00	72,898.05

（2）The top five accounts other receivable according to the closing balance collected by the debtor

Company name	Nature of money	Closing balance	Aging	Proportion of other receivables at end of period （%）	Closing balance of bad debt provision
Ganzhou Minxiu Property Co., Ltd.	Current money	1,682,024,424.87	Within 1 year：56,433,720.19 1-2years：1,625,590,704.68	36.09	
Ganzhou Land Property Investment	Current	726,137,959.09	Within 1 year：56,433,720.19	15.58	

Co., Ltd.	money		1-2years：547,655,777.38		
Ganzhou City Investment Engineering Management Co., Ltd.	Current money	452742883.79	Within 1 year：56,433,720.19 4-5years：259,993,410.62 More than 5 years：42,700,449.37	9.71	
Ganzhou Mindao Property Co., Ltd.	Current money	394,948,508.50	1-2394,947,268.50 1-2years：394,947,268.50	8.47	
Ganzhou Xingfang Property Co., Ltd.	Current money	263,686,880.00	1-2years：183,216,880.00 2-3years：80,470,000.00	5.66	
Total	—	3,519,540,656.25	--	75.51	

2. Long-term equity investments

（1）Long-term equity investment classification

Item	Closing balance			Opening balance		
	Book balance	Impairment of assets	Book value	Book balance	Impairment of assets	Book value
Invest in subsidiaries	41,760,284,326.23		41,760,284,326.23	41,376,784,326.23		41,376,784,326.23
Investment in joint ventures	19,141,942.52		19,141,942.52			
Total	41,779,426,268.75		41,779,426,268.75	41,376,784,326.23		41,376,784,326.23

（2）Invest in subsidiaries

Subsidiaries	Opening balance	Increase in current year	Reduction in current year	Closing balance	Impairment of assets increase	Impairment of assets
anzhou City Development Investment Group Co., Ltd.	39,662,274,326.23			39,662,274,326.23		
Ganzhou Land Property Investment Co., Ltd.	254,010,000.00	89,000,000.00		343,010,000.00		
Ganzhou New Building Materials Investment Co., Ltd.	370,000,000.00	70,500,000.00		440,500,000.00		
Ganzhou City Investment Construction Group Co., Ltd.	90,500,000.00	82,000,000.00		172,500,000.00		
Ganzhou Minsheng Industrial Investment Co., Ltd.	1,000,000,000.00			1,000,000,000.00		
Ganzhou Ecological Environment Engineering Investment Co., Ltd.		130,000,000.00		130,000,000.00		
Ganzhou City Investment Liangyan Environment Co., Ltd.		12,000,000.00		12,000,000.00		
Total	41,376,784,326.23	383,500,000.00		41,760,284,326.23		

（3）Investment in joint ventures

Subsidiaries	Opening balance	Increase/decrease in the current period				
		Increase in investment	Decrease in investment	Investment profit and loss recognized under equity method	Other comprehensive income adjustment	Other changes in equity

1. Joint ventures						
Ganzhou OCT Cultural Tourism Development Co.,Ltd.		20,000,000.00		-858,057.48		
Total		20,000,000.00		-858,057.48		

（continue）

Item	Increase/decrease in the current period			Closing balance	Impairment reserve balance
	Declare a cash dividend or profit	Provision for impairment	Other		
1.Joint ventures					
Ganzhou OCT Cultural Tourism Development Co.,Ltd.				19,141,942.52	
Total				19,141,942.52	

3. Operating revenue、Cost of sales

Item	Current period		Prior period	
	income	costs	income	costs
Other business	226,248.82	427,379.23	340,219.07	234,322.99
Total	226,248.82	427,379.23	340,219.07	234,322.99

4. Investment income

Item	Current period	Prior period
Income from long-term equity investments under equity method	-858,057.48	
Total	-858,057.48	

Ganzhou Urban Investment Holding Group Co., Ltd.

29 Apr 2021

Legal Representative: Chief Accountant: Head of Accounting Department:

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。（市场主体依法自主选择经营项目，开展经营活动；依法须经批准的项目，经相关部门批准后依批准的内容开展经营活动；不得从事国家和本市产业政策禁止和限制类项目的经营活动。）

成立日期 2013年11月04日

合伙期限 2013年11月04日 至 长期

主要经营场所 北京市丰台区丽泽路20号院1号楼南楼20层

登记机关

2021年 05月 11日

国家企业信用信息公示系统网址： http://www.gsxt.gov.cn

市场主体应当于每年1月1日至6月30日通过国家企业信用信息公示系统报送公示年度报告。

国家市场监督管理总局监制

会计师事务所

执业证书

名　　称：中兴华会计师事务所（特殊普通合伙）

首席合伙人：李尊农

主任会计师：

经营场所：北京市丰台区丽泽路20号院1号楼南楼20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：0014686

说　明

1、《会计师事务所执业证书》是证明持有人经财政部门依法审批，准予执行注册会计师法定业务的凭证。

2、《会计师事务所执业证书》记载事项发生变动的，应当向财政部门申请换发。

3、《会计师事务所执业证书》不得伪造、涂改、出租、出借、转让。

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发证机关：北京市财政局

二〇二一年八月十七日

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 鄢胜雄

性别 Sex 男

出生日期 Date of birth 1974年10月28日

工作单位 Working unit 福建华兴会计师事务所有限责任公司

身份证号码 Identity card No. 352226197410280016

中兴华会计师事务所（特殊普通合伙）
1101020173689

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.

福建省注册会计师协会
任职资格检查专用章
任职资格检查合格至2013年3月31日有效

2012年2月20日
/y /m /d

CPA任职资格检查合格
FUJIAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
有效期至2021年6月30日

2020年6月30日

证书编号: 3501000?03??
No. of Certificate

批准注册协会: 福建省注册会计师协会
Authorized Institute of CPAs

发证日期: 2011年03月14日
Date of Issuance /y /m /d

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Auditor's Report of Ganzhou Urban Investment Holding Group Co., Ltd.

Consolidated and Parent Company Financial Statements

For the Year Ended December 31, 2019

ZHONGXINGHUA CERTIFIED PUBLIC ACCOUNTANTS LLP

Add: 20/F, Tower B, Lize SOHO,20 Lize Road, Fengtai District, Beijing PR China

Tel:010-51423818 Fax:010-51423816

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x. Copy of Business License of Zhongxinghua Certified Public Accountants LLP

xi. Copy of Practicing Certificate of Zhongxinghua Certified Public Accountants LLP

xii. Copy of Securities and Future Business License of Zhongxinghua Certified Public Accountants LLP

xiii. Copies of Certified Public Accountants' Practicing Certificates

ZHONGXINGHUA CERTIFIED PUBLIC ACCOUNTANTS LLP

location：20/F,Tower B,Lize SOHO,20 Lize Road,Fengtai District,Beijing PR China
Tel：010-51423818 Fax：010-51423816

AUDITOR’S REPORT

ZXHSZ(2020) No. 190101

To all Shareholders of Ganzhou Urban Investment Holding Group Co., Ltd.

I. Opinion

We have audited the financial statement of Ganzhou Urban Investment Holding Group Co., Ltd. (hereinafter the “Company”), which comprise the consolidated and the Parent Company’s balance sheets as at December 31, 2019, the consolidated and the Parent Company’s income statement, the consolidated and the Parent Company’s cash flow statement and the consolidated and the Parent Company’s statement of changes in equity for the year then ended, and notes to the financial statement.

In our opinion, the accompanying financial statement present fairly, in all material respects, the consolidated and the Parent Company’s financial position as at December 31, 2019 and their financial performance and their cash flows for the year ended in accordance with Accounting Standards for Business Enterprises.

II. Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing. Our responsibilities under those standards are further elaborated in the Auditor’s Responsibilities for the Audit of the Financial Statement section of our report. In accordance with the China Code of Ethics for Certified Public Accountants, we are independent of the Company and have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

The management of the Company is responsible for the preparation and fair presentation of these financial statement in accordance with Accounting Standards for Business Enterprises, and for the design, implementation and maintenance of such internal control as management determine is necessary to enable the preparation of financial statement that are free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

IV. Auditors' Responsibilities for the Audit of the Financial Statement

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

In carrying out the audit in accordance with the auditing standards, we exercised professional judgment and maintained professional skepticism. At the same time, we also implemented the following work:

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

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

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

（4）Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, the auditing standards require us to draw attention to users of the financial statement in our auditor's report to the related disclosures in the financial statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

（6）Obtain sufficient and appropriate audit evidence regarding financial information of the entity or business activities of the Company to express an opinion on the financial statement. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

(This blank page is the signature page of Ganzhou City Investment Holding Group Co., Ltd. Consolidated and Audit Report on Financial Statements of the Parent Company in 2019)

ZHONGXINGHUA CERTIFIED PUBLIC ACCOUNTANTS LLP

Beijing, China

CICPA: 洪亮彤

CICPA: 鄢雄

May 29, 2020

Consolidated Balance Sheet

31 December 2019

Prepared by: Ganzhou Urban Investment Holding Group CO.,Ltd. Unit: RMB Yuan

Item	Notes	31 December 2019	31 December 2018
CURRENT ASSETS:			
Cash and Cash equivalents	1	7,402,362,395.88	5,743,871,036.19
Financial assets at fair value through profit or loss			
Derivative financial assets			
Notes receivable	2	1,500,000.00	
Accounts receivable	3	1,156,543,663.95	640,192,660.99
Prepayments	4	1,309,279,617.65	856,771,985.44
Other receivables	5	4,986,538,429.06	3,403,679,274.51
Inventories	6	70,917,405,198.60	61,965,385,224.13
Assets classified as held for sale			
Current portion of non-current assets			
Other current assets	7	494,554,896.03	1,299,729.50
Total current assets		86,268,184,201.17	72,611,199,910.76
NON-CURRENT ASSETS:			
Available-for-sale financial assets	8	1,756,692,000.00	1,735,540,000.00
Held-to-maturity investments	9	20,000,000.00	20,000,000.00
Long-term receivables	10	14,636,020,543.01	12,608,165,635.25
Long-term equity investments	11	2,498,530,146.70	1,318,141,770.10
Investment properties	12	874,626,809.80	202,869,377.80
Fixed assets	13	4,641,217,106.22	3,984,926,110.66
Construction in progress	14	268,314,519.83	673,686,768.62
Intangible assets	15	1,023,192,026.42	127,710,922.22
Goodwill			
Long-term prepaid expenses	16	8,400,246.59	840,678.34
Deferred tax assets	17	487,257.54	565,308.87
Other non-current assets	18	1,567,466,656.21	1,567,486,656.21
Total non-current assets		**27,294,947,312.32**	**22,239,933,228.07**
Total assets		**113,563,131,513.49**	**94,851,133,138.83**

The accompanying notes are an integral part of these financial statements

Legal Representative: **Chief Accountant:** **Head of Accounting Department:**

Consolidated Balance Sheet （CONTINUED)

31 December 2019

Prepared by：Ganzhou Urban Investment Holding Group CO.,Ltd. Unit: RMB Yuan

Item	Notes	31 December 2019	31 December 2018
Current liabilities:			
Short-term borrowings	19	475,000,000.00	75,000,000.00
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Notes payable			
Accounts payable	20	998,066,513.35	595,002,032.90
Receipts in advance	21	388,747,386.62	32,583,267.40
Payroll and employee benefits payable	22	6,551,153.49	2,182,137.98
Taxes payable	23	488,366,162.42	182,339,433.47
Other payables	24	5,069,711,437.71	1,454,972,238.11
Liabilities classified as held for sale			
Current portion of non-current liabilities	25	11,347,130,983.47	4,347,496,000.00
Other current liabilities	26	1,531,976.36	2,471,567.14
Total current liabilities		**18,775,105,613.42**	**6,692,046,677.00**
Non-current liabilities:			
Long-term borrowings	27	19,460,860,000.00	23,990,510,000.00
Bonds payable	28	7,910,281,105.09	2,685,603,231.99
其中：优先股	29		
永续债	30		
Long-term payable	29	21,908,519,507.48	18,618,094,367.90
Provisions			
Deferred income			
Deferred tax liabilities	17	24,027,391.42	
Other non-current liabilities	30	528,921,600.00	
Total non-current liabilities		**49,832,609,603.99**	**45,294,207,599.89**
Total liabilities		**68,607,715,217.41**	**51,986,254,276.89**
SHAREHOLDERS' EQUITY:			
Paid-in capital	31	30,000,000,000.00	30,000,000,000.00
Other equity instruments			
Capital reserve	32	7,942,589,551.97	6,772,907,299.94
Other comprehensive income	33	42,650,206.21	30,791,170.00
Surplus reserve	34	287,716,469.45	287,280,175.77
Retained earnings	35	4,536,391,485.43	3,822,545,239.13
Equity attributable to owners of the parent		42,809,347,713.06	40,913,523,884.84
Non-controlling interests		2,146,068,583.02	1,951,354,977.10
Total shareholders' equity		**44,955,416,296.08**	**42,864,878,861.94**
TOTAL LIABILITIES AND SHAREHOLDERS'EQUITY		**113,563,131,513.49**	**94,851,133,138.83**

The accompanying notes are an integral part of these financial statements

Legal Representative: **Chief Accountant:** **Head of Accounting Department:**

Consolidated Income Statement

For the year ended 31 December 2019

Prepared by：Ganzhou Urban Investment Holding Group CO.,Ltd. Unit: RMB Yuan

Item	Notes	2019	2018
1. Total revenue		2,422,982,413.95	2,219,525,021.51
Including: Operating revenue	36	2,422,982,413.95	2,219,525,021.51
2. Total cost of sales		2,153,033,388.05	1,997,298,485.83
Including: Cost of sales	37	2,020,331,217.34	1,924,678,239.60
Taxes and surcharges	38	19,857,943.95	21,313,783.35
Selling expenses	39	14,977,368.30	5,192,193.65
General and administrative expenses		120,357,836.86	79,117,245.25
Financial expenses	41	-22,490,978.40	-33,002,976.02
Including: Interest expense		22,780,435.37	36,249,167.23
Interest income		47,683,920.02	71,724,827.84
Add: Other income	42	511,951,724.04	515,952,736.11
Investment income/(loss)	43	-6,294,584.14	28,422,619.02
Including: Share of profits or loss of associates and joint ventures			
Gain/ (loss) on the changes in fair value	44	45,084,843.16	4,929,325.80
Credit impairment losses	45	126,403.96	-1,525,719.91
Gain/ (loss) from disposal of assets			
3. Operating profit		820,817,412.92	770,005,496.70
Add: Non-operating income	46	8,838,856.88	14,691,715.20
Less: Non-operating expenses	47	9,421,720.15	7,622,359.15
4. Profit/(loss) before tax		820,234,549.65	777,074,852.75
Less: Income tax expense	48	66,130,647.99	44,069,385.05
5. Net profit /(loss)		**754,103,901.66**	733,005,467.70
(1) Categorized by operation continuity:			
Net profit from continuing operations		753,973,501.98	733,005,467.70
Net profit from discontinuing operations		130,399.68	
(2) Categorized by ownership			
Net profit attributable to owners of the parent		735,638,739.98	725,625,078.79
Net profit attributable to non-controlling interests		18,465,161.68	7,380,388.91
6. Other comprehensive income, net of tax			
(1) Other comprehensive income, net of tax, attributable to owners of the parent			
1. Other comprehensive income that will not be reclassified to profit or loss			
Remeasurement gains or losses of a defined benefit plan			
Other comprehensive income using the equity method that will not be reclassified to profit or loss			
2. Other comprehensive income to be reclassified to profit or loss			
Other comprehensive income that can be reclassified to profit or loss in equity method			
Change in the fair value of available-for-sale financial assets			
Reclassification of held-to-maturity investments as available-for-sale financial assets			
Others			
(2) Other comprehensive income, net of tax, attributable to non-controlling interests			
7. Total comprehensive income		**754,103,901.66**	733,005,467.70
Total comprehensive income attributable to owners of the parent		**735,638,739.98**	**725,625,078.79**
Total comprehensive income attributable to non-controlling interests		**18,465,161.68**	**7,380,388.91**

The accompanying notes are an integral part of these financial statements

Legal Representative: **Chief Accountant:** **Head of Accounting Department:**

Consolidated Cash Flow Statement

For the year ended 31 December 2019

Prepared by：Ganzhou Urban Investment Holding Group CO.,Ltd. Unit: RMB Yuan

Item	Notes	2019	2018
1. CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash receipts from the sale of goods and the rendering of services		1,531,383,289.69	924,201,418.57
Tax refunds received			
Cash received relating to other operating activities		10,760,927,452.18	16,046,444,631.93
Sub-total of cash inflows		**12,292,310,741.87**	**16,970,646,050.50**
Cash paid for purchase of goods and services		9,741,674,723.11	7,129,700,511.87
Cash paid to and on behalf of employee		133,603,253.45	72,306,838.75
Cash paid for taxes		102,432,716.03	95,176,552.06
Cash paid relating to other operating activities		2,269,396,401.35	9,429,700,104.06
Sub-total of cash outflows		**12,247,107,093.94**	**16,726,884,006.74**
Net cash flows from operating activities		**45,203,647.93**	**243,762,043.76**
2.CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash received from disposal of investments		101,034,073.67	10,000,000.00
Cash received from investment income		11,530,539.26	18,286,911.18
Net proceeds from disposal of property, plant and equipment, intangible assets and other long-term assets			
Cash received from disposal of subsidiaries and other business units			30,532,523.71
Cash received relating to other investing activities		25,000,000.00	1,636,700,000.00
Sub-total of cash inflows		**137,564,612.93**	**1,695,519,434.89**
Purchase of property, plant and equipment, intangible assets and other non-current assets		221,133,101.78	227,332,108.13
Cash paid for investments		1,881,084,750.00	38,000,000.00
Net cash paid for acquisition of a subsidiary and other operating units			
Cash paid relating to other investing activities		3,164,993,656.67	6,510,817,073.67
Sub-total of cash outflows		**5,267,211,508.45**	**6,776,149,181.80**
Net cash flows from investing activities		**-5,129,646,895.52**	**-5,080,629,746.91**
3.Cash flows from financing activities:			
Cash received from investment		726,530,060.39	526,347,254.00
Including: Cash receipts from capital contributions from non-controlling interests of subsidiaries			
Proceeds from borrowings		6,100,420,000.00	12,195,000,000.00
Cash receipts relating to other financing activities		9,351,840,000.00	1,784,005,000.00
Subtotal of cash inflows		**16,178,790,060.39**	**14,505,352,254.00**
Repayments for debts		4,909,530,000.00	9,701,930,000.00
Cash payments for distribution of dividends or profit and interest expenses		2,230,827,275.83	2,101,675,737.56
Including: Dividends or profit paid to non-controlling shareholders of subsidiaries			
Cash payments relating to other financing activities		2,404,835,038.84	4,679,849,069.75
Subtotal of cash outflows		**9,545,192,314.67**	**16,483,454,807.31**
Net cash flows from financing activities		**6,633,597,745.72**	**-1,978,102,553.31**
4. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
5. NET INCREASE IN CASH AND CASH EQUIVALENTS		1,549,154,498.13	-6,814,970,256.46
Add: Cash and cash equivalents at beginning of year		5,492,467,897.75	12,307,327,218.98
6. CASH AND CASH EQUIVALENTS AT END OF YEAR		**7,041,622,395.88**	**5,492,356,962.52**

The accompanying notes are an integral part of these financial statements

Legal Representative: **Chief Accountant:** **Head of Accounting Department:**

Consolidated Statement of Changes in Equity

For the year ended 31 December 2019

Prepared by: Ganzhou Urban Investment Holding Group CO.,Ltd. Unit: RMB Yuan

Item	2019								
	Equity attributable to owners of the parent							Non-controlling interests	Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Subtotal	Others		
1. Balance at the end of previous year	30,000,000,000.00	6,772,907,299.94	30,791,170.00	287,280,175.77	3,822,545,239.13	40,913,523,884.84		1,951,354,977.10	42,864,878,861.94
Changes in accounting policies									
Corrections of prior period errors									
Others									
2. Balance at the beginning of the year	30,000,000,000.00	6,772,907,299.94	30,791,170.00	287,280,175.77	3,822,545,239.13	40,913,523,884.84		1,951,354,977.10	42,864,878,861.94
3. Increase/(decrease) during the period		1,169,682,252.03	11,859,036.21	436,293.68	713,846,246.30	1,895,823,828.22		194,713,605.92	2,090,537,434.14
(1) Total comprehensive income					735,638,739.98	735,638,739.98		18,465,161.68	754,103,901.66
(2) Shareholders' contributions and reduction		1,169,682,252.03				1,169,682,252.03		176,248,444.24	1,345,930,696.27
(i) Shareholders 'contributions in ordinary share								112,600,000.00	112,600,000.00
(ii) Other equity instruments contributions									
(iii) Others		1,169,682,252.03				1,169,682,252.03		63,648,444.24	2,403,012,948.30
(3). Profit distribution				436,293.68	-21,792,493.68	-21,356,200.00			-42,712,400.00
(i) Transfer to surplus reserve				436,293.68	-436,293.68				
(ii) Transfer to general Reserve					-21,356,200.00	-21,356,200.00			-42,712,400.00
(iii)Others									
(4) Transfer within equity									
(i) Capital reserves converted to share capital									
(ii) Surplus reserves converted to share capital									
(iii) Loss made up by surplus reserves									
(iv) Changes in the defined benefit plan transferred to retained earnings									
(v) Others									
(5) Others			11,859,036.21			11,859,036.21			23,718,072.42
4. Balance at the end of the period	30,000,000,000.00	7,942,589,551.97	42,650,206.21	287,716,469.45	4,536,391,485.43	42,809,347,713.06		2,146,068,583.02	44,955,416,296.08

The accompanying notes are an integral part of these financial statements

Legal Representative: **Chief Accountant:** **Head of Accounting Department:**

Consolidated Statement of Changes in Equity(CONTINUED)

For the year ended 31 December 2019

Prepared by：Ganzhou Urban Investment Holding Group CO.,Ltd. Unit: RMB Yuan

Item	2018							
	Equity attributable to owners of the parent						Non-controlling interests	Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Subtotal		
1. Balance at the end of previous year	10,000,000.00	36,380,848,939.88		243,096,480.22	3,156,683,055.89	39,790,628,475.99	1,886,374,710.57	41,677,003,186.56
Changes in accounting policies								
Corrections of prior period errors								
Others								
2. Balance at the beginning of the year	10,000,000.00	36,380,848,939.88		243,096,480.22	3,156,683,055.89	39,790,628,475.99	1,886,374,710.57	41,677,003,186.56
3. Increase/(decrease) during the period	29,990,000,000.00	-29,607,941,639.94	30,791,170.00	44,183,695.55	665,862,183.24	1,122,895,408.85	64,980,266.53	1,187,875,675.38
(1) Total comprehensive income					725,625,078.79	725,625,078.79	7,380,388.91	733,005,467.70
(2) Shareholders' contributions and reduction	29,990,000,000.00	-29,801,063,253.01				188,936,746.99	57,599,877.62	246,536,624.61
(i) Shareholders 'contributions in ordinary share	29,990,000,000.00	-29,801,063,253.01				188,936,746.99		188,936,746.99
(ii) Other equity instruments contributions								
(iii) Others							57,599,877.62	57,599,877.62
(3). Profit distribution		193,121,613.07		44,183,695.55	-59,762,895.55	177,542,413.07		177,542,413.07
(i) Transfer to surplus reserve				44,183,695.55	-44,183,695.55			
(ii) Transfer to general Reserve					-15,579,200.00	-15,579,200.00		-15,579,200.00
(iii)Others		193,121,613.07				193,121,613.07		193,121,613.07
(4) Transfer within equity								
(i) Capital reserves converted to share capital								
(ii) Surplus reserves converted to share capital								
(iii) Loss made up by surplus reserves								
(iv) Changes in the defined benefit plan transferred to retained earnings								
(v) Others								
(5) Others			30,791,170.00			30,791,170.00		61,582,340.00
4. Balance at the end of the period	30,000,000,000.00	6,772,907,299.94	30,791,170.00	287,280,175.77	3,822,545,239.13	40,913,523,884.84	1,951,354,977.10	42,864,878,861.94

The accompanying notes are an integral part of these financial statements

Legal Representative: **Chief Accountant:** **Head of Accounting Department:**

Parent Company Balance Sheet

31 December 2019

Prepared by: Ganzhou Urban Investment Holding Group CO.,Ltd. Unit: RMB Yuan

Item	Notes	31 December 2019	31 December 2018
CURRENT ASSETS:			
Cash and Cash equivalents		12,355,890.59	6,034,180.69
Financial assets at fair value through profit or loss			
Derivative financial assets			
Notes receivable			
Accounts receivable			
Prepayments		1,508,445.99	1,508,445.99
Other receivables	1	4,356,311,805.44	581,696,775.78
Inventories		153,349,450.63	149,006,071.35
Assets classified as held for sale			
Current portion of non-current assets			
Other current assets			
Total current assets		**4,523,525,592.65**	**738,245,473.81**
NON-CURRENT ASSETS:			
Available-for-sale financial assets			
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments	2	41,376,784,326.23	39,892,274,326.23
Investment properties		112,870,000.00	108,419,803.00
Fixed assets		9,502.60	9,502.60
Construction in progress			
Intangible assets			
Goodwill			
Long-term prepaid expenses			
Deferred tax assets		18,224.51	7,907.08
Other non-current assets			
Total non-current assets		**41,489,682,053.34**	**40,000,711,538.91**
Total assets		**46,013,207,645.99**	**40,738,957,012.72**

The accompanying notes are an integral part of these financial statements

Legal Representative: **Chief Accountant:** **Head of Accounting Department:**

Parent Company Balance Sheet(CONTINUED)

31 December 2019

Prepared by：Ganzhou Urban Investment Holding Group CO.,Ltd. Unit: RMB Yuan

Item	Notes	31 December 2019	31 December 2018
Current liabilities:			
Short-term borrowings		200,000,000.00	
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Accounts payable			
Accounts payable			
Receipts in advance			
Payroll and employee benefits payable		1,410,824.13	114,560.69
Taxes payable		41,443,468.93	41,355,528.70
Other payables		5,939,944,450.02	872,954,062.28
Liabilities classified as held for sale			
Current portion of non-current liabilities			
Other current liabilities			
Total current liabilities		**6,182,798,743.08**	**914,424,151.67**
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Long-term payable			
Provisions			
Deferred income			
Deferred tax liabilities		9,210,897.52	
Other non-current liabilities			
Total non-current liabilities		**9,210,897.52**	
Total liabilities		**6,192,009,640.60**	**914,424,151.67**
SHAREHOLDERS' EQUITY:			
Paid-in capital		30,000,000,000.00	30,000,000,000.00
Other equity instruments			
Capital reserve		9,672,274,326.23	9,672,274,326.23
Other comprehensive income		23,093,377.50	30,791,170.00
Surplus reserve		436,293.68	
Retained earnings		125,394,007.98	121,467,364.82
Total shareholders' equity		**39,821,198,005.39**	**39,824,532,861.05**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**46,013,207,645.99**	**40,738,957,012.72**

The accompanying notes are an integral part of these financial statements

Legal Representative: **Chief Accountant:** **Head of Accounting Department:**

Parent Company Income Statement

For the year ended 31 December 2019

Prepared by：Ganzhou Urban Investment Holding Group CO.,Ltd. Unit: RMB Yuan

Item	Notes	2019	2018
1. Total revenue	3	**340,219.07**	**8,171,313.27**
Less: Total cost of sales	3	234,322.99	6,790,130.14
Taxes and surcharges		362,204.68	714,861.30
Selling expenses			
General and administrative expenses		8,798,511.98	1,089,701.86
Financial expenses		-400,466.62	-119,353.23
Including: Interest expense			
Interest income		-415,972.21	-120,780.23
Add: Other income		10,000,000.00	
Investment income/(loss)			
Including: Share of profits or loss of associates and joint ventures			
Gain/ (loss) on the changes in fair value		4,450,197.00	3,436,612.00
Credit impairment losses		-41,269.74	-22,126.94
Gain/ (loss) from disposal of assets			
2. Operating profit		**5,754,573.30**	**3,110,458.26**
Add: Non-operating income		131,151.13	524.26
Less: Non-operating expenses		20,000.00	3,299.20
3. Profit/(loss) before tax		**5,865,724.43**	**3,107,683.32**
Less: Income tax expense		1,502,787.59	-5,531.74
4. Net profit /(loss)		**4,362,936.84**	**3,113,215.06**
(1) Net profit from continuing operations			
(2) Net profit from discontinuing operations			
5. Other comprehensive income, net of tax			
(1) Other comprehensive income that will not be reclassified to profit or loss			
1.Remeasurement gains or losses of a defined benefit plan			
2.Other comprehensive income using the equity method that will not be reclassified to profit or loss			
(2) Other comprehensive income to be reclassified to profit or loss			
1.Other comprehensive income that can be reclassified to profit or loss in equity method			
2.Change in the fair value of available-for-sale financial assets			
3.Reclassification of held-to-maturity investments as available-for-sale financial assets			
4.Others			
6. Total comprehensive income		**4,362,936.84**	**3,113,215.06**

The accompanying notes are an integral part of these financial statements

Legal Representative: **Chief Accountant:** **Head of Accounting Department:**

Parent Company Cash Flow Statement

For the year ended 31 December 2019

Prepared by：Ganzhou Urban Investment Holding Group CO.,Ltd. Unit: RMB Yuan

Item	Notes	2019	2018
1. CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash receipts from the sale of goods and the rendering of services			
Tax refunds received			
Cash received relating to other operating activities		7,251,428,811.65	525,052,710.54
Sub-total of cash inflows		**7,251,428,811.65**	**525,052,710.54**
Cash paid for purchase of goods and services		4,369,178.28	310,141.55
Cash paid to and on behalf of employee		6,821,675.66	708,160.37
Cash paid for taxes		434,316.05	1,854,373.55
Cash paid relating to other operating activities		5,948,971,931.76	299,725,948.97
Sub-total of cash outflows		**5,960,597,101.75**	**302,598,624.44**
Net cash flows from operating activities		**1,290,831,709.90**	**222,454,086.10**
2.CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash received from disposal of investments			
Cash received from investment income			
Net proceeds from disposal of property, plant and equipment, intangible assets and other long-term assets			
Cash paid relating to other investing activities			
Sub-total of cash inflows			
Purchase of property, plant and equipment, intangible assets and other non-current assets			
Cash paid for investments		1,484,510,000.00	230,000,000.00
Cash paid relating to other investing activities			
Sub-total of cash outflows		**1,484,510,000.00**	**230,000,000.00**
Net cash flows from investing activities		**-1,484,510,000.00**	**-230,000,000.00**
3.Cash flows from financing activities:			
Cash received from investment			
Proceeds from borrowings		200,000,000.00	
Cash receipts relating to other financing activities			130,000,000.00
Subtotal of cash inflows		**200,000,000.00**	**130,000,000.00**
Repayments for debts			130,000,000.00
Cash payments for distribution of dividends or profit and interest expenses			
Cash payments relating to other financing activities			
Subtotal of cash outflows			**130,000,000.00**
Net cash flows from financing activities		**200,000,000.00**	
4. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
5. NET INCREASE IN CASH AND CASH EQUIVALENTS		6,321,709.90	-7,545,913.90
Add: Cash and cash equivalents at beginning of year		6,034,180.69	13,580,094.59
6. CASH AND CASH EQUIVALENTS AT END OF YEAR		**12,355,890.59**	**6,034,180.69**

The accompanying notes are an integral part of these financial statements

Legal Representative: **Chief Accountant:** **Head of Accounting Department:**

Parent Company Statement of Changes in Equity

For the year ended 31 December 2019

Prepared by: Ganzhou Urban Investment Holding Group CO.,Ltd.

Unit: RMB Yuan

Item	2019					
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Total shareholders' equity
1. Balance at the end of previous year	30,000,000,000.00	9,672,274,326.23	30,791,170.00		121,467,364.82	**39,824,532,861.05**
Changes in accounting policies						
Corrections of prior period errors						
Others						
2. Balance at the beginning of the year	30,000,000,000.00	9,672,274,326.23	30,791,170.00		121,467,364.82	**39,824,532,861.05**
3. Increase/(decrease) during the period			-7,697,792.50	436,293.68	3,926,643.16	**-3,334,855.66**
(1) Total comprehensive income					4,362,936.84	**4,362,936.84**
(2) Shareholders' contributions and reduction						
(i)Shareholders' contributions in ordinary share						
(ii)Other equity instruments contributions						
(iii) Others						
(3). Profit distribution				436,293.68	-436,293.68	
(i) Transfer to surplus reserve				436,293.68	-436,293.68	
(ii) Distribution to shareholders						
(iii) Others						
(4) Transfer within equity						
(i) Capital reserves converted to share capital						
(ii) Surplus reserves converted to share capital						
(iii) Loss made up by surplus reserves						
(iv) Changes in the defined benefit plan transferred to retained earnings						
(v) Others						
(5) Others			-7,697,792.50			**-7,697,792.50**
4. Balance at the end of the period	30,000,000,000.00	9,672,274,326.23	23,093,377.50	436,293.68	125,394,007.98	**39,821,198,005.39**

The accompanying notes are an integral part of these financial statements

Legal Representative: **Chief Accountant:** **Head of Accounting Department:**

Parent Company Statement of Changes in Equity(CONTINUED)

For the year ended 31 December 2019

Prepared by: Ganzhou Urban Investment Holding Group CO.,Ltd. Unit: RMB Yuan

Item	2018					
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Retained earnings	Total shareholders' equity
1. Balance at the end of previous year	10,000,000.00				118,354,149.76	**128,354,149.76**
Changes in accounting policies						
Corrections of prior period errors						
Others						
2. Balance at the beginning of the year	10,000,000.00				118,354,149.76	**128,354,149.76**
3. Increase/(decrease) during the period	29,990,000,000.00	9,672,274,326.23	30,791,170.00		3,113,215.06	**39,696,178,711.29**
(1) Total comprehensive income					3,113,215.06	**3,113,215.06**
(2) Shareholders' contributions and reduction	29,990,000,000.00	9,672,274,326.23				**39,662,274,326.23**
(i)Shareholders' contributions in ordinary share	29,990,000,000.00	9,672,274,326.23				**39,662,274,326.23**
(ii)Other equity instruments contributions						
(iii) Others						
(3). Profit distribution						
(i) Transfer to surplus reserve						
(ii) Distribution to shareholders						
(iii) Others						
(4) Transfer within equity						
(i) Capital reserves converted to share capital						
(ii) Surplus reserves converted to share capital						
(iii) Loss made up by surplus reserves						
(iv) Changes in the defined benefit plan transferred to retained earnings						
(v) Others						
(5) Others			30,791,170.00			**30,791,170.00**
4. Balance at the end of the period	30,000,000,000.00	9,672,274,326.23	30,791,170.00		121,467,364.82	**39,824,532,861.05**

The accompanying notes are an integral part of these financial statements

Legal Representative: **Chief Accountant:** **Head of Accounting Department:**

Ganzhou Urban Investment Holding Group Co., Ltd.

Notes to the Financial Statement for the Year 2019

(The unit of amount shall be RMB yuan unless otherwise specified)

I.General Information

1**. Registered Place and Organizational Form of the Company**

Ganzhou Urban Investment Holding Group CO.,Ltd. (hereinafter referred to as 'the Company' or 'the Group' if including subsidiaries) was established in Ganzhou on 14 February 2009, founded by Ganzhou Urban Development and Investment Group Co., Ltd. (hereinafter referred to as Urban Development Group) with registered capital RMB 10,000,000.00. Upon resolution of the shareholders' meeting of Urban Development Group, Urban Development Group transferred 100% of the equity to Ganzhou Zhenxing Industrial Co., Ltd.

In 2018, for the purpose to finish corporation of state-owned at the city level, Ganzhou Zhenxing Industrial Co., Ltd. transferred 100% of the equity to Urban Development Group. Finally, the equity was transferred to Ganzhou Development Investment Holding Group Co., Ltd. with its' registered capital raised to RMB 30,000,000,000.00 with approval of local Market Supervision and Administration Bureau in September 2018.

2. **Main Business Activities**

Main business activities: city infrastructure investment, construction, operation and management; investment in land development and operation; enterprise project investment and management; investment in ecological and environmental projects, building materials trade and investment; smart city investment, construction and operation (the project mentioned above should not involve absorb deposits, raise funds and receive payments and authorize loans and so on which belongs to State finance, securities, futures and financial credit business)

3. **Scope of Consolidation**

The scope of the consolidated financial statement of the Group includes 44 companies. For more details of the subsidiaries, please refer to Note 7. Changes in Consolidation Scope.

II. Basis of Preparation of Financial Statement

1. Basis of Preparation

Based on the going-concern assumption, the consolidated financial statement of the Group have been prepared in accordance with Accounting Standards for Business Enterprises and their application guidelines ,interpretations and other relevant provisions (collectively referred to as "Accounting Standards for Business Enterprises") issued by the Ministry of Finance based on the actual transactions and matters.

In accordance with the relevant provisions of Accounting Standards for Business Enterprises, the Company's accounting is based on an accrual basis. These financial statement are based on historical cost except some financial instruments and investment real estate. If evidences showing the impairment of the assets , the related devalued allowance should be prepared.

2. Going-concern Assumption

The normal operating cycle refers to the period between the Company's purchase of assets for processing and the realization of cash or cash equivalents.The Company takes 12 months as an operating cycle and takes it as the standard for the classification of liquidity of assets and liabilities.

III. Declaration on the compliance with Accounting Standards for Business Enterprises

The financial statement have been prepared by the Group in accordance with the Accounting Standards for Business Enterprises, representing a true and fair presentation of the Company’s and the Group’s and financial position in December 31st 2019 and of the operating results and cash flows and other relevant information in 2019.

IV. Significant Accounting Policies and Accounting Estimates

The Company and its subsidiaries are mainly engaged in municipal infrastructure construction, affordable rental housing construction and management, concrete production and sales, real estate development and construction, planning and design services and other business activities. According to the characteristics of actual production and operation, the Company and its subsidiaries have formulated a number of specific accounting policies and estimates for transactions and events such as revenue recognition according to the relevant provisions of Accounting Standards for Business Enterprises. For more details, please refer to article 20 “Operating Income” in Section IV. As for the statement of significant accounting judgments and estimates,. please refer to article 25 “ Significant Accounting Judgments and Estimates” in Section IV of the Notes.

1. Accounting Period

The Company's accounting period is divided into annual and interim accounting period. Interim accounting period refers to the reporting period shorter than a complete fiscal year. The Company's accounting period is from 1st January to 31st December.

2. Operating Cycle

The normal operating cycle refers to the period between the Company's purchase of assets for processing and the realization of cash or cash equivalents. The operating cycle of the Company is 12 months and it is taken as the classification standard for the liquidity of assets and liabilities.

3. Functional Currency

RMB is used as the functional currency.

4. Accounting Treatment for Business Combination under Common Control and Not under Common Control

A business merger is a transaction or event in which two or more separate businesses are merged into a single reporting entity. Merger of enterprises can be divided into merger under the common control and merger not under common control.

(1) Accounting Treatment for Business Combination under Common Control

Before and after the merger, the enterprises participating in the merger are under the final control of the same party or the same parties, and the control is not temporary, it is the enterprise merger under common control. In the case of a business combination under common control, the party that obtains the control right of the other participating enterprises on the merger date shall be the merging party, and the other participating enterprises shall be the merged party. The date of merger refers to the date on which the merging party actually acquires the control right of the merged party.

The assets and liabilities acquired by the merging party are measured at the book value of the merged party on the merger date.The capital reserve shall be adjusted according to the difference between the the book value of the net assets acquired and the book value of the paid consideration; if the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

The direct expenses paid by the merged parties incurred in the business merger shall be recorded into the current profit and loss when incurred.

（2）Accounting treatment for business combination not under common control

If the enterprises participating in the merger are not under the final control of the same party or the same parties before and after the merger, it is an enterprise merger not under common control. In the case of an enterprise merger not under the same control, the party that acquires the control right of the other enterprises participating in the merger on the purchase date is the purchaser, and the other enterprises participating in the merger are the acquiree. The term "purchase date" refers to the date on which the purchaser actually acquires the control right of the purchaser.

For a business merger not under common control, the merger cost is the sum of the fair value of the Group's cash or non-cash assets, issued or assumed liabilities, issued equity securities, etc. paid by the Group on the purchase date to acquire the control of the acquire, as well as intermediary expenses such as audit, legal service, evaluation and consultation and other management expenses incurred in the enterprise merger, which are recorded into the current profit and loss when incurred. The transaction costs of equity or debt securities issued by the purchaser as consideration for the merger shall be included in the initial recognized amount of equity or debt securities. The contingent consideration involved is included in the consolidation cost at its fair value on the purchase date. If new or further evidence of the conditions existing on the purchase date arises within 12 months after the purchase date and necessitates an adjustment or consideration, the consolidated goodwill shall be adjusted accordingly. The difference between the merger cost for the acquiree on the purchase date and the share of the identifiable net assets of the acquiree acquired by the purchaser is recognized as goodwill. If the merger cost is less than the share of the fair value of the identifiable net assets acquired by the purchaser in the merger, the fair value of the acquired identifiable assets, liabilities and contingent liabilities and the measurement of the merger cost are firstly reviewed. If after the review, the merger cost is still less than the share of the fair value of the identifiable net assets acquired by the purchaser in the merger, the difference shall be accounted into non-operating income for the current period.

The acquirer obtains the acquiree deductible temporary differences, on the acquisition date by does not meet the requirements for the deferred income tax assets confirmation and did not confirm, within 12 months after purchase, such as new or further information suggests that the related situation already exists on the acquisition, expected to be the acquirer in the deductible temporary differences on the acquisition of the economic benefits can be achieved, The relevant deferred income tax assets are recognized and the goodwill is reduced at the same time. If the goodwill is insufficient to be written down, the difference is recognized as the profit and loss of the current period. In addition to the above circumstances, the recognition of the deferred income tax assets related to the enterprise merger shall be recorded into the current profit and loss.

Trade through the multiple step by step implementation of the business combination not under the same control, according to the Treasury about notice issued by the accounting standards for enterprises account for 5 (finance and accounting) [2012] No. 19 and the accounting standards for enterprises No. 33 - consolidated financial statement, article 51 of "package" criterion (see note 4, 5 (2)), Determine whether the multiple transactions are a "package deal". For a "package transaction", refer to the description in the preceding paragraphs of this section and the "long-term equity investment" in this Note IV, 11; If it does not belong to "package transaction", separate individual financial statement and consolidated financial statement for relevant accounting treatment:

In individual financial statement, the sum of the book value of the equity investment held by the purchaser before the purchase date and the cost of the newly added investment on the purchase date is taken as the initial investment cost of the investment; Where other comprehensive income is involved in the equity of the Purchaser held prior to the Purchase Date, the other comprehensive income related thereto will be accounted for at the disposal of the investment on the same basis as the direct disposal of the related assets or liabilities by the Purchaser (i.e., Except for the corresponding share of the change caused by the re-measurement of the net liabilities or net assets of the benefit plan by the purchaser according to the equity method, the rest is transferred to the current investment income.)

In the consolidated financial statement, the equity held by the purchaser before the purchase date shall be re-measured according to the fair value of the equity on the purchase date, and the difference between the fair value and the book value shall be recorded into the current investment income; If the equity of the purchaser held before the purchase date involves other comprehensive income, the other comprehensive income related thereto shall be accounted for on the same basis as the relevant assets or liabilities directly disposed of by the purchaser(i.e., except for the corresponding share of the change resulting from the re-measurement of the net liabilities or net assets of the benefit plan by the Purchaser under the equity method, the rest is converted to the current investment income at the purchase date).

5. Preparation of Consolidated Financial Statement

（1）Principles for determining the scope of consolidated financial statement

The consolidated scope of the consolidated financial statement is determined on a control basis. Control means that the Company has the right over the investee, enjoys variable returns through participating in relevant activities of the investee, and has the ability to influence the amount of such returns by using the power over the investee. The scope of the merger includes the Company and all of its subsidiaries. Subsidiary refers to the subject controlled by the company.

When changes in relevant facts and circumstances cause changes in the relevant elements of the control definition described above, revaluation should be carried out.

（2）Preparation of consolidated financial statement

From the date of acquiring the net assets and effective control of the production and operation decisions of the subsidiary, the Company shall begin to incorporate it into the scope of merger; cease to be incorporated into the scope of amalgamation from the date of loss of actual control right. For the disposal subsidiary, the operating results and cash flows prior to the Disposal date have been appropriately included in the consolidated income statement and consolidated cash flow statement; the beginning of the consolidated balance sheet shall not be adjusted for the subsidiaries disposed of in the current period. The operating results and cash flows of the subsidiaries added by the combination of enterprises under different control have been properly included in the consolidated income statement and consolidated cash flow statement after the purchase, and the beginning and comparison figures of the consolidated financial statement are not adjusted. The operating results and cash flows of the subsidiaries increased by the business combination under the same control from the beginning of the current period to the consolidation date have been properly included in the consolidated income statement and consolidated cash flow statement, and the comparison of the consolidated financial statement has been adjusted at the same time

When preparing the consolidated financial statement, if the subsidiary’s accounting policies or accounting period is not consistent with the Company, the financial statement of the subsidiaries shall be adjusted based on the Company’s accounting policies or accounting period. When preparing consolidated financial statement, it shall adjust the financial statement of subsidiaries on the basis of the fair values of the identifiable assets, liabilities and contingent liabilities determined on the acquisition date.

All major intra-group transactions, receivables and payables, and unrealized profits within the scope of the consolidation are eliminated in full at the time of preparation of the consolidated financial statement.

The share of the owner's equity of a subsidiary that does not belong to the parent company and the current net profit or loss, other comprehensive income and the share of the total comprehensive income that belongs to the minority shareholders' equity shall be listed as minority interests, non-controlling interest and other comprehensive income attributable to non-controlling interest and total comprehensive income attributable to non-controlling interest in the consolidated financial statement. The loss shared by the minority shareholders of the subsidiary exceeds the minority shareholders' share in the initial shareholders' equity of the subsidiary, which still reduces the equity of several shareholders.

When the Group disposes part of the equity investment and lose control of the entity, when preparing the consolidated financial statement, the Group shall re-measure the fair value of the remaining equity investment subsequent to the disposal at the date when the Group lost control. The difference between the sum of the consideration obtained from the disposal of equity and the fair value of the remaining equity, less the share of the net assets of the original subsidiary calculated continuously from the date of purchase or merger calculated according to the original shareholding ratio, shall be included in the investment income for the current period when the control right is lost, and the goodwill shall be offset at the same time. Other comprehensive income related to the equity investment of the original subsidiary shall be recognized in investment income when the control right is lost. Subsequently, the residual equity shall be measured in accordance with the relevant provisions of the Accounting Standards for Business Enterprises No. 2 - Long-term Equity Investments or the Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments, as detailed in Note IV, 11, "Long-term Equity Investments" or Note IV, 8, "Financial Instruments".

For long-term equity investment in a subsidiary disposed step by step through multiple transactions until losing control right, it is necessary to judge if the disposal of the equity investment in the subsidiary until the loss of control of the transaction is a package transaction. The terms, conditions and economic impact of the transactions in respect of the equity investments in the Subsidiaries are subject to one or more of the following conditions, which normally indicate that multiple transaction matters should be accounted for as a package transaction: ①the transactions were entered into simultaneously or with regard to their mutual influence; ②These transactions as a whole are needed to achieve a complete commercial outcome; ③The occurrence of one transaction depends on the occurrence of at least one other transaction; ④A transaction is not economical when viewed alone, but it is economical when considered together with other transactions. If it is not a package transaction, the long-term equity investment in the subsidiaries shall be partially disposed of as appropriate "without loss of control" for each transaction"(for more details, please refer to NOTE IV,11（2）④" and "loss of control over the original subsidiary due to the disposal of part of the equity investment or other reasons" (as the former section referred). For long-term equity investment in a subsidiary disposed step by step through multiple transactions until losing control right and it is a "package deal", accounting treatment shall be carried out for each transaction as one transaction that disposes subsidiaries and loses control. However, before the loss of control, the difference between each disposal price and the share of the subsidiary's net assets corresponding to the disposal investment shall be recognized as other comprehensive income in the consolidated financial statement, which shall be recognized in profit or loss when losing control.

6. Category of joint arrangements and accounting treatment of joint operations

A joint arrangement refers to an arrangement under the joint control of two or more participants. According to the rights and obligations the company enjoys in the joint venture arrangement, the joint venture arrangement is divided into joint operation and joint venture. Joint operation refers to a joint venture arrangement in which the Company enjoys the assets related to the arrangement and bears the liabilities related to the arrangement. The term "joint venture" refers to a joint venture arrangement in which the Company has rights only to the net assets of such arrangement.

The Company's investment in Joint Venture shall be accounted for by the equity method and shall be treated in accordance with the accounting policies stated in Note IV, 11 (2) ② "Long-term equity investment accounted for by the equity method".

The Company, as the joint venture party in the joint operation, recognizes the assets held separately and the liabilities assumed, as well as the assets held and liabilities assumed by shares; recognizes the proceeds arising from the sale of the Company's share of the joint business output; recognizes the revenue generated from the sale of the output of the joint venture in accordance with the Company's share; recognizes the expenses incurred by the company separately and the expenses incurred by joint operation according to the share of the company.

When the Company invests or sells assets (the assets do not constitute a business, the same below) as part of the joint venture, or purchases assets from the joint venture, the Company will only recognize the portion of the gains and losses arising from the transaction attributable to the other parties in the joint venture prior to the sale of such assets to a third party. If such assets suffer impairment losses in accordance with the Accounting Standards for Business Enterprises No. 8 - Impair of Assets, the Company shall fully recognize such losses in the case of the investment or sale of assets by the Company to the joint operation; In the case of the purchase of assets by the Company from the joint operation, the Company shall recognize such loss according to the share it bears.

7. Cash and cash equivalents

The Company's cash and cash equivalents include cash on hand, deposits readily available for payment, and investments with short holding period (generally less than 3 months), and highly liquidity that are readily convertible to known amounts of cash and are subject to insignificant risk of change in value.

8. Financial instruments

Recognize a financial asset or financial liability when the Company becomes a party to a financial instrument contract. Financial assets and financial liabilities are measured at fair value at the time of initial recognition.

For financial assets and financial liabilities that are measured at fair value and whose changes are recorded into the current profit and loss, the relevant transaction costs are directly recorded into the profit and loss; For other categories of financial assets and financial liabilities, related transaction costs are included in the initial recognition amount.

（1）Method for determining the fair value of financial assets and financial liabilities

Fair value refers to the price that market participants can receive or transfer a liability when selling an asset in an orderly transaction occurring on the measurement date.The Company measures the fair value of financial assets and financial liabilities at the price of the main market, or in the absence of a major market, at the price of the most favorable market, and adopts the valuation technology that is applicable at the time and has sufficient available data and other information to support it.The input value used by the fair value measurement is divided into three levels, that is, the input value of the first level is the unadjusted quotation of the same assets or liabilities in the active market that can be obtained on the measurement day; The input value of the second level is the directly or indirectly observable input value of related assets or liabilities except the input value of the first level. The third level input value is the unobservable input value of the related asset or liability.The first level input value is preferred by the company, and the third level input value is used finally. The level to which the fair value measurement result belongs is determined by the lowest level to which the input value of great significance to the fair value measurement as a whole belongs.

（2）Classification, recognition and measurement of financial assets

Trading financial assets in a conventional way, accounting recognition and termination recognition on a daily basis. At the time of initial recognition, financial assets are divided into financial assets measured at fair value and whose changes are recorded into current profits and losses, hold-to-maturity investments, loans and receivables, and financial assets available for sale.

① Financial assets measured at fair value and the changes recorded in current profits and losses

Includes trading financial assets and financial assets designated as measured at fair value and whose changes are recorded into current profits and losses

Tradable financial assets refer to financial assets that meet one of the following conditions:A.The purpose of acquiring the financial asset is to sell it in the near future;B it is part of a centrally managed identifiable portfolio of financial instruments, and there is objective evidence that the Company has recently managed the portfolio in a short-term profit-making manner;C With respect to derivative instruments, however, derivatives which are designated and are effective hedging instruments, derivatives which belong to financial security contracts, derivatives linked to equity instrument investments which are not quoted in the active market and whose fair value cannot be measured reliably, and which must be settled through delivery of the equity instrument are excluded.

Financial assets that meet one of the following conditions can be designated as financial assets that are measured at fair value and whose changes are recorded into current profits and losses at the time of initial recognition:A.This designation may eliminate or significantly reduce inconsistencies in the recognition or measurement of relevant gains or losses caused by different measurement bases of the financial assets. B. As stated in the official written documents of the risk management or investment strategy of the Company, the portfolio of financial assets or the portfolio of financial assets and financial liabilities where the financial asset is located shall be managed, evaluated and reported to key managers on the basis of fair value.

Financial assets measured at fair value and whose changes are included in current profits and losses are subsequently measured at fair value. Gain or loss caused by changes in fair value as well as dividends and interest income related to such financial assets are included in current profits and losses.

② Hold to maturity investment

Hold to maturity investment refers to the non-derivative financial assets with a fixed maturity date, a fixed or definable recovery amount, and the Company has a clear intention and ability to hold them to maturity.

Hand-to-maturity investment adopts the effective interest rate method and carries out subsequent measurement according to the amortized cost. Gain or loss arising from termination of recognition, impairment or amortization is recorded into the current profit and loss.

The effective interest rate method refers to the method of calculating the amortized cost and the interest income or expenditure of each period according to the real interest rate of a financial asset or financial liability (including a group of financial assets or financial liabilities). The effective interest rate refers to the interest rate used to discount the future cash flow of a financial asset or financial liability into the current carrying value of the financial asset or financial liability during the expected duration or the shorter period where applicable.

When calculating the real interest rate, the company will be deemed a financial asset or financial liability all the terms of the contract on the basis of the expected future cash flow (not considering the future credit losses), at the same time will also deem a financial asset or financial liability contract between parties part payment or collection of, belongs to the real interest rate in all kinds of fees, transaction fees and discount or premium and so on.

③ Loans and receivables

Loans and receivables are non-derivative financial assets that are not quoted in an active market and have a fixed or determinable recovery amount. The Company's financial assets classified as loans and receivables include notes receivable, accounts receivable, interest receivable, dividends receivable and other receivables

Loans and receivables are subsequently measured at the amortized cost using the effective interest rate method. Gains or losses arising from termination of recognition, impairment or amortization are recorded into current profits and losses.

④ Financial assets available for sale

It includes non-derivative financial assets that are designated as available for sale at the time of initial recognition, and financial assets other than financial assets measured at fair value and whose changes are recorded in current profits and losses, loans and receivables, and investments held to maturity.

The ending cost of the investment in the sale of debt instruments shall be determined according to the amortized cost method, that is, the initial recognized amount less the repaid principal, plus or minus the accumulated amortization amount resulting from the amortization of the difference between the initial recognized amount and the maturity amount by the effective interest rate method, and the amount after deducting the impairment loss incurred. The ending cost of an equity instrument investment available for sale is its initial acquisition cost.

Available for sale financial assets using follow-up measurement of fair value, formed on the changes in the fair value of the profit or loss, in addition to the impairment loss and foreign currency financial assets amortized cost related exchange balance recorded into the profits and losses of the current, identified as other comprehensive income, in the end of the financial asset confirmation roll-out, included in the current profits and losses. However, equity instrument investment without quotation in the active market and its fair value cannot be reliably measured, as well as the derivative financial assets linked to the equity instrument and which must be delivered to the equity instrument for settlement, shall be subsequently measured according to cost.

The interest obtained during the holding period of the financial asset available for sale and the cash dividend declared to be paid by the invested entity shall be included in the investment income.

（3）Finance Assets Devalue

Except for financial assets measured at fair value and whose changes are recorded into current profits and losses, the Company inspects the book value of other financial assets and assets on each balance sheet date. If there is objective evidence that financial assets are impaired, provision for impairment shall be drawn.

The Company shall conduct separate impairment tests on financial assets with a single item of significant amount; For financial assets with no significant amount in a single item, the impairment test shall be carried out separately or included in the portfolio of financial assets with similar credit risk characteristics. Separate testing of financial assets without impairment (including financial assets with single significant amount and non-significant amount), including further impairment testing of financial assets with similar credit risk characteristics in the portfolio. The financial assets for which the impairment loss has been recognized separately shall not be included in the impairment test for the financial assets portfolio with similar credit risk characteristics.

① Hold to maturity investment, Loans and receivables Devalue

The book value of financial assets measured at cost or amortized cost is written down to the present value of the expected future cash flow, and the amount of writedown is recognized as an impairment loss and recorded into the current profit and loss.Financial assets after confirm the impairment loss, if there is any objective evidence that the financial asset value has been restored, and objectively related to confirm the loss occurred after items, confirm the impairment loss be turned back, the book value of the return of financial assets impairment loss after no more than assumed without provision for impairment of the financial asset return on the day of the amortized cost.

② Impairment of financial assets available for sale

When the decline in the fair value of the equity instrument investment available for sale is judged to be serious or non-temporary by integrating relevant factors, it indicates that the equity instrument investment available for sale is impaired. Among them, "severe decline" refers to the cumulative decline in fair value of more than 20%; "Other than temporary decline" refers to a continuous decline in fair value over 12 months.

Available for sale financial assets impairment occurs, the original plan for fair value in other comprehensive income by forming the cumulative losses shall be transferred out and recorded into the profits and losses of the current, the initial roll-out of cumulative losses for the assets already withdraw the principal and already amortized cost deducted, the current fair value and the original has been included in the balance of the profit and loss of the impairment loss.

After confirm the impairment loss, if there is any objective evidence that the financial asset after the value has been restored, and objectively related to confirm the loss occurred after items, confirm the impairment loss be turned back, to sell equity instrument investment return impairment loss recognized as other comprehensive income, available for sale debt instruments of impairment losses back into the profits and losses of the current period.

Investments in equity instruments which are not quoted in the active market and whose fair value cannot be reliably measured, or the impairment losses of derivative financial assets linked to the equity instruments which must be settled through delivery of the equity instruments, shall not be rolled back.

（4）The recognition basis and measurement method of financial asset transfer

The recognition of financial assets shall be terminated if one of the following conditions is satisfied: ①The contractual right to receive the cash flow of the financial asset terminates;② the financial asset has been transferred, and almost all the risks and rewards of the ownership of the financial asset have been transferred to the transferee; ③ The financial asset has been transferred. Although the enterprise has neither transferred nor retained almost all the risks and rewards of the ownership of the financial asset, it has given up its control over the financial asset.

If the enterprise neither transfers nor retains almost all the risks and rewards of the ownership of the financial asset, nor gives up its control over the financial asset, the relevant financial asset shall be recognized according to the degree of its continuing involvement in the transferred financial asset, and the relevant liabilities shall be recognized accordingly. The degree of continued involvement in the transferred financial asset refers to the level of risk faced by the enterprise by changes in the value of the financial asset.

If the overall transfer of a financial asset meets the conditions for termination of recognition, the difference between the book value of the transferred financial asset and the consideration received as a result of the transfer and the sum of the accumulated amount of changes in the fair value originally recorded in other comprehensive income shall be recorded in the current profit and loss.

If partial transfer of financial assets meets the conditions for termination of recognition, the book value of the transferred financial assets shall be apportioned between the parts with termination of recognition and those without termination of recognition according to their relative fair value. And the sum of the consideration received due to the transfer and the accumulated amount of fair value change that should be apportioned to the part of termination recognition and originally booked into other comprehensive income and the difference between the apportioned book amount mentioned above shall be recorded into the current profit and loss.

The Company shall determine whether almost all the risks and rewards of the ownership of the financial assets have been transferred with respect to the sale of the financial assets with recourse or endorsement transfer of the financial assets it holds. Where almost all the risks and rewards of the ownership of the financial asset have been transferred to the transferee, the recognition of the financial asset shall be terminated; If almost all the risks and rewards of the ownership of a financial asset have been retained, the recognition of the financial asset shall not be terminated; If almost all the risks and rewards of the ownership of a financial asset have not been transferred or retained, it shall continue to determine whether the firm retains control over the asset and conduct accounting treatment according to the principles described in the preceding paragraphs.

（5）Classification and measurement of financial liabilities

At the time of initial recognition, financial liabilities are divided into financial liabilities which are measured at fair value and whose changes are recorded into current profits and losses and other financial liabilities. The financial liabilities initially recognized shall be measured at fair value. For the financial liabilities measured at fair value and the changes recorded in the current profit and loss, the relevant transaction costs are directly recorded in the current profit and loss; For other financial liabilities, the relevant transaction costs shall be included in the initial recognized amount.

① Financial liabilities measured at fair value and the change recorded in current profit and loss

The conditions for classifying financial liabilities as tradable and financial liabilities that are measured at fair value at the time of initial recognition and whose changes are recorded in current profit and loss are the same as those for classifying financial assets as tradable and financial assets that are measured at fair value at the time of initial recognition and whose changes are recorded in current profit and loss.

Financial liabilities measured at fair value and whose changes are included in current profits and losses are subsequently measured at fair value. Gain or loss caused by changes in fair value as well as dividends and interest expenses related to such financial liabilities are included in current profits and losses.

② Other financial liabilities

Derivative financial liabilities linked to equity instruments without quotations in active markets and whose fair value cannot be measured reliably and which must be delivered to the equity instruments for settlement shall be subsequently measured according to cost. For other financial liabilities, the effective interest rate method shall be adopted, and the subsequent measurement shall be made at the amortized cost, and the gains or losses arising from termination of recognition or amortization shall be recorded into the current profit and loss.

（6）Cessation of recognition of financial liabilities

The recognition of a financial liability or part of the financial liability shall cease only when the current obligation of the financial liability has been discharged in whole or in part. If the Company (debtor) and the creditor sign an agreement to replace the existing financial liability by assuming the new financial liability, and the contract terms of the new financial liability and the existing financial liability are substantially different, the recognition of the existing financial liability shall be terminated and the new financial liability shall be recognized simultaneously.

Where the recognition of a financial liability is terminated in whole or in part, the difference between the book value of the terminated recognition part and the consideration paid (including the non-cash assets transferred out or the new financial liabilities assumed) shall be recorded into the current profit and loss.

（7）Offset off of financial assets and financial liabilities

Where the Company has a legal right to set off recognized financial assets and financial liabilities, and the Company is currently able to enforce such legal rights, and the Company plans to settle the financial assets on a net basis or simultaneously realize the financial assets and pay off the financial liabilities, the financial assets and financial liabilities shall be shown in the balance sheet at the offset amount. In addition, financial assets and financial liabilities shall be separately presented in the balance sheet and shall not be set off against each other.

9. Accounts receivable

Receivables include notes receivable, accounts receivable, other receivables, etc.

（1）Criteria for recognition of bad debt reserves

The Company inspects the book value of receivables on the balance sheet date and draws an impairment provision if the following objective evidences show that the receivables are impaired: ① The debtor is in serious financial difficulties; (2) the debtor violates the terms of the contract (such as the default or overdue payment of interest or principal, etc.); ③ the debtor is likely to go bankrupt or undergo other financial restructuring; (4) Other objective basis indicating the impairment of receivables.

（2）Method for the provision for bad debts

The Company does not make provision for bad debts except for the receivables and deposits of related parties and projects specially loaned by the finance department or China Development Bank, government departments and projects designated by the government. Other provisions are made by the aging analysis method.

Aging	Accounts receivable Proportion (%)	Other receivables Proportion (%)
Within 1 year	0	0
1-2 years	10	10
2-3 years	20	20
3-4 years	50	50
4-5 years	50	50
More than 5 years	100	100

（3）Reversal of the provision for bad debts

If there is objective evidence to show that the value of the receivables has been recovered and it is objectively related to the events that occurred after the recognition of the loss, the impairment loss originally recognized shall be reversed and recorded into the current profit and loss. However, the carrying value after the rollover does not exceed the amortized cost of the receivables on the rollover date under the assumption that no impairment provision is made.

10.Inventories

（1）Classification of inventory

Inventory mainly includes development cost, land cost, development products, raw materials, low-value consumable goods, engineering construction, etc.

（2）A method of valuing the acquisition and delivery of inventory

Inventories are valued at actual cost at the time of acquisition and weighted average/specific identification at the time of acquisition and delivery.

（3）Confirmation of the net realizable value of inventory and the method of drawing and withdrawing the provision for depreciation

Net realizable value is the estimated selling price of inventory in daily activities after deducting the estimated costs to be incurred by completion, estimated sales expenses and related taxes and fees. The net realizable value of inventories is determined on the basis of conclusive evidence obtained, taking into account the purpose for which inventories are held and the impact of events following the balance sheet date.

On the balance sheet date, inventory is measured at the lower of cost and net realizable value. When its net realizable value is lower than the cost, the reserve for inventory decline is withdrawn. The reserve for inventory depreciation is usually drawn on the basis of the difference between the cost of an individual inventory item and its net realizable value.

If the net realizable value of the inventory is higher than its book value due to the disappearance of the factors that previously wrote down the value of the inventory after the withdrawal of the inventory depreciation provision, it shall be reversed within the amount of the inventory depreciation provision that has been originally withdrawn, and the reversed amount shall be recorded into the current profit and loss.

（4）The inventory system is the perpetual inventory system

（5）Low value consumables shall be amortized by one-time amortization method at the time of receipt.

11.Long-term equity investment

The long-term equity investment referred to in this Part refers to the long-term equity investment in which the Company controls, jointly controls or has significant influence on the invested entity. For the long-term equity investments which are not controlled, jointly controlled or have significant influence on the investee, the Company shall be accounted as financial assets available for sale or measured at fair value and their changes shall be recorded into the profits and losses of the current period. The accounting policies are detailed in Note IV, 8 "Financial Instruments".

Joint control refers to the common control of an arrangement by the Company in accordance with the relevant agreements, and the relevant activities of the arrangement can only be decided upon the unanimous consent of the parties who share the control rights. "Major influence" means that the Company has the right to participate in the decision-making of the financial and business policies of the invested entity, but it cannot control or jointly control the formulation of these policies with other parties.

（1）Determination of investment cost

For the long-term equity investment obtained from the merger of enterprises under the same control, the initial investment cost of the long-term equity investment shall be the share of the owner's equity of the merged party in the book value of the consolidated financial statement of the final controlling party on the merger date.The difference between the initial investment cost of long-term equity investment and the cash paid, the non-cash assets transferred and the book value of the debts assumed, adjusting the capital reserve; If the capital reserve is insufficient to be written down, the retained earnings shall be adjusted.To issue equity securities as a merger of value, owners' equity on the combining date according to the combined party on the final the share of the book value of the control side of the consolidated financial statement as the initial cost of the long-term equity investment, according to the face value of the total issued shares as equity, long-term equity investment in the initial cost of investment and the difference between the total issued shares value, adjust the capital reserves;If the capital reserve is insufficient to be written down, the retained earnings shall be adjusted. If the equity of the merged party under the same control is acquired step by step through multiple transactions, and the enterprise merger under the same control is finally formed, it shall be dealt with separately whether it is a "package transaction" : if it is a "package transaction", each transaction shall be accounted for as a transaction to obtain the control right.If it is not a "package transaction", the initial investment cost of long-term equity investment shall be the share of the book value of the owner's equity of the merged party in the consolidated financial statement of the ultimate controlling party on the merger date. The difference between the initial investment cost of a long-term equity investment and the book value of the long-term equity investment before the merger plus the book value of the new consideration for further acquisition of the shares on the merger date, and the adjustment of the capital reserve; If the capital reserve is insufficient to be written down, the retained earnings shall be adjusted. The equity investment held before the merger date will not be accounted for for the time being due to the use of the equity method or other comprehensive income recognized for financial assets available for sale.

For the long-term equity investment obtained by enterprise merger not under the same control, the initial investment cost of the long-term equity investment shall be taken as the merger cost on the purchase date, which includes the sum of the assets paid by the purchaser, the liabilities incurred or borne, and the fair value of the equity securities issued.If the equity of the Purchaser is acquired step by step through multiple transactions, and the enterprise merger not under the same control is finally formed, it shall be dealt with separately whether it is a "package transaction" : if it is a "package transaction", each transaction shall be accounted for as a transaction in which the control rights are acquired. If it does not belong to a "package transaction", the sum of the book value of the equity investment of the original holding buyer plus the cost of the new investment shall be the initial investment cost of the long-term equity investment accounted by the cost method. Where the stock right formerly held is accounted for by the equity method, relevant other comprehensive income shall not be accounted for for the time being.Where the stock right formerly held is accounted for by the equity method, relevant other comprehensive income shall not be accounted for for the time being. Where the equity investment previously held is a financial asset available for sale, the difference between its fair value and its carrying value, as well as the accumulated change in the fair value originally recorded in other comprehensive income, shall be transferred to the current profit and loss.

The intermediary expenses incurred by the merging party or the purchaser for the enterprise merger, such as auditing, legal services, evaluation and consultation, and other related administrative expenses, shall be recorded into the current profit and loss when incurred

For equity investment other than long-term equity investment formed by enterprise merger, the initial measurement shall be based on the cost, which depends on the different acquisition methods of long-term equity investment. It shall be determined in accordance with the actual cash purchase price paid by the Company, the fair value of the 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 traded out in the non-monetary asset exchange transaction, and the fair value of the long-term equity investment itself. Expenses, taxes and other necessary expenses directly related to the acquisition of a long-term equity investment are also included in the investment cost.

（2）Follow-up measurement and profit and loss recognition methods

Long-term equity investment with joint control (except for joint operators) or significant influence on the invested entities shall be accounted for by the equity method. In addition, the company's financial statement use the cost method to account for long-term equity investments that can exercise control over the invested units.

① Costing method accounting for long-term equity investments

When the cost method is adopted, the long-term equity investment is priced at the initial investment cost, and the cost of adding or recovering the investment is adjusted to adjust the long-term equity investment.

Except for the declared but not yet paid cash dividends or profits included in the price actually paid or the consideration when the investment is acquired, the current investment income shall be recognized in accordance with the cash dividends or profits declared and paid by the entity enjoying the investment.

② Long-term equity investments accounted for by the equity method

If the initial investment cost of long-term equity investment is greater than the fair value share of the identifiable net assets of the investee, the initial investment cost of long-term equity investment will not be adjusted. If the initial investment cost is less than the fair value share of the identifiable net assets of the investee, the difference shall be recorded into the profits and losses of the current period, and the cost of long-term equity investment shall be adjusted at the same time.

When accounting by the equity method, the investment income and other comprehensive income are recognized respectively according to the share of the net profit and loss realized by the invested entity and other comprehensive income that should be enjoyed or shared, and the book value of long-term equity investment is adjusted at the same time. The portion to be enjoyed shall be calculated according to the profits or cash dividends declared to be distributed by the invested entity, and the book value of long-term equity investment shall be reduced accordingly; For changes in owners' equity other than net profit and loss, other comprehensive income and profit distribution of the invested entity, the book value of long-term equity investment shall be adjusted and recorded into the capital reserve. When recognizing the share of the net profit and loss of the invested entity, the net profit of the invested entity shall be recognized after adjustment on the basis of the fair value of the identifiable assets of the invested entity at the time of acquiring the investment. If the accounting policies and accounting periods adopted by the invested entity are inconsistent with those of the Company, the financial statement of the invested entity shall be adjusted in accordance with the accounting policies and accounting periods of the Company, and the investment income and other comprehensive income shall be recognized accordingly. For the transactions between the Company and its associates or joint ventures, where the assets invested or sold do not constitute business, the unrealized internal transaction gains and losses shall be offset according to the proportion of the gains and losses attributable to the Company, and the investment gains and losses shall be recognized on this basis. However, the unrealized internal trading losses between the Company and the invested entity shall not be offset if they are impairment losses of the transferred assets. The company to the joint venture or consortium out assets constitute a business, investors, therefore obtains the long-term equity investment, but not the acquisition to the fair value of the cast business as the new initial cost of the long-term equity investment, the initial cost of investment and threw the difference between the book value of the business, fully included in the current profits and losses. Where the assets sold by the Company to the joint venture or associated enterprise constitute business, the difference between the consideration obtained and the book value of the business shall be fully included in the profit and loss of the current period. If the assets purchased by the company from the associated enterprises and joint ventures constitute business, accounting treatment shall be conducted in accordance with the provisions of the accounting standards for enterprises no. 20 - business merger, and the gains or losses related to the transactions shall be fully recognized.

When the net loss incurred by the invested entity is recognized to be shared, the book value of the long-term equity investment and other long-term interests that substantially constitute the net investment of the invested entity shall be written down to zero. In addition, if the Company is obligated to bear additional losses to the invested entity, the expected liabilities will be recognized according to the expected obligations and recorded in the current investment loss. If the invested entity realizes net profits in the following period, the Company shall resume the recognition of the amount of income sharing after the amount of income sharing makes up for the unrecognized amount of loss sharing.

③ Purchase of a minority stake

In the preparation of consolidated financial statement, the difference between the long-term equity investment added due to the purchase of minority equity and the share of net assets that should be continuously calculated by the subsidiary since the purchase date (or merger date) based on the proportion of newly added shares shall be adjusted for the capital reserve. If the capital reserve is insufficient to be written off, the retained earnings shall be adjusted.

④ Disposal of long-term equity investments

In the consolidated financial statement, the parent company shall partially dispose of the long-term equity investment in the subsidiary without losing the control right, and the difference between the disposal price and the long-term equity investment corresponding to the disposal of the subsidiary's net assets shall be recorded into shareholders' equity; Where the parent company partially dispositions its long-term equity investment in its subsidiaries, resulting in the loss of control over its subsidiaries, it shall be treated in accordance with the relevant accounting policies described in Notes IV, 5 and (2) "Methods for the Preparation of Consolidated Financial statement".

For the disposal of long-term equity investment under other circumstances, the difference between the book value of the disposed equity and the actual price obtained shall be recorded into the current profit and loss.

If the long-term equity investment accounted for by the equity method is still accounted for by the equity method after the disposal of the remaining equity, the other comprehensive income originally included in the owner's equity shall be accounted for at the time of disposal according to the corresponding proportion on the same basis as the direct disposal of the relevant assets or liabilities by the invested entity. The owners' equity recognized as a result of changes in owners' equity other than net profit and loss, other comprehensive income and profit distribution of the investee shall be transferred to the current profit and loss on a pro rata basis.

Of a long-term equity investment measured by employing the cost method, after the disposal of the remaining stake still use cost accounting method, before its control on the invested entity for using the equity method accounting or financial instruments accounting recognition and measurement criteria and confirmation of other comprehensive income, use and disposal of related assets and liabilities directly by the invested entity, the same on the basis of accounting, And carry forward current profits and losses on a pro rata basis; Changes in owners' equity other than net profit and loss, other comprehensive income and profit distribution in the net assets of the invested entity recognized by the equity method are carried forward to current profit and loss on a pro rata basis.

Stakes in the company for disposal of investment has lost control of the invested entity, the preparation of individual financial statement, the disposal of the remaining shares to the invested entity do joint control or significant influences, to change according to the equity method accounting, and the remaining shares shall be regarded as must pick up adjust measured by employing the equity method, namely; If the residual equity after disposal cannot be jointly controlled or exert significant influence on the invested entity, it shall be accounted for in accordance with the relevant provisions of the Standards for the recognition and measurement of financial instruments, and the difference between the fair value and the book value on the date of loss of control shall be recorded into the current profit and loss. For other comprehensive income recognized by the equity method accounting or financial instrument recognition and measurement criterion accounting before the Company obtains the control of the invested unit, the same basis as the direct disposal of relevant assets or liabilities shall be used for accounting treatment when the Company loses control of the invested unit. Changes in owners' equity other than net profit and loss, other comprehensive income and profit distribution in the net assets of the investee recognized by the equity method shall be transferred to the current profit and loss when the investee loses control. Among them, if the residual equity after disposal is accounted for by the equity method, other comprehensive income and other owners' equity shall be carried forward proportionately; If the residual equity after disposal is accounted for in accordance with the standards for recognition and measurement of financial instruments, all other comprehensive income and other owners' equity shall be carried forward.

If the Company loses the common control or significant influence on the invested unit due to the disposal of part of the equity investment, the remaining equity after disposal shall be accounted according to the recognition and measurement criteria of financial instruments, and the difference between the fair value and the book value on the day of the loss of common control or significant influence shall be recorded into the current profit and loss. The original equity investment by using the equity method accounting confirmation of other comprehensive income, in the end when measured by employing the equity method, the invested entity is used to direct the disposal of related assets and liabilities on the basis of the same accounting treatment, by investors away all the profit and loss and other comprehensive income and profit distribution of the changes in owners' equity, other than to confirm the owner of the rights and interests, Upon termination of the equity method, all proceeds are transferred to the current investment income.

The company through multiple transactions disposal of subsidiary company equity investment until losing control step by step, if the transaction belong to the package, will the deal as a disposal of subsidiary equity investment and loss of control transactions accounting treatment, each time before losing control disposal cost of a long-term equity investment and equity corresponding disposal by the difference between the book value, It is first recognized as other comprehensive income and then transferred into the current profit and loss of the loss of control right when the loss of control right occurs.

12.Investment property

An investment property is a property held for the purpose of earning rent or capital appreciation, or both. Include the land use right that has been leased, the land use right that holds and prepares to be transferred after appreciation, the building that has been leased, etc. In addition, vacant buildings held by the Company for operating lease shall also be reported as investment real estate if the Board of Directors (or similar body) makes a written resolution expressly stating that they are to be used for operating lease and the intention of holding will not change in the short term.

The initial measurement of investment real estate is carried out according to the cost. Subsequent expenditures associated with investment real estate are included in investment real estate costs if the economic benefits associated with the asset are likely to flow in and can be measured reliably. Other subsequent expenditures shall be recorded into current profits and losses when incurred.

The company adopts the fair value model to carry out subsequent measurement of investment real estate, the basis of accounting policy selection is as follows:

① Investment real estate is located in an active real estate trading market.

② The company can obtain the market price and other relevant information of the same or similar real estate from the real estate trading market, so as to make a reasonable estimate of the fair value of the investment real estate.

③ The fair value of the company's investment real estate is estimated using key assumptions and major uncertainties.

The Company does not carry out depreciation or amortization of the investment real estate. On the balance sheet date, the book value of the investment real estate is adjusted based on the fair value of the investment real estate, and the difference between the fair value and the original book value is recorded into the current profit and loss.

When determining the fair value of an investment real estate, reference shall be made to the current market price of the same or similar real estate in the active market; If it is impossible to obtain the current market price of the same kind or similar real estate, it shall make a reasonable estimate of the fair value of the investment real estate by referring to the recent transaction price of the same kind or similar real estate in the active market and taking into account such factors as the transaction situation, transaction date and location; Or determine its fair value based on the expected future rental income and the present value of the relevant cash flows.

When self-use real estate or inventory is converted into investment real estate, the valuation shall be carried out according to the fair value on the conversion date. If the fair value on the conversion date is less than the original carrying value, the difference shall be recorded into the current profit and loss. If the fair value on the conversion date is greater than the original carrying value, the difference shall be recognized as other comprehensive income. When an investment real estate is converted into a real estate for personal use, the fair value of the conversion date shall be taken as the book value of the real estate for personal use, and the difference between the fair value and the original book value shall be recorded into the profit and loss of the current period.

When the use of an investment real estate is changed for personal use, the investment real estate shall be converted into fixed assets or intangible assets as of the date of change. When the purpose of self-use real estate is changed to earn rent or capital appreciation, fixed assets or intangible assets shall be converted into investment real estate as of the date of change. When conversion occurs, the book value before conversion shall be taken as the entry value after conversion for the converted investment real estate measured by the cost model. In case of conversion to an investment real estate measured by the fair value model, the fair value on the conversion date shall be taken as the booked value after conversion.

When an investment real estate is disposed of or permanently withdrawn from use and no economic benefit is expected from its disposal, the recognition of the investment real estate shall be terminated. The disposal income from the sale, transfer, scrapping or damage of the investment real estate shall be deducted from its book value and relevant taxes and fees and recorded into the current profit and loss.

13. Fixed assets

（1）Recognition of fixed assets

Fixed assets are tangible assets that are held for the production of goods, providing labor services, renting or business management, and have useful life over one accounting year. Fixed asset is recognised when the future economic benefits associated with the item will probably flow to the company and the cost of the item can be measured reliably. Fixed assets are initially measured at cost and taking into account the impact of expected disposal costs.

（2）Methods of depreciation of fixed assets

Depreciation of fixed assets shall be calculated and withdrawn within their useful life using the life average method from the month following the date when the fixed assets reach the predetermined usable state. The service life, estimated net salvage value and annual depreciation rate of various types of fixed assets are shown below:

Item	Service life (years)	Estimated net salvage rate (%)	Annual depreciation rate (%)
Houses and buildings	20-50	5	1.90--4.75
machinery equipment	8-10	5	9.50--11.875
delivery equipment	5-10	5	9.50--19.00
Office and Electronics Equipment	4-6	5	15.833--23.75
other	10	5	9.50

The estimated net salvage value refers to the amount currently received by the company from the disposal of a fixed asset after deducting the estimated disposal expenses, assuming that the asset is in the expected state at the end of its expected useful life.

（3）Method for the impairment test of fixed assets and method for the provision of impairment

For more details of methods for the impairment test of fixed assets and method for the provision of impairment, please refer to Note IV, 18 "Impairment of Long-term Assets".

（4）other description

The subsequent expenditure related to the fixed asset shall be included in the cost of the fixed asset and shall terminate the recognition of the book value of the replaced part if the economic benefits related to the fixed asset are likely to flow in and can be measured reliably. Other subsequent expenditures shall be recorded into current profits and losses when incurred.

When a fixed asset is in a state of disposal or cannot generate economic benefits through its use or disposal, the recognition of the fixed asset shall be terminated. The balance of the disposal income from the sale, transfer, scrapping or damage of fixed assets after deducting its book value and relevant taxes and fees is recorded into the current profit and loss.

The Company shall review the service life, estimated net residual value and depreciation method of fixed assets at least at the end of the year. Any change shall be treated as a change in accounting estimates.

14. Projects under construction Y14

The cost of the construction in progress shall be determined according to the actual construction expenditure, including the construction expenditure and other related expenses incurred during the construction period. The projects under construction shall be carried forward to fixed assets after reaching the predetermined usable state. For the impairment test method and the impairment provision method of the project under construction, please refer to Note IV, 18 "Impairment of Long-term Assets".

15. Borrowing costs

The interest expense actually incurred in the current period of the special loan shall be capitalized after subtracting the interest income obtained from the unused borrowed funds deposited in the bank or the investment income obtained from the temporary investment.The capitalization amount of general borrowing shall be determined according to the weighted average of the total asset expenditure exceeding the portion of special borrowing multiplied by the capitalization rate of the general borrowing occupied. The capitalization rate is calculated based on the weighted average interest rate of general borrowings.

During the capitalization period, all the exchange differences of special foreign currency loans shall be capitalized; The exchange difference of foreign currency general borrowings is booked into the current profit and loss.

Assets eligible for capitalization refer to fixed assets, investment real estate, inventory and other assets that can be used or sold in a predetermined state after a long period of purchase and construction or production activities.

If the assets eligible for capitalization are abnormally interrupted in the process of acquisition and construction or production and the interruption period is more than 3 months in a row, the capitalization of borrowing costs shall be suspended until the acquisition and construction of assets or production activities restart.

16. Intangible assets

（1）Intangible assets

Intangible assets refer to identifiable non-monetary assets which have no physical form and are owned or controlled by the Company.

Intangible assets are initially measured at cost. Expenses related to intangible assets are included in the cost of intangible assets if the relevant economic benefits are likely to flow to the company and the cost can be measured reliably. The expenditure of other items other than these shall be recorded into the current profit and loss when incurred.

Use rights are usually accounted for as intangible assets. If a building such as a factory building is developed and constructed by itself, the relevant expenditure on land use right and construction cost of the building shall be accounted for as intangible assets and fixed assets respectively. If it is the house and building purchased from outside, the relevant price is distributed between the land use right and the building. If it is difficult to distribute reasonably, it shall be handled as fixed assets entirely.

For intangible assets with limited service life, from the time when they are available for use, the original value minus the estimated net salvage value and the accumulated amount of the impairment provision shall be amortized by the straight-line method on an average basis over their estimated service life. Intangible assets with uncertain service life shall not be amortized.

At the end of the period, the service life and amortization method of intangible assets with limited service life will be rechecked. If there is any change, it will be treated as a change in accounting estimation. In addition, the service life of intangible assets with uncertain service life is reviewed. If there is evidence that the term of the intangible assets bringing economic benefits to the enterprise is foreseeable, its service life is estimated and amortized in accordance with the amortization policy of intangible assets with limited service life.

（2）Methods for testing the impairment of intangible assets and methods for the provision of impairment

For the impairment test method and provision method of intangible assets, please refer to Note IV, 18 "Impairment of Long-term Assets".

17. Long-term prepaid expenses

Long-term prepaid expenses are incurred expenses with an apportionment period of more than one year that should be borne by the reporting period and the subsequent periods. The company's long-term prepaid expenses mainly include decoration costs. Long-term prepaid expenses are amortized on a straight-line basis over the period of expected benefit.

18. Impairment of long-term assets

For fixed assets, projects under construction, intangible assets with limited service life and non-current and non-financial assets such as long-term equity investment in subsidiaries, joint ventures and associated enterprises, the Company shall judge whether there is any sign of impairment on the balance sheet date. If there are signs of impairment, estimate the recoverable amount and conduct an impairment test. Goodwill, intangible assets with uncertain service life and intangible assets that have not yet reached the usable state, regardless of whether there is any indication of impairment, shall be subject to impairment tests every year.

If the result of the impairment test shows that the recoverable amount of an asset is lower than its carrying value, the impairment provision shall be drawn on the basis of the difference and recorded as an impairment loss. The recoverable amount is the higher between the net of the fair value of the asset less disposal expenses and the present value of the estimated future cash flows of the asset. The fair value of the asset is determined according to the sale agreement price in fair trade; Where there is no sales agreement but there is an active market for the asset, the fair value shall be determined according to the price offered by the buyer of the asset; Where there is no sales agreement and no active market for the asset, the fair value of the asset is estimated on the basis of the best information available. Disposal expenses include legal fees related to the disposal of assets, relevant taxes and fees, handling fees, and direct expenses incurred to bring the assets to a saleable state. The present value of the expected future cash flow of an asset is determined according to the expected future cash flow generated during the continuous use of the asset and the final disposal of the asset, and the amount after the discount is determined by selecting the appropriate discount rate. Provision for impairment of assets shall be calculated and recognized on the basis of individual assets. If it is difficult to estimate the recoverable amount of individual assets, the recoverable amount of the asset group shall be determined by the asset group to which the asset belongs. An asset group is the smallest portfolio that can generate cash inflows independently.

For goodwill shown separately in the financial statement, the carrying value of the goodwill is allocated to the asset groups or combinations of asset groups that are expected to benefit from the synergies of the business combination when the impairment test is conducted. If the test results show that the recoverable amount of the asset group or the combination of the asset group containing the apportioned goodwill is lower than its carrying value, the corresponding impairment loss shall be recognized. The amount of impairment loss is first deducted from the book value apportioned to the goodwill of the asset group or the combination of assets, and then deducted from the book value of all assets other than goodwill in proportion to the proportion of the book value of all assets in the asset group or the combination of assets.

Once the aforesaid asset impairment loss is recognized, the portion of the recovered value shall not be transferred back in the subsequent period.

19. Employee compensation

The company's employee compensation mainly includes short-term employee compensation, post-service welfare and dismiss welfare. Among them:

Short-term salary mainly includes salary, bonus, allowance and subsidy, employee welfare, medical insurance, maternity insurance, industrial injury insurance, housing accumulation fund, labor union funds and employee education funds, non-monetary welfare, etc. During the accounting period when the employees provide services to the Company, the Company will recognize the short-term employee compensation actually incurred as liabilities and record it into the current profit and loss or the cost of relevant assets. Among them, non-monetary welfare is measured at fair value.

Post-service benefits mainly include basic endowment insurance, unemployment insurance and so on. The after-service benefits plan includes a set up escrow plan. If a set escrow plan is adopted, the corresponding amount payable for escrow shall be recorded into the cost of relevant assets or current profit and loss at the time of occurrence.

In staff to remove labor contract expires and the worker's labor relations, or to encourage employees to voluntarily accept cuts and puts forward Suggestions for the compensation, in the company is unable to unilaterally withdraw the plan on due to terminate the labor relationship or the layoff proposal provided by the termination benefits, and the company confirmed that involves payment of termination benefits of restructuring related cost both at an early date, The employee compensation liabilities arising from dismiss welfare are recognized and recorded into the current profit and loss. However, if the dismiss welfare cannot be fully paid within 12 months after the end of the annual report period, it shall be treated as the remuneration of other long-term employees.

20. Revenue

（1）Revenue from Selling Goods

In has the ownership of the goods on the main risks and rewards transfer to the buyer, neither keep contact all the ministers usually continue to power, also does not have to carry out effective control of goods sold, the amount of revenues can be measured reliably, the related economic interests are likely to flow into the enterprise, has occurred or will occur associated costs can be measured reliably, the implementation of the sales income is confirmed.

（2）Revenue from Rendering Services

Provided that the results of the transaction for the provision of services can be reliably estimated, the income from the provision of services is recognized on the balance sheet date in accordance with the percentage of completion method. The completion schedule of a service transaction shall be determined according to the proportion of the services already provided to the total services to be provided.

The results of providing labor transactions can be reliably estimated means that both meet: ① the amount of income can be reliably measured; ②the relevant economic benefits are likely to flow into the enterprise; ③ the degree of completion of the transaction can be reliably determined; ④ The cost that has occurred and will occur in the transaction can be measured reliably.

If the results of the transaction of providing services cannot be reliably estimated, the income of providing services shall be recognized according to the amount of service costs incurred and expected to be compensated, and the incurred service costs shall be taken as the current expenses. If the cost of service already incurred is not expected to be compensated, the income shall not be recognized.

Where the contract or agreement signed by the Company with other enterprises includes the sale of goods and the provision of services, if the part of selling goods and the part of providing services can be distinguished and measured separately, the part of selling goods and the part of providing services shall be treated separately; If it is impossible to distinguish the part of goods sold from the part of services provided, or if it is possible to distinguish but cannot be measured separately, the contract shall be treated as goods sold altogether.

（3）charge for use

Income is recognized on an accrual basis in accordance with relevant contracts or agreements

（4）Interest Revenue

It shall be calculated and determined in accordance with the time and the actual interest rate when others use the monetary funds of the Company

21. Government grants

Government subsidy refers to the monetary assets and non-monetary assets obtained by the Company free of charge from the government, excluding the capital invested by the government as an investor and enjoying the corresponding owner's equity. Government subsidy is divided into the government subsidy related to assets and the government subsidy related to income. The Company defines the government subsidies obtained for the acquisition and construction of long-term assets or the formation of long-term assets in other ways as the government subsidies related to assets; The remaining government subsidies are defined as the government subsidies related to income.If the object of subsidy is not clearly specified in the government documents, the subsidy is divided into the government subsidy related to income and the government subsidy related to assets in the following way:(1) If a specific project for which the subsidy is targeted is defined in the government document, it shall be divided according to the relative proportion between the expenditure amount to form assets and the expenditure amount to be included in expenses in the budget of the specific project. The proportion shall be reviewed on each balance sheet date and changed if necessary; (2) If the purpose is only stated in a general way in the government document and no specific project is specified, it shall be regarded as the government subsidy related to the income. If the government subsidy is a monetary asset, it shall be measured according to the amount received or receivable. If the government subsidies are non-monetary assets, they shall be measured at fair value; If the fair value cannot be reliably obtained, it shall be measured according to the nominal amount. The government subsidy measured in accordance with the nominal amount shall be directly recorded into the current profits and losses.

The company usually confirms and measures the government subsidy according to the actual amount received when it is actually received.However, at the end of the period, if there is conclusive evidence that it can meet the relevant conditions stipulated by the financial support policy, it is expected to receive the financial support funds, which shall be measured according to the amount receivable. The government subsidy measured according to the receivable amount shall meet the following conditions at the same time :(1) The amount of the receivable subsidy has been confirmed by the authorized government department in a document, or it can be reasonably calculated according to the relevant provisions of the officially issued financial fund management measures, and the amount is not expected to have significant uncertainty; (2) is based on the local financial department formally issued and shall be in accordance with the provisions of the government information disclosure regulations and active public project and its financial support measures for the management of financial funds, and the management measures should be universality (any conform to the requirements as prescribed in the enterprise application), rather than specific to a particular enterprise set; (3) The disbursement period has been clearly promised in the relevant grant approval documents, and the disbursement is guaranteed by the corresponding financial budget, so it can be reasonably guaranteed that it can be received within the prescribed period; (4) According to the specific situation of the Company and the subsidy, other relevant conditions should be met (if any).

The government subsidies related to the assets are recognized as deferred income and recorded into the current profits and losses by stages in a reasonable and systematic way during the service life of the relevant assets. If the government subsidy related to the income is used to compensate the relevant cost, expense or loss in the future period, it shall be recognized as deferred income and recorded into the current profit and loss during the period when the relevant cost, expense or loss is recognized; Those used to compensate the related costs or losses incurred shall be directly recorded into the current profit and loss.

At the same time, it includes the government subsidies related to the assets and the income, and divides the different parts for accounting treatment; If it is difficult to distinguish, it is classified as a whole as government subsidies related to benefits.

The government subsidies related to the daily activities of the Company shall, according to the nature of economic business, be included in other earnings or offset relevant costs and expenses; Government subsidies unrelated to daily activities shall be included in non-operating income and expenditure.

When the confirmed government subsidies need to be returned, if there is a balance of relevant deferred income, the balance of relevant deferred income book shall be written off, and the excess part shall be recorded into current profits and losses; Belong to other circumstances, directly included in the current profit and loss.

22. Deferred tax assets and deferred tax liabilities

(1) current income tax

On the balance sheet date, the current income tax liabilities (or assets) formed in the current and previous periods shall be measured by the expected amount of income tax payable (or returned) calculated in accordance with the provisions of the tax law. The amount of taxable income used in the calculation of the current income tax expense is calculated after making corresponding adjustments to the pre-tax accounting profit of the current year in accordance with the relevant provisions of the tax law.

(2) Deferred income tax assets and deferred income tax liabilities

Some of the book value of the assets, liabilities and its tax base, the difference between and confirmed but not as assets and liabilities in accordance with the provisions of the tax law book value of the project of its tax base can be determined and the difference between the tax base of temporary differences, using the balance sheet debt method confirmed deferred income tax assets and deferred income tax liabilities.

The relevant deferred income tax liability is not recognized for taxable temporary differences related to the initial recognition of goodwill and the initial recognition of assets or liabilities arising from transactions that neither merge nor affect accounting profits and taxable income (or deductible losses) at the time of occurrence. In addition, for taxable temporary differences related to investments in subsidiaries, associates and joint ventures, if the Company can control the timing of reversal of the temporary differences and such temporary differences are likely not to be reversed in the foreseeable future, the relevant deferred income tax liability will not be recognized. Except for the above exceptions, the Company recognizes all other deferred income tax liabilities arising from taxable temporary differences.

Deductible temporary differences related to the initial recognition of an asset or liability arising from a transaction that is neither a business merger nor does it affect accounting profit and taxable income (or deductible loss) at the time of occurrence are not recognized as related deferred income tax assets. In addition, for the deductible temporary differences related to the investments of subsidiaries, associates and joint ventures, deferred income tax assets shall not be recognized if the temporary differences are not likely to be reversed in the foreseeable future, or if the taxable income amount used to offset the deductible temporary differences is not likely to be obtained in the future. Except for the above exceptions, the Company shall recognize the deferred income tax assets arising from other deductible temporary differences to the extent that the taxable income amount is likely to be obtained to offset the deductible temporary differences.

For deductible losses and tax credits that can be carried forward to future years, the corresponding deferred income tax asset is recognized to the extent that the amount of future taxable income that is likely to be obtained to offset the deductible losses and tax credits.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities shall be measured in accordance with the applicable tax rate during the period of expected recovery of the relevant assets or settlement of the relevant liabilities in accordance with the provisions of the tax law.

On the balance sheet date, the book value of the deferred income tax asset shall be reviewed. If it is likely that sufficient taxable income will not be obtained in the future to offset the interests of the deferred income tax asset, the book value of the deferred income tax asset shall be written down. When sufficient taxable income is likely to be obtained, the amount of writedown will be reversed.

(3) Income tax expense

Income tax expense includes current income tax and deferred income tax.

In addition to the identified as other comprehensive income or recorded in the shareholder's transactions and events related to the current income tax and deferred income tax included in other comprehensive income or shareholders' equity, and enterprise merger of deferred income tax to adjust the book value of the goodwill, the rest of the current income tax and deferred income tax expenses or benefits included in the current profits and losses.

(4) Offset of income tax

When the company has the legal right to settle on a net basis and intends to settle on a net basis or acquire assets and pay off liabilities at the same time, the current income tax assets and current income tax liabilities of the company shall be reported on a net basis after set-off.

When have to netting current income tax assets and legal rights of the current income tax liabilities, and deferred income tax assets and deferred income tax liabilities are with the same tax collection and administration departments related income tax rate to the same entity or are related to different tax subject, but each has the importance in the future return of deferred income tax assets and liabilities during the period, Where the tax payer involved intends to settle the current income tax assets and liabilities on a net basis or acquire assets and pay off liabilities at the same time, the deferred income tax assets and deferred income tax liabilities of the Company shall be reported on a net basis after offset.

23. Leasing

A financial lease is a lease that essentially transfers all the risks and rewards related to the ownership of an asset, whose ownership may or may not be transferred eventually. A lease other than a financial lease is an operating lease.

(1) The Company operates a lease business as a record lessee

The rental expenses of an operating lease shall be recorded into the cost of relevant assets or current profits and losses in each period of the lease term according to the straight-line method. Initial direct expenses are booked into current profit and loss. The contingent rent shall be recorded into the profit and loss of the current period when actually incurred.

(2) Our company carries on the lease business as a record lessor

The rental income of an operating lease shall be recognized as the profit and loss of the current period according to the straight-line method for each period of the lease term. The initial direct expenses with a large amount shall be capitalized when incurred and recorded into the current profit and loss in installments throughout the lease term on the basis of the same as the recognized rental income; Other smaller initial direct expenses shall be recorded into current profit and loss when incurred. The contingent rent shall be recorded into the profit and loss of the current period when actually incurred.

(3) The Company records the finance lease business as the lessee

On the beginning date of the lease period, the lower of the fair value of the leased asset and the present value of the minimum lease payment on the beginning date shall be taken as the entry value of the leased asset, the minimum lease payment shall be taken as the entry value of the long-term payables, and the difference shall be taken as the unrecognized financing expense. In addition, the initial direct expenses attributable to the leased project incurred during the lease negotiation and signing of the lease contract are also included in the value of the leased asset. The balance of the minimum lease payment after deducting the unrecognized financing expense is shown respectively for long-term liabilities and long-term liabilities due within one year.

Unrecognized financing expenses Financing expenses of the current period shall be calculated and recognized using the effective interest rate method during the lease term. The contingent rent shall be recorded into the profit and loss of the current period when actually incurred.

(4) The Company records the finance lease business as the lessor

On the commencement date of the lease term, the sum of the minimum lease receipt and the initial direct expenses on the commencement date of the lease shall be taken as the entry value of the finance lease receivable, and the unguaranteed residual value shall be recorded at the same time; The difference between the sum of the minimum lease income, the initial direct expense and the unguaranteed residual value and the sum of the present value is recognized as unrealized financing income. The balance of the receivable finance lease after deducting the unrealized financing income shall be listed respectively for long-term claims and long-term claims due within one year.

The unrealized financing income shall be calculated and recognized by the effective interest rate method during the lease term. The contingent rent shall be recorded into the profit and loss of the current period when actually incurred.

24. Changes in important accounting policies and accounting estimates

（1）Changes in important accounting policies

① Changes and basis of accounting policies

The Ministry of Finance issued the Notice on Amending and Printing the Format of General Financial statement for Enterprises for 2019 ([2019] No. 6) (hereinafter referred to as "Format of Financial Statement") in April 2019. Enterprises implementing the Accounting Standards for Business Enterprises shall prepare their financial statement in accordance with the Accounting Standards for Business Enterprises and the requirements of the Notice.

② The impact of changes in accounting policies

Implementing the revised financial statement format

In accordance with the requirements of the format of financial statement, the Company will separately and separately present notes receivable and accounts receivable as two items, notes payable and accounts payable. The Company accordingly retroactively adjusted the statement for the comparative period, and the change in accounting policy had no impact on the consolidation, the Company's net profit and owners' equity.

（2）Change in accounting estimates: no change in accounting estimates for the current period.

25. Significant accounting judgments and estimates

In the process of applying accounting policies, due to the inherent uncertainty of business activities, the Company needs to judge, estimate and assume the book value of the statement items that cannot be accurately measured. These judgments, estimates and assumptions are based on the past historical experience of the management of the Company and are based on consideration of other relevant factors. These judgments, estimates and assumptions affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities at the balance sheet date. However, the uncertainties in these estimates may result in actual results that differ from the current estimates of the Company's management, resulting in a material adjustment of the carrying amounts of the affected assets or liabilities in the future.

The Company regularly reviews the aforementioned judgments, estimates and assumptions on the basis of going concern. If the change in accounting estimates only affects the current period of change, the amount of the impact will be recognized in the current period of change. If it affects both the current period of the change and future periods, the amount of the impact will be recognized in the current period of the change and future periods.

On the Balance Sheet Date, the Company shall make judgments, estimates and assumptions regarding the amounts of items in the financial statement in the following important areas:

（1）Classification of Leases

The company according to the accounting standards for enterprises no. 21 - leases the provisions of the will is classified as an operating lease and finance lease rental, when a categorization, and whether the management need to have rent out all essentially risks and rewards related to the ownership of an asset transfers to the lessee, or whether the company has been in essence and for all the risks and rewards related to the ownership of an asset, Make analysis and judgment.

（2）Provision for Bad Debt

According to the accounting policy of receivables, the Company adopts the allowance method to calculate the bad debt losses. The impairment of receivables is based on the assessment of the receivables' recoverability. Identification of impairments in receivables requires management judgment and estimation. The difference between the actual results and the original estimate will affect the carrying value of the receivables and the provision or rollback of the receivables allowance for doubtful accounts during the period in which the estimate is changed.

（3）Reserves for inventory depreciation

In accordance with the inventory accounting policy, the Company shall measure the lower of the cost and the net realizable value. For the inventory whose cost is higher than the net realizable value and for the obsolete and unsalable inventory, the Company shall set aside the inventory depreciation reserve. The impairment of inventory to net realizable value is based on the assessment of the saleability of inventory and its net realizable value. The identification of inventory impairment requires the management to make judgments and estimates on the basis of obtaining conclusive evidence and considering the purpose of holding inventory and the impact of events after the balance sheet date. The difference between the actual results and the original estimate will affect the carrying value of the inventory and the provision for or roll-back of the inventory depreciation during the period in which the estimate is changed.

（4）Hold to maturity investment

The Company classifies eligible non-derivative financial assets that have a fixed or definable repayment amount and a fixed maturity date and that the Company has a clear intention and ability to hold to maturity as hold-to-maturity investments. This classification involves a great deal of judgment. In doing so, the Company will assess its willingness and ability to hold such investments to maturity. In addition to the specific conditions (such as selling amount in the close to maturity date without significant investment), if the company failed to these investments held to maturity, all these heavy investment must be classified and available for sale financial assets, and in the current fiscal year and within two full fiscal year after the financial asset shall not be divided into held-to-maturity investments. Such an occurrence may have a material impact on the value of the relevant financial assets presented in the financial statement and may affect the Company's risk management strategy for financial instruments.

（5）Hold-to-maturity investment impairment

The Company's determination of the impairment of hold-to-maturity investments is largely dependent on the judgment of management. The objective evidence of impairment includes the financial difficulties of the issuer which make it impossible for the financial asset to continue trading in the active market, failure to fulfil the terms of the contract (for example, default on interest payments or principal payments), etc. During the judgment process, the Company shall evaluate the effect of objective evidence of impairment on the expected future cash flows of the investment.

（6）Impairment of financial assets available for sale

The Company's determination of the impairment of financial assets available for sale depends to a large extent on the judgment and assumptions of management to determine whether it is necessary to recognize the impairment loss in the income statement. In the course of making judgments and assumptions, the Company will evaluate the extent to which the fair value of the investment is below the cost and the duration of the investment, as well as the financial condition and short-term business outlook of the investee, including industry conditions, technological change, credit rating, default rate and counterparty risk.

（7）Impairment provisions for long-term assets

On the balance sheet date, the Company judges whether there is any indication of possible impairment of non-current assets other than financial assets. For intangible assets with uncertain service life, in addition to the annual impairment test, when there are signs of impairment, the impairment test shall also be carried out. Other non-current assets other than financial assets shall be subject to impairment tests when there are indications that their carrying amount is unrecoverable.

Impairment occurs when the carrying value of an asset or group of assets is higher than the recoverable amount, that is, the net of fair value less disposal expenses and the present value of expected future cash flows.

The net fair value less disposal expenses is determined by reference to the sale agreement price or observable market price of similar assets in a fair trade less the incremental cost directly attributable to the disposal of the asset.

When estimating the present value of future cash flows, it is necessary to make significant judgments on the production, selling price, related operating costs and the discount rate used to calculate the present value of the asset (or group of assets). The Company will estimate recoverable amounts using all available information, including projections of production volumes, selling prices and related operating costs based on reasonable and supportable assumptions.

The Company tests goodwill for impairment at least annually. This requires a projection of the present value of the future cash flows of the asset group or combination of asset groups to which goodwill has been allocated. When predicting the present value of the future cash flow, the Company shall estimate the cash flow generated by the future asset group or the combination of asset groups, and select the appropriate discount rate to determine the present value of the future cash flow.

（8）Depreciation and amortization

The Company shall deduct depreciation and amortization of investment real estate, fixed assets and intangible assets by the straight-line method during their service lives after considering their residual values. The Company periodically reviews the useful life to determine the amount of depreciation and amortization charges to be charged to each reporting period. The service life is determined by the Company on the basis of previous experience with similar assets combined with anticipated technical updates. If previous estimates change materially, depreciation and amortization charges will be adjusted in future periods.

（9）Deferred income tax assets

The Company recognizes deferred income tax assets for all unutilized tax losses to the extent that there is likely to be sufficient taxable profit to offset the loss. This requires the Company's management to use a great deal of judgment to estimate when and how much future taxable profits will occur, in combination with tax planning strategies, to determine the amount of deferred tax assets that should be recognized.

（10）Income tax

In the normal business activities of the Company, there are certain uncertainties in the final tax treatment and calculation of some transactions. Whether partial projects can be itemized before tax needs the examination and approval of the competent organ of taxation. If there is a difference between the final determination of these tax matters and the initial estimated amount, the difference will have an impact on the current income tax and deferred income tax during the final determination period.

V. Taxation

1． Main categories of tax and tax rates

Category	Details of tax rate
Value Added Tax (VAT)	Taxable income multiply tax rate 3%、5%，6%，9%，13% to calculate output tax and then deduct Input tax allowed to be deducted during the current period.
City maintenance and construction tax	7% of turnover tax which has been paid
Corporate income tax	15% or 25% of taxable income

2． Tax preference and approval

According to Article 2 of “the Notice of Ganzhou City on the implementation of the western development of tax policy issues” established by Ministry of Finance ,General Administration of Customs and State Administration of Taxation (Finance & Taxation [2019] No.13),from 1 January 2019 to 31 December 2021, the enterprise income tax shall be levied at a reduced rate of 15% for domestic enterprises in encouraged industries located in Ganzhou City.

According to Notice on Implementing the Income Tax Preferential Policy for Small Low-profit Enterprises (Finance & Taxation [2019] No.13) established by the Ministry of Finance and the State Administration of Taxation.

VI. Notes to Items of the Consolidated Financial Statement

The following annotated items (including the annotated principal items in the Company's financial statement) refer to the beginning of the year as at January 1, 2019, the ending of the period as at December 31, 2019, the current period as at 2019 and the preceding period as at 2018 unless otherwise specified.

1. Cash and Cash equivalents

Item	Closing balance	Opening balance
Cash on hand	8,030.31	12,812.87
Bank deposits	7,041,614,365.57	5,445,576,038.67
Other monetary funds	360,740,000.00	298,282,184.65
Total	7,402,362,395.88	5,743,871,036.19

Note: Time deposit of the Business Department of Ganzhou Branch of Agricultural Development Bank RMB 25,000.00; Ganzhou Zhanggong Sub-branch of CCB RMB 500,000 deposit; China Development Bank Jiangxi Branch has a debt service reserve of RMB 110.24 million, and the deposits above are other currency funds with limited use.

2. Notes receivable

Item	Closing balance	Opening balance
Bank acceptances	1,500,000.00	
Total	1,500,000.00	

3. Accounts receivable

(1) According to the aging analysis method, the accounts receivable of bad debt provision is drawn

Aging	Closing balance			Opening balance		
	Book balance	Ratio %	Bad debt provision	Book balance	Ratio %	Bad debt provision
Within 1 year	873,865,240.26	75.51		84,808,090.48	13.23	
1 to 2 years	16,492,760.36	1.43	32,434.37	12,427,832.43	1.94	106,140.44
2 to 3 years	9,014,774.67	0.78	5,206.90	6,940,330.58	1.08	1,076.62
3-4 years	4,492,856.20	0.39	2,878.17	8,182,529.66	1.28	106,280.95
4 to 5 years	4,476,311.92	0.39	68,895.38	246,691.28	0.04	24,669.13
More than 5 years	248,876,409.98	21.50	565,274.62	528,272,593.48	82.43	447,239.78
Total	1,157,218,353.39	100.00	674,689.44	640,878,067.91	100.00	685,406.92

(2) The top five accounts receivable according to the closing balance collected by the debtor

Company name	Nature of money	Closing balance	Aging	Proportion of other receivables at end of period (%)	Bad debt provision
Ganzhou Rongjiang New District Jinyuan Real Estate Co., Ltd.	Project settlement payment	687,614,457.60	Within 1 year	59.45	
Nankang Finance Bureau	Land consolidation fund	246,587,677.24	More than 5 years	21.32	
Rongjiang New District Finance	Project settlement	53,941,431.29	Within 1 year	4.66	

Bureau	payment				
China Railway 25th Bureau Group (Ganzhou)Engineering Co., Ltd.	Payment for goods	30,908,182.37	Within 1 year: 23,539,226.22 1-2 years: 7368956.15	2.67	
Beijing Municipal No.4 Construction Engineering Co., Ltd.	Payment for goods	21,227,875.62	Within 1 year	1.84	
Total	—	1,040,279,624.12	—	89.94	

4. Prepayments

（1）Prepayments are shown according to the age of account

Aging	Closing balance		Opening balance	
	Amount	Ratio %	Amount	Ratio %
Within 1 year	486,812,345.85	37.18	306,187,573.65	35.74
1 to 2 years	297,499,975.08	22.72	148,205,018.40	17.30
2 to 3 years	148,070,018.40	11.31	57,978,589.77	6.77
More than 3 years	376,897,278.32	28.79	344,400,803.62	40.19
Total	1,309,279,617.65	100.00	856,771,985.44	100.00

（2）The advance payment of the top five final balances collected by the prepaid objects

Company name	Nature of money	Closing balance	Aging	Proportion of other receivables at end of period (%)	Bad debt provision
Changjiu Intercity Railway Co., Ltd.	Engineering payment	349,676,550.00	1-2 years: 217,676,550.00 2 to 3 years: 132000000.00	26.71	
Jiangxi Railway Investment Group Corporation	Project ayment	250,000,000.00	More than 5 years	19.09	
Ganzhou Economic and Technological Development Zone Finance Bureau	Engineering payment	246,600,000.00	Within 1 year	18.83	
China Railway 21st Bureau Group Co., Ltd.	Engineering payment	193,194,244.00	Within 1 year: 23,539,226.22 1-2 years: 7368956.15	14.76	
Ganzhou City Construction Municipal Engineering Management Co., Ltd.	Engineering payment	73,008,158.40	More than 5 years	5.58	
Total	—	1,112,478,952.40	—	84.97	

5. Other receivables

Project	Closing balance	Opening balance
Other receivables	4,913,375,689.33	3,329,460,534.78
Interest receivable	73,162,739.73	73,162,739.73
Dividends receivable		1,056,000.00
Total	4,986,538,429.06	3,403,679,274.51

（1）Other receivables

① Other receivables to be set aside for bad debts according to the aging analysis method

Aging	Closing balance			Opening balance		
	Book balance	Ratio	Bad debt provision	Book balance	Ratio	Bad debt provision
Within 1 year	3,281,982,333.86	66.77		2,327,379,524.34	69.86	-
1 to 2 years	915,127,857.42	18.62	422,379.58	139,328,936.22	4.18	651,042.24
2 to 3 years	88,659,146.30	1.80	491,243.75	40,990,219.96	1.23	799,576.63
3-4 years	1,168,350.34	0.02	11,629.13	188,200,975.45	5.65	31,060.44
4 to 5years	4,851,436.12	0.10	77,651.10	273,153,620.14	8.20	40,018.43
More than 5 years	623,477,130.17	12.68	887,661.32	362,413,510.03	10.88	484,553.62
Total	4,915,266,254.21	100.00	1,890,564.88	3,331,466,786.14	100.00	2,006,251.36

② Other accounts receivable of the top five in terms of the ending balance collected by the debtor

Company name	Nature of money	Closing balance	Aging	Proportion of other receivables at end of period (%)	Bad debt provision
Ganzhou Xingzhou Runda Group Co. ,Ltd.	Current money	2,085,102,134.08	Within 1 year	42.42	
Ganzhou Development Investment Holding Group Co., Ltd.	Current money	736,161,000.00	1-2 years: 463500000.00 3-4 years: 26073.45 Over 5 years: 272,634,926.55	14.98	
Huakai (Ganzhou) City Investment Co., Ltd.	Current money	550,000,000.00	Within 1 year: 170,000,000.00 1-2 years: 380000000.00	11.19	
Ganzhou Zhanggong District Urban Construction Investment Development Co., Ltd.	Current money	402,580,023.55	Within 1 year: 360,361,025.00 1-2 years: 42218998.55	8.19	
Ganzhou Zhanggong District Urban Construction Investment Development Co., Ltd.	Current money	300,000,000.00	More than 5 years	6.10	
Total	—	4,073,843,157.63	—	82.88	

（2）Interest receivable

Project	Closing balance	Opening balance
Ganzhou Zhanggong District Urban Construction Investment Development Co. ,Ltd.	73,162,739.73	73,162,739.73
Total	73,162,739.73	73,162,739.73

（3）Dividends receivable

Investee	Closing balance	Opening balance
Ganzhou Bank Co., Ltd.		1,056,000.00
Total		1,056,000.00

6．Inventories

（1）Inventory classification

Item	Closing balance	Opening balance
Development costs	40,914,497,802.74	30,336,512,525.85
The cost of land	29,673,176,065.23	31,620,393,695.18
The raw materials	5,189,388.82	1,733,774.51
Low value consumable goods	87,327.00	87,327.00
Develop a product	738,893.50	6,657,901.59
Project construction (completed but not settled)	323,715,721.31	
subtotal	70,917,405,198.60	61,965,385,224.13
Reserves for inventory depreciation		
Total	70,917,405,198.60	61,965,385,224.13

（2）The amount of inventory used for debt guarantee at the end of the period is RMB 4,811,804,220.33.

7．Other current assets

Item	Closing balance	Opening balance
Affordable housing proceeds	1,299,729.50	1,299,729.50
Input tax to be deducted	493,224,211.54	
Prepaid expenses	30,954.99	
Total	494,554,896.03	1,299,729.50

8．Available-for-sale financial assets

（1）Availability of financial assets for sale

Item	Closing balance			Opening balance		
	Book balance	Impairment loss	The book value	Book balance	Impairment loss	The book value
Equity instruments available for sale	1,671,540,000.00		1,671,540,000.00	1,650,540,000.00		1,650,540,000.00
Therein: measured at cost	1,671,540,000.00		1,671,540,000.00	1,650,540,000.00		1,650,540,000.00
other	85,152,000.00		85,152,000.00	85,000,000.00		85,000,000.00
Total	1,756,692,000.00		1,756,692,000.00	1,735,540,000.00		1,735,540,000.00

Note: Others are trust security funds.

（2）Available financial assets measured at cost at the end of the period

Investee	Book balance			
	Opening balance	Increase in current year	Reduction in current year	Closing balance
Ganzhou Rural Commercial Bank Co. ,Ltd.	61,000,000.00			61,000,000.00
Ganzhou Bank Co., Ltd.	33,000,000.00			33,000,000.00
Jiangxi Zhongqiaohui Guarantee Co., Ltd.	7,500,000.00			7,500,000.00
Ganzhou Guoruitai Guarantee Co., Ltd.	20,000,000.00			20,000,000.00
Southern Jiangxi Soviet Area (Ganzhou) New Urbanization Investment Center (Limited Partnership)	599,900,000.00			599,900,000.00

SPD (Ganzhou) Enterprise Management Center (Limited Partnership)	500,000,000.00			500,000,000.00
Advantage Industry Guiding Fund of Ganzhou Southern Soviet Area (Limited Partnership)	299,990,000.00			299,990,000.00
Goldhold Ganzhou Fund Management Co. ,Ltd.	150,000.00			150,000.00
Ganzhou Jingu Equity Investment Fund (Limited Partnership)	1,000,000.00			1,000,000.00
Ganzhou Jitong Construction Co., Ltd.	8,000,000.00			8,000,000.00
Gannan Soviet District (Ganzhou) New Energy Vehicle Investment Center (limited partnership)	120,000,000.00			120,000,000.00
China dilute supply chain management co., Ltd.		1,000,000.00		1,000,000.00
Ganzhou Zhanxing Industrial Equity Investment Fund (Limited Partnership)		20,000,000.00		20,000,000.00
Total	1,650,540,000.00	21,000,000.00		1,671,540,000.00

(continue)

Investee	Impairment loss				Shareholding ratio in the invested company (%)	Current cash dividend
	Opening balance	Increase in current	Reduction in current	Closing balance		
Ganzhou Rural Commercial Bank Co., Ltd.					6.91	
Ganzhou Bank Co., Ltd.					0.82	
Jiangxi Zhongqiaohui Guarantee Co., Ltd.					5.66	
Ganzhou Guoruitai Guarantee Co., Ltd.					10.00	
Southern Jiangxi Soviet Area (Ganzhou) New Urbanization Investment Center (Limited Partnership)					13.04	
SPD (Ganzhou) Enterprise Management Center (Limited Partnership)					10.00	
Advantage Industry Guiding Fund of Ganzhou Southern Soviet Area (Limited Partnership)					99.99997	
Goldhold Ganzhou Fund Management Co. Ltd.					15.00	
Ganzhou Jingu Equity Investment Fund (Limited Partnership)					19.99	
Ganzhou Jitong Construction Co., Ltd.					10.00	
Gannan Soviet District (Ganzhou) New Energy Vehicle Investment Center (limited partnership)					11.3959	
China dilute supply chain management co., Ltd.					10.00	
Ganzhou Zhanxing Industrial Equity Investment Fund (Limited Partnership)					10.00	
Total					—	

9. Held-to-maturity investments

Item	Closing balance			Opening balance		
	Book balance	Impairment loss	The book value	Book balance	Impairment loss	The book value
Trust investment products	20,000,000.00		20,000,000.00	20,000,000.00		20,000,000.00
Total	20,000,000.00		20,000,000.00	20,000,000.00		20,000,000.00

10. Long-term receivables

Item	Closing balance			Opening balance		
	Book balance	Impairment loss	The book value	Book balance	Impairment loss	The book value
Ganzhou Zhanggong District Urban Construction Investment Development Co., Ltd.	7,594,665,635.25		7,594,665,635.25	7,243,755,635.25		7,243,755,635.25
Counties and cities transfer loans	6,494,700,000.00		6,494,700,000.00	5,364,410,000.00		5,364,410,000.00
Other transfer loan	545,000,000.00		545,000,000.00			
other	1,654,907.76		1,654,907.76			
Total	14,636,020,543.01		14,636,020,543.01	12,608,165,635.25		12,608,165,635.25

11. Long-term equity investments

investee	Beginning balanceOpening balance	Change of increase or decrease in current period				
		additional investment	investment reduction	Investment gains and losses under the equity method	Other comprehensive income adjustments	Changes in other interests
一、cooperative enterprise						
Huakai (Ganzhou) City Investment Co., Ltd.	528,121,279.68	180,000,000.00		4,598,770.56		
Rongyuan (Ganzhou) City Investment Co., Ltd.	97,373,822.43	483,000,000.00		-14,109,581.37		
subtotal	625,495,102.11	663,000,000.00		-9,510,810.81		
二、jointly run business						
Ganzhou Jinshengyuan Guarantee Co. ,Ltd.	644,313,428.55			5,026,267.92		
Gannan Soviet Area Zhenxing Development Industrial Investment Fund Management Co., Ltd.	12,544,680.85			5,820,032.07		
Ganzhou Probiotics Livable Low Carbon Environmental Protection Material Co., Ltd.	2,153,810.02			-120,794.03		
Ganzhou Construction Industrialization Co., Ltd.	17,651,774.51			-3,197,883.64		
Xingguo Jiacheng Real Estate Development Co., Ltd.	15,982,974.06			-4,191,494.00		
Ganzhou zhangchuang municipal engineering Co. ,Ltd.		493,357,500.00				
Ganzhou Ronglong Cultural Memorial Park Management Co., Ltd.		1,400,000.00				

Ganzhou Letian Agricultural Development Co. ,Ltd.		12,400,000.00		-200,065.66		
Ganzhou Xingzhou Runda Group Co. ,Ltd.		27,000,000.00		-3,419,375.25		
subtotal	692,646,667.99	534,157,500.00		-283,312.59		
Total	1,318,141,770.10	1,197,157,500.00		-9,794,123.40		

(continue)

Investee	Change of increase or decrease in current period			Closing balance	End balance of impairment provision period
	Announced cash dividends or profits	Impairment provision is withdrawn	other		
一、cooperative enterprise					
Lingyuan (Ganzhou) Urban Investment Co. , Ltd.				712,720,050.24	
Huakai (Ganzhou) Urban Investment Co. , Ltd.				566,264,241.06	
subtotal				1,278,984,291.30	
二、jointly run business					
Ganzhou Lotte Agricultural Development Co. , Ltd.	6,975,000.00			642,364,696.47	
Gannan Soviet Area Revitalization and Development Industrial Investment Fund Management Co. , Ltd.				18,364,712.92	
Ganzhou Yisheng Livable Low Carbon Environmental Protection Materials Co. , Ltd.				2,033,015.99	
Ganzhou Construction Industrialization Co. , Ltd.				14,453,890.87	
Xingguo Jiacheng Real Estate Development Co. , Ltd.				11,791,480.06	
Ganzhou Zhangchuang Municipal Engineering Co. , Ltd.				493,357,500.00	
Ganzhou Rongrong Humanities and Memorial Park Management Co. , Ltd.				1,400,000.00	
Ganzhou Lotte Agricultural Development Co. , Ltd.				12,199,934.34	
Ganzhou Xingzhou Runda Group Co. , Ltd.				23,580,624.75	
Subtotal	6,975,000.00			1,219,545,855.40	
Total	6,975,000.00			2,498,530,146.70	

12. Investment properties

Investment real estate with the fair value measurement model

Item	Houses and buildings	Total
一、Opening balance	202,869,377.80	202,869,377.80
二、Increase in this period		
outsourcing	80,068,784.00	80,068,784.00
other	556,221,636.84	556,221,636.84
Fair value changes	45,084,843.16	45,084,843.16
三、Current current decrease		
Other	9,617,832.00	9,617,832.00

四、Closing balance	874,626,809.80	874,626,809.80

Note: With the investment real estate of Ganzhou City Investment Holding Group Co. , Ltd. , we will provide guarantee for the loan of 200 million yuan from Ganzhou Branch of Jiafu International.

13．Fixed assets

Item	Opening balance	Increase in this year	Reduction in this year	Closing balance
1、Total original price of fixed assets	4,405,923,447.29	758,816,717.49	36,298.54	5,164,703,866.24
Therein: Houses and buildings	4,343,363,691.05	750,946,128.41		5,094,309,819.46
machinery equipment	6,324,982.40	1,011,966.66	36,298.54	7,300,650.52
conveyer；delivery equipment	34,516,224.87	2,030,373.40		36,546,598.27
Office and Electronics Equipment	11,930,737.58	2,566,661.92		14,497,399.50
other	9,787,811.39	2,261,587.10		12,049,398.49
2、Total accumulated depreciation	420,997,336.63	102,513,257.88	23,834.49	523,486,760.02
Therein: Houses and buildings	381,751,529.18	95,958,550.87		477,710,080.05
machinery equipment	4,359,186.47	575,878.51	23,834.49	4,911,230.49
delivery equipment	23,889,540.00	2,255,238.85		26,144,778.85
Office and Electronics Equipment	7,559,197.52	2,189,118.88		9,748,316.40
other	3,437,883.46	1,534,470.77		4,972,354.23
3、Total impairment provision for fixed assets				
Therein: Houses and buildings				
machinery equipment				
delivery equipment				
Office and Electronics Equipment				
other				
4、Total fixed asset value	3,984,926,110.66			4,641,217,106.22
Therein: Houses and buildings	3,961,612,161.87			4,616,599,739.41
machinery equipment	1,965,795.93			2,389,420.03
delivery equipment	10,626,684.87			10,401,819.42
Office and Electronics Equipment	4,371,540.06			4,749,083.10
other	6,349,927.93			7,077,044.26

Note: Ganzhou City Investment Holding Group Co. , Ltd. , provides 200 million yuan loan from China Merchants Bank Ganzhou Branch, Ganzhou Housing Operation Co. , Ltd. borrowed RMB 630 million from Minsheng Bank Ganzhou Branch; and the property from Jinjiang Villa, Ganzhou City Investment Holding Group Co. , Ltd. borrowed 200 million yuan from China Merchants Bank Ganzhou Branch.

14．Construction in progress

Item	Closing balance			Opening balance		
	Book balance	provision for diminution in value	book value	Book balance	provision for diminution in value	book value

Low - rent housing construction	121,912,199.90		121,912,199.90	615,570,790.66		615,570,790.66
Plant construction	27,717,231.02		27,717,231.02	8,041,539.95		8,041,539.95
Other works	118,685,088.91		118,685,088.91	50,074,438.01		50,074,438.01
Total	268,314,519.83		268,314,519.83	673,686,768.62		673,686,768.62

Note: No asset mortgage guarantee at the end of the period.

15. Intangible assets

Item	Opening balance	Increase in this year	Reduction in this year	Closing balance
1.Total original price of intangible assets value	145,894,383.23	906,650,577.33		1,052,544,960.56
Land usage right	143,403,383.66	906,199,803.65		1,049,603,187.31
Software	1,643,499.57	450,773.68		2,094,273.25
Other	847,500.00			847,500.00
2.Total accumulated amortization	18,183,461.01	11,169,473.13		29,352,934.14
Land usage right	16,938,523.14	10,899,378.25		27,837,901.39
Software	870,625.37	185,344.88		1,055,970.25
Other	374,312.50	84,750.00		459,062.50
3.Total impairment value				
Land usage right				
Software				
Other				
4.Total intangible asset value	127,710,922.22			1,023,192,026.42
Land usage right	126,464,860.52			1,021,765,285.92
Software	772,874.20			1,038,303.00
Other	473,187.50			388,437.50

Note: With the usage right of“Chuangye Home Land”, the company provide guarantee for the loan of Ganzhou Affordable Housing Construction and Operation Co., Ltd. to China Mingsheng Bank Ganzhou Branch,, which is RMB 630 million.

16. Long-term prepaid expenses

Item	Opening balance	Increase in current year	Amortization in current year	Other reduction	Closing balance
Decoration costs	840,678.34	8,378,116.39	818,548.14		8,400,246.59
Total	840,678.34	8,378,116.39	818,548.14		8,400,246.59

17. Deferred tax assets/Deferred tax liabilities

（1）Details of deferred tax assets

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Preparations of assets depreciation	2,565,254.36	487,257.54	2,691,658.28	565,308.87
Total	2,565,254.36	487,257.54	2,691,658.28	565,308.87

（2）Details of Deferred tax liabilities

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Changes in fair value gains and losses	107,268,127.32	24,027,391.42		
Total	107,268,127.32	24,027,391.42		

18. Other non-current assets

Item	Closing balance	Opening balance
Land consolidation of Zhangjiang New District	1,422,771,501.18	1,422,771,501.18
Asset Packaging of Ganzhou Rural Commercial Bank Co., Ltd.	107,205,155.03	107,205,155.03
Asset Packaging of Ganzhou Rural Development Bank Co., Ltd.	37,490,000.00	37,510,000.00
Total	1,567,466,656.21	1,567,486,656.21

19. Short-term borrowings

Item	Closing balance	Opening balance
Mortgage loan	200,000,000.00	
Guaranteed loan	200,000,000.00	75,000,000.00
Fiduciaryloan	75,000,000.00	
Total	475,000,000.00	75,000,000.00

20. Accounts payable

（1）Presentation of accounts payable

Item	Closing balance	Opening balance
Within 1 year	595,634,654.02	316,168,918.73
1 to 2 years	150,430,078.74	8,829,987.13
2 to 3 years	4,783,801.38	2,958,781.69
More than 3 years	247,217,979.21	267,044,345.35
Total	998,066,513.35	595,002,032.90

（2）Presentation of important accounts payable more than 1 year

Item	Closing balance	Reason
Jiangxi Construction engineering No.1 Construction Company	25,462,511.56	unsettled
Zhongyu Construction Group Company	29,181,217.19	unsettled
Zhongyang Construction Group Company	18,144,753.38	unsettled
Hongyu Construction Group Company	19,187,208.81	unsettled
Jiangxi Tianhong Elevator Company Limited Company	16,988,300.00	unsettled
Total	108,963,990.94	-

21. Receipts in advance

Item	Closing balance	Opening balance
Within 1 year	375,765,816.51	17,699,849.10
1 to 2 years	3,000,000.00	9,683,390.46
2 to 3 years	6,647,657.10	1,903,346.23
More than 3 years	3,333,913.01	3,296,681.61

Total	388,747,386.62	32,583,267.40

22．Employee benefits payable

（1）Presentation of employee benefits payable

Item	Opening balance	Increase in current year	Reduction in current year	Closing balance
Short-term compensation	2,181,564.04	134,679,639.37	130,336,314.94	6,524,888.47
Post-service welfare definedcontributionplans	573.94	7,603,477.16	7,577,786.08	26,265.02
Total	2,182,137.98	142,283,116.53	137,914,101.02	6,551,153.49

（2）Presentation of short-term salary

Item	Opening balance	Increase in current year	Reduction in current year	Closing balance
Salary, bonus, allowance and subsidy	1,145,316.37	118,361,481.75	114,537,319.56	4,969,478.56
Employee welfare	45,780.00	5,368,913.01	5,414,693.01	-
Social insurance charges	7,855.55	3,465,848.13	3,444,053.59	29,650.09
Housing accumulation fund	5,298.24	5,040,155.92	5,001,840.12	43,614.04
labor union funds and employee education funds	977,313.88	2,443,240.56	1,938,408.66	1,482,145.78
Total	2,181,564.04	134,679,639.37	130,336,314.94	6,524,888.47

（3）Presetation of defined contribution plan

Item	Opening balance	Increase in current year	Reduction in current year	Closing balance
Basicendowmentinsurance	664.00	7,486,155.19	7,462,022.79	24,796.40
Unemploymentinsuranceexpense	-90.06	117,321.97	115,763.29	1,468.62
Total	573.94	7,603,477.16	7,577,786.08	26,265.02

In accordance with the regulations, the Company participates in basic endowment insurance, unemployment insurance plans that set up by government agencies, and the Company pay the fees as the plans required. Besides the fees mentioned above, the Company assumed no further obligation. the corresponding amount payable for escrow shall be recorded into current profit and loss or the cost of relevant assets at the time of occurrence.

23．Taxes payable

Item	Closing balance	Opening balance
Value-added tax	65,932,714.86	-204,333,856.49
Business tax	19,713,210.71	19,713,210.71
City maintenance and construction tax	5,760,140.57	4,203,975.38
Educational surcharge	2,524,801.03	1,772,674.75
Local education surcharge	17,660,121.68	1,229,572.25
Corporate income tax	367,999,489.95	353,528,730.46
Individual income tax	2,557,695.12	476,011.65
Land value increment tax	1,502,436.36	1,497,933.06

Housing property tax	1,171,422.48	1,097,005.44
Tenure tax	1,313,795.34	1,075,196.99
Stamp tax	1,899,134.68	1,747,779.63
Flood prevention surcharge	331,199.64	331,199.64
Total	488,366,162.42	182,339,433.47

24. Other payables

Item	Closing balance	Opening balance
Other payables	4,896,546,650.49	1,378,618,923.04
Interest payable	173,164,787.22	76,353,315.07
Total	5,069,711,437.71	1,454,972,238.11

（1）Other payables

① Presentation of other payables as its nature

Item	Closing balance	Opening balance
Within 1 year	3,662,314,363.75	472,016,279.73
1to 2 years	435,437,080.77	157,518,923.46
2 to 3 years	100,376,801.18	85,250,755.06
More than 3 years	698,418,404.79	663,832,964.79
Total	4,896,546,650.49	1,378,618,923.04

② Presentation of important accounts other payable more than 1 year

Item	Closing balance	Reasons for not being repaid or transferred
Huakai (Ganzhou) Urban Investment Linited Comany	450,000,000.00	unsettled
Finance Bureau	92,196,487.43	unsettled
Ganzhou Rongjiang New District Jinyuan Real Estate Co., Ltd.	91,733,423.75	unsettled
Ganzhou Zhanggong District Finance Bureau	50,000,000.00	unsettled
Ganzhou Yutan Agricultural Professional Cooperative	38,450,000.00	unsettled
Total	722,379,911.18	-

（2）Interest payable

Item	Closing balance	Opening balance
bond interest	173,164,787.22	76,353,315.07
Total	173,164,787.22	76,353,315.07

25、Current portion of non-current liabilities

Item	Closing balance	Opening balance
long-term loan within 1year（Note 6. Line 27）	6,494,950,000.00	3,938,130,000.00
Bonds payable within 1 year（Note 6. Line 28）	3,930,000,000.00	400,000,000.00
long-term account payable within 1 year（Note 6. Line 29）	922,180,983.47	9,366,000.00
Total	11,347,130,983.47	4,347,496,000.00

26. Other current liabilities

Item	Closing balance	Opening balance

Revenue of affordable housing	1,299,726.13	1,299,726.13
Rent for Security Housing	183,888.24	1,123,479.02
Others	48,361.99	48,361.99
Total	1,531,976.36	2,471,567.14

27. Long-term borrowings

Item	Closing balance	Opening balance
Borrow money on credit	934,000,000.00	954,000,000.00
Guaranteed loan	6,161,200,000.00	6,212,000,000.00
Mortgage loan	1,300,000,000.00	2,360,000,000.00
The pledge loan	10,194,700,000.00	10,159,500,000.00
The pledge and guaranteed loan	2,612,710,000.00	3,858,140,000.00
Mortgage and guaranteed loan	500,000,000.00	260,000,000.00
The pledge, Mortgage and guaranteed loan	4,253,200,000.00	4,125,000,000.00
Minus: long-term loan within 1year（Note 6. Line 25）	6,494,950,000.00	3,938,130,000.00
Total	19,460,860,000.00	23,990,510,000.00

Note: For more details, refer to Note 9,line 4, part (2) “Related Guarantee”

For more details of classification and amount of mortgage assets, refer to Note 6 ,line 1 “Cash and Cash equivalents”; line 6 “Inventory ”; line 12 “Investment properties”; line 13 “Fixed assets”; line 15 “Intangible assets”.

28. Bonds payable

Item	Closing balance	Opening balance
Bonds payable-nominal value	11,895,000,000.00	3,100,000,000.00
Bonds payable- interest adjustments	-54,718,894.91	-14,396,768.01
Minus: Bonds payable within 1 year(Note 6,line 25)	3,930,000,000.00	400,000,000.00
Total	7,910,281,105.09	2,685,603,231.99

29. Long-term Payable

Item	Closing balance	Opening balance
Finance lease payment	2,273,375,293.99	
Finance Bureau	1,239,067,920.37	1,254,754,736.37
Ganzhou Development Town Investment and Exploration Co. ,Ltd.	60,678,129.70	60,678,129.70
Ganzhou River Embankment Management Office	9,000,000.00	9,000,000.00
Ganzhou Zhangjiang Hydraulic Pump Management Station	680,100.00	680,100.00
Ganzhou Development Investment Holding Group Co. ,Ltd.	1,430,000,000.00	865,000,000.00
Jiangxi Provincial Bureau of Water Resources	4,330,000.00	4,330,000.00
Shanghai Pudong Development (Ganzhou) Enterprise Management Center (Limited Partnership)	5,000,000,000.00	5,000,000,000.00
Southern Jiangxi Soviet Area (Ganzhou) New Urbanization Investment Center (Limited Partnership)	4,100,000,000.00	4,600,000,000.00
Special accounts payable	8,713,569,046.89	6,833,017,401.83

Minus: within 1 year (Note VI. Line 25th)	922,180,983.47	9,366,000.00
Total	21,908,519,507.48	18,618,094,367.90

30. Other non-current liabilities

Item	Closing balance	Opening balance
Security deposit for paying debt	110,240,000.00	
Settlement funds for reserved land payment in escrow	418,681,600.00	
Total	528,921,600.00	

31. Paid-in capital

Investor	Opening balance	Increase in current year	Reduction in current year	Closing balance
Ganzhou Urban Development and Investment Group Co., Ltd.	30,000,000,000.00			30,000,000,000.00
Total	30,000,000,000.00			30,000,000,000.00

Note:The paid-up capital of 10 million yuan has been verified by Ganzhou Huasheng Certified Public Accountants with "Ganhua Audit [2009] No.140" report in 200.In 2018, approved by Ganzhou State Asset Regulatory Commission, the registered capital of the company was changed to RMB 3,000,000.

32. Capital reserve

Item	Opening balance	Increase in current year	Reduction in current year	Closing balance
Other capital reserve	6,772,907,299.94	1,169,682,252.03		7,942,589,551.97
Total	6,772,907,299.94	1,169,682,252.03		7,942,589,551.97

Note:The government allocated funds and house property which caused increase in capital reserve in the current year.

33. Other comprehensive income

Item	Opening balance	Increase in current year	Reduction in current year	Closing balance
Other comprehensive income	30,791,170.00	19,556,828.71	7,697,792.50	42,650,206.21
Total	30,791,170.00	19,556,828.71	7,697,792.50	42,650,206.21

Note: the formation of other comprehensive income was the inventory conversed into investment real estate.

34. Surplus reserve

Item	Opening balance	Increase in current year	Reduction in current year	Closing balance
Legal surplus	287,280,175.77	436,293.68		287,716,469.45
Total	287,280,175.77	436,293.68		287,716,469.45

35. Retained earnings

Item	Current period	Prior period
Retained earnings at the beginning of the term	3,822,545,239.13	3,156,683,055.89
Plus: net profit attributable to owners of the parent	735,638,739.98	725,625,078.79

Minus:withdrawal legal surplus	436,293.68	44,183,695.55
Allocation to owners	21,356,200.00	15,579,200.00
Retained earnings at the end of the term	4,536,391,485.43	3,822,545,239.13

36. Operating revenue

Item	Current period	Prior period
Major business	2,350,449,976.14	2,168,727,133.99
Other business	72,532,437.81	50,797,887.52
Total	2,422,982,413.95	2,219,525,021.51

37. Cost of sales

Item	Current period	Prior period
Major business	2,017,446,467.76	1,907,177,744.22
Other business	2,884,749.58	17,500,495.38
Total	2,020,331,217.34	1,924,678,239.60

38. Taxes and surcharges

Item	Current period	Prior period
City maintenance and construction tax	2,424,329.49	2,651,230.58
Educational surcharge	1,006,895.40	1,142,194.48
Local education surcharge	671,281.27	758,879.71
Land value increment tax	5,341,505.21	2,501,374.66
Stamp tax	1,676,131.73	1,711,679.43
Housing property tax	8,203,064.60	6,667,204.18
Tenure tax	528,035.38	5,878,253.91
Other	6,700.87	2,966.40
Total	19,857,943.95	21,313,783.35

Note:For the calculation and payment standards of various taxes and additional taxes, refer to Note 5. Taxes

39. Selling expenses

Item	Current period	Prior period
Employee benefits	6,385,743.80	607,219.95
Administrative expenses	257,936.30	307,539.25
Advertising and general publicity expense	2,843,387.00	339,210.70
Sales agency fee	2,856,357.66	3,408,439.69
Professional Service Fee	315,925.00	385,528.11
Depreciation and amortization	25,940.00	
Exhibition fee	412,892.69	
Entertainment expense	3,495.24	
Other	1,875,690.61	144,255.95
Total	14,977,368.30	5,192,193.65

40. General and administrative expenses

Item	Current period	Prior period
Employee benefits	79,964,105.97	50,727,809.66
Travel expense	811,431.24	873,091.38
Vehicle cost	1,071,689.58	1,108,191.18
Administrative expenses	4,355,586.58	2,545,472.23
Entertainment expense	636,463.34	790,939.26
Lease property management fee	2,402,919.68	1,148,411.63
Professional Service Fee	11,285,982.88	3,662,245.82
Depreciation and amortization	17,853,311.07	16,898,869.78
Other	1,976,346.52	1,362,214.31
Total	120,357,836.86	79,117,245.25

41. Financial expenses

Item	Current period	Prior period
Interest expense	22,780,435.37	36,249,167.23
Minus: interest income	47,683,920.02	71,724,827.84
Service fee expense	2,412,506.25	2,472,684.59
Total	-22,490,978.40	-33,002,976.02

42. Other income

Item	Current period	Prior period
Additional value reduced added tax	4,529.62	
Governmental subsidy related to normal operations of business	511,947,194.42	515,952,736.11
Total	511,951,724.04	515,952,736.11

Therein, details of governmental subsidy as follows:

Subsidy item	Current period	Prior period
Subsidy for special project operation	511,947,194.42	515,952,736.11

43. Investment income

Item	Current period	Prior period
Long-term equity investment income calculated by the equity method	-9,794,123.40	17,145,934.92
Investment income of held-to-maturity investment within holding term	1,054,946.90	1,492,645.29
Investment income of Available-for-sale financial assets within holding term	2,441,043.10	4,328,025.12
Financing income	3,549.26	5,456,013.69
Total	-6,294,584.14	28,422,619.02

44. Gain or loss on the changes in fair value

Source of gain or loss on the changes in fair value	Current period	Prior period
Investment real estate measured at fair value	45,084,843.16	4,929,325.80
Total	45,084,843.16	4,929,325.80

45. Assets impairment losses

Item	Current period	Prior period
Loss on bad debts	126,403.96	-1,525,719.91
Total	126,403.96	-1,525,719.91

46. Non-operating income

Item	Current period	Prior period
Gain on disposal of fixed assets		183,400.99
Indemnity income for breach of contract	7,034,295.42	12,737,606.52
Other	1,804,561.46	1,770,707.69
Total	8,838,856.88	14,691,715.20

47. Non-operating expenses

Item	Current period	Prior period
Loss on disposal of fixed assets	12,464.05	10,929.75
Donation outlay	5,324,503.00	3,205,000.00
Tax delay charge	519,338.39	2,047.04
Other	3,565,414.71	4,404,382.36
Total	9,421,720.15	7,622,359.15

48. Income tax expense

Item	Current period	Prior period
Current income tax expense	45,476,410.31	44,480,840.55
Deferred income tax expense	20,654,237.68	-411,455.50
Total	66,130,647.99	44,069,385.05

49. Supplementary information to the cash flow statement

（1）Supplementary information to the cash flow statement

Supplementary information	Current period	Prior period
1.Reconciliation of net income to cash flow from operations		
Net profit	754,103,901.66	733,005,467.70
Plus:Assets impairment losses	-126,403.96	1,525,719.91
Depreciation of fixed assets	102,513,257.88	87,137,403.77
Amortization of intangible assets	11,169,473.13	3,947,571.81
Amortization of long-term prepaid expenses	818,548.14	471,333.00
Loss on disposal of fixed assets and intangible assets(Income is marked with "-")		10,929.75
Loss on retirement of fixed assets(Income is marked with "-")	12,464.05	-183,400.99
loss on the changes in fair value(Income is marked with "-")	-45,084,843.16	-4,929,325.80
Financial expenses (Income is marked with "-")	22,780,435.37	36,249,167.23
Investment loss (Income is marked with "-")	6,294,584.14	-28,422,619.02
Reduction of deferred tax assets(Increase is marked with "-")	78,051.33	-411,455.50
Increase of deferred tax liabilities (reduction is marked with "-")	24,027,391.42	-
Reduction of inventory (increase is marked with "-")	-9,171,036,574.09	-6,483,835,438.64

Reduction of operational receivable (increase is marked with "-")	-1,689,365,923.75	658,496,313.18
Increase of operational payable (reduction is marked with "-")	10,029,019,285.77	5,240,700,377.36
Other		
Net cash flow from operating activities	45,203,647.93	243,762,043.76
2.Major investments and financing activities that do not involve cash receipts and payments		
Conversion of debt into capital		
3.Net changes in cash and cash equivalents		
Cash at the end of the period	7,041,622,395.88	5,492,356,962.52
Minus:Cash at the beginning of the period	5,492,356,962.52	12,307,327,218.98
Plus: cash equivalent at the end of the period		
Minus:cash equivalent at the beginning of the period		
Net cash flow of cash and cash equivalent	1,549,265,433.36	-6,814,970,256.46

（2）Composition of cash and cash equivalents

Item	Current period	Prior period
一、cash	7,041,622,395.88	5,492,356,962.52
Therein: Cash on hand		142.00
Bank deposits available for payment at any time	7,041,622,395.88	5,492,356,820.52
Other monetary funds available for payment at any time		
二、cash equivalent		
三、closing balance of cash and cash equivalent	7,041,622,395.88	5,492,356,962.52

50．Assets with restricted ownership or right to use

Item	Carrying amount at the end of the reporting period	Reasons of restriction
Cash and Cash equivalents	360,740,000.00	Secutity deposit
Inventories	4,811,804,220.33	Loan collateral
Fixed assets	416,878,392.33	Loan collateral
Intangible assets	84,903,896.41	Loan collateral
Investment properties	198,898,696.80	Loan collateral
Total	5,873,225,205.87	-

Ⅶ. Changers in consolidation scope

1．Disposal subsidiary

Disposal subsidiary then lose control at single time

Subsidiary	Disposal ratio	Disposal method	Point to loss control	Basis to confirm the point
Ganzhou City Investment Parking Operation Management Co. ,Ltd.	100.00	Closed for cancellation	2019 年 12 月	Information of cancellation obtained from industrial and commercial administrations

2．Changers in consolidation scope due to other reasons

A new subsidiary corporation ,Ganzhou Rongjiang New District Rongsheng Human Resource

Management Co., Ltd. ,was set up.

Ⅷ. Equity in other corporation

1．Equity in subsidiary

Subsidiary	Registered and main operating city	Shareholding ratio	Proportion of voting rights	Method to obtain
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou	100	100	Equity transfer
Ganzhou Xingzhou Real Estate Development Co., Ltd.	Ganzhou	100	100	Funded
Ganzhou Xingzhou Real Estate Development Co., Ltd.	Ganzhou	100	100	Funded
Ganzhou Xingrun Property Co., Ltd.	Ganzhou	100	100	Funded
Ganzhou Xinghui Property Co., Ltd.	Ganzhou	100	100	Funded
Ganzhou City Investment Engineering Management Co., Ltd.	Ganzhou	83.33	100	Funded
Ganzhou City Investment Engineering Management Co., Ltd.	Ganzhou	100	100	Funded
Ganzhou City Investment Engineering Management Co., Ltd.	Ganzhou	100	100	Funded
Ganzhou Tiancheng Municipal Planning and Design Co., Ltd.	Ganzhou	88	88	Funded
Ganzhou Zhenxing Industry Co., Ltd.	Ganzhou	65.91	100	Funded
Ganzhou Zhenxing Industry Co., Ltd.	Ganzhou	100	100	Funded
Ganzhou Affordable Housing Construction and Operation Co., Ltd.	Ganzhou	100	100	Equity transfer
Ganzhou City Infrastructure Construction Investment Management Co., Ltd.	Ganzhou	100	100	Equity transfer
Ganzhou Rongjiang New District Infrastructure Construction Investment Management Co., Ltd.	Ganzhou	90	90	Debt-for-equity swap
Ganzhou Rongjiang New District Construction Waste Management Co., Ltd.	Ganzhou	90	90	Debt-for-equity swap
Ganzhou Rongjiang New District Rongsheng Engineering Management Co., Ltd.	Ganzhou	90	90	Debt-for-equity swap
Ganzhou Rongjiang New District Rongsheng Human Resource Management Co., Ltd.	Ganzhou	90	90	Debt-for-equity swap
Ganzhou Jianghe Development Industry Co., Ltd.	Ganzhou	100	100	Equity transfer
Ganzhou Chengxing Investment Management Co., Ltd.	Ganzhou	100	100	Funded
Jiangxi Ganzhou High-Speed Railway New District Construction Investment Co., Ltd.	Ganzhou	100	100	Funded
Ruixingyu (Ganzhou) State-Owned Capital Operation Co., Ltd.	Ganzhou	51	51	Funded
Ganzhou City Investment Construction Group Co., Ltd.	Ganzhou	100	100	Funded
Ganzhou Architecture Design and Research Institute	Ganzhou	100	100	Funded
Ganzhou City Investment Construction Group Co., Ltd.	Ganzhou	50	50	Funded
Ganzhou Construction Group Co., Ltd.	Ganzhou	50	50	Funded
Ganzhou Land Property Investment Co., Ltd.	Ganzhou	100	100	Funded
Ganzhou Xinglin Property Co., Ltd.	Ganzhou	100	100	Funded
Ganzhou Xingfa Property Co., Ltd.	Ganzhou	100	100	Funded
Ganzhou Xingfang Property Co., Ltd.	Ganzhou	100	100	Funded
Ganzhou Xinghao Property Co., Ltd.	Ganzhou	100	100	Funded

Ganzhou Xingyuan Property Co., Ltd.	Ganzhou	100	100	Funded
Ganzhou Mindao Property Co., Ltd.	Ganzhou	100	100	Funded
Ganzhou Minde Property Co., Ltd.	Ganzhou	100	100	Funded
Ganzhou Minfa Property Co., Ltd.	Ganzhou	100	100	Funded
Ganzhou Minhuan Property Co., Ltd.	Ganzhou	100	100	Funded
Ganzhou Minxiu Property Co., Ltd.	Ganzhou	100	100	Funded
Ganzhou Zhongheng Longshun Real Estate Development Co., Ltd.	Ganzhou	100	100	Funded
Ganzhou New Building Materials Investment Co., Ltd.	Ganzhou	100	100	Funded
Ganzhou New Building Materials Investment Co., Ltd.	Ganzhou	100	100	Funded
Ganzhou Minsheng Industrial Investment Co., Ltd.	Ganzhou	100	100	Funded
Ganzhou Minxi Property Co., Ltd.	Ganzhou	100	100	Funded
Ganzhou Ecological Environment Engineering Investment Co., Ltd.	Ganzhou	100	100	Funded
Ganzhou Ecological Environment Co., Ltd.	Ganzhou	50	50	Founded
Ganzhou Smart and New Energy Technology Co., Ltd.	Ganzhou	40	40	Founded

2．Equity in joint venture or associated enterprises

Name of the enterprise	Registered and main operating city	Shareholding ratio	Accounting treatment of affiliated enterprises
Huakai（Ganzhou）City Investment Co., Ltd.	Ganzhou	50	Equity method
Rongyuan（Ganzhou）City Investment Co., Ltd.	Ganzhou	50	Equity method
Ganzhou Jinshengyuan Guarantee Co. Ltd.	Ganzhou	24.80	Equity method
Gannan Soviet Area Zhenxing Development Industrial Investment Fund Management Co., Ltd.	Ganzhou	25	Equity method
Xingguo Jiacheng Real Estate Development Co. ,Ltd.	Ganzhou	20	Equity method
Ganzhou Yisheng Livable Low Carbon Environmental Protection Materials Co. , Ltd.	Ganzhou	26	Equity method
Ganzhou Construction Industrialization Co. , Ltd.	Ganzhou	20	Equity method
Ganzhou Rongrong Humanities and Memorial Park Management Co. , Ltd.	Ganzhou	20	Equity method
Ganzhou Letian Agricultural Development Co., Ltd.	Ganzhou	20	Equity method
Ganzhou Xingzhou Runda Group Co., Ltd.	Ganzhou	45	Equity method

Ⅸ. Related parties and related transactions

1．The holding company

The holding company	Register city	Registered capital	The shareholding ratio of holding company	The voting rights ratio of holding company
Ganzhou City Development and Investment Group Co., Ltd.	Ganzhou	30 billion	100.00	100.00

Note:The ultimate controlling party is Ganzhou State-owned Assets Supervision and Administration Commission.

2．Holding company

Refer to Note 8, line 1 “Equity in subsidiary”

3. The situation of the company's joint ventures and joint ventures

For important equity in joint venture and associated enterprises, refer to Note 8,line 2 “Equity in joint venture or associated enterprises”

4. Other related parties

Other related enterprises	Relationship
Huakai（Ganzhou）City Investment Co., Ltd.	Joint company
Gannan Soviet Area Zhenxing Development Industrial Investment Fund Management Co. ,Ltd.	Joint company
Xingguo Jiacheng Real Estate Development Co. ,Ltd.	Joint company
Rongyuan（Ganzhou）City Investment Co., Ltd.	Joint company

5. Related transaction

（1）Lease transactions between related parties

As lessor

Lessee	Category of leasing asset	Rental income in current period
Ganzhou Tiancheng Municipal Planning and Design Co., Ltd.	Houses tenancy	137,525.04
Ganzhou Construction Group Co., Ltd.	Houses tenancy	152,100.00
Ganzhou Ecological Environment Co., Ltd.	Houses tenancy	15,000.00
Gannan Soviet Area Zhenxing Development Industrial Investment Fund Management Co., Ltd.	Houses tenancy	203,289.15

（2）Related Party Guarantee

Warrantor	Warranted party	Guarantee amount	From date	Due date	Whether the guarantee has been fulfilled
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou Zhenxing Industry Co., Ltd.	300,000,000.00	2015-10-12	2020-10-12	NO
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou Zhenxing Industry Co., Ltd.	900,000,000.00	2016-04-22	2021-04-21	NO
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou Zhenxing Industry Co., Ltd.	500,000,000.00	2016-06-03	2024-06-03	NO
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou Zhenxing Industry Co., Ltd.	500,000,000.00	2016-06-13	2024-06-13	NO
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou Zhenxing Industry Co., Ltd.	1,800,000,000.00	2016-08-31	2019-08-31	NO
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou Zhenxing Industry Co., Ltd.	500,000,000.00	2017-03-08	2025-03-07	NO
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou Zhenxing Industry Co., Ltd.	4,500,000,000.00	2017-05-08	2023-05-07	NO
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou Zhenxing Industry Co., Ltd.	4,900,000,000.00	2018-03-30	2042-12-11	NO
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou Zhenxing Industry Co., Ltd.	1,800,000,000.00	2018-04-12	2023-04-12	NO

Ganzhou City Development Investment Group Co., Ltd.	Ganzhou Zhenxing Industry Co., Ltd.	2,000,000,000.00	2018-05-31	2036-05-31	NO
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou Zhenxing Industry Co., Ltd.	300,000,000.00	2018-06-26	2020-06-26	NO
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou Zhenxing Industry Co., Ltd.	140,805,000.00	2019-07-23	2024-04-23	NO
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou Zhenxing Industry Co., Ltd.	75,000,000.00	2019-08-28	2020-08-27	NO
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou Zhenxing Industry Co., Ltd.	121,571,708.30	2019-09-17	2024-09-17	NO
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou Zhenxing Industry Co., Ltd.	15,200,000.00	2019-09-26	2021-09-26	NO
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou Zhenxing Industry Co., Ltd.	358,320,384.20	2019-12-20	2024-09-20	NO
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou Zhenxing Industry Co., Ltd.	450,000,000.00	2015-12-21	2020-12-17	NO
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou Zhenxing Industry Co., Ltd.	200,000,000.00	2016-01-08	2021-01-07	NO
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou Zhenxing Industry Co., Ltd.	500,000,000.00	2016-01-28	2020-12-31	NO
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou Zhenxing Industry Co., Ltd.	300,000,000.00	2019-08-06	2024-08-05	NO
Ganzhou City Development Investment Group Co., Ltd.	Jiangxi Ganzhou High-Speed Railway New District Construction Investment Co., Ltd.	200,000,000.00	2018-08-20	2021-08-17	NO
Ganzhou City Development Investment Group Co., Ltd.	Jiangxi Ganzhou High-Speed Railway New District Construction Investment Co., Ltd.	200,000,000.00	2019-01-14	2021-12-31	NO
Ganzhou City Development Investment Group Co., Ltd.	Jiangxi Ganzhou High-Speed Railway New District Construction Investment Co., Ltd.	481,282,850.00	2019-04-29	2024-04-30	NO
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou Affordable Housing Construction and Operation Co., Ltd.	630,000,000.00	2017-04-06	2022-04-06	NO
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou City Infrastructure Construction Investment Management Co., Ltd.	500,000,000.00	2010-02-26	2022-02-25	NO
Ganzhou City Development Investment Group Co., Ltd.	Ganzhou Xingzhou Real Estate Development Co., Ltd.	500,000,000.00	2019-07-30	2022-07-29	NO
Ganzhou City Development Investment Group Co., Ltd.	Huakai（Ganzhou）City Investment Co., Ltd.	500,000,000.00	2015-10-29	2020-10-22	NO
Ganzhou City Development Investment Group Co., Ltd.	Xingguo County Urban Development Investment Co. ,Ltd.	1,000,000,000.00	2019-11-19	2026-11-19	NO
Ganzhou City Investment Holding Group CO.,Ltd. Ganzhou City Investment Engineering Management Co., Ltd.	Ganzhou City Investment Concrete Co., Ltd.	100,000,000.00	2019-6-18	2022-6-19	NO
Ganzhou Zhenxing Industry Co., Ltd.	Ganzhou City Development Investment Group Co., Ltd.	300,000,000.00	2019-5-16	2024-5-16	NO

Ganzhou Zhenxing Industry Co., Ltd.	Ganzhou City Development Investment Group Co., Ltd.	500,000,000.00	2016-5-21	2022-5-21	NO
Ganzhou Zhenxing Industry Co., Ltd.	Ganzhou City Development Investment Group Co., Ltd.	200,000,000.00	2019-8-22	2020-8-23	NO
Ganzhou Rongjiang New District Infrastructure Construction Investment Management Co., Ltd.	Rongyuan（Ganzhou）City Investment Co., Ltd.	100,000,000.00	2018-6-28	2021-6-11	NO
Ganzhou Rongjiang New District Construction Waste Management Co., Ltd.	Rongyuan（Ganzhou）City Investment Co., Ltd.	100,000,000.00	2018-6-28	2021-6-11	NO

（3）Loan between related parties

Related party	Closing balance	Opening balance
Borrowing funds:		
Ganzhou Development Investment Holding Group Co. ,Ltd.	1,430,000,000.00	865,000,000.00
Total	1,430,000,000.00	865,000,000.00
Lending funds：		
Huakai（Ganzhou）City Investment Co., Ltd.	550,000,000.00	560,000,000.00
Xingguo Jiacheng Real Estate Development Co., Ltd.	295,000,000.00	130,200,000.00
Ganzhou Runda Property Development Co., Ltd.	250,000,000.00	
Total	1,095,000,000.00	690,200,000.00

6. Accounts receivable and payable from related parties

（1）Accounts receivable

Item	Closing balance		Opening balance	
	Book balance	Bad debt provision	Book balance	Bad debt provision
Other receivables				
Ganzhou Development Investment Holding Group Co., Ltd.	736,161,000.00		736,161,000.00	
Huakai（Ganzhou）City Investment Co., Ltd.	550,000,000.00		560,000,000.00	
Rongyuan (Ganzhou) City Investment Co., Ltd.			125,400,000.00	
Xingguo Jiacheng Real Estate Development Co., Ltd.			130,200,000.00	
Jiangxi China Coal Construction Group Co., Ltd.	81,880,855.71			
Ganzhou Xingzhou Runda Group Co. ,Ltd.	2,085,102,134.08			
Total	3,453,143,989.79		1,551,761,000.00	

（2）Accounts payable

Item	Closing balance	Opening balance
Other payables：		
Huakai（Ganzhou）City Investment Co., Ltd.	450,010,000.00	450,010,000.00
Subtotal	450,010,000.00	450,010,000.00
Long-term payable：		
Ganzhou Development Investment Holding Group Co. ,Ltd.	1,430,000,000.00	865,000,000.00

Subtotal	1,430,000,000.00	865,000,000.00
Total	1,880,010,000.00	1,315,010,000.00

Ⅹ. Commitments and Contingencies

1． Major Commitments

As of 31 December 2019, the Company has no major commitments.

2． Contingencies

As of 31 December 2019, for contingencies of the Group, refer to Note9, line 4(2) “Related Party Guarantee”

Ⅺ. Events after balance sheet data

The subsidiary Ganzhou Zhenxing Industrial Co., Ltd. obtained a two-year loan of 300 million yuan from Ganzhou Bank in April 2020 ;

The subsidiary Ganzhou Zhenxing Industrial Co., Ltd. obtained a two-year loan of 75 million yuan from Guangfa Bank in April 2020 ;

The Company privately issued debt financing plan(20ZR001) for 3-year bonds totaled 440 million yuan in January 2020;

The Company privately issued 20 Ganzhou City Investment (PPN001) 5-year bonds totaled 500 million yuan in March 2020;

The Company obtained a three-year loan of 500 million yuan from Bohai Bank Nanchang Branch in Januarary 2020;

The Company obtained a one-year loan of 372 million yuan from China Development Bank Jiangxi Branch in February 2020;

The subsidiary Ganzhou Zhenxing Industrial Co., Ltd. obtained a two-year trust loan of 498.4 million yuan from China Construction Bank Trust Co., Ltd. January 2020;

The subsidiary Ganzhou City Investment Engineering Management Co., Ltd. obtained a financing lease of RMB 200 million from Ganzhou Development Financial Leasing Co., Ltd. on March 27,2020;

The subsidiary Ganzhou Rongjiang New District Infrastructure Construction Investment Management Co., Ltd. obtained a seven-year loan of 300 million yuan from Guangda Bank Ganzhou Branch on Januarary 10,2020;

The subsidiary Ganzhou Rongjiang New District Infrastructure Construction Investment Management Co., Ltd. obtained a eight-year loan of 435 million yuan from Minsheng Bank Ganzhou Branch on Januarary 1 ,2020;

The subsidiary Ganzhou Rongjiang New District Infrastructure Construction Investment Management Co., Ltd. obtained a financing lease of 200 million yuan from Aviation Industry of China International Leasing Co., Ltd .on April 16,2020;

The subsidiary Ganzhou Rongjiang New District Infrastructure Construction Investment

Management Co., Ltd .privately issued project benefits debts (First phase) for 3+2-year cooperation bonds 1 billion yuan and 5-year 500 million yuan in march 2020.

Ⅻ. Other Important Matters

As of 31 December 2019, the Company has no other important matters that need to be disclosed.

XIII. Notes to Main Items on the Company Financial Statement

1. Other receivables

（1）According to the aging analysis method, the accounts other receivable of bad debt provision is drawn

Aging	Closing balance			Opening balance		
	Book balance	Ratio %	Bad debt provision	Book balance	Ratio%	Bad debt provision
Within 1 year	3,901,174,747.75	89.55		277,218,448.35	47.65	
1 to 2 years	150,700,000.00	3.46		1,262,187.65	0.22	12,621.88
2 to 3 years	1,262,187.65	0.03	25,243.75			
3 to 4 years				260,468,110.62	44.77	18,988.00
4 to 5 years	260,468,110.62	5.98	47,470.00	8,686,212.06	1.49	18.43
More than 5 years	42,779,657.47	0.98	184.30	34,093,445.41	5.87	
Total	4,356,384,703.49	100.00	72,898.05	581,728,404.09	100.00	31,628.31

（2）The top five accounts other receivable according to the closing balance collected by the debtor

Company name	Nature of money	Closing balance	Aging	Proportion of other receivables at end of period (%)	Closing balance of bad debt provision
Ganzhou Minsheng Industrial Investment Co., Ltd.	Current money	1,593,411,709.05	Within 1 year	36.58	
Ganzhou Land Property Investment Co., Ltd.	Current money	825,655,777.38	Within 1 year	18.95	
Ganzhou City Investment Engineering Management Co., Ltd.	Current money	302,742,883.79	4-5years：259,993,410.62 More than 5 years：42,749,473.17	6.95	
Ganzhou Xingfang Property Co., Ltd.	Current money	263,686,880.00	Within 1 year：183,216,880.00 1-2years：80,470,000.00	6.05	
Ganzhou City Investment Construction Group Co., Ltd.	Current money	200,000,000.00	Within 1 year	4.59	
Total	—	3,185,497,250.22	--	73.12	

2. Long-term equity investments

（1）classification

Item	Closing balance	Opening balance

	Book balance	Impairment of assets	Book value	Book balance	Impairment of assets	Book value
Invest in subsidiaries	41,376,784,326.23		41,376,784,326.23	39,892,274,326.23		39,892,274,326.23
Total	41,376,784,326.23		41,376,784,326.23	39,892,274,326.23		39,892,274,326.23

（2）Invest in subsidiaries

Subsidiaries	Opening balance	Increase in current year	Reduction in current year	Closing balance	Impairment of assets increase	Impairment of assets
Ganzhou City Development Investment Group Co., Ltd.	39,662,274,326.23			39,662,274,326.23		
Ganzhou City Investment Construction Group Co., Ltd.		90,500,000.00		90,500,000.00		
Ganzhou Land Property Investment Co., Ltd.		254,010,000.00		254,010,000.00		
Ganzhou Minsheng Industrial Investment Co., Ltd.	230,000,000.00	770,000,000.00		1,000,000,000.00		
Ganzhou New Building Materials Investment Co., Ltd.		370,000,000.00		370,000,000.00		
Total	39,892,274,326.23	1,484,510,000.00		41,376,784,326.23		

3. Operating revenue

Item	Current period	Prior period
ther business	340,219.07	8,171,313.27
Total	340,219.07	8,171,313.27

4. Cost of sales

Item	Current period	Prior period
Other business	234,322.99	6,790,130.14
Total	234,322.99	6,790,130.14

Ganzhou City Investment Holding Group Co., Ltd .

29 May 2020

Legal Representative: Chief Accountant: Head of Accounting Department:

统一社会信用代码

91110102082881146K

营业执照

（副 本）(5-1)

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。（市场主体依法自主选择经营项目，开展经营活动；依法须经批准的项目，经相关部门批准后依批准的内容开展经营活动；不得从事国家和本市产业政策禁止和限制类项目的经营活动。）

成立日期 2013年11月04日

合伙期限 2013年11月04日 至 长期

主要经营场所 北京市丰台区丽泽路20号院1号楼南楼20层

登记机关

2021年 05月 11日

国家企业信用信息公示系统网址： http://www.gsxt.gov.cn

市场主体应当于每年1月1日至6月30日通过国家企业信用信息公示系统报送公示年度报告。

国家市场监督管理总局监制

会计师事务所

执业证书

名　　称：中兴华会计师事务所（特殊普通合伙）

首席合伙人：李尊农

主任会计师：

经营场所：北京市丰台区丽泽路20号院1号楼南楼20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：0014686

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。

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发证机关：北京市财政局

二〇二一年八月十七日

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

中国注册会计师协会
THE CHINESE INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

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No. of Certificate

批准注册协会: 福建省注册会计师协会
Authorized Institute of CPAs

发证日期: 2011年 08月 29日
Date of Issuance /y /m /d

年度检验登记
Annual Renewal Registration

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FUJIAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
福建省注册会计师协会
有效期至2021年6月30日

2012年 2月 22日
/y /m /d

2020年6月30日

4 5

THE CHINESE INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

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FUJIAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

福建省注册会计师协会

有效期至2021年6月30日

2012年/y 2月/m 20日/d

2020年6月30日

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