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## **PUBLICATION OF OFFERING CIRCULAR**

### **KEQIAO (HK) INTERNATIONAL INVESTMENT CO., LIMITED**

**(柯橋(香港)國際投資有限公司)**

*(incorporated with limited liability under the laws of Hong Kong)*

**U.S.\$300,000,000 3.00 per cent. Guaranteed Bonds due 2025 (the “Bonds”)**

**(Stock Code: 5056)**

**Unconditionally and irrevocably guaranteed by**



### **SHAOXING CITY KEQIAO DISTRICT STATE-OWNED ASSETS**

**INVESTMENT MANAGEMENT CO., LTD.**

**(紹興市柯橋區國有資產投資經營集團有限公司)**

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

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

**Bank of China**

**Guosen Securities (HK)**

**Dongxing Securities (Hong Kong)**

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

**Orient Securities  
(Hong Kong)**

**CLSA**

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

**CNCB Capital**

**Luso Bank Ltd.**

**Shanghai Pudong  
Development Bank  
Hong Kong Branch**

**Bank of Communications**

**China International  
Capital Corporation**

This announcement is issued pursuant to Rule 37.39A of the Listing Rules. Reference is made to the notice of the listing of the Bonds on The Stock Exchange of Hong Kong Limited dated 16 March 2022, the Bonds as described in the offering circular dated 9 March 2022 (the “**Offering Circular**”) (appended herewith) are issued to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) (the “**Professional Investors**”) only.

Notice to Hong Kong Investors: Keqiao (HK) International Investment Co., Limited (柯橋(香港)國際投資有限公司) (the “**Issuer**”) and Shaoxing City Keqiao District State-owned Assets Investment Management Co., Ltd. (紹興市柯橋區國有資產投資經營集團有限公司) (the “**Guarantor**”) confirm that the Bonds are intended for purchase by Professional Investors only and have been listed on The Stock Exchange of Hong Kong Limited on that basis. Accordingly, the Issuer and the Guarantor confirm that the Bonds are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

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

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

Hong Kong, 17 March 2022

*As at the date of this announcement, the directors of Keqiao (HK) International Investment Co., Limited are Ms. Zhang Siyu and Mr. Lin Weili.*

*As at the date of this announcement, the directors of Shaoxing City Keqiao District State-owned Assets Investment Management Co., Ltd. are Mr. Yu Weiqiang, Mr. Li Gang, Mr. Yu Huiling, Ms. Lou Jia and Mr. Meng Zhihui.*

## IMPORTANT NOTICE

### NOT FOR DISTRIBUTION DIRECTLY OR INDIRECTLY INTO THE UNITED STATES

**IMPORTANT: You must read the following before continuing.** The following applies to the offering circular (the “Offering Circular”) following this page, 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 or the Guarantor (each as defined in the Offering Circular) as a result of such access.

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

**THE BONDS (THE “BONDS”) AND THE GUARANTEE (THE “GUARANTEE”) DESCRIBED HEREIN HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE BONDS AND THE GUARANTEE MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THIS OFFERING IS MADE SOLELY IN OFFSHORE TRANSACTIONS PURSUANT TO REGULATIONS UNDER THE SECURITIES ACT.**

**THE FOLLOWING OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY UNITED STATES ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.**

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

#### **Confirmation of Your Representation:**

In order to be eligible to view the Offering Circular or make an investment decision with respect to the securities, investors must be purchasing the securities outside the United States in an offshore transaction in reliance on Regulation S under the Securities Act. By accepting the e-mail and accessing the attached Offering Circular, you shall be deemed to have represented to the Joint Lead Managers (as defined in the Offering Circular), the Issuer and the Guarantor (1) that you and any customers you represent are not, and that the electronic mail address that you gave the Issuer and/or the Guarantor and to which this e-mail has been delivered is not, located in the United States, its territories or possessions, (2) that you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission, and (3) to the extent you purchase the Bonds, you will be doing so in an offshore transaction as defined in regulations under the Securities Act in compliance with Regulation S thereunder.

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 jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Offering Circular to any other person.

Nothing in this electronic transmission constitutes, and may not be used in connection with, an offer or an invitation by or on behalf of any of the Issuer, the Guarantor or the Joint Lead Managers to subscribe or purchase any of the Bonds, in any place where offers or solicitations are not permitted by law and access has been limited so that it shall not constitute in the United States or elsewhere directed selling efforts (within the meaning of Regulation S under the Securities Act). If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Lead Managers or any affiliate of any of the Joint Lead Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Joint Lead Manager or such affiliate on behalf of the Issuer and the Guarantor in such jurisdiction. Any Bonds to be issued in respect thereof will not be registered under the Securities Act and may not be offered or sold in the United States unless registered under the Securities Act or pursuant to an exemption from such registration. Access has been limited so that it shall not constitute a general solicitation in the United States or elsewhere. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the Bonds.

The 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 none of the Issuer, the Guarantor, the Joint Lead Managers nor any of their affiliates, directors, officers, employees, representatives, agents and each person who controls any of them accepts any liability or responsibility whatsoever in respect of any such alteration or change to the Offering Circular distributed to you in electronic format or any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Joint Lead Managers. **You are responsible for protecting against viruses and other destructive items.** Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

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

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

You are responsible for protecting against viruses and other destructive items. Your use of this electronic 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.

**Keqiao (HK) International Investment Co., Limited**

柯橋(香港)國際投資有限公司

*(incorporated with limited liability in Hong Kong)***U.S.\$300,000,000 3.00 per cent. Guaranteed Bonds due 2025****Unconditionally and Irrevocably Guaranteed by****Shaoxing City Keqiao District State-owned Assets Investment Management Co., Ltd.****(紹興市柯橋區國有資產投資經營集團有限公司)***(incorporated with limited liability in the PRC)***Issue Price: 100.00 per cent.**

The 3.00 per cent. guaranteed bonds in the aggregate principal amount of U.S.\$300,000,000 due 2025 (the “**Bonds**”) will be issued by Keqiao (HK) International Investment Co., Limited 柯橋(香港)國際投資有限公司 (the “**Issuer**”) and will be unconditionally and irrevocably guaranteed (the “**Guarantee**”) by Shaoxing City Keqiao District State-owned Assets Investment Management Co., Ltd. (紹興市柯橋區國有資產投資經營集團有限公司) (the “**Guarantor**” or the “**Company**”), a company incorporated under the laws of the People’s Republic of China (the “**PRC**”). The Bonds will constitute direct, unconditional, unsubordinated and (subject to Condition 3(a) of the Terms and Conditions of the Bonds (the “**Terms and Conditions**”) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable law and subject to Condition 3(a) of the Terms and Conditions at all times rank at least equally with all the Issuer’s other present and future unsecured and unsubordinated obligations.

The Bonds will bear interest on their outstanding principal amount from and including 16 March 2022 (the “**Issue Date**”) at the rate of 3.00 per cent. per annum and such interest will be payable semi-annually in arrear in equal instalments on 16 March and 16 September in each year (each an “**Interest Payment Date**”), commencing on 16 September 2022. All payments of principal, premium (if any) and interest by or on behalf of the Issuer or the Guarantor in respect of the Bonds or under the Guarantee shall be made free and clear of, and without withholding or deduction for, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Hong Kong or the PRC or, in each case, any political subdivision or any authority therein or thereof having power to tax, to the extent described under “**Terms and Conditions of the Bonds — Taxation**”.

The Guarantor will enter into a deed of guarantee (the “**Deed of Guarantee**”) with China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) (the “**Trustee**”) on or around 16 March 2022. The Guarantor will be required to file or cause to be filed with the State Administration of Foreign Exchange or its local branch (“**SAFE**”) the Deed of Guarantee in accordance with, and within the time period prescribed by, the Provisions on the Foreign Exchange Administration of Cross-Border Guarantees (跨境擔保外匯管理規定) promulgated by SAFE on 12 May 2014 which came into effect on 1 June 2014 (the “**Cross-Border Security Registration**”). The Guarantor shall complete the Cross-Border Security Registration and obtain a registration certificate from SAFE (or any other document evidencing the completion of registration issued by SAFE) on or before the Registration Deadline (being the day falling 120 PRC Business Days after the Issue Date) and comply with all applicable PRC laws and regulations in relation to the Guarantee.

Pursuant to the Circular on Promoting the Reform of the Filing and Registration System on the Issuance by Enterprises of Foreign Debt (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告(發改外資[2015]2044)) (the “**NDRC Circular**”) issued by the National Development and Reform Commission of the PRC or its local counterparts (the “**NDRC**”) on 14 September 2015 which came into effect on the same day, the Guarantor has registered the issuance of the Bonds with the NDRC and obtained a certificate from the NDRC on 13 December 2021 evidencing such registration and has undertaken to file or cause to be filed the requisite information and documents on the issuance of the Bonds to the NDRC within 10 PRC Business Days after the Issue Date.

Unless previously redeemed, or purchased and cancelled, the Issuer will redeem each Bond at its principal amount on 16 March 2025 (the “**Maturity Date**”). At any time, on giving not less than 30 nor more than 60 days’ notice to the Bondholders (as defined below) (which notice shall be irrevocable), the Issuer may redeem the Bonds in whole, but not in part, at 100 per cent. of their principal amount, together with any interest accrued to (but not including) the date fixed for redemption, if the Issuer and/or the Guarantor (as the case may be) satisfies the Trustee immediately prior to giving such notice that the Issuer (or, if the Guarantee were called, the Guarantor) has or will become obliged to pay Additional Amounts (as defined in the Terms and Conditions) as a result of any change in, or amendment to, the laws or regulations of the Hong Kong or the PRC, or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 9 March 2022, and such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it. Following the occurrence of a Change of Control (as defined in the Terms and Conditions) or a No Registration Event (as defined in the Terms and Conditions), each holder of Bonds (each a “**Bondholder**”) will have the right, at such Bondholder’s option, to require the Issuer to redeem all, but not some only, of that Bondholder’s Bonds on the Put Settlement Date (as defined in the Terms and Conditions) at 101 per cent. (in the case of a redemption for a Change of Control (as defined in the Terms and Conditions)) or 100 per cent. (in the case of a redemption for a No Registration Event (as defined in the Terms and Conditions)) of their principal amount, together in each case with accrued interest up to (but excluding) the Put Settlement Date. See “**Terms and Conditions of the Bonds — Redemption and Purchase**”.

For a more detailed description of the Bonds, see “**Terms and Conditions of the Bonds**” beginning on page 59.

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

**Investing in the Bonds involves risks. See “Risk Factors” beginning on page 16 for a discussion of certain factors to be considered in connection with an investment in the Bonds.**

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

Application will be made to The Stock Exchange of Hong Kong Limited (the “**SEHK**”) for the listing of, and permission to deal in, the Bonds by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) (“**Professional Investors**”) only. This Offering Circular is for distribution to Professional Investors only.

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

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

The Guarantor has been assigned a corporate credit rating of “**BBB**” with a stable outlook by Fitch Ratings Services (“**Fitch**”). The Bonds are expected to be assigned a rating of “**BBB**” by Fitch. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, qualification, suspension, reduction or withdrawal at any time by the assigning rating agency. A suspension, reduction or withdrawal of the rating assigned to the Bonds may adversely affect the market price of the Bonds.

The Bonds will be represented initially by interests in a global certificate (the “**Global Certificate**”) in registered form which will be registered in the name of a nominee of, and shall be deposited on or about 16 March 2022, with, a common depository for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described herein, certificates for Bonds will not be issued in exchange for interests in the Global Certificate.

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

Bank of China	Guosen Securities (HK)	Dongxing Securities (Hong Kong)
	<b>Joint Lead Managers and Joint Bookrunners</b>	
Orient Securities (Hong Kong)	CLSA	Industrial Bank Co., Ltd. Hong Kong Branch
		CNCB Capital
Luso Bank Ltd.	Shanghai Pudong Development Bank Hong Kong Branch	Bank of Communications
		China International Capital Corporation

Offering Circular dated 9 March 2022

## NOTICE TO INVESTORS

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

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) for the purpose of giving information with regard to the Issuer, the Guarantor and the Group. Each of the Issuer and the Guarantor accepts full responsibility for the accuracy of the information contained in this 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.

Each of the Issuer and the Guarantor accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirms, having made all reasonable enquiries, that (i) this Offering Circular contains all material information with respect to the Issuer, the Guarantor and the Guarantor’s subsidiaries taken as a whole (collectively, the “**Group**”) and the Bonds and the Guarantee (including all information which, according to the particular nature of the Issuer, the Guarantor, the Group, the Bonds and the Guarantee, 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 Guarantor and the Group and of the rights attaching to the Bonds and the Guarantee), (ii) this Offering Circular does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading, (iii) the statements of fact contained in this Offering Circular relating to the Issuer, the Guarantor, the Group, the Bonds and the Guarantee are in every material respect true and accurate and not misleading, (iv) 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 are based on reasonable assumptions; (v) all reasonable enquiries have been made to ascertain such facts and to verify the accuracy of all such statements; and (vi) the statistical, industry and market-related data included in this Offering Circular are based on or derived or extracted from sources which each of the Issuer and the Guarantor believes to be accurate and reliable in all material respects.

This Offering Circular has been prepared by the Issuer and the Guarantor solely for use in connection with the proposed offering of the Bonds and the giving of the Guarantee described in this Offering Circular. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of Bank of China Limited, Guosen Securities (HK) Capital Company Limited, Dongxing Securities (Hong Kong) Company Limited, Orient Securities (Hong Kong) Company Limited, CLSA Limited, Industrial Bank Co., Ltd. Hong Kong Branch, CNCB (Hong Kong) Capital Limited, Luso International Banking Limited, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, Bank of Communications Co., Ltd. Hong Kong Branch and China International Capital Corporation Hong Kong Securities Limited (the “**Joint Lead Managers**”) or the Issuer or the Guarantor to subscribe for or purchase any of the Bonds. The distribution of this Offering Circular, the offering of the Bonds and the giving of the Guarantee in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Guarantor and the Joint Lead Managers to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds and the giving of the Guarantee or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds and the Guarantor giving the Guarantee, and the circulation of documents relating thereto, in certain jurisdictions

and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the Bonds and distribution of this Offering Circular, see “*Subscription and Sale*”.

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

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Offering Circular or any information supplied by the Issuer and the Guarantor or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer, the Guarantor or the Joint Lead Managers. Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Bonds shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Guarantor or the Group since the date hereof or create any implication that the information contained herein is correct as at any date subsequent to the date hereof.

None of the Joint Lead Managers, the Trustee (as defined in the Terms and Conditions) or the Agents (as defined in the Terms and Conditions) or any person who controls any of them, or any of their respective directors, officers, employees, agents, advisers, representatives and affiliates has separately verified the information contained in this Offering Circular. None of the Joint Lead Managers, the Trustee or the Agents, or any director, officer, employee, agent, adviser, representative or affiliate of any such person, makes any representation, warranty or undertaking, express or implied, or accepts any responsibility or liability, with respect to the accuracy or completeness of any of the information contained in this Offering Circular or any information supplied in connection with the Bonds and the Guarantee. Each person receiving this Offering Circular acknowledges that such person has not relied on the Joint Lead Managers, the Trustee or the Agents, or any person who controls any of them, or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates in connection with its investigation of the accuracy of such information or its investment decision, and each such person must rely on its own examination of the Issuer and the Guarantor and the merit and risks involved in investing in the Bonds. See “*Risk Factors*” for a discussion of certain factors to be considered in connection with an investment in the Bonds.

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

This Offering Circular may not be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation. This Offering Circular does not constitute an offer or an invitation to subscribe for or to purchase any Bonds, is not intended to provide the basis of any credit or other evaluation, and should not be considered as a recommendation by the Issuer, the Guarantor, the Joint Lead Managers, the Trustee, the Agents or any person who controls any of them, or any of them that any recipient of this Offering Circular should subscribe for or purchase any Bonds. Each recipient of this Offering Circular shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer and the Guarantor with its own tax, legal and business advisers as it deems necessary.

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

This Offering Circular summarises certain material documents and other information, and the Issuer, the Guarantor and the Joint Lead Managers refer the recipient of this Offering Circular to them for a more complete understanding of what is contained in this Offering Circular. In making an investment decision, the prospective investor must rely on its own judgement and examination of the Issuer and the Guarantor and the Terms and Conditions of the Bonds, including the merits and risks involved. See “*Risk Factors*” for a discussion of certain factors to be considered in connection with an investment in the Bonds. None of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents or any person who controls any of them, or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates are making any representation regarding the legality of an investment in the Bonds under any law or regulation. The recipient of this Offering Circular should not consider any information in this Offering Circular to be legal, business or tax advice. Any investor or prospective investor should consult his/her/ its own attorney, business adviser and tax adviser for legal, business and tax advice regarding an investment in the Bonds.

**IN CONNECTION WITH THE ISSUE OF THE BONDS, ANY OF THE JOINT LEAD MANAGER APPOINTED AND ACTING IN ITS CAPACITY AS A STABILISATION MANAGER (OR PERSONS ACTING ON ITS BEHALF) (THE “STABILISATION MANAGER”) (OR ANY PERSON ACTING ON BEHALF OF THE STABILISATION MANAGER) MAY OVER-ALLOT BONDS OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE BONDS AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISATION MANAGER (OR ANY PERSON ACTING ON BEHALF OF THE STABILISATION MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE BONDS IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE BONDS AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE BONDS. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISATION MANAGER (OR ANY PERSON ACTING ON BEHALF OF THE STABILISATION MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.**

Hong Kong Exchanges and Clearing Limited and the SEHK take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular. Investors are advised to read and understand the contents of the Offering Circular before investing. If in doubt, investors should consult their advisers.

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

### **Industry and Market Data**

Market data, certain industry forecasts and statistics and maps used throughout this Offering Circular have been obtained from, among other sources, based on internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information that they contain has been obtained from sources believed by the Issuer and the Guarantor to be reliable and accurate but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts, market research and maps, while believed to be reliable, have not been independently verified, and none of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents or any person who controls any of them, or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates makes any representation as to the correctness, accuracy or completeness of that information. Such information may not be consistent with other information compiled within or outside the PRC. In addition, third-party information providers may have obtained information from market participants and such information may not have been independently verified. Accordingly, such information should not be unduly relied upon.

### **Presentation of Financial Information**

This Offering Circular contains consolidated financial information of the Company as at and for the years ended 31 December 2018, 2019 and 2020, which has been extracted from the audited consolidated financial statements of the Company as at and for the years ended 31 December 2019 (“**2019 Consolidated Financial Statements**”) and 2020 (“**2020 Consolidated Financial Statements**”, together with the 2019 Consolidated Financial Statements, “**Audited Financial Statements**”), and consolidated financial information of the Company as at and for the six months ended 30 June 2020 and 2021, which has been extracted from the unaudited but reviewed consolidated financial statements of the Company as at and for the six months ended 30 June 2021 (the “**Reviewed Interim Financial Statements**”). The Audited Financial Statements and the Reviewed Interim Financial Statements were prepared and presented in accordance with the Accounting Standards for Business Enterprises in the PRC (“**PRC GAAP**”) as promulgated by the Ministry of Finance of the PRC (“**MOF**”) from time to time. The Audited Financial Statements have been audited by Zhongshenzhonghuan Certified Public Accountants LLP (“**Zhongshenzhonghuan CPA**”), the Company's independent auditors. The Reviewed Interim Financial Statements have been reviewed by Zhongshenzhonghuan CPA.

As advised by Zhongshenzhonghuan CPA, PRC GAAP is substantially in line with the International Financial Reporting Standards (“**IFRS**”), except for certain modifications which reflect the PRC's unique circumstances and environment. For a summary of those differences, see “*Summary of Certain Differences between PRC GAAP and IFRS*”.

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

## CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

All non-company specific statistics and data relating to the Guarantor's industry or the economies of pertinent jurisdictions, such as the PRC, have been extracted or derived from publicly available information and various government sources. Each of the Issuer and the Guarantor believes that the sources of this information are appropriate for such information and has taken reasonable care in extracting and reproducing such information. Each of the Issuer and the Guarantor has no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. However, such information has not been independently verified by the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents or by their respective directors, officers, employees, representatives, agents, advisers or affiliates and none of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents or their respective directors, officers, employees, representatives, agents, advisers or affiliates makes any representation as to the correctness, accuracy or completeness of such information. In addition, third party information providers may have obtained information from market participants and such information may not have been independently verified. Accordingly, such information should not be unduly relied upon.

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

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to the "**PRC**", "**China**" and "**mainland China**" are to the People's Republic of China (for purpose of this Offering Circular excluding Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan), all references to the "**United States**" and "**U.S.**" are to the United States of America, all references to "**Hong Kong**" are to the Hong Kong Special Administrative Region of the People's Republic of China; all references to "**Hong Kong dollars**", "**HK dollars**" or "**HK\$**" are to the lawful currency of Hong Kong, all references to "**Renminbi**", "**RMB**" and "**CNY**" are to the lawful currency of the PRC and all references to, "**U.S.\$**" and "**U.S. dollars**" are to the lawful currency of the United States of America. All references to "**NPC**" are to the National People's Congress of the People's Republic of China.

Solely for the sake of convenience, this Offering Circular contains translations of certain Renminbi amounts and Hong Kong dollar amounts into US dollar amounts. Unless indicated otherwise, the translation of Renminbi amounts into US dollar amounts has been made at the rate of RMB6.4566 to U.S.\$1.00, the noon buying rate as set forth in the H.10 statistical release of the Federal Reserve Bank of New York on 30 June 2021. These translations should not be construed as representations that the Renminbi amounts or the Hong Kong dollar amounts could actually be converted into any US dollar amounts at the rates indicated or at all.

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

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 otherwise indicated or the context otherwise requires, references to:

- "**CBRC**" refer to the China Banking Regulatory Commission;

- “**GDP**” refer to gross domestic product;
- “**GFA**” refer to gross floor area;
- “**PRC Government**” refer to the central government of the PRC and its political subdivisions, including provincial, municipal and other regional or local government entities, and instrumentalities thereof, or where the context requires, any of them;
- “**PBOC**” refer to the People’s Bank of China;
- “**sq.m.**” are to square metres; and
- “**State Council**” refer to the State Council of the PRC.

## 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 Issuer’s, the Guarantor’s and the Group’s future financial position and results of operations, strategy, plans, objectives, goals and targets, future developments in the markets where the Issuer, the Guarantor or 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”, “could”, “going forward”, “ought to”, “plan”, “potential”, “protect”, “prospect” 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 Issuer’s, the Guarantor’s and 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 Issuer’s, the Guarantor’s and the Group’s present and future business strategies and the environment in which the Issuer, the Guarantor and the Group will operate in the future. Important factors that could cause the Issuer’s, the Guarantor’s and 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 ability to successfully implement its business plans and strategies;
- various business opportunities that the Group may pursue;
- financial condition, performance and business prospects of the Group;
- the Group’s capital expenditure plans and its ability to carry out those plans;
- access and cost of capital and financing;
- changes in the competition landscape in the industries where the Group operates;
- any changes in the laws, rules and regulations of the PRC Government and the Keqiao District Government and the rules, regulations and policies of the relevant governmental authorities relating to the Group’s business;
- general political and economic conditions, including those related to the PRC;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, including those pertaining to the PRC and the industry and markets in which the Group operates;
- macroeconomic measures taken by the PRC Government to manage economic growth;
- changes in the global economic conditions and material changes in the global life insurance industry; and
- other factors, including those discussed in “*Risk Factors*”.

The Issuer and the Guarantor caution investors not to place undue reliance on these forward-looking statements which reflect their managements’ view only as at the date of this Offering Circular.

Neither of the Issuer nor the Guarantor undertakes 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 and the actual results of the Issuer, the Guarantor or the Group could differ materially from those anticipated in these forward-looking statements.

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## SUMMARY

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

### OVERVIEW

The Group is the core state-owned operating entity in Keqiao District, Shaoxing City, responsible for the consolidation and operation of state-owned assets and resources within Keqiao District. The Group plays an important role in facilitating the economic and social development of Keqiao District, Shaoxing City. Leveraging on more than 20 years of profound operational experience, the Group has built up a diversified business portfolio including textile market operation, water supply and sewage treatment, real estate development, land development, infrastructure construction and transportation business. The Group also engages in other businesses such as energy investment, tourism development, comprehensive finance service and culture media with an aim to supplement its primary businesses.

Located in the northern Zhejiang, Shaoxing City is an important city of Yangtze River Delta Urban Agglomeration (長三角城市群) and Hangzhou Great Bay Area (環杭州灣大灣區) as well as a sub-centre of Hangzhou Metropolitan Area (杭州都市圈). Shaoxing City has experienced steady economic and social development in recent years, which has provided the Group with increasing business opportunities and growth potentials.

The Group's business segments are as follows:

- *Textile Market Operation.* The Group conducts textile market operation business primarily through the Company's subsidiary Shaoxing City Keqiao District Development Operation Group Co., Ltd. (紹興市柯橋區開發經營集團有限公司) (“**Keqiao Development Operation**”) and its subsidiaries Shaoxing Keqiao China Textile City West Market Development and Management Co., Ltd. (紹興市柯橋區中國輕紡城西市場開發經營有限公司) (“**West Market Company**”) and Zhejiang China Textile City Group Co., Ltd. (浙江中國輕紡城集團股份有限公司) (“**Textile City Group**”) which is listed on the main board of the Shanghai Stock Exchange (Stock Code: 600790.SH). The Group's textile market operation business primarily includes the leasing of the Group's self-owned commercial units in the China Textile City Market (中國輕紡城市場) (the “**Textile City Market**”), within which the Group owned more than 91 per cent. of the commercial units as at 30 June 2021. For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, operating revenue generated from the Group's textile market operation business was RMB904.5 million, RMB906.0 million, RMB762.6 million, RMB382.5 million and RMB380.6 million, respectively, representing 15.3 per cent., 14.1 per cent., 12.4 per cent., 17.3 per cent. and 13.8 per cent., respectively, of the Group's total operating revenue for the same periods.
- *Water Supply and Sewage Treatment.* The Group conducts its water supply and sewage treatment business primarily through Shaoxing Keqiao Water Group Co., Ltd. (紹興柯橋水務集團有限公司) (“**Keqiao Water Group**”) and certain of its subsidiaries. Keqiao Water Group is the only entity in Keqiao District that undertakes comprehensive water affairs business in Keqiao District, and enjoys an effective monopoly position in Keqiao District. As at 30 June 2021, the Group, through its 2,654 kilometres of pipelines and five booster pumping stations, supplied water to 329,500 end-users with a water distribution capacity of 866.0 thousand tons per day. As at 30 June 2021, the Group operated 3,746 kilometres of sewage collection pipelines and 368 sewage pumping stations with a daily capacity of collecting and transporting 1,000.0 thousand tons of sewages. For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021,

operating revenue generated from the Group's water supply and sewage treatment business was RMB958.1 million, RMB1,145.3 million, RMB1,003.7 million, RMB423.5 million and RMB619.7 million, respectively, representing 16.2 per cent., 17.9 per cent., 16.3 per cent., 19.2 per cent. and 22.5 per cent., respectively, of the Group's total operating revenue for the same periods.

- *Real Estate Development.* The Group conducts real estate development business primarily through three subsidiaries of the Company, namely Shaoxing City Keqiao Urban Construction Investment and Development Group Co., Ltd. (紹興市柯橋區城建投資開發集團有限公司) (“**Keqiao Urban Construction**”), Shaoxing Keyan Construction and Investment Co., Ltd. (紹興柯岩建設投資有限公司) (“**Keyan Construction and Investment**”), and Shaoxing Keqiao Economic Development Zone Development Investment Co., Ltd. (紹興柯橋經濟開發區開發投資有限公司) (“**Keqiao EDZ Development**”). The Group's real estate development business primarily includes development and sales of resettlement housing, and to a lesser extent, development and sales of commercial housing. For the three years ended 31 December 2020 and the six months ended 30 June 2021, the Group had completed 19 real estate development projects, with a total investment of approximately RMB14.0 billion. As at 30 June 2021, the Group had nine real estate development projects under construction with an estimated total investment of approximately RMB9.4 billion, and one real estate development projects under planning with a total estimated investment of approximately RMB1,500.0 million. For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, operating revenue generated from the Group's real estate development business was RMB1,687.4 million, RMB1,060.9 million, RMB1,888.0 million, RMB668.8 million and RMB369.0 million, respectively, representing 28.5 per cent., 16.6 per cent., 30.7 per cent., 30.3 per cent. and 13.4 per cent., respectively, of the Group's total operating revenue for the same periods.
- *Land Development.* The Group conducts land development business in Keqiao District primarily through four subsidiaries of the Company. For the three years ended 31 December 2020 and the six months ended 30 June 2021, the Group had completed eight land development projects, with a total investment of approximately RMB2,338.0 million. As at 30 June 2021, the Group had six land development projects under construction with an estimated total investment amount of approximately RMB25,039.0 million. For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, operating revenue generated from the Group's land development business was RMB253.6 million, RMB756.6 million, RMB1,361.5 million, nil and RMB246.0 million, respectively, representing 4.3 per cent., 11.8 per cent., 22.1 per cent., nil and 8.9 per cent., respectively, of the Group's total operating revenue for the same periods.
- *Infrastructure Construction.* The Group conducts infrastructure construction business primarily through six subsidiaries of the Company. The Group conducts its infrastructure construction business through the “build-transfer” (“**BT**”) model and the agent construction model. For the three years ended 31 December 2020 and the six months ended 30 June 2021, the Group had completed 15 infrastructure construction projects with a total investment of approximately RMB3,829.0 million. As at 30 June 2021, the Group had 14 infrastructure construction projects under construction with an estimated total investment amount of approximately RMB6,307.0 million, and two infrastructure construction projects under planning with an estimated total investment of approximately RMB1.3 billion. For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, operating revenue generated from the Group's infrastructure construction business was RMB969.1 million, RMB1,844.2 million, RMB264.1 million, RMB467.5 million and RMB751.6 million, respectively, representing 16.4 per cent., 28.8 per cent., 4.3 per cent., 21.2 per cent. and 27.3 per cent., respectively, of the Group's total operating revenue for the same periods.

- *Transportation Business.* The Group's transportation business is a cross-sector operation involving passenger and cargo transportation and transportation infrastructure construction. The Group provides passenger and cargo transportation services primarily through three subsidiaries of the Company, and undertakes its transportation infrastructure construction business primarily through one subsidiary of the Company. For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, operating revenue generated from the Group's transportation business was RMB524.4 million, RMB42.0 million, RMB179.0 million, RMB20.8 million and RMB21.7 million, respectively, representing 8.9 per cent., 0.6 per cent., 2.8 per cent., 0.9 per cent. and 0.8 per cent., respectively, of the Group's total operating revenue for the same periods.
- *Other Businesses.* In addition to its primary businesses, the Group also conducts other businesses such as energy investment, tourism development, comprehensive finance service and culture media through the Company's subsidiaries. For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, operating revenue generated from the Group's other businesses was RMB615.1 million, RMB654.7 million, RMB699.1 million, RMB245.6 million and RMB365.0 million, respectively, representing 10.4 per cent., 10.2 per cent., 11.4 per cent., 11.1 per cent. and 13.3 per cent., respectively, of the Group's total operating revenue for the same periods.

For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2021 and 2021, the total operating revenue from the Group's business operations was RMB5,912.2 million, RMB6,409.6 million, RMB6,157.9 million, RMB2,208.7 million and RMB2,753.6 million, respectively. As at 31 December 2018, 2019 and 2020 and 30 June 2021, the Group's total assets were RMB166,099.5 million, RMB187,016.8 million, RMB205,156.1 million and RMB231,968.8 million, respectively.

### **COMPETITIVE STRENGTHS**

- Well-positioned to Leverage the Strategic Location of Keqiao District;
- Strong Support from the Group's Shareholder;
- Well-diversified Business Portfolio with Operational Synergies;
- Leveraging on Excellent Branding of the Textile City Market to Achieve the Success of Textile Market Operation Business;
- Prudent Financing Structure; and
- Sound Corporate Governance and Dedicated Senior Management with Experience in Corporate Management.

### **BUSINESS STRATEGIES**

As the leading state-owned assets operation entity in Keqiao District, the Group is responsible for the state-owned asset reform, implementation of national economic layout and the improvement and innovation of state-owned assets management system within Keqiao District. While serving the economic regional development interests through its operations, the Group also ensured the value preservation and appreciation of state-owned assets by focusing on profitability and professionalised market operation. In addition, the Group serves as the primary industrial investment platform carrying out strategic development plans of Keqiao District. By focusing on its strategic plan including the development and

construction of the Textile City Market and the improvement of urban comprehensive infrastructure utility construction and management, the Group has contributed to the economic development of Keqiao District.

The Group intends to operate under principals of commercialisation, marketisation and professionalisation. The Group aims to accelerate its enterprise development by fully taking advantage of its policy, market and asset advantages, together with developing in accordance to its development philosophy and adjusting its operation, capital and human resource structure. Furthermore, the Group plans to continue implementing the parallel development of its capital operation and industrial operation by fully supporting the development of Textile City Group.

The Group plans to further strengthen its market control capabilities, while at the same time increasing its profitability and strengthening its core competitive strength. The Group intends to develop into a comprehensive commercial entity built around the operation of the Textile City with market operation, real estate and infrastructure construction as its core business segments and with water supply, transportation, land development, energy supply, tourism, cultural media and finance as its supporting business segments. The Group intends to focus on the following business strategies:

- *Market Operation Business:* The Group intends to continue strengthening its role as the leading market operation entity by carrying out improving adjustments to its market operations by allocating similar vendors to centralised markets in order to stimulate product procurement and market agglomeration. In addition, the Group also plans to consolidate market resources and improving development drivers by making timely re-allocation of resources through various means to Textile City Group in order to consolidate and improve its role within the textile market industry. Furthermore, the Group aims to improve its capital structure and widening its development directions by actively participating in the construction of the Keqiao New Town (柯橋新縣城) as well as other supporting industries for the textile market;
- *Water Supply Business:* The Group intends to continue following relevant national industrial policies and relevant regional plans. By further carrying out water supply infrastructure construction, the Group plans to enhance its water supply and drainage capabilities and operation reliabilities;
- *Primary Land Development Business:* The Group intends to facilitate the improvement of land supply structure by continue adhering to its land development planning and management strategy. By implementing urban planning and development intentions and the functional roles of each individual land parcels, the Group also aims to further strengthen the effective land use and land management within Keqiao District;
- *Transportation Business:* The Group intends to continue leverage the existing and comprehensive transportation network within Keqiao District. By developing in accordance with the overall development plans of Keqiao District, the Group plans to actively develop its transportation business to connect with the Hangzhou metropolitan area network;
- *Real Estate Development Business:* The Group plans to actively participate in the improvement of town-wide spacing layouts and the construction of a modern Keqiao New City (柯橋新城). The Group intends to continue focus on its task of resettlement housing construction, while at the same time ensuring the stable development of its real estate development business; and
- *Other Business:* In order to accelerate the industrialisation process and facilitate the urban upgrade of Keqiao District, the Group intends to focus on the development of other businesses such as energy investment, comprehensive financing, cultural media and tourism. Through the development of these other businesses, the Group aims to transform Keqiao District into a comprehensive industrialised region consisting of manufacture, leisure, financial services and tourism industries.

## RECENT DEVELOPMENTS

### Issuance of Onshore Corporate Bonds and Private Placement Notes

On 27 July 2021, the Guarantor issued corporate bonds through private placement in an aggregate principal amount of RMB0.97 billion with a tenor of three years, with a fixed annual interest rate of 3.79 per cent. (the “**July Bonds**”). On 23 August 2021, the Guarantor issued corporate bonds through private placement in an aggregate principal amount of RMB1.5 billion, with a fixed annual interest rate of 3.78 per cent. (the “**August Bonds**”). On 22 September 2021, the Guarantor issued corporate bonds for professional investors through private placement in an aggregate principal amount of RMB1.0 billion, with a fixed annual interest rate of 3.98 per cent (the “**September Bonds**”). On 22 October 2021, the Guarantor issued private placement notes in an aggregate principal amount of RMB0.8 billion, with a fixed annual interest rate of 4.29 per cent. (the “**October PPN**”). On 29 November 2021, the Guarantor issued corporate bonds for professional investors through private placement in an aggregate principal amount of RMB1.62 billion, with a fixed annual interest rate of 3.90 per cent (the “**November PPN**”). On 23 December 2021, the Guarantor issued mid-term notes in an aggregate principal amount of RMB0.72 billion, with a fixed annual interest rate of 3.47 per cent. (the “**December MTN**”). On 14 January 2022, the Guarantor issued private placement notes in an aggregate principal amount of RMB0.61 billion, with a fixed annual interest rate of 3.55 per cent. (the “**January PPN**”). As at the date of this Offering Circular, the entire principal amount of the July Bonds, the August Bonds, the September Bonds, the October PPN, the November PPN, the December MTN and the January Bonds remains outstanding.

### Quarterly Results as at and for the Nine Months Ended 30 September 2021

As at 30 September 2021, as compared to the financial information as at 30 June 2021, the Group’s other current assets decreased primarily due to the decrease of bank financial products. The Group’s construction in progress increased significantly primarily due to the changes in urban infrastructure projects. The Group’s intangible assets and capital reserve increased primarily due to the injection of the right of use for parking lots from subsidiaries. The Group’s total assets increased primarily attributable to the increase of total current assets and total non-current assets. The Group’s other payables increased significantly primarily due to the increase of receivables from government entities and other operating payments. The Group’s non-current liabilities due within one year decreased significantly primarily due to the reclassification of the the balances of the long-term borrowings, bonds payable and long-term payables.

For the nine months ended 30 September 2021, as compared to the same period in the preceding year, the Group experienced an increase in operating costs primarily due to the increase of the Group’s business scale and interest expenses. Meanwhile, the Group’s operating profit decreased primarily due to the decrease of other income. As a result of the foregoing, although the Group’s operating revenues increased, its net profit for the nine months ended 30 September 2021 still decreased slightly as compared to those for the nine months ended 30 September 2020. The Group’s total comprehensive income attributable to owners of the parent company increased significantly as compared to the same periods in the preceding year, mainly attributable to the increase of the investment income. Cash paid for goods and services recorded a substantial increase due to the increase of project-related costs. Other cash receipts and other cash payments relating to investing activities both recorded decreases due to the decrease of the frequency and amount of financial products investment. The Group’s cash received from borrowings and cash repayments for debts both recorded increases due to the increasing scale of debt financing and repayment, which in turn led to increases in financial costs and interest expenses.

Potential investors should note, in particular, that the Group’s financial information as at and for the nine months ended 30 September 2021 is derived from the Company’s management accounts and has not been audited or reviewed by independent auditors. As such, the Group’s financial information as at and for the nine months ended 30 September 2021 has not been set out in detail in this Offering Circular and does not form part of this Offering Circular and potential investors should not rely on such financial information in their evaluation of the financial condition of the Group and in making their investment decisions. The aforementioned financial information as at and for the nine months ended 30 September 2021 are not necessarily indicative of the results that may be expected for the year ending 31 December 2021 or any period thereafter. Consequently, potential investors must exercise caution when using such data to evaluate the Group’s financial condition and results of operations. See *“Risk Factors – Risks Relating to the Group’s Business – Investors should not place any reliance on the financial information which is unreviewed or unaudited and shall not place undue reliance on the discussion of material financial trends in relation to the Group’s unaudited and unreviewed financial information.”*

## THE OFFERING

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

<b>Issuer</b> .....	Keqiao (HK) International Investment Co., Limited 柯橋(香港)國際投資有限公司.
<b>Legal entity identifier</b> .....	8368006BOF97YNHYD074.
<b>Guarantor</b> .....	Shaoxing City Keqiao District State-owned Assets Investment Management Co., Ltd. (紹興市柯橋區國有資產投資經營集團有限公司).
<b>Group</b> .....	Guarantor together with its subsidiaries, including without limitation, the Issuer.
<b>The Bonds</b> .....	U.S.\$300,000,000 3.00 per cent. Guaranteed Bonds due 2025.
<b>Guarantee</b> .....	The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Bonds. Its obligations in that respect are contained in the Deed of Guarantee.
<b>Issue Price</b> .....	The Bonds will be issued at 100.00 per cent. of their principal amount.
<b>Form and Denomination</b> .....	The Bonds will be issued in registered form in denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof.
<b>Issue Date</b> .....	16 March 2022.
<b>Interest</b> .....	The Bonds will bear interest on their outstanding principal amount from and including 16 March 2022, at the rate of 3.00 per cent. per annum, payable semi-annually in arrear in equal instalments on 16 March and 16 September in each year, commencing on 16 September 2022.
<b>Maturity Date</b> .....	16 March 2025.

<b>Status of the Bonds</b> .....	The Bonds will constitute direct, unconditional, unsubordinated and (subject to Condition 3(a) ( <i>Negative Pledge</i> ) of the Terms and Conditions) unsecured obligations of the Issuer which will at all times rank <i>pari passu</i> and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable law and subject to Condition 3(a) ( <i>Negative Pledge</i> ) of the Terms and Conditions, at all times rank at least equally with all the Issuer’s other present and future unsecured and unsubordinated obligations.
<b>Status of the Guarantee</b> .....	The payment obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable law and subject to Condition 3(a) ( <i>Negative Pledge</i> ) of the Terms and Conditions, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.
<b>Negative Pledge</b> .....	The Bonds will contain a negative pledge provision as further described in Condition 3(a) ( <i>Negative Pledge</i> ) of the Terms and Conditions.
<b>Use of Proceeds</b> .....	See “ <i>Use of Proceeds</i> ”.
<b>Events of Default</b> .....	The Bonds will contain certain events of default as further described in Condition 8 ( <i>Events of Default</i> ) of the Terms and Conditions.
<b>Cross-Default</b> .....	The Bonds are subject to a cross-default provision in respect of present or future indebtedness for or in respect of moneys borrowed or raised or any guarantee and/or indemnity thereof of the Issuer or the Guarantor or any of their respective Subsidiaries in aggregate equals or exceeds U.S.\$25,000,000 (or its equivalent in any other currency or currencies). See Condition 8(c) ( <i>Cross-Default</i> ) of the Terms and Conditions.
<b>Taxation</b> .....	All payments of principal, premium (if any) and interest by or on behalf of the Issuer or the Guarantor in respect of the Bonds or under the Guarantee shall be made free and clear of, and without withholding or deduction for or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Hong Kong or the PRC or, in each case, any political subdivision or authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer or the Guarantor, as the case may be, shall pay (except in certain circumstances set out in Condition 7 of the Terms and Conditions) such additional amounts as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required. See “ <i>Terms and Conditions of the Bonds — Taxation</i> ”.

<b>Final Redemption and Repayment Price</b> .....	<p>Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Maturity Date.</p>
<b>Redemption for Change of Control or a No Registration Event</b> .....	<p>At any time following the occurrence of a Change of Control or a No Registration Event, a Bondholder will have the right, at such Bondholder’s option, to require the Issuer to redeem all, but not some only, of such Bondholder’s Bonds on the Put Settlement Date (as defined in Condition 5(c) and Condition 5(d) of the Terms and Conditions) at 101 per cent. (in the case of a redemption for a Change of Control) or 100 per cent. (in the case of a redemption for a No Registration Event) of their principal amount, together with accrued interest up to (but excluding) the Put Settlement Date.</p> <p>a “<b>Change of Control</b>” occurs when:</p> <ul style="list-style-type: none"> <li>(a) the Guarantor ceases to, directly or indirectly, own 100 per cent. of the issued share capital of the Issuer; or</li> <li>(b) the Controlling Person(s) and any Person or Persons Controlled by one or more of the Controlling Persons individually or together cease to, directly or indirectly, have Control of the Guarantor;</li> </ul> <p>“<b>Control</b>” means with respect to a Person (where applicable) (i) the ownership, acquisition or control of not less than 100 per cent. of the voting rights of the issued share capital of such Person, whether obtained directly or indirectly 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 “<b>Controlling</b>” and “<b>Controlled</b>” have meanings correlative to the foregoing; and</p> <p>“<b>Controlling Person(s)</b>” mean (i) the Finance Bureau of Keqiao District of Shaoxing City (紹興市柯橋區財政局), (ii) Zhejiang Finance Development Co., Ltd. (浙江省財務開發有限責任公司), (iii) Keqiao District Government, (iv) Shaoxing Municipal Government and (v) Zhejiang Provincial Government, and their respective successors.</p> <p>a “<b>No Registration Event</b>” occurs when the Registration Documents are not received by the Trustee on or before the Registration Deadline.</p>

<b>Redemption for Tax Reasons . . . .</b>	The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders (which notice shall be irrevocable) and to the Trustee and the Principal Paying Agent, at their principal amount, (together with any interest accrued to but not including the date fixed for redemption), if, immediately prior to giving such notice, the Issuer and/or the Guarantor (as the case may be) satisfies the Trustee that the Issuer (or if the Guarantee were called, the Guarantor) has or will become obliged to pay Additional Amounts (as defined in the Terms and Conditions) as a result of any change in, or amendment to, the laws or regulations of Hong Kong or the PRC or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 9 March 2022, and such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, as further described in " <i>Terms and Conditions of the Bonds — Redemption and Purchase — Redemption for Tax Reasons</i> ".
<b>Further Issues . . . . .</b>	The Issuer may from time to time, without the consent of the Bondholders, create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects save for the issue date, the first payment of interest and the timing of the NDRC Post-issue Filing and the Cross-Border Security Registration so as to form a single series with the outstanding Bonds, as the case may be, as further described in " <i>Terms and Conditions of the Bonds — Further Issues</i> ".
<b>Trustee . . . . .</b>	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司).
<b>Principal Paying Agent . . . . .</b>	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司).
<b>Registrar and Transfer Agent . . .</b>	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司).
<b>Clearing Systems . . . . .</b>	The Bonds will be represented initially by beneficial interests in the Global Certificate, which will be registered in the name of a nominee of, and deposited on the Issue Date with, a common depository for Euroclear and Clearstream. Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described in this Offering Circular, certificates for the Bonds will not be issued in exchange for beneficial interests in the Global Certificate.

<b>Notices and Payment</b> .....	So long as the Global Certificate is held on behalf of Euroclear and Clearstream, any notice to the holders of the Bonds shall be validly given by the delivery of the relevant notice to Euroclear and Clearstream, for communication by the relevant clearing system to entitled accountholders in substitution for notification as required by the Terms and Conditions and shall be deemed to have been given on the date of delivery to such clearing system.
<b>Governing Law and Jurisdiction</b> .	English law. Hong Kong courts with exclusive jurisdiction.
<b>Listing</b> .....	Application will be made to SEHK for the listing of, and permission to deal in, the Bonds on SEHK by way of debt issues to Professional Investors only and it is expected that dealing in, and listing of, the Bonds on SEHK will commence on 17 March 2022.
<b>Selling Restrictions</b> .....	The Bonds will not be registered under the Securities Act or under any state securities laws of the United States and will be subject to customary restrictions on transfer and resale. See “ <i>Subscription and Sale</i> ”.
<b>Rating</b> .....	The Bonds are expected to be assigned a rating of “BBB” by Fitch. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, qualification, suspension, reduction or withdrawal at any time by the assigning rating agency. A suspension, reduction or withdrawal of the rating assigned to the Bonds may adversely affect the market price of the Bonds.
<b>ISIN</b> .....	XS2450979484.
<b>Common Code</b> .....	245097948.

## **SUMMARY CONSOLIDATED FINANCIAL INFORMATION OF THE GUARANTOR**

*The summary consolidated financial information of the Group as at and for the years ended 31 December 2018, 2019 and 2020, as set forth below, is derived from the Audited Consolidated Financial Statements, which are included elsewhere in this Offering Circular. The Audited Consolidated Financial Statements were prepared in accordance with PRC GAAP and have been audited by Zhongshenzhonghuan CPA, the independent auditor of the Group in accordance with Auditing Standards for Chinese Certified Public Accountants.*

*The summary consolidated financial information of the Group as at and for the six months ended 30 June 2020 and 2021, as set forth below, is derived from the Reviewed Interim Financial Statements, which are included elsewhere in this Offering Circular. The Reviewed Interim Financial Statements were prepared and presented in accordance with PRC GAAP and have been reviewed by Zhongshenzhonghuan CPA. The Reviewed Interim Financial Statements have not been audited by Zhongshenzhonghuan CPA. Consequently, such consolidated interim financial information and the Reviewed Interim Financial Statements are not providing the same quality of information associated with information that has been subject to an audit. Investors must exercise caution when using such data to evaluate the Group's financial condition and results of operations. Such consolidated interim financial information and the Reviewed Interim Financial Statements should not be taken as an indication of the expected financial condition or results of operations of the Group for the full financial year ending 31 December 2021.*

*The information set out below should be read in conjunction with, and is qualified in its entirety by reference to, the relevant consolidated financial statements of the Group, which are included in the F-pages of this Offering Circular.*

*Historical results of the Group are not necessarily indicative of results that may be achieved for any future period.*

## Summary Consolidated Statement of Financial Position

	As at 31 December				As at 30 June	
	2018	2019	2020		2021	
	(RMB) (audited)	(RMB) (audited)	(RMB) (audited)	(U.S.\$) (unaudited)	(RMB) (unaudited)	(U.S.\$) (unaudited)
<b>Current assets</b>						
Cash and cash equivalents	13,111.5	12,971.4	17,386.4	2,692.8	28,717.2	4,447.7
Accounts receivable	2,973.2	4,098.3	4,589.7	710.8	5,304.4	821.5
Prepayments	18,338.1	20,114.5	2,992.8	463.5	2,056.3	318.5
Other receivables	12,299.6	15,629.6	17,282.1	2,676.7	18,996.5	2,942.2
Inventories	69,695.4	72,376.7	101,971.6	15,793.4	111,870.2	17,326.5
Other current assets	3,755.1	3,206.8	2,386.4	369.6	2,585.3	400.4
<b>Total current assets</b>	<b>120,173.0</b>	<b>128,397.4</b>	<b>146,608.9</b>	<b>22,706.8</b>	<b>169,529.9</b>	<b>26,256.8</b>
<b>Non-current assets</b>						
Available-for-sale financial assets	6,281.6	–	–	–	–	–
Long-term receivables	112.0	127.0	127.0	19.7	112.0	17.3
Long-term equity investments	3,763.9	4,287.8	5,402.9	836.8	5,775.9	894.6
Other equity investments	–	9,433.2	9,319.5	1,443.4	10,451.2	1,618.7
Investment properties	6,765.3	6,824.6	7,223.6	1,118.8	7,078.9	1,096.4
Fixed assets	8,050.1	9,392.1	9,442.2	1,462.4	9,390.0	1,454.3
Construction in progress	15,991.4	19,524.2	21,602.0	3,345.7	25,084.1	3,885.0
Intangible assets	1,145.6	1,221.6	1,289.2	199.7	1,300.3	201.4
Goodwill	207.4	207.4	207.4	32.1	228.1	35.3
Long-term deferred expenses	93.7	91.1	62.8	9.7	54.3	8.4
Deferred tax assets	108.4	108.3	30.8	4.8	30.9	4.8
Other non-current assets	3,407.2	7,402.2	3,839.7	594.7	2,933.2	454.3
<b>Total non-current assets</b>	<b>45,926.5</b>	<b>58,619.4</b>	<b>58,547.2</b>	<b>9,067.8</b>	<b>62,438.9</b>	<b>9,670.6</b>
<b>Total assets</b>	<b>166,099.5</b>	<b>187,016.8</b>	<b>205,156.1</b>	<b>31,774.6</b>	<b>231,968.8</b>	<b>35,927.4</b>
<b>Current liabilities</b>						
Short-term borrowings	1,723.9	4,077.1	5,320.6	824.1	7,375.7	1,142.4
Notes payable	–	50.0	50.0	7.7	50.0	7.7
Accounts payable	563.1	988.0	808.5	125.2	1,194.5	185.0
Advances from customers	4,993.6	4,361.6	3,182.6	492.9	3,052.9	472.8
Contract liabilities	–	–	589.1	91.2	870.2	134.8
Payroll payable	65.2	69.2	73.5	11.4	47.8	7.4
Taxes and surcharges payable	1,736.3	2,261.8	2,570.7	398.1	2,585.8	400.5
Other payables	5,739.2	5,722.8	4,471.7	692.6	3,042.5	471.2
Held-for-sale liabilities	1.0	1.0	–	–	–	–
Non-current liabilities maturing within one year	16,098.9	20,699.9	30,254.3	4,685.8	26,536.8	4,110.0
Other current liabilities	28.8	29.2	58.5	9.1	78.7	12.2
<b>Total current liabilities</b>	<b>30,950.0</b>	<b>38,260.6</b>	<b>47,379.4</b>	<b>7,338.1</b>	<b>44,834.9</b>	<b>6,944.0</b>
<b>Non-current liabilities</b>						
Long-term borrowings	34,950.8	37,380.2	40,473.2	6,268.5	52,203.3	8,085.3
Bonds payable	31,678.6	38,457.4	40,077.2	6,207.2	55,047.8	8,525.8
Long-term payable	15,631.5	15,964.6	13,051.7	2,021.5	11,429.0	1,770.1
Deferred income	216.7	271.1	369.4	57.2	316.3	49.0
Deferred tax liabilities	252.1	418.0	332.4	51.5	635.8	98.5
Other non-current liabilities	0.5	0.5	0.5	0.1	0.5	0.1
<b>Total non-current liabilities</b>	<b>82,730.2</b>	<b>92,491.9</b>	<b>94,304.4</b>	<b>14,605.9</b>	<b>119,632.6</b>	<b>18,528.7</b>
<b>Total liabilities</b>	<b>113,680.2</b>	<b>130,752.5</b>	<b>141,683.8</b>	<b>21,944.0</b>	<b>164,467.5</b>	<b>25,472.8</b>
<b>Owners' equity</b>						
Paid-in capital	80.0	80.0	80.0	12.4	80.0	12.4
Other equity instruments	–	–	1,000.0	154.9	1,000.0	154.9
Capital reserves	35,435.9	38,799.4	44,240.7	6,852.0	47,145.3	7,301.9
Other comprehensive income	1,177.7	1,572.0	1,263.5	195.7	2,096.4	324.7
Surplus reserve	29.0	33.5	36.1	5.6	36.1	5.6
Retained earnings	10,176.5	10,387.4	10,836.0	1,678.3	11,146.1	1,726.3
Total equity attributable to shareholders of the parent company	46,899.1	50,872.3	57,456.3	8,898.8	61,504.0	9,525.8
Minority interests	5,520.1	5,392.0	6,016.0	931.8	5,997.3	928.9
<b>Total owners' equity</b>	<b>52,419.3</b>	<b>56,264.3</b>	<b>63,472.3</b>	<b>9,830.6</b>	<b>67,501.3</b>	<b>10,454.6</b>
<b>Total liabilities and owners' equity</b>	<b>166,099.5</b>	<b>187,016.8</b>	<b>205,156.1</b>	<b>31,774.6</b>	<b>231,968.8</b>	<b>35,927.4</b>

## Summary Consolidated Statement of Profit or Loss and Other Comprehensive Income

	For the year ended 31 December				For the six months ended 30 June		
	2018	2019	2020		2020	2021	
	(RMB) (audited)	(RMB) (audited)	(RMB) (audited)	(U.S.\$) (unaudited)	(RMB) (unaudited)	(RMB) (unaudited)	(U.S.\$) (unaudited)
	(in millions)						
<b>Revenue</b> . . . . .	<b>5,912.2</b>	<b>6,409.6</b>	<b>6,157.9</b>	<b>953.7</b>	<b>2,208.7</b>	<b>2,753.6</b>	<b>426.5</b>
Operating cost . . . . .	(4,781.0)	(5,165.0)	(5,127.1)	(794.1)	(1,929.8)	(2,238.4)	(346.7)
Taxes and surcharges . . . . .	(278.5)	(284.9)	(504.8)	(78.2)	(178.5)	(110.6)	(17.1)
Selling expenses . . . . .	(121.7)	(102.9)	(112.7)	(17.4)	(44.6)	(50.5)	(7.8)
Administrative expenses . . . . .	(598.6)	(501.5)	(495.7)	(76.8)	(227.8)	(272.9)	(42.3)
Research and development expenses . . . . .	(5.2)	(5.2)	(4.9)	(0.8)	(5.2)	(2.3)	(0.4)
Financial costs . . . . .	(637.9)	(941.7)	(1,175.3)	(182.0)	(539.4)	(568.6)	(88.1)
Other income . . . . .	1,447.1	1,013.8	1,727.8	267.6	727.8	688.7	106.7
Investment income/(losses) . . . . .	(147.2)	194.2	304.2	47.1	205.0	251.8	39.0
Gains from changes in fair value . . . . .	0.6	–	–	–	–	–	–
Credit impairment loss . . . . .	–	112.5	178.1	27.6	(29.8)	1.1	0.2
Impairment income/(losses) on assets . . . . .	74.6	–	(0.0)	(0.0)	–	0.0	0.0
Gains/(losses) from disposal of assets . . . . .	168.3	2.4	1.0	0.2	0.1	5.5	0.8
<b>Operating profits</b> . . . . .	<b>1,032.6</b>	<b>731.3</b>	<b>948.6</b>	<b>146.9</b>	<b>186.4</b>	<b>457.3</b>	<b>70.8</b>
Non-operating revenue . . . . .	29.0	17.1	4.5	0.7	2.6	20.4	3.2
Non-operating expenses . . . . .	(27.7)	(37.3)	(9.7)	(1.5)	(9.9)	(10.8)	(1.7)
<b>Total profits</b> . . . . .	<b>1,033.8</b>	<b>711.1</b>	<b>943.3</b>	<b>146.1</b>	<b>179.2</b>	<b>466.9</b>	<b>72.3</b>
Income tax expenses . . . . .	(352.4)	(358.3)	(380.3)	(58.9)	(101.8)	(74.3)	(11.5)
<b>Net profits</b> . . . . .	<b>681.5</b>	<b>352.9</b>	<b>563.1</b>	<b>87.2</b>	<b>77.4</b>	<b>392.6</b>	<b>60.8</b>
Net profits attributable to owners of the parent company . . . . .	331.5	215.4	458.9	71.1	(5.7)	310.1	48.0
Minority interest . . . . .	350.0	137.4	104.1	16.1	83.1	82.5	12.8

## Summary Consolidated Statements of Cash Flows

	For the year ended 31 December				For the six months ended 30 June		
	2018	2019	2020		2020	2021	
	(RMB) (audited)	(RMB) (audited)	(RMB) (audited)	(U.S.\$) (unaudited)	(RMB) (unaudited)	(RMB) (unaudited)	(U.S.\$) (unaudited)
	(in millions)						
Net cash flows used in operating activities . . . . .	(6,509.4)	(4,196.6)	(7,920.5)	(1,226.7)	(1,092.3)	(10,938.5)	(1,694.2)
Net cash flows used in investing activities . . . . .	(4,378.6)	(7,642.3)	(3,696.4)	(572.5)	(4,699.9)	(3,537.4)	(547.9)
Net cash flows from financing activities . . . . .	8,752.7	11,851.0	15,647.3	2,423.5	11,443.9	25,646.7	3,972.2
Effect of foreign exchange rate changes on cash and cash equivalents . . . . .	(0.0)	0.0	(0.0)	(0.0)	–	–	–
<b>Net increase/(decrease) in cash and cash equivalents</b> . . . . .	<b>(2,135.4)</b>	<b>12.2</b>	<b>4,030.4</b>	<b>624.2</b>	<b>5,651.7</b>	<b>11,170.8</b>	<b>1,730.1</b>
Cash and cash equivalents at the beginning of the period . . . . .	15,033.2	12,897.8	12,909.9	1,999.5	12,909.9	16,940.4	2,623.7
<b>Cash and cash equivalents at the end of the period</b> . . . . .	<b>12,897.8</b>	<b>12,909.9</b>	<b>16,940.4</b>	<b>2,623.7</b>	<b>18,561.7</b>	<b>28,111.2</b>	<b>4,353.9</b>

## Other Financial Data

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

	For the year ended 31 December			For the six months ended 30 June	
	2018	2019	2020	2020	2021
EBITDA <sup>(1)</sup> (RMB in thousands) . . . . .	2,475,353.9	2,642,033.4	3,138,658.6	1,157,062.8	1,599,136.4
EBITDA margin <sup>(2)</sup> . . . . .	0.4	0.4	0.5	0.5	0.6

	As at 31 December			As at 30 June	
	2018	2019	2020	2020	2021
Total Debt <sup>(3)</sup> (RMB in thousands) . . . . .	96,080,866.2	109,500,288.6	122,205,734.4	147,061,076.2	
Net Debt <sup>(4)</sup> (RMB in thousands) . . . . .	82,969,322.0	96,528,861.9	104,819,343.4	118,343,842.2	

*Notes:*

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

## RISK FACTORS

*An investment in the Bonds is subject to a number of risks. Investors should carefully consider all of the information in this Offering Circular and, in particular, the risks described below, before deciding to invest in the Bonds. The following describes some of the significant risks relating to the Group, its business, the market in which the Group operates and the value of Bonds. Some risks may be unknown to the Issuer or the Guarantor and other risks, currently believed to be immaterial, could in fact be material. Any of these could materially and adversely affect the business, financial condition, results of operations or prospects of the Issuer, the Guarantor and the Group or the value of the Bonds. Each of the Issuer and the Guarantor believes that the risk factors described below represent the principal risks inherent in investing in the Bonds, but the ability of the Issuer and/or the Guarantor to pay interest, principal or other amounts on or in connection with any Bonds may be affected by some factors that may not be considered as significant risks by the Issuer and/or the Guarantor on information currently available to them or which they are currently unable to anticipate. All of these factors are contingencies which may or may not occur and the Issuer and the Guarantor are 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 and the Guarantor do not represent that the statements below regarding the risk factors of holding any Bonds are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.*

### RISKS RELATING TO THE GROUP'S BUSINESS

***The Group's business, financial condition, results of operations and prospects are heavily dependent on the level of economic development in Shaoxing City, in particular Keqiao District, Zhejiang Province, and the PRC.***

The Group's business and assets are highly concentrated in Keqiao District of Shaoxing City, Zhejiang Province, focusing primarily on textile market operation, water supply and sewage treatment, real estate development, land development, infrastructure construction and transportation business. Therefore, its business, financial condition, results of operations and prospects have been and will continue to be heavily dependent on the level of economic development in Shaoxing City, in particular Keqiao District, Zhejiang Province, and the PRC in general. The PRC's economy has experienced rapid growth in the past 40 years; however, there has been a slowdown in the growth rate since the second half of 2013. According to the National Statistics Bureau of the PRC, the annual growth rate of the PRC's GDP slowed down from 7.7 per cent. in 2013 to 2.3 per cent. in 2020. During the same period, the annual growth rate of GDP in Zhejiang Province slowed down from 8.2 per cent. to 3.6 per cent., the annual growth rate of GDP in Shaoxing City slowed down from 8.5 per cent. to 3.3 per cent., and the annual growth rate of GDP in Keqiao District slowed down from 8.5 per cent. to 1.9 per cent. In particular, the outbreak of the novel coronavirus disease ("COVID-19") has adversely affected, and may continue to adversely affect, the level of economic development in Keqiao District and the PRC. See also "*— The Group's business may be affected by natural disasters, epidemics and other acts of God, including the recent COVID-19 pandemic*". There is no assurance that the level of economic development in Keqiao District will continue to grow at the same rates seen in previous years. Any further slowdown in the economic development in Keqiao District may affect their development plans, which may in turn decrease the demand for the Group's business and adversely affect the Group's business, financial condition, results of operations and prospects, given that the Group's business and prospects depend, to a large extent, upon the public spending on urban development and construction in Keqiao District.

The Company is directly controlled by Keqiao District Finance Bureau, a government organ of the Keqiao District Government. The Group is tasked to implement the real estate development, land development,

and infrastructure construction plans of the Keqiao District Government. The Group's business and prospects are affected by the budget and spending of the Keqiao District Government on such projects. There are many factors affecting the amount, timing and priority of the budget and spending of the Keqiao District Government on real estate development, land development, and infrastructure construction projects, such as national and regional policies on relevant industries, as well as fiscal and monetary policies. Government budget and spending is also affected by government revenue, which in turn is affected by the general economic conditions. Any slowdown in the economic growth in the PRC or Zhejiang Province or, in particular, Keqiao District may adversely affect the fiscal condition and revenue of the Keqiao District Government, which may in turn cause the Keqiao District Government to reduce its budget and spending on real estate development, land development, infrastructure construction and transportation projects. In such case, the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

***PRC regulations on the administration of local government debt may have a material adverse effect on the Group's financing and business models.***

The PRC Government has in recent years issued multiple regulations intended to restrict the ability of local governments to use state-owned enterprises to incur debt that should be directly incurred by government bodies. These regulations include the Opinion of the State Council on Enhancing the Administration of Fiscal Debts of Local Governments (Guo Fa [2014] No. 43) (國務院關於加強地方政府性債務管理的意見(國發[2014]43號)) (“**Circular 43**”) released on 21 September 2014, the Circular on Local Government General Debt Budget Management (Cai Yu [2016] No. 154) (地方政府一般債務預算管理辦法(財預[2016]154號)) (“**Circular 154**”) and the Circular on Local Government Special Debt Budget Management (Cai Yu [2016] No. 155) (地方政府專項債務預算管理辦法(財預[2016]155號)) (“**Circular 155**”) issued by the Ministry of Finance of the PRC on 9 November 2016, the Circular on Further Regulating the Debt Financing Activities of Local Governments (Cai Yu [2017] No. 50) (關於進一步規範地方政府舉債融資行為的通知(財預[2017]50號)) (“**Circular 50**”) jointly issued by the MOF, the NDRC, the Ministry of Justice of the PRC, the PBOC, the China Banking Regulatory Commission (subsequently reorganised into the China Banking and Insurance Regulatory Commission) and the China Securities Regulatory Commission on 26 April 2017, the Circular on Firmly Curbing Local Governments' Illegal Financing Activities in the Name of Government Procurement of Services (Cai Yu [2017] No. 87) (關於堅決制止地方以政府購買服務名義違法違規融資的通知(財預[2017]87號)) (“**Circular 87**”) issued by the MOF on 28 May 2017, the Circular on Issues Relevant to the Regulation on the Investment and Financing Activities Conducted by Financial Institutions for Local Governments and State-owned Enterprises (Cai Jin [2018] No. 23) (關於規範金融企業對地方政府和國有企業投融資行為有關問題的通知(財金[2018]23號)) (“**Circular 23**”) issued by the MOF on 28 March 2018, the Circular of the National Development and Reform Commission and the Ministry of Finance on 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)) (“**Circular 706**”) jointly issued by the NDRC and the MOF on 11 May 2018, the Guiding Opinion on Strengthening the Asset and Liability Constraints of State-Owned Enterprises (中共中央辦公廳、國務院辦公廳關於加強國有企業資產負債約束的指導意見) (the “**Joint Opinion**”) jointly issued by the General Office of the Central Committee of the Communist Party of China and the State Council on 13 September 2018, the Circular on Filing Requirements with respect to Application for Foreign Debt Issuance by Local State-owned Enterprises (Fa Gai Ban Wai Zi [2019] No. 666) (國家發展改革委辦公廳關於對地方國有企業發行外債申請備案登記有關要求的通知(發改辦外資[2019]666號)) (“**Circular 666**”) issued by the General Office of the NDRC on 6 June 2019, and the Notice on Local Government Special Bond Issuance and Project Supporting Financing Work (中共中央辦公廳、國務院辦公廳關於做好地方政府專項債券發行及項目配套融資工作的通知) (the “**Notice**”) was issued by the General Office of the Central Committee of the Communist Party of China and the State Council on 10 June 2019 (together with Circular 43, Circular 154, Circular 155, Circular 50, Circular 87, Circular 23, Circular 706, the Joint Opinion and the Circular 666, the “**Debt Control Circulars**”).

Circular 50 reaffirmed the Circular 43 policy that local governments and their departments are not permitted to use any means other than local government bonds within the quota approved by the State Council for debt financing and are prohibited from requesting or ordering enterprises to issue debt on behalf of local governments. Circular 154 and Circular 155, which aim to realise the monitoring of the entire process of borrowing, using, and repaying local government debts, enhance the transparency of local government debts, and strengthen the supervision of local government debt management by central government, clarifies the roof of local government debt, budget preparation and approval process, and provides that debts that are not in the form of government bonds shall be included in budget management. Circular 87 required that local governments and their departments shall not take advantage of, or fabricate contracts for, government procurement of services to conduct debt financing in disguise for construction projects. Circular 23 and Circular 706 established policies for foreign debt issuance, including the prohibition against public assets and the use right of reserve land being included as enterprise assets and prohibition against making disclosure in offering circulars that imply government endorsement on the relevant debt or any association with the government's credit. The Joint Opinion, consistent with Circular 43 and Circular 50, bans local governments and their departments from engaging in "disguised" borrowing by using state-owned enterprises to issue corporate debt on their behalf.

On 6 June 2019, the General Office of the NDRC issued Circular 666, which aims to strengthen the management of local government debt and prevent the risks of medium- and long-term foreign debts and hidden debt of local government. Circular 666 expressly restricts the use of proceeds of foreign debt issued by local state-owned enterprises which undertake local government financing functions to repaying medium and long-term foreign debts due within one year.

Pursuant to the Notice, the major projects which have certain income and all the income belongs to government-managed funds shall be financed by issuance of the local government special bonds, and provided that the major projects with a combination of revenue from government-managed funds and other special operating income, and with residual special operating income after repayment of the principal and interest of the special bonds, the relevant enterprises may obtain market-based financing from financial institutions based on the residual operating special income. The Notice also sets forth other principles and measures to improve the issuance and management of local government special bonds.

The Group believes that the PRC Government will continue to implement the Debt Control Circulars to control local government debt. Accordingly, the Group should rely on the cash flow generated from its operations and external borrowings to finance its operations and to satisfy its liquidity needs. Pursuant to the terms of the Bonds and as required by the Debt Control Circulars, none of Keqiao District Finance Bureau, the Keqiao District Government or any other PRC governmental authorities or entities has any obligation to repay any amount under the Bonds and will not provide a guarantee of any kind for the Bonds. The Bonds are solely to be repaid by the Issuer and/or the Guarantor (as the case may be) as an obligor and the obligations of the Issuer and/or the Guarantor (as the case may be) under the Bonds or the Guarantee shall solely be fulfilled by the Issuer and/or the Guarantor (as the case may be) as an independent legal person. In the event that the Issuer and/or the Guarantor (as the case may be) does not fulfil its obligations under the Bonds or the Guarantee, investors will only be able to claim as an unsecured creditor against the Issuer and/or the Guarantor and their respective assets, and not any other person, including Keqiao District Finance Bureau, the Keqiao District Government or any other PRC governmental authorities or entities. The Bondholders shall have no recourse to Keqiao District Finance Bureau, the Keqiao District Government or any other PRC governmental authorities or entities in respect of any obligation arising out of or in connection with the Bonds, the Guarantee and the transaction documents relating to the Bonds. In addition, the controlling relationship between the Guarantor and its beneficial owner, Keqiao District Finance Bureau, which is under the administration of the Keqiao District Government, does not necessarily correlate to, or provide any assurance as to the Group's financial conditions. The repayment obligations under the Bonds remain the sole obligations of the Issuer and/or the Guarantor.

The PRC Government may continue to release new policies or amend existing regulations to control the incurrence of local governmental debt. There is no assurance that the Group's financing and business model and its indebtedness will not be materially affected by future changes in the regulatory regime concerning the local state-owned enterprises in response to such regulations.

***Keqiao District Finance Bureau and the Keqiao District Government can exert significant influence over the Group, and may not act in the best interests of the Group.***

As Keqiao District Finance Bureau, a government organ of the Keqiao District Government, is the controlling shareholder of the Company, Keqiao District Finance Bureau and the Keqiao District Government participate in and closely monitor the Group's decision-making process for key projects, review the Group's development strategies and investment plans. In addition, Keqiao District Finance Bureau and the Keqiao District Government may also exert influence on the Group's major business decisions and strategies, including the scope of their operations, investment decisions and dividend policies. There is no assurance that Keqiao District Finance Bureau and the Keqiao District Government would always make decisions in the Group's best interests or with the aim of maximising the Group's profits. Keqiao District Finance Bureau and the Keqiao District Government may influence the Group's business and strategies in a manner beneficial to Keqiao District as a whole but not necessarily in the Group's best interests. The Keqiao District Government could also change its policies, plans, preferences, views, expectations, projections, forecasts and opinions, as a result of changes in the PRC's economic, political and social environment and its projections of population and employment growth. Any such change may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

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

The Group regularly receives preferential treatment from Keqiao District Finance Bureau, the Keqiao District Government Government and other agencies and entities controlled by the Keqiao District Government Government. Such preferential treatments may come in various forms, such as favourable policies, government grants and subsidies, tax incentives, asset transfers and capital injections. For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, government subsidies received by the Group amounted to RMB1,447.1 million, RMB1,013.8 million, RMB1,727.8 million, RMB727.8 million and RMB688.5 million, accounting for 24.5 per cent., 15.8 per cent., 28.1 per cent., 33.0 per cent. and 25.0 per cent. of the Group's total operating revenue, respectively. There is no assurance that Keqiao District Finance Bureau, the Keqiao District Government Government and other agencies and entities controlled by the Keqiao District Government Government will continue to provide preferential treatments to the Group or that the existing government preferential treatments will not be adjusted or terminated, any of which may materially and adversely affect the Group's business, financial condition, results of operations and prospects. In addition, the ownership or controlling relationship between the Issuer, the Guarantor and the Keqiao District Finance Bureau, which is under the administration of the Keqiao District Government, does not necessarily correlate to, or provide any assurance as to the Issuer's, the Guarantor's or the Group's financial conditions. The repayment obligations under the Bonds remain the sole obligation of the Issuer and/or the Guarantor.

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

The Group relies on a number of measures such as bank loans, proceeds from issuance of debt securities, equity contributions and subsidies from its shareholders, and cash flows generated from its operating activities to satisfy a portion of its capital requirements and the Group has a significant amount of outstanding indebtedness. As at 30 June 2021, the Group's total indebtedness (comprising short-term borrowings, notes payable, non-current liabilities maturing within one year, long-term borrowings, bonds

payable and interest-bearing long-term payables) amounted to RMB147.1 billion, representing 63.4 per cent. of the Group's total assets, of which RMB34.0 billion would become due within 12 months.

In addition, as at 30 June 2021, the total current liabilities of the Group amounted to RMB44,834.9 million, accounting for 27.3 per cent. of the Group's total liabilities, and the Group's liability-to-asset ratio was 70.9 per cent.

Significant indebtedness may pose negative effects on the liquidity and financial condition of the Group in the long run. If the Group cannot obtain sufficient funding in commercially acceptable terms in the future, it may encounter liquidity distress, which may negatively affect the operations of the Group.

In addition, substantial indebtedness could impact the Group's business in a number of ways, including:

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

As the Group relies on a number of measures such as bank loans and proceeds from issuance of debt securities to satisfy a portion of its capital requirements, it is subject to relatively high financing cost and repayment pressure of principal and interests. For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, the Group's interest expenses amounted to RMB726.3 million, RMB1,052.1 million, RMB1,398.6 million, RMB593.5 million and RMB674.2 million, accounting for 12.3 per cent., 16.4 per cent., 22.7 per cent., 26.9 per cent. and 24.5 per cent. of the Group's total operating revenue, respectively. Such financing cost and repayment pressure may continue to increase in the future. If the Group cannot make sufficient profits, such high financing costs and repayment pressure may adversely affect the business, financial condition, results of operations and prospects of the Group.

The Group's borrowings may be secured. Third-party security rights may limit the Group's use of the underlying collateral assets and adversely affect its operational efficiency. As at 30 June 2021, the Group's restricted assets amounted to RMB11,320.0 million, representing 4.9 per cent. of its total assets. If the Company and its subsidiaries are unable to service their secured debt on a timely basis, the assets provided as security for such debt may be subject to foreclosure, which may adversely affect the Group's business, financial condition, results of operations and prospects.

***Restrictive covenants contained in credit facilities may limit the Group's abilities 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 on the Group or, as the case may be, the relevant subsidiary's business 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, restrict the borrow from making dividends to its shareholders, or prohibit the borrower from changing its business and corporate structure, without the lender's prior consent. The ability of the Company or any of its relevant subsidiaries (as

borrower) to meet such financial restrictions may be affected by events beyond its control. Such restrictions may also negatively affect the Group's abilities to respond to changes in market conditions, take advantage of business opportunities the Group believes to be desirable, obtain future financing, fund capital expenditures, or withstand a continuing or future downturn in its business. Any of these factors could materially and adversely affect the Group's abilities to satisfy its obligations under the Bonds and other debt.

If the Company 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 agreements, a default under the terms of such agreements may occur. In the event of a default under such agreements, the holders of the debt could terminate their commitments to the Company or its subsidiaries, accelerate the debt and declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Some of the financing contracts entered into by the Company or its subsidiaries may contain cross-acceleration or cross-default provisions. As a result, a default by the Company or any of its subsidiaries under any of such agreements may cause the acceleration of repayment of not only such debt but also other debt, including the Bonds, or result in a default under other debt agreements. If any of these events occurs, there can be no assurance that the Company or its subsidiaries will be able to obtain the lenders' waiver in a timely manner or that the assets and cash flows of the Company or its subsidiaries would be sufficient to repay in full all of its debts as they become due, or that the Company or its subsidiaries would be able to find alternative financing. Even if the Company 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 Company or, as the case may be, its subsidiaries.

***The Group's business may be affected by natural disasters, epidemics and other acts of God, including the recent COVID-19 pandemic.***

The Group's business is subject to general economic and social conditions in the PRC, which may be adversely affected by natural disasters, epidemics and other acts of God which are beyond the Group's control. The occurrences of epidemics, such as the recent outbreak of the COVID-19 pandemic or the past occurrence of Middle East Respiratory Syndrome (MERS), Severe Acute Respiratory Syndrome (SARS), H5N1 avian flu, human swine flu (also known as Influenza A or H1N1) or H7N9 avian flu, depending on their scale, have caused and may continue to cause different degrees of damage to the national and local economies in the PRC.

In particular, the recent outbreak of the COVID-19 pandemic caused delays in the resumption of local business in the PRC after the 2020 Chinese New Year. The COVID-19 pandemic has spread all over the world and was declared as a pandemic on 11 March 2020 by the World Health Organisation. The global outbreak of COVID-19 pandemic may further create negative economic impact and increase volatility in the PRC and global market, which can have a material adverse effect on the Group's business, financial condition, results of operations and prospects. *See also "— Risks Relating to the PRC — China has experienced a slowdown in its economic development and the future performance of China's economy is uncertain".*

In addition, the administrative actions taken by local governments in the PRC to control the spread of the COVID-19 pandemic, including travel restrictions, quarantines and business shutdowns, may have an adverse impact on the Group's business operation. Construction and development projects may be temporarily shut down. Supply of raw materials and productivity may be adversely affected. As a result, the completion of projects may be delayed, which might result in substantial increase in the Group's costs for constructing or developing its projects and/or adversely affect profitability and cash flow of the Group. Moreover, supply of raw materials may be adversely affected due to the temporary shut-down of the operations of the Group's suppliers and the disrupted logistics operations. As a result, the completion of the Group's projects may be delayed, which might in turn result in substantial increases in the Group's costs for constructing or developing its projects and/or otherwise adversely affect profitability and cash

flows of the Group. Furthermore, the Group's operations are highly concentrated in Keqiao District, and any labour shortages, or slowdown in the growth of domestic consumption in Keqiao District, Shaoxing City or the PRC in general could materially and adversely affect the business, results of operations, financial condition and prospects of the Group. Given the high uncertainties associated with the COVID-19 pandemic at the moment, it is difficult to predict how long these conditions will exist and the extent to which the Group may be affected. Should the disruption to the Group's operations extend beyond a specified period, it may materially and adversely affect the Group's results of operations and financial condition and may also cause reputation damage to the Group. In addition, any further disruption to the Group's business activities may negatively affect its liquidity and access to capital.

Moreover, China experienced natural disasters such as earthquakes, floods and droughts in the past few years. For example, in May 2008 and April 2010, the PRC experienced earthquakes in Sichuan Province and Qinghai Province, respectively, resulting in the death of tens of thousands of people. In 2010, there were severe droughts in south-western China, resulting in significant economic losses in these areas. Since the beginning of 2020, there have occurred severe droughts in south-western China, resulting in significant economic losses in these areas. Any future occurrence of severe natural disasters in the PRC may adversely affect its economy and in turn the Group's business.

***The Group's businesses require significant capital expenditures, and failure to obtain sufficient capital on acceptable terms or in a timely manner may adversely affect the Group's business and growth prospects.***

The Group's businesses, such as real estate development, land development, infrastructure construction and transportation business, require and will continue to require substantial capital expenditure. For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, the Group made capital expenditures of RMB4,929.9 million, RMB4,686.8 million, RMB3,707.4 million, RMB4,060.6 million and RMB2,774.2 million respectively. Large amount of capital is needed to complete ongoing construction projects. The Group has historically satisfied its capital requirements with cash flow primarily generated from bank loans and other borrowings, proceeds from issuance of debt securities, equity contributions and subsidies from its shareholders and cash flows generated from its operating activities. The Group's ability to obtain external financing in the future and the cost of such financing are subject to a variety of uncertainties, and there can be no assurance that the Group can obtain sufficient financing 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 such projects as planned. This would further extend the turnover period of the Group's operating costs and restrict the Group's ability to grow and, over time, may reduce the quality and reliability of the services provided by the Group and adversely affect the Group's business, results of operations and financial condition.

The ability of the Group to generate sufficient operating cash flow is affected by a number of factors, such as the Group's ability to manage and implement its business development plans, changes in general market conditions, regulatory environments, governmental policies and competition in the industries where the Group operates. Any material adverse change in these factors may cause the Group to experience a capital shortage. For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, the Group experienced net cash outflow from operating activities of approximately RMB6,509.4 million, RMB4,196.6 million, RMB7,920.5 million, RMB1,092.3 million and RMB10,938.5 million, respectively. The Group's net cash outflow increased significantly for the six month ended 2021 as compared to that for the same period in 2020, mainly attributable to the increase in cash paid for goods and services as a result of the payment of construction costs. There is no assurance whether this will occur again in the future, and whether the Group's operations are or will be able to generate sufficient cash flow to satisfy its cash need at all times, if at all. Please also see “— *The Group has historically experienced net cash outflow from operating activities*”.

Insufficient cash flow generated from the Group's operating activities will increase the Group's reliance on external financing. As at 30 June 2021, the Group had total credit facilities of approximately RMB96.2 billion, of which approximately RMB26.9 billion had not been utilised. The Group's ability to access and raise sufficient capital through different sources depends upon a number of factors, such as the PRC's economic conditions, relationships with key commercial banks, prevailing conditions in capital markets, regulatory requirements and the Group's financial condition. Some of these factors are beyond the Group's control and there is no assurance that the Group will be able to raise sufficient funds in a timely manner or to obtain external financing on commercially acceptable terms, or at all. The Group may not be able to fund the capital expenditure necessary to implement its business development plans and strategies, which may in turn have a material and adverse effect on its business, financial condition, results of operations and prospects.

***The Group has historically experienced net cash outflow from operating activities.***

For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, the Group recorded net cash outflow from operating activities with the amount of approximately RMB6,509.4 million, RMB4,196.6 million, RMB7,920.5 million, RMB1,092.3 million and RMB10,938.5 million, respectively. The Group's net cash outflow from operating activities was primarily attributable to mismatch between the significant capital expenditures used in real estate development projects, land development projects and infrastructure construction projects at the early stage and the relatively long trade receivables turnover days of such projects. There is no assurance that the Group will not record net cash outflows from operating activities again in the future, and any such cash outflow may have a material and adverse effect on the Group's liquidity, business, financial condition, results of operations and prospects.

***Most of the Group's business is operated in a single geographical region.***

Most of the Group's current and anticipated business is operated in Keqiao District. Any material region-wide adverse event may negatively impact the demand for projects conducted or services provided by the Group in Keqiao District, which would in turn affect the profitability of the Group. Such adverse events include, but are not limited to, changes in the economic conditions and regulatory environments, changes in the government's urban development plans and policies, any slowdown in the real estate sectors, decrease in investor confidence in the region, significant natural disasters and other incidents. Due to the limited geographical coverage of its operations, the Group may not be able to effectively manage any potential losses arising from these region-wide adverse events, which may materially and adversely affect the Group's business, financial condition, results of operations and prospects.

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

As an entity engaging in water supply and sewage treatment, real estate development, land development, infrastructure construction, and transportation business in Keqiao District, a considerable part of the Group's business activities are conducted with various governmental authorities and entities in Keqiao District. A large portion of the Group's cash flow is generated from payments by relevant governmental authorities and entities, such as Keqiao District Finance Bureau and the Keqiao District Government. As such, the Group is exposed to certain inherent risks relating to dealing with public bodies. The local government's ability to satisfy its payment obligations for the projects that the Group undertakes largely depends on the fiscal revenue of the local government, the policies and regulations promulgated by higher levels of governments as well as other factors which are generally beyond the Group's control.

Any failure by relevant governmental authorities or entities 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 or results of operations. If there is any material disagreement between the Group and relevant governmental

authorities or entities, there is no assurance that the Group will successfully resolve them in a timely manner, or at all. Any dispute or legal proceeding with or against relevant governmental authorities or entities may last for a long period of time and cost considerable financial and managerial resources, which could materially affect the Group's business, financial condition or results of operations. Additionally, any of these may severely damage the relationships between the Group and relevant governmental authorities or entities, which may in turn materially and adversely affect the Group's business, financial condition or results of operations.

***The Group's business operations may be negatively affected by the guarantees it provides to third parties.***

The Group provides guarantees to third parties from time to time during its business operations. As at 30 June 2021, the Group's outstanding guarantees to third-parties amounted to RMB221.1 million. Please see "Notes to the Financial Statements — X Commitments and contingencies — 1. Contingencies" to the Guarantor's consolidated financial statements as at and for the six months ended 30 June 2021. If any of the companies benefiting from the guarantees provided by the Group defaults on the borrowings guaranteed by the Group, the lenders may enforce such guarantees and demand payment from the Group. In any such case, the Group's business, financial condition and results of operations may be materially and adversely affected.

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

As at 31 December 2018, 2019 and 2020 and 30 June 2021, the Group's inventories amounted to RMB69,695.4, RMB72,376.7 million, RMB101,971.6 million and RMB111,870.2 million, respectively, representing 42.0 per cent., 38.7 per cent., 49.7 per cent. and 48.2 per cent. of the Group's total assets as at the same dates. The Group's inventories comprise primarily of land development costs, land to be developed, infrastructure construction projects, resettlement housing projects, goods in stock and raw materials. Any decrease in the market demand and the corresponding drop in the sales of properties and projects that the Group developed or the services that the Group provided could cause the Group's inventories to accumulate and depreciate in value, which may adversely affect the Group's business, financial condition, results of operations and prospects. These factors may in turn be affected by the controlling measures of the PRC Government on urban development and real property investment and the PRC Government's macroeconomic and monetary policies, which are beyond the Group's control. Any failure to effectively manage the Group's inventory level will have a material impact on the Group's cash flow and adversely affect its ability to carry on ordinary business activities and to serve its outstanding debt, such as the Bonds, which in turn could materially and adversely affect the Group's business, financial condition, results of operations and prospects.

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

The Company has a number of subsidiaries operating in different industries. Through these subsidiaries, the Group engages in textile market operation, water supply and sewage treatment, real estate development, land development, infrastructure construction, transportation and other business operations. As such, the Group is exposed to risks associated with conducting multiple business and operating through a large number of subsidiaries. It is difficult to estimate the future performance of the Group's key business segments. Any material decline in the operating revenue, gross profit or gross profit margin of any of the Group's major business segments may have a material adverse impact on the Group's total operating revenue, gross profit or gross profit margin in the future.

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

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

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

Certain business activities of the Group, such as textile market operation, water supply and sewage treatment, real estate development, land development, infrastructure construction, and transportation business, are extensively regulated in the PRC. The operation of these business activities requires a number of approvals, licences and permits from different governmental authorities. It may take considerable time and resources to obtain and maintain all of these approvals and certificates. Governmental authorities in the PRC have broad discretion in implementing and enforcing applicable laws and regulations and in granting the approvals, licences, permits and certificates necessary for the Group to conduct its business. Failure to obtain in a timely manner or maintain the necessary approvals, licences or permits could result in delay or suspension of the Group's business operations, and may subject the relevant members of the Group to regulatory or administrative penalties.

In addition, the PRC governmental authorities may amend existing regulations or promulgate new regulations from time to time. The Group may encounter problems in obtaining, maintaining or renewing the permits, licences, certificates and government authorisations necessary to conduct its business and may be unable to comply with new laws, regulations or policies. In addition, to ensure the restrictions and conditions of relevant business permits, licences and certificates are fulfilled, governmental authorities also conduct regular and special inspections, investigations and inquiries. If any significant non-compliance is found by the governmental authorities during such investigations or inquiries, the Group's permits, licences and certificates may be suspended or revoked, and the Group may become subject to fines or other forms of penalties, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

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

Any material fluctuation in the benchmark lending rate may have a material impact on the Group's interest expenses and payables under its bank loans and in turn affect its results of operations. The PRC Government has historically adjusted interest rates from time to time as implementation of the PRC Government's economic and monetary policies. Starting August 2019, the National Interbank Funding Centre (全國銀行間同業拆借中心) is authorised by PBOC to publish loan prime rates (the "LPR") on a monthly basis based on the prime rate offered by a panel of commercial banks, and Chinese banks are required to use the LPR as the reference rate for the pricing of its loans extended after 1 January 2020. As at the date of this Offering Circular, all of the Group's floating rate bank borrowings bear interest based on the LPR. Any material fluctuation in the LPR may have a material impact on the Group's interest expenses under its bank loans and debt securities issued and in turn affect its results of operations. Although the Group's business and financial condition may benefit from the currently low prevailing interest rates in the market, there is no assurance that this low-interest environment will continue.

***The Group may not successfully expand its business and implement its growth strategies.***

The Group may from time to time expand its business to new industries or markets in which it has limited operating experience. Such expansion may require the Group to devote substantial resources to become familiar with, and monitor changes in, different operating environments so that it may succeed in such new business. The Group's ability to successfully grow its new business 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 entities, 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 business, implement its expansion strategies, manage or integrate any newly-acquired operations with the Group's existing operations. Failure by the Group to develop new business or implement its expansion strategies could have a material adverse effect on its business, financial condition, results of operations and prospects.

***Delays or defaults in payments to the Group may affect its working capital and cash flow.***

The payments for the Group's real estate development, land development, and infrastructure construction are usually made from three months to six months after the completion of post construction verification. However, the Group incurs costs, such as labour costs, from the commencement of projects, and thus bears the risk of prepaying costs and expenditures for each project it undertakes. As such, any delay or default in the payments to the Group may increase the Group's liquidity pressure, which will in turn increase its financial vulnerability and adversely affect its financial condition and results of operations. There is no assurance that all payments will continue to be made in a timely manner, or that no events of default will occur in the future.

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

The Group engages third-party contractors in its operating activities, such as real estate development, land development, infrastructure construction, and transportation. The Group generally selects independent contractors through public bidding and tendering processes. However, there is no assurance that the services rendered by any of the contractors selected by the Group or subcontractors selected by the Group's contractors will always satisfy the Group's quality and safety standards. If the performance of any contractor or subcontractor does not satisfy the Group's quality and safety standards, the Group may need to replace such contractor or take other actions to remedy the situation, which could adversely affect the costs and progress of its projects. In addition, the Group may be requested on short notice to undertake additional construction or development projects, and there may be a shortage of contractors that can satisfy the Group's quality requirements under such short notices. Any of these factors could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

***The illiquid nature and the lack of alternative uses of properties for lease in the Group's textile market operation business could limit the Group's ability to respond to adverse changes in the performance of its properties.***

The Group currently holds various properties for rental purposes in its textile market operation business. Properties for lease are relatively illiquid compared to other types of investments such as publicly traded equity securities. As a result, the Group's ability to promptly sell one or more of its properties for lease in response to changing economic, financial and investment conditions is limited. The property market is affected by many factors that are beyond the Group's control, including general economic conditions, the availability of mortgage financing and the level of interest rates, and the Group cannot accurately determine the market price of its properties for lease nor is it able to predict whether it will be able to sell any of its properties for lease at the price or on the terms set by it, or whether any price or other terms

offered by a prospective purchaser would be acceptable to the Group. In addition, properties for lease may not be readily convertible for alternative uses without substantial capital expenditure if the original function of such properties became unprofitable due to competition, age, decreased demand or other factors.

Similarly, for certain properties for lease to be sold, substantial capital expenditure may be required to correct defects or make improvements to the property due to factors, such as change in building regulations or as a result of age, compounding the effort and time required. These factors and any others that would impede the Group's ability to respond to adverse changes in the performance of its properties for lease could materially and adversely affect the Group's business, financial condition, results of operations and prospects.

***The Group may not be able to generate adequate returns on its properties held for lease and retain quality tenants in its textile market operation business.***

The Group's textile market operation business is subject to various degrees of risk. The operating revenue available from the Group's textile market operation business depends, to a large extent, on the amount of capital appreciation generated, operating revenue earned from the rental of the relevant properties as well as the expenses incurred. Maximising yields from properties held for lease also depend to a large extent on active ongoing management and maintenance of the properties. The ability to eventually dispose of properties for lease will also depend on market conditions and levels of liquidity, which may be limited or subject to significant fluctuation in the case of certain types of commercial properties. The operating revenue derived from property leasing may be adversely affected by a number of factors, including but not limited to changes in market rates for comparable rentals, the inability to collect rent due to bankruptcy or insolvency of tenants and the costs resulting from periodic maintenance, repair and re-letting.

The Group's textile market operation business also competes for tenants with other property developers on factors including location, quality, maintenance, property management, rental rates, services provided and other lease terms. There can be no assurance that the Group's existing or prospective tenants will not choose other properties. Any future increase in the supply of properties which compete with the Group would increase the competition for tenants and, as a result, the Group may have to reduce rental rates or incur additional costs to make its properties more attractive. Also, the Group may not be able to lease its properties to a desirable mix of tenants to achieve its business objectives or for rental rates that are consistent with its projections. If the Group is not able to retain its existing tenants, attract new tenants to replace those that leave or lease its vacant properties, the Group's occupancy rates may decline and the Group's properties may become less attractive and competitive. This in turn may have a material and adverse effect on the Group's business, financial condition and results of operations.

***The Group's water supply and sewage treatment business is vulnerable to disruptions caused by natural and man-made disasters.***

The Group's water supply and sewage treatment business is vulnerable to natural disasters including, but not limited to, earthquakes, storms, tornados and floods. Similarly, man-made disasters such as explosions, fires and acts of terrorism may also hinder operations of the Group's water supply and sewage treatment business. The Group's water supply operation may be required to operate fewer water plants in the event of droughts, and the Group's sewage collection and treatment operation may need to cease operation or even be damaged in the event of flood. Such disasters are unpredictable and can significantly damage the Group's operations of water supply and sewage treatment as well as pipelines and other equipment critical to the Group's water supply and sewage treatment business.

In addition, distribution and collection disruptions for the Group's water supply and sewage treatment operations could occur for a variety of reasons that are beyond the Group's control, including but not limited to transportation bottlenecks, limited capacity of its water and sewage collection plants as well as natural or man-made disasters mentioned herein. There is no assurance that the Group can avoid disruptions in its water distribution or sewage collection operations, and any occurrence of disruptions to the Group's water supply and sewage treatment business may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

***Operating costs for the Group's water supply and sewage treatment business may fluctuate from time to time.***

The Group's water supply and sewage treatment business relies heavily on labour-intensive operations and its procurement of production raw materials. In recent years, increases in labour costs in the PRC as well as increases in prices of raw materials for filtering and decontamination had led to rises in production costs of the Group's water supply and sewage treatment business. Given that the price for the Group's water production and distribution services is set by local government authorities, the price set for the Group's water production and distribution services may not accurately reflect fluctuations in labour costs and raw material costs, if at all. As a result, operating costs of the Group's water supply and sewage treatment business may increase from time to time.

In addition, policies and regulations implemented by the PRC Government in relation to environmental and ecological preservation may impose additional operating costs to the Group's water supply and sewage treatment business as the Group may be required to partake in extra production or distribution procedures that may result in increasing operating costs or decreasing production outputs. The Group's water supply and sewage treatment business receives local government subsidies partly as remedies for its increasing operating costs. There is no assurance that such subsidies will continue to be provided to the Group's water supply and sewage treatment business and there is no assurance that the operating cost of the Group's water supply and sewage treatment business can be maintained at a reasonable and acceptable level.

***Increased environmental standards may result in increased costs for the Group in relation to the sewage treatment business.***

With increased importance being placed on environmental protection and sustainable development as part of national policy, environmental standards imposed by laws and regulations are expected to become more stringent. While this regulatory development is expected to result in business opportunities, such increased standards may also result in increased costs in delivering the Group's sewage treatment services. The Group may, for example, be required to invest in better technology in order to meet higher sewage treatment standards while achieving efficiency at the same time. Further, the increase in the breadth and depth of environmental protection laws may also lead to increased compliance costs in the Group's operation of sewage treatment. Failure to comply with the stringent environmental standards may result in penalties and fines or even the suspension or revocation of the Group's licences or permits, which may have a material adverse effect on the Group's business, financial condition, results of operations and prospects. See “— *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 licences or permits*” for details.

***The Group's sewage treatment business is subject to risks associated with technological changes.***

There are rapid changes and improvements in the technology and equipment for sewage treatment. The Group's sewage treatment technologies must pass rigorous testing and field trials, which can be time-consuming and expensive. The commencement and completion of the tests and field trials are subject to various risks such as delays in producing or failure to produce test results, data or analysis,

inadequate or inconclusive results, changes in regulatory policies or industry standards or delays by government or regulatory authorities. Changes in regulations or standards for sewage treatment in the regions where the Group conducts its business may also necessitate the use of new technologies or the improvement of its existing technologies. Any failure to adopt, develop or implement new technologies may materially and adversely affect our business, prospects, financial condition and results of operations.

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

The cost of construction materials, such as steel and cement, constitutes a significant portion of the Group's costs for its real estate development, land development, infrastructure construction, and transportation businesses. Construction material costs have fluctuated significantly, and may fluctuate significantly in the future. Any increase in the cost of construction materials may result in an increase in the costs for the Group's real estate development, land development, infrastructure construction, and transportation businesses, which may pose an adverse effect on the Group's business, financial condition, results of operations and prospects.

***The Group's real estate development, land development, infrastructure construction and transportation businesses are exposed to certain risks associated with resettlement of local residents.***

Some of the Group's real estate development, land development, infrastructure construction and transportation projects involve resettlement of local residents. The Group develops and provides substitute properties in some cases to relocate residents as compensation for their resettlement. If any resident is dissatisfied with the compensation or the substitute properties and refuses to relocate, the local government may seek to resolve the dispute through negotiation to reach a mutually acceptable relocation compensation arrangement, or apply to the relevant land authority for its determination on whether the relocation compensation and relocation timetable are in compliance with PRC laws and regulations. The relevant land authority will, upon application by the local government, make a decision as to the proper relocation compensation and timetable. There is no assurance that the resettlement of local residents or business will proceed smoothly or that an agreement will be reached. Any delays in such resettlement process may result in delays in the Group's development schedules and/or increases in the Group's development costs, which could have a material adverse effect on its business, financial condition, results of operations and prospects.

***The Group is exposed to risks in relation to work safety and occurrences of accidents.***

There are inherent risks of work injuries or accidents occurring in the course of the Group's business operations due to the nature of the services being performed, particularly in the business operations of real estate development, land development, infrastructure construction, and transportation business, as the Group's employees may be required to work in dangerous environments. The Group's employees may be required to undertake certain tasks including, but not limited to the following: (i) working at height or on slippery surfaces or in the dark; (ii) operation of electrical appliances in undertaking minor maintenance works; (iii) lifting heavy objects; (iv) working in new and unfamiliar environments; (v) defending and protecting individuals against aggressors; (vi) handling disputes amongst residents or tenants in the properties the Group manages and/or operates; and (vii) maintaining order in crowded events.

The Group's involvement in major accidents or incidents in the course of its operations, particularly if reported by the media, may adversely affect the Group's reputation and its client's perception of the quality of its services. The Group cannot ensure that any incidents or accidents, which could result in property damage, personal injury or even death to the third parties including residents and aggressors, property owners or the Group's employees, will not occur again in the future. Accidents resulting in personal injury or loss or damage to property may also arise if the Group's employees fail to follow its

work safety measures and procedures. However, accidents may occur in the ordinary course of the Group's business. The Group cannot ensure that its employees will fully comply with the safety measures and plans it implements during their execution of the above tasks or any other tasks. In such events, the Group may be held liable for the losses or be subject to prosecution. The Group may also be exposed to claims of negligent or reckless behaviour on the part of its employees. The Group may also experience interruptions to its business operations and may be required by government authorities to change the manner in which it operates following any incidents or accidents. Any of the foregoing could materially and adversely affect the Group's reputation, business, financial position and results of operations.

***The Group may face delays and cost overruns with the construction projects, which may adversely affect its results of operations.***

There are a number of risks associated with the Group's real estate development, land development, infrastructure construction, and transportation projects with respect to their construction, financing and operation. Such projects typically require substantial capital expenditures during the construction phase and can take a substantial period of time to complete. The time taken and the costs involved in completing these projects can be adversely affected by many factors, including shortages of materials, equipment and labour, adverse weather conditions, natural disasters, terrorism, labour disputes, disputes with contractors or subcontractors, accidents, changes in governmental priorities and other unforeseen circumstances, many of which are out of the Group's control. Any of these could give rise to delays in the completion of the Group's projects. The Group's costs involved in such projects are also affected by costs of labour and raw materials, which are often beyond the Group's control. In addition, the Group may also be required to take extra precautionary safety and health measures, such as those required by the PRC Government to contain the COVID-19 pandemic, and thus incur additional costs for the construction and development of its projects. Under such circumstances, the Group may be required to make additional investment, incur additional expenditures, or experience reduced efficiency and receive lowered financial returns, which may in turn materially and adversely affect the Group's business, financial condition, results of operations and prospects.

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

Under applicable PRC laws and regulations, if the Group does not commence land development for more than one year after the date specified in the relevant land use rights grant contract or allocation decision, or the Group commences development on an area which is less than one-third of the area granted, or the capital invested in the development is less than one-fourth of the total investment approved for the development and the development is suspended for more than one year without governmental approval, the PRC Government may impose an idle land fee equal to 20 per cent. of the land grant or allocation fees. The PRC Government may revoke the land use rights certificate without compensation if the Group does not commence development for more than two years after the date specified in the relevant land use rights grant contract without compelling causes. On 3 January 2008, 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 of the PRC ("MLR") (subsequently reorganised into the Ministry of Natural Resources of the PRC) and other authorities are required to research and commence the drafting of implementation rules concerning the levy of land appreciation fees on idle land. Furthermore, MLR issued the Notice on Restricting the Administration of Construction Land and Promoting the Utilisation of Approved Land (國土資源部關於嚴格建設用地管理促進批而未用土地利用的通知) on 11 August 2009 which reiterates its policy on idle land. In September 2010, the MLR and the Ministry of Housing and Urban-Rural Development of the PRC ("MOHURD") jointly issued the Notice On Further Strengthening the Administration and Control of Real Estate Land and Construction (關於進一步加強房地產用地和建設管理調控的通知), which provides that a property developer and its controlling shareholders will be prohibited from participating in land bidding before certain illegal behaviours in which it engages, such as land idle for more than one year on its own reasons,

have been completely rectified. Idle Land Disposal Measures (閑置土地處置辦法) came into effect on 28 April 1999 and was amended and became effective on 1 July 2012, providing the procedures for disposal of idle land. Any fines or penalties imposed, or any cancellation of land use rights with respect to idle lands may materially and adversely affect the Group's business, financial condition and results of operations. As at 30 June 2021, the Group did not possess any land for which it had not commenced development within the time stipulated in the relevant land use rights grant contracts. However, the Group may have idle land issue in the future and the imposition of fines and penalties in relation to any idle land could have a material and adverse effect on the Group's business, financial condition, results of operations and prospects.

***The operations of the Group's real estate related businesses, such as real estate development business, are subject to extensive governmental regulations, approvals and compliance requirements related to the relevant industries in the PRC, and the PRC Government may adopt further measures to slow down growth in the real estate sector, affecting the Group's real estate development business.***

The Group's businesses, especially its real estate development business, are heavily regulated and are affected by changes in government policies and regulatory measures affecting the property market. As with other PRC property developers, the Group must comply with various requirements mandated by the relevant PRC laws and regulations, including the policies and procedures established by local authorities designed for the implementation of such laws and regulations. In particular, the PRC Government exerts considerable direct and indirect influence on the PRC property sector by imposing industry policies and other economic and fiscal measures, such as control over the supply of land for property development, foreign exchange, property financing, taxation and foreign investment. From 2004 to the first half of 2008, in response to concerns over the scale of the increase in property investment and the overheating of the property sector in the PRC, the PRC Government introduced policies to restrict development in the property sector. Since late 2009, the PRC Government has further adopted a series of new policies to cool down the property market, including, amongst other things:

- abolishing certain preferential treatments relating to business taxes payable upon transfers of residential properties by property owners and imposing more stringent requirements on the payment of land premium by property developers;
- imposing property purchase restrictions on non-local citizens, decreasing the maximum loan to value ratio of mortgage loans offered to borrowers;
- increasing the minimum down payment to at least 60 per cent. of the total purchase price for second-house purchases with a minimum lending interest rate of at least 110 per cent. of the benchmark rate;
- restricting purchasers, in certain targeted cities, from acquiring second (or further) residential properties and restricting non-residents who cannot provide proof of local tax or social security payments for more than a specified time period from purchasing any residential properties;
- levying value-added tax on the full amount of the transfer price if an individual owner transfers a residential property within two years of purchase;
- launching new property tax schemes in certain cities such as Shanghai and Chongqing on a trial basis, levying property tax on some of the individual residential properties in these two cities;
- urging provincial governments to implement home purchase restrictions to control property prices, and setting certain criteria for the implementation of restrictions and, in the second half of 2011, extending such home purchase restrictions to certain second-tier cities in addition to the first- and second-tier cities which had adopted home purchase restriction measures;

- strictly enforcing the idle land-related law and regulations; and
- restricting the grant or extension of revolving credit facilities to property developers holding a large amount of idle land and vacant commodity properties.

On 20 February 2013, the State Council announced five measures on the control of the PRC property market, including: (1) stabilising property prices. Each major city in China was required to compile and announce its target for 2013 on how to control the prices of newly completed commodity properties; (2) strictly limiting speculative purchase of properties. Restrictions on purchasing commodity properties should be strictly implemented; expand the scope of experimental taxation on residential properties held by individuals; (3) increasing the supply of ordinary commodity properties and land; (4) accelerating the construction of low-cost housing project; and (5) strengthening the supervision of the property market.

On 26 February 2013, the General Office of State Council issued the Notice on Continuing Adjustment and Control of Property Markets (關於繼續做好房地產市場調控工作的通知) (the “**Notice**”) which, amongst other restrictive measures, provides that further restraining measures are to be adopted to strengthen the regulation of the property market. Major cities which have implemented the commodity housing purchase restrictions are required to enforce purchase restrictions in all administrative areas of the cities and restricted housing is to include new commodity housing and pre-owned housing. Non-local residents who have one or more residential properties and fail to provide one-year or longer tax payment certificates or social insurance payment certificates will be barred from purchasing any residential properties located in the administrative areas subject to restrictions. For cities where housing prices are increasing at an excessively high rate, local branches of the PBOC may further raise the down-payment rate and mortgage interest rate for the purchase of a second residential property. In addition, the Notice stipulates that a 20 per cent. income tax on individuals on profits from sales of properties will be strictly enforced. Financial institutions, subject to credit requirements, will prioritise requests for mortgages for ordinary commodity housing construction projects in which medium and small housing units constitute 70 per cent. or more of the total units in such construction projects.

The Group has had to adapt its operations to these austerity measures. There can be no assurance that the PRC Government will not adopt more stringent policies, regulations and measures in the future. If the Group fails to adapt its operations to new policies, regulations and measures that may come into effect from time to time with respect to the real estate industry, or such policy changes disrupt its business or cause it to incur additional costs, the Group’s business, financial condition, results of operations and prospects may be materially and adversely affected.

In addition, in order to develop a property and complete the development, the Group must obtain various permits, licences, certificates and other approvals from the relevant administrative authorities at various stages of property development and leasing, including, for example, land use rights documents, planning permits, construction permits, pre-sale permits and certificates or confirmation of completion and acceptance. Each approval is dependent on the satisfaction of certain conditions.

There can be no assurance that the Group will not encounter major problems in fulfilling the conditions precedent to the receipt of approvals or that the Group will be able to adapt itself to new laws, regulations or policies that may come into effect from time to time with respect to the real estate industry in general or particular processes with respect to the issuance of such approvals. There may also be delays on the part of the administrative bodies in reviewing the Group’s applications and in granting approvals. The Group may also be subject to periodic delays in its respective resettlement housing projects due to building moratoria in any of the areas in which it operates or plans to operate. If the Group fails to obtain, or experiences material delays in obtaining, the requisite governmental approvals, or if a building moratorium is implemented at one or more of its project sites, the development and sale of its projects could be substantially disrupted. Further, implementation of the laws and regulations by the relevant authorities, or the interpretation or enforcement of such standards, could require the Group to incur

additional operating or other costs, which could, as a consequence, materially and adversely affect the Group's business, financial condition, results of operations and prospects.

***A decline in passenger volume may adversely affect the operating revenue of the Group's passenger and cargo transportation business.***

The Group's passenger and cargo transportation business are dependent on, among other things, the number of passengers, competition from alternative transportations, natural disasters and the continued fitness of the bus transits for bearing passenger volumes. Passenger volume is, directly and indirectly, affected by a number of factors, including the availability, quality, proximity and ticket rate differentials of alternative means of transportation.

The stability in transport capacity of roads and tunnels has been impacting the overall bus transit transportation industry. Widening and expansion works of nearby expressways and local roads, as well as openings of new roads, will also hinder traffic growth of metros and railways. To the extent that capacity shortages may reduce the volume of passengers, the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

Alternative modes of transportation may also affect the Group's passenger and cargo transportation business. There is no assurance that new competing transportations will not be operational to divert traffic and other existing competing modes of transportation will not significantly improve their services and consequently will not materially adversely affect the Group's business, financial condition, results of operations and prospects.

***Competition from other forms of public and private transportation in Keqiao District, Shaoxing City and Zhejiang Province may adversely affect the Group's passenger and cargo transportation business.***

The Group competes with other forms of public and private transportation available in Keqiao District, Shaoxing City and Zhejiang Province, principally rail, taxis and private vehicles. The speed, reliability and comfort offered by intercity public transportation system in Keqiao District, Shaoxing City and Zhejiang Province may be eroded by:

- the general improvement in transportation services;
- the expanding transportation network; and
- the increased ownership and usage of private vehicles.

Private vehicles and other forms of public transportation may cover more routes throughout regions near Keqiao District, Shaoxing City and its vicinities and provide commuters with alternative access or more comfortable and convenient transportation services. There is no assurance that the Group will be able to compete with existing and new forms of transportation in respect of each of these factors, or at all. As a result, the Group expects increased competition from such public and private transportation providers, which may adversely affect the Group's business, financial condition, results of operations and prospects.

***Any failure to maintain an effective quality control system could have an adverse effect on the Group's business, financial condition, results of operations and prospects.***

The Group relies on its quality control systems to ensure the safety and quality of its projects. Therefore it needs to maintain an effective quality control system. The effectiveness of the Group's quality control system depends significantly on a number of factors, including a timely update of the quality control system to suit the ever-changing business needs, the availability of related training programmes as well as its ability to ensure that the Group's and the contractors' employees adhere to its quality control policies

and guidelines. There is no assurance that the quality of the Group's projects will always meet the required standard. Any failure or deterioration of the Group's quality control systems could result in defects in its projects, which in turn may subject the Group to contractual, product liability and other claims. Any such claims, regardless of whether they have any merit, could cause the Group to incur significant costs, harm its business reputation and result in significant disruption to its operations. Furthermore, if any of such claims are ultimately successful, the Group could be required to pay substantial monetary damages or penalties. Although the Group believes that its quality control systems have functioned properly, there is no assurance that failures in its quality control systems will not occur in the future, and any such failure could have an adverse effect on the Group's business, financial condition, results of operations and prospects.

***Labour shortages, labour disputes or increases in labour costs of any third-party contractors engaged for the Group's projects as well as implementation of PRC employment regulations could materially and adversely affect the Group's business, financial condition, results of operations and prospects.***

A large portion of the Group's business is labour intensive. The Group engages third-party contractors in its operating activities, such as real estate development, land development, infrastructure construction, and transportation business. Increasing awareness of labour protection as well as increasing minimum wages is likely to increase the labour costs of PRC enterprises in general, including the Group or the contractors participating in the Group's projects.

The PRC Labour Contract Law (中華人民共和國勞動合同法) became effective on 1 January 2008 and was amended on 28 December 2012 and became effective on 1 July 2013. It imposes more stringent requirements on employers in relation to entry into fixed-term employment contracts and dismissal of employees. Pursuant to the PRC Labour Contract Law, the employer is required to make compensation payment to a fixed-term contract employee when the term of their employment contract expires, unless the employee does not agree to renew the contract even though the conditions offered by the employer for renewal are the same as or better than those stipulated in the current employment contract. In general, the amount of compensation payment is equal to the average monthly wage of the employee 12 months before the termination of the employment contract multiplied by the number of full years that the employee has worked for the employer. A minimum wage requirement has also been incorporated into the PRC Labour Contract Law.

In addition, unless otherwise prohibited by the PRC Labour Contract Law or objected to by the employees themselves, the employer is also required to enter into non-fixed-term employment contracts with employees who have previously entered into fixed-term employment contracts for two consecutive terms. In addition, under the Regulations on Paid Annual Leave for Employees (職工帶薪年休假條例), which became effective on 1 January 2008, employees who have worked continuously for more than one year are entitled to paid annual leave ranging from five to fifteen days, depending on the length of the employees' working experience. Employees who consent to waive such vacation at the request of employers shall be compensated an amount equal to three times their normal daily salaries for each vacation day being waived.

Further, under the PRC Labour Contract Law, when an employer terminates its PRC employees' employment, the employer may be required to compensate them for such amount which is determined based on their length of service with the employer, and the employer may not be able to efficiently terminate employment contracts under the PRC Labour Contract Law without cause. In the event the Group decides to significantly change or decrease the Group's workforce, the PRC Labour Contract Law could adversely affect its ability to effect these changes in a cost-effective manner or in the manner that the Group desires.

As such, 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 insurance coverage of the Group may not adequately protect it against all operational risks or any potential liabilities or losses.***

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

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

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

***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 licences 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 licences or permits to conduct its business. Given the volume and complexity of these regulations, compliance may be difficult or involve significant financial and other resources to establish efficient compliance and monitoring systems. There is no assurance that the Group will be able to comply with all

applicable requirements or obtain these approvals and permits on a timely basis, if at all. See “—*Increased environmental standards may result in increased costs for the Group in relation to the sewage treatment business*” for details. As at the date of this Offering Circular, the Group has not experienced any significant non-compliance with applicable safety regulations or requirements. In addition, PRC laws and regulations are constantly evolving. There is 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 to comply with the current or future environmental, safety and health regulations may materially and adversely affect the Group’s business, financial condition and results of operations.

***The Group’s success depends on the continuing service of its management team and qualified employees and any failure to attract and retain competent personnel may adversely affect the Group’s business.***

The success of the Group’s business has been, and will continue to be, heavily dependent upon the continuing service of the Company’s directors and senior management. If the Company loses the services of any of its key executives and cannot replace them in a timely manner, the Group’s business may be materially and adversely affected.

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

***The Group operates its business through a number of subsidiaries, which may result in the Group’s failure to effectively implement its risk management and internal control policies and procedures.***

The Company has a number of subsidiaries operating in different industries. Through these subsidiaries, the Group engages in textile market operation, water supply and sewage treatment, real estate development, land development, infrastructure construction and transportation business. As such, the Group is exposed to risks associated with conducting multiple business and operating through a large number of subsidiaries.

For example, the Group is exposed to business, market and regulatory risks relating to different industries and markets, and may from time to time expand its business to new industries and markets in which it has limited operating experience. It needs to devote substantial resources to become familiar with, and monitor changes in, different operating environments so that it can succeed in its business. Furthermore, given the Company’s reliance on its subsidiaries, any material decline in the revenue or gross profit of any of the Group’s subsidiaries may have a material adverse impact on the Group’s financial condition and results of operation. Therefore, it is critical to ensure that the Company’s subsidiaries have sufficient working capital for their operations. The capital contributions by the Company or other members of the Group to some major subsidiaries of the Company may be made in non-cash forms, such as land use rights, intellectual properties and equipment, the fair value of which might not have been accurately assessed or were even overpriced at the time such capital contribution was made. This may result in such

subsidiaries receiving assets that worth less than their registered capital, and as a result adversely and materially affect the ability of such subsidiaries to carry out business operations or to meet their obligations under financing agreements.

In addition, successful operation of the Company's subsidiaries requires an effective management system. Although policies and procedures are in place to identify and report on a timely basis the liquidity, interest rate and credit risks arising from the activities of its business, there is no assurance that these systems and procedures will prevent any loss that affects the Group's financial condition. In particular, the Group currently does not establish an integrated risk control system and the Group's subsidiaries have separate risk control policies, which would increase the difficulty for the Group to effectively manage its subsidiaries. Furthermore, many of the Group's current risk management systems have a significant manual component. There are additional risks inherent in any manual risk management system, including human error. The reliability of the Group's risk management systems and the information generated therefrom depends on, inter alia, the configuration and design of the systems, the built-in system control features and the internal control measures surrounding them. Any failure of internal control could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

***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 could affect its reputation. Such misconduct could include:

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

The Group's internal control procedures are designed to monitor its operations but may be unable to identify all incidents of non-compliance or suspicious transactions in a timely manner, if at all.

Furthermore, it is not always possible to detect and prevent fraud and other misconduct, and the precautions the Group takes to prevent and detect such activities may not be effective. There is no assurance that fraud or other misconduct will not occur in the future. If such fraud or other misconduct does occur, it may cause negative publicity as a result and have a material adverse effect on its reputation, business, financial condition, results of operations and prospects.

***The Group may be involved in disputes, legal and other proceedings arising out of its operations from time to time and may face significant liabilities as a result.***

The Group may from time to time be involved in disputes with various parties involved in its business, including contractors, tenants, suppliers and purchasers. Such disputes may lead to legal or other proceedings and they may damage the Group's reputation, increase the Group's costs of operations and divert the Group's management's attention from daily business operations. In addition, where regulatory bodies or governmental authorities disagree with the Group's conduct in respect of its operations, the Group may be subject to administrative proceedings and unfavourable decrees that could result in liabilities and delays to its projects. There is no assurance that the Group will not be so involved in any major legal or other proceedings in the future, which may subject the Group to significant liabilities and materially and adversely affect the Group's business, financial condition, results of operations and prospects.

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

The historical financial information of the Group included in this Offering Circular is not indicative of its future financial results. This financial information is not intended to represent or predict the results of operations of any future periods. The Group's future results of operations may change materially if its future growth does not follow the historical trends for various reasons, including factors beyond its control, such as changes in economic environment, PRC environmental rules and regulations and the competitive landscape of the industries in which the Group operates its business. Furthermore, the future results of operations of the Group may also fluctuate or change materially due to changes in the Group's business model and/or the accounting treatments applied thereto. In addition, there is no assurance that the Group will not record an operating loss in the future, which may have an adverse effect on the Company's ability to satisfy its obligations under the Bonds.

***The Group's consolidated financial statements have been prepared and presented in accordance with PRC GAAP, which is different from IFRS in certain respects.***

The Group's consolidated financial statements included in this Offering Circular have been prepared and presented in accordance with PRC GAAP. PRC GAAP is substantially in line with IFRS, except for certain modifications which reflect the PRC's unique circumstances and environment. See "Summary of Certain Differences Between PRC GAAP and IFRS" for details. Each investor should consult its own professional advisers for an understanding of the differences between PRC GAAP and IFRS and/or between PRC GAAP and other generally accepted accounting principles, and how those differences might affect the financial information contained herein.

In addition, the Group's current independent auditor, Zhongshenzhonghuan CPA, is a registered member of the Chinese Institute of Certified Public Accountants. Although the Group's auditor has significant audit experience in the PRC, it has limited international capital markets experience. Prospective investors should consider this factor prior to making any investment decision.

***Investors should not place any reliance on the financial information which is unreviewed or unaudited and shall not place undue reliance on the discussion of material financial trends in relation to the Group's unaudited and unreviewed financial information.***

The Company publishes annual, semi-annual and/or quarterly consolidated financial information in the PRC to satisfy its continuing disclosure obligations relating to its debt securities issued in the PRC

pursuant to applicable PRC regulations and rules of the stock exchanges on which the relevant securities are listed. The semi-annual and/or quarterly consolidated financial information of the Company is derived from the Group's management accounts and normally unaudited or unreviewed by independent auditors. Unless specifically included in this Offering Circular, such financial information does not form part of this Offering Circular, and should not be referred to or relied upon by potential investors to provide the same quality of information associated with any audited or reviewed financial information. The Company is not responsible to holders of the Bonds for the financial information from time to time published in the PRC and therefore investors should not place any reliance on any such financial information.

In addition, the Company's published financial information in the PRC may be adjusted or restated by the Company to address retrospective impacts of subsequent changes in applicable accounting standards, the Company's accounting policies and/or applicable laws and regulations affecting the Group's financial reporting, to reflect the subsequent comments given by the independent auditors during the course of their audit or review or to correct errors in its published financial statements. Such adjustment or restatement may cause discrepancies between the financial information with respect to a particular period or date published in the past on the one hand and the financial information with respect to the same period or date subsequently published in the PRC or the relevant financial information (if any) contained in this Offering Circular on the other hand.

***Public corporate disclosure about the Company may be limited.***

As the Company's equity securities are not listed on any stock exchange, there may be less information about it publicly available than is regularly made available by listed companies.

***Zhongshenzhonghuan CPA, the Group's independent auditors for the years ended 31 December 2019 and 2020 and for the six months ended 30 June 2021, has previously been and is now being investigated, censured or penalised by relevant regulatory authorities.***

Zhongshenzhonghuan CPA, the Group's independent auditors for the years ended 31 December 2019 and 2020 and for the six months ended 30 June 2021, is a registered accounting firm in the PRC supervised by relevant PRC regulatory agencies. Zhongshenzhonghuan CPA has previously been and is now being investigated, censured or penalised by relevant regulatory authorities in the PRC on various occasions, including multiple investigations undertaken by the CSRC in recent years. In connection with the investigations on Zhongshenzhonghuan CPA's certain negligence in performing its audit services for PRC companies, administrative sanctions, including warnings and/or monetary penalties on Zhongshenzhonghuan CPA's and/or warnings, monetary penalties or restriction on market access on its specific accounting personnel involved in the relevant audit work, were imposed by the relevant regulatory authorities.

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

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

## **RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC**

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

The economy of the PRC experienced rapid growth in the past 40 years. There has been a slowdown in the growth of the PRC's GDP since the second half of 2013 and this has raised market concerns that the historic rapid growth of the economy of the PRC may not be sustainable. According to the National Statistics Bureau of the PRC, the annual growth rate of China's GDP in 2019 slowed down to 6.0 per cent. on a year-on-year basis compared to 6.6 per cent. in 2018, and it further decreased to 2.3 per cent. in 2020 on a year-on-year basis. In March 2016, Moody's and S&P changed China's credit rating outlook to "negative" from "stable", which highlighted the country's surging debt burden and questioned the government's ability to enact reforms. On 24 May 2017, Moody's downgraded China's long-term local currency and foreign currency Company ratings to A1 from Aa3 and changed the outlook to stable from negative. On 21 September 2017, S&P's rating services downgraded China's credit rating by one notch from AA- to A+. Any slow-down in the PRC economy may create a credit-tightening environment, increase the Group's financing costs, or reduce government subsidies to the Group, resulting in a material adverse effect on its business, results of operations and financial condition.

The future performance of the PRC's economy is not only affected by the economic and monetary policies of the PRC Government, but it is also exposed to material changes in global economic and political environments as well as the performance of certain major developed economies in the world. For example, the international trade environment and various governments' trade and economic policies, particularly the recent trade conflicts between the PRC and the United States, may cause uncertainties to the PRC's economy and financial, foreign exchange and capital markets. In addition, the United Kingdom's exit from the European Union took place on 31 January 2020, where the United Kingdom legally revoked its membership in the European Union. The United Kingdom then entered into the transition period which was agreed between the British government and the European Union to negotiate, among others, trade agreements in details. On 24 December 2020, the United Kingdom and the European Union entered into a provisional free-trade agreement that ensures the two sides can trade goods without tariffs or quotas. However, key details of the future relationship remain uncertain, such as trade in services. There is also substantial uncertainty relating to the impact of the United Kingdom's withdrawal from the European Union on the economic conditions of other part of the world, such as the PRC's, including but not limited to further decreases in global stock exchange indices, increased foreign exchange volatility (in particular a further weakening of the pound sterling and euro against other leading currencies) and a possible economic recession involving more countries and areas.

On 11 March 2020, the World Health Organisation declared COVID-19 as a global pandemic. The COVID-19 pandemic has resulted in a number of countries declaring a state of emergency and a number of countries, including the PRC, Japan, the United States, members of the European Union and the United Kingdom, imposing extensive business and travel restrictions with a view to containing the pandemic. Widespread reductions in consumption, industrial production and business activities arising from the COVID-19 pandemic will significantly disrupt the global economy and global markets and is likely to result in a global economic recession. In addition, the COVID-19 pandemic has led to significant

volatility in the global markets across all asset classes, including stocks, bonds, oil and other commodities and this volatility may persist for some time.

As such, there continues to be uncertainty for the overall prospects for the global and the PRC economies this year and beyond. Any material change in the financial markets, the PRC economy or regional economies as a result of these events or developments may materially and adversely affect the Group's business, financial condition and results of operations. *See also "— Risks Relating to the Group's Business — The Group's business, financial condition, results of operations and prospects are heavily dependent on the level of economic development in Shaoxing City, in particular Keqiao District, and the PRC".*

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

Substantially all of the Group's assets are located in the PRC and most of the Group's operating revenue is sourced from the PRC. Accordingly, the Group's business, financial condition, results of operations and prospects are subject, to a significant degree, to economic, political and legal developments in the PRC. The economy of the PRC differs from the economies of most developed countries in many respects, including, with respect to government involvement, level of development, economic growth rate, foreign exchange control and allocation of resources. The economy of the PRC has been transitioning from a planned economy to a more market-oriented economy. In recent years, the PRC Government has implemented a series of measures emphasising market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises.

However, a large portion of productive assets in the PRC remain state-owned. The PRC Government continues to play a significant role in regulating industrial development, resource allocation, and the economy in general through policy measures, and there can be no assurance that the PRC Government will continue to pursue the existing economic reforms. In addition, many of the economic reforms carried out by the PRC Government are unprecedented or experimental and are expected to be refined and improved over time. Other political, economic and social factors may also lead to further adjustments of the reform measures. This refining and adjustment process may not necessarily have a positive effect on the Group's operations and business development.

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

***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, results of operations and prospects.

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.

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

The Group's core business is conducted in the PRC and substantially all of its operations are located in the PRC, hence its business operations are regulated primarily by PRC laws and regulations. The PRC legal system is a civil law system based on written statutes. Unlike the common law system, past court judgments in the PRC have limited precedential value and may be cited only for reference. Furthermore, PRC written statutes often require detailed interpretations by courts and enforcement bodies for their application and enforcement. Since 1979, the PRC Government has been committed to developing and refining its legal system and has achieved significant progress in the development of its laws and regulations governing business and commercial matters, such as in foreign investment, company organisation and management, commercial transactions, tax and trade. However, China has not developed a fully integrated legal system and the recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in the PRC. In particular, as these laws and regulations are still evolving, in view of how the PRC's financial industry is still developing, and because of the limited number and non-binding nature of published cases, there exist uncertainties about their interpretation and enforcement, and such uncertainties may have a negative impact on the Group's business.

In addition, the PRC legal system is based, in part, on government policies and internal rules (some of which are not published on a timely basis or at all) that may have a retroactive effect. As a result, the Group may not be aware of the Group's violation of these policies and rules until some time after the violation. In addition, any litigation in China may be protracted and result in substantial costs and diversion of resources and management's attention.

Furthermore, the administration of PRC laws and regulations may be subject to a certain degree of discretion by the executive authorities. This has resulted in the outcome of dispute resolutions not being as consistent or predictable compared to other more developed jurisdictions. In addition, it may be difficult to obtain a swift and equitable enforcement of laws in the PRC, or the enforcement of judgments by a court of another jurisdiction. These uncertainties relating to the interpretation and implementation of PRC laws and regulations may adversely affect the legal protections and remedies that are available to the Group in its operations and to holders of the Bonds.

As a result of these uncertainties with respect to the PRC legal system, lack of uniform interpretation and effective enforcement, the Group may be subject to uncertainties in its operations. These uncertainties can also affect the legal remedies and protections available to investors, and can adversely affect the value of their investment.

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

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 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 Company or its directors or members of the Company's senior management who reside in the PRC in connection with judgments obtained in non-PRC courts.*

Substantially all of the assets of the Company and its directors and members of its senior management are located within the PRC. Therefore, it may be difficult for investors to effect service of process upon the Company or its directors or members of its senior management inside the PRC.

The PRC has not entered into treaties or arrangements providing for the recognition of judgment made by courts of most other jurisdictions. On 14 July 2006, Hong Kong and the PRC entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements Between Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) (the “**Choice of Court Arrangement**”), pursuant to which a party with an enforceable 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 an enforceable 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 Choice of Court 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 Company or the Company’s directors or members of its senior management in the PRC and/or to seek recognition and enforcement for foreign judgments in the PRC. On 18 January 2019, Hong Kong and the PRC entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters between the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the “**2019 Arrangement**”), which seeks to establish a bilateral legal mechanism with greater clarity and certainty for recognition and enforcement of judgments in a wider range of civil and commercial matters between the courts of Hong Kong and the PRC. The 2019 Arrangement will be implemented by local legislation in Hong Kong and will take effect after both Hong Kong and the PRC have completed the necessary procedures to enable implementation and shall apply to judgments made by the courts of Hong Kong and the PRC on or after the date of the commencement of the 2019 Arrangement. Upon commencement of the 2019 Arrangement, the Choice of Court Arrangement shall be terminated, except for “choice of court” agreements in writing made between parties before the commencement of the 2019 Arrangement, in which case the Choice of Court Arrangement shall continue to apply. However, the recognition and enforcement of judgments rendered by a Hong Kong court in the PRC are subject to the provisions, limits, procedures and other terms and requirements of the 2019 Arrangement. There can be no assurance that investors can successfully effect service of process against the Company or the Company’s directors or members of its senior management in the PRC and/or to seek recognition and enforcement for judgments rendered by a Hong Kong court in the PRC.

Furthermore, the PRC does not have treaties or agreements providing for the reciprocal recognition and enforcement of judgments awarded by courts of the United States, United Kingdom, or some 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.

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

The Group receives substantially all of its operating revenue in Renminbi, which currently is not a freely convertible currency. A portion of these revenues must be converted into other currencies to allow it to make payments on obligations denominated in currencies other than the Renminbi. However, the PRC Government may restrict future access to foreign currencies for current account transactions at its discretion. If this were to occur, the Group might not be able to pay dividends to holders of the Bonds in foreign currencies. On the other hand, foreign exchange transactions under capital account in the PRC continue to be not freely convertible and require the approval of the SAFE. These limitations could affect the Group's ability to obtain foreign currencies through equity financing, or to obtain foreign currencies for capital expenditures.

The value of the Renminbi against the U.S. dollar and other currencies fluctuates and is affected by, among other things, changes in China's political and economic conditions. On 21 July 2005, the PRC Government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. Since then, the PRC Government has made, and may in the future make, further adjustments to the exchange rate system. The PBOC announces in August 2015 the closing price of a foreign currency traded against the Renminbi in the inter-bank foreign exchange market after the closing of the market on each working day, and makes it the central parity for the trading against the Renminbi on the following working day. Following such announcement of the PBOC, in August 2015, the Renminbi was thrice devaluated, and its daily mid-point trading price was lowered significantly against the U.S. dollar. Following the gradual appreciation of Renminbi in 2017, Renminbi experienced a depreciation in value against U.S. dollar following a fluctuation in 2018 followed by a significant depreciation in the second half of 2019, and may remain fluctuating given the trade tensions between China and the U.S. escalates. For more details, see "Exchange Rates". Renminbi may further appreciate or depreciate significantly in value against the U.S. dollar or other foreign currencies in the long-term. Any significant appreciation of the Renminbi against the U.S. dollar or other foreign currencies may result in the decrease in the value of the Group's foreign currency-denominated assets. Conversely, any significant depreciation of the Renminbi against U.S. dollar or other foreign currencies may adversely affect the Group's ability to repay its foreign currency-denominated debt, including the Bonds. In addition, there are limited instruments available for the Company to reduce its foreign currency risk exposure at reasonable costs. All of these factors could materially and adversely affect the Company's business, financial condition and results of operations of the Group.

***The payment of dividends by the Company's operating subsidiaries in the PRC is subject to restrictions under the PRC laws.***

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

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

Facts, forecasts and other statistics in this Offering Circular relating to the PRC, its economy or the relevant industry in which the Group operates have been directly or indirectly derived from official government publications and certain other public industry sources and although the Group believes such

facts and statistics are accurate and reliable, it cannot guarantee the quality or the reliability of such source materials. They have not been prepared or independently verified by the Group, the Trustee, the Agents or any of their respective affiliates, employees, directors, agents, advisors or representatives, and, therefore, the Group, the Trustee, the Agents or any of their respective affiliates, employees, directors, agents, advisors or representatives makes no representation as to the completeness, accuracy or fairness of such facts or other statistics, which may not be consistent with other information compiled within or outside the PRC. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be incomplete, inaccurate or unfair or may not be comparable to statistics produced for other economies or the same or similar industries in other countries and should not be unduly relied upon. Furthermore, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to or place on such facts or other statistics.

***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. Substantially all of the Group's operating revenue 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 Bonds 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 Bonds 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 Bonds will be received in U.S. dollars. As a result, any appreciation of Renminbi against the U.S. dollar 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 Bonds. Conversely, any depreciation of Renminbi may adversely affect the Group's ability to service the Bonds.

***Acts of God, epidemics, and other disasters could affect the Group's business.***

The Group's business is subject to general and social conditions. Natural disasters, epidemics, acts of God and other events and disasters that are beyond the Group's control may materially and adversely affect the economy, infrastructure and livelihoods of the people in the PRC. Some cities in the PRC are under recurring threats of flood, typhoon, earthquake or drought. Moreover, certain areas of the PRC have experienced epidemics such as COVID-19, avian and swine influenza. Any prolonged recurrence of avian and swine influenza or other adverse public health developments in the PRC could materially and adversely affect domestic transportation, consumption, labour supply and, possibly, the overall gross domestic product growth of the PRC. There can be no assurance that this epidemic will not intensify or recur, or that other similar outbreaks or epidemic will not occur, in Asia or China. Any such events could have a material adverse effect on the Group's business, financial condition and results of operations.

In addition, if any of the Group's employees are affected by any natural disasters, epidemics or other events and disasters, it could adversely affect or disrupt production levels and operations and materially and adversely affect its business, financial condition and results of operations, which may also involve a closure of its construction sites, sewage treatment plant and production facilities to prevent the spread of the disease. The spread of any epidemics in the PRC may also affect the operations of the Group's employees, which could materially and adversely affect the Group's business, financial condition, and results of operations. See also "*— Risks Relating to the Group's Business — The Group's business may be affected by natural disasters, epidemics and other acts of God, including the recent COVID-19 pandemic*".

***Under the Enterprise Income Tax Law, the Issuer or any of the offshore members of the Group may be classified as a "resident enterprise" of the PRC, which could result in unfavourable tax consequences to its financial condition and the Bondholders.***

Under the Enterprise Income Tax Law (the "EIT Law"), an enterprise established outside of China with a "de facto management organisation" located within China will be considered a "resident enterprise," and consequently will be treated in a manner similar to a Chinese enterprise for EIT purposes. The implementing rules of the EIT Law define "de facto management" as "substantial and overall management and control over the production and operations, personnel, accounting, and properties" of the enterprise. However, it is still unclear how the PRC tax authorities will determine whether an entity will be classified as a "resident enterprise". If the PRC tax authorities determine that either the Issuer or any of the offshore members of the Group is a "resident enterprise" for PRC enterprise income tax purposes, a number of unfavourable PRC tax consequences could follow. For example, the Issuer or the relevant offshore member of the Group may be subject to EIT at a rate of 25 per cent. on its worldwide taxable income as well as PRC EIT reporting obligations. In the present case, this would mean that income such as interest from any investment of any portion of the offering proceeds and other income sourced from outside the PRC would be subject to PRC EIT at a rate of 25 per cent. If the Issuer or any offshore member of the Group is considered a "resident enterprise", interest payable to certain "non-resident enterprise" holders of the Bonds may be treated as income derived from sources within China and be subject to PRC withholding tax at a rate of 10 per cent., or a lower rate for holders who qualify for the benefits of a double-taxation treaty with China, and capital gains realised by holders of the Bonds may be treated as income derived from sources within China and be subject to a 10 per cent. PRC withholding tax. For example, for Bondholders that reside in Hong Kong, 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 PRC withholding tax rate is up to seven per cent. on the payments of interest and certain other amounts on the Bonds. If the Issuer or any of the offshore members of the Group is required under the EIT Law to withhold PRC tax on its interest payable to its Bondholders who are "non-resident enterprises", it will be required to pay such additional amounts as will result in receipt by a holder of the Bonds of such amounts as would have been received by the holder had no such withholding been required. The requirement to pay additional amounts will increase the cost of servicing interest payments on the Bonds, and could have a material adverse effect on the Issuer's or the relevant offshore member of the Group's ability to pay interest on, and repay the principal amount and premium (if any) of, the Bonds, as well as their profitability and cash flow. The requirement to pay such additional amounts will also give rise to a right of the Issuer to redeem all the Bonds at 100 per cent. of their principal amount plus accrued and unpaid interest to the date of redemption.

Furthermore, under the EIT Law, the profits of a foreign invested enterprise generated in 2008 and onwards, which are distributed to its immediate holding company outside the PRC, will be subject to a withholding tax rate of 10 per cent. or a lower treaty rate, as contained in any income tax treaty or agreement to which China is a party. Pursuant to a special arrangement between Hong Kong and the PRC, such rate is lowered to five per cent. if a Hong Kong resident enterprise owns 25 per cent. or more equity interest in a PRC company. Some of the Group's PRC subsidiaries are currently wholly owned by Hong

Kong subsidiaries. However, according to the SAT Announcement on Administrative Measures for Granting Tax Treaty Benefits to Non-residents (非居民納稅人享受稅收協定待遇管理辦法), which became effective on 1 November 2015, the five per cent. withholding tax rate does not automatically apply and approvals from competent local tax authorities are required before an enterprise can enjoy any benefits under the relevant taxation treaties. Moreover, according to a tax circular issued by the State Administration of Taxation (“SAT”) AT in February 2009, if the main purpose of an offshore arrangement is to obtain a preferential tax treatment, the PRC tax authorities have the discretion to adjust the preferential tax rate for which an offshore entity would otherwise be eligible. The PRC tax authorities might not grant approvals on the five per cent. withholding tax rate on dividends received by the Group’s subsidiaries in Hong Kong from the Group’s PRC subsidiaries, which could materially and adversely affect the Group’s results of operations and financial condition as a whole. In addition to the uncertainty as to the application of the “resident enterprise” classification and the receipt of the approval from PRC tax authorities on the five per cent. withholding tax rate on dividends received by the Group’s subsidiaries in Hong Kong from the Group’s PRC subsidiaries, the PRC Government could amend or revise the taxation laws, rules and regulations to impose stricter tax requirements, higher tax rates or apply the EIT Law, or any subsequent changes in PRC tax laws, rules or regulations retroactively. If such changes occur or are applied retroactively, there could be a material adverse effect on the Group’s business, financial condition and results of operations.

## **RISKS RELATING TO THE BONDS AND THE GUARANTEE**

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

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

***A trading market for the Bonds may not develop.***

The Bonds are a new issue of securities for which there is currently no trading market. There can be no assurance as to the liquidity of the Bonds or that an active trading market will develop. If such a market were to develop, the Bonds could trade at prices that may be higher or lower than the initial issue price depending on many factors, including prevailing interest rates, the Group’s operations and the market for similar securities. Although application will be made for the listing of the Bonds on the SEHK, such listing can give no assurance as to the liquidity of, or trading market for, the Bonds. None of the Joint Lead Managers are obligated to make a market in the Bonds, and if any Joint Lead Manager does so it may discontinue such market-making activity at any time without notice. Further, the Bonds may be allocated to a limited number of investors, in which case liquidity may be limited. In addition, the Bonds are being offered pursuant to exemptions from registration under the Securities Act and, as a result, the holders of the Bonds will only be able to resell the Bonds in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act. It is the obligation of investors to ensure that offers and sales of the Bonds within relevant countries comply with applicable securities laws. Please see “*Subscription and Sale*”. Neither the Issuer nor the Guarantor can predict whether an active trading market for the Bonds will develop or be sustained.

***The ratings assigned to the Guarantor or the Bonds may be lowered or withdrawn in the future, and changes in such ratings may adversely affect the value of the Bonds.***

The Bonds are expected to be assigned a rating of “BBB” by Fitch. The ratings represent the opinions of the rating agencies and their assessment of the ability of the Issuer and the Guarantor to perform their

respective obligations under the Bonds and credit risks in determining the likelihood that payments will be made when due under the Bonds. In addition, the Guarantor has been assigned a corporate credit rating of “BBB” with a stable outlook by Fitch. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. The Group cannot assure investors that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by the relevant rating agency if in its judgment circumstances in the future so warrant. In addition, credit rating agencies may change their methodology for assigning ratings at any time. Neither the Issuer nor the Guarantor has any obligation to inform holders of the Bonds of any such revision, downgrade or withdrawal. A suspension, reduction or withdrawal at any time of the rating assigned to the Bonds may adversely affect the market price of the Bonds and the ability of the Issuer and the Guarantor to access the debt capital markets.

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

The Bonds are denominated and payable in U.S. dollars. An investor who measures investment returns by reference to a currency other than U.S. dollars would be subject to foreign exchange risks by virtue of an investment in the Bonds, due to, among other things, economic, political and other factors over which neither the Issuer nor the Guarantor has any control. Depreciation of the U.S. dollars against such currency could cause a decrease in the effective yield of the Bonds below their stated coupon rates and could result in a loss when the return on the Bonds is translated into such currency. In addition, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in the Bonds.

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

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

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

The price and trading volume of the Bonds may be highly volatile. Factors such as variations in each of the Group’s revenue, earnings and cash flows and proposals of new investments, strategic alliances and/or acquisitions, interest rates and fluctuations in prices for comparable companies or any adverse change in the credit rating, revenues, earnings or results of operations could cause the price of the Bonds to change. Any such developments may result in large and sudden changes in the volume and price at which the Bonds will trade. There can be no assurance that these developments will not occur in the future.

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

The Terms and Conditions of the Bonds provide that the Trustee may, without the consent of Bondholders, agree to any modification (except as mentioned in the Trust Deed and the Deed of Guarantee) of the Trust Deed, the Agency Agreement, the Deed of Guarantee and/or the Terms and Conditions of the Bonds which in the opinion of the Trustee will not be materially prejudicial to the interests of Bondholders and to any modification of the Trust Deed, the Agency Agreement, the Deed of

Guarantee and/or the Terms and Conditions of the Bonds which in the opinion of the Trustee is of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of law.

In addition, the Trustee may, without the consent of the Bondholders, authorise or waive any proposed breach or actual breach of, or any failure to comply with, any of the provisions of the Bonds, the Trust Deed, the Agency Agreement, the Deed of Guarantee and/or the Terms and Conditions of the Bonds (other than a proposed breach, or a breach relating to the subject of certain reserved matters) if, in the opinion of the Trustee, the interests of the Bondholders will not be materially prejudiced thereby. Any such modification, authorisation or waiver shall be binding on the Bondholders and, unless the Trustee otherwise agrees, such modification, authorisation or waiver shall be notified by the Issuer to the Bondholders as soon as practicable thereafter.

***The Trustee may request the Bondholders to provide an indemnity and/or security and/or prefunding to its satisfaction.***

In certain circumstances (including, without limitation, giving of notice to the Issuer and the Guarantor pursuant to Condition 8 of the Terms and Conditions and taking steps and/or actions and/or instituting proceedings pursuant to Condition 12 of the Terms and Conditions), the Trustee may (at its sole and absolute discretion) request Bondholders to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes any steps and/or actions and/or institute any proceedings on behalf of the Bondholders. The Trustee shall not be obliged to take any such steps and/or actions and/or institute any proceedings if not first indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or prefunding can be a lengthy process and may impact on when such steps and/or actions can be taken and/or when such proceedings can be instituted. The Trustee may not be able to take steps and/or actions and/or institute proceedings, notwithstanding the provision of an indemnity or security or prefunding to it, in breach of the terms of the Trust Deed constituting the Bonds and in such circumstances, or where there is uncertainty or dispute as to the applicable laws or regulations, to the extent permitted by the agreements and the applicable laws and regulations, it will be for the Bondholders to take such steps and/or actions and/or institute such proceedings directly.

***The Issuer may be treated as a PRC resident enterprise for PRC tax purposes which may subject the Issuer to PRC income taxes on its worldwide income and interest payable by the Issuer or the Guarantor to foreign investors in respect of the Bonds or under the Guarantee may be subject to withholding taxes under PRC tax law.***

Under the EIT Law which took effect on 1 January 2008 and was amended on 24 February 2017 and 29 December 2018, and the implementation rules which took effect on 1 January 2008 and was amended on 23 April 2019, enterprises established outside the PRC whose “de facto management bodies” are located in the PRC are considered “resident enterprises” for PRC tax purposes.

The implementation rules define the term “de facto management body” as a management body that exercises full and substantial control and management over the business, personnel, accounts and properties of an enterprise. A circular issued by the SAT on 22 April 2009, as revised in 2013 and 2017 (the “**Circular 82**”) provides that a foreign enterprise controlled by a PRC company or a PRC company group will be treated as a “resident enterprise” with a “de facto management body” located within the PRC if all of the following requirements are satisfied at the same time: (i) the senior management and core management departments in charge of daily operations are located mainly within the PRC; (ii) financial and human resources decisions are subject to determination or approval by persons or bodies in the PRC; (iii) major assets, accounting books, company seals and minutes and files of board and shareholders’ meetings are located or kept within the PRC; and (iv) at least half of the enterprise’s directors with voting rights or senior management frequently reside within the PRC. On 27 July 2011, the SAT issued the Provisional Administrative Regulations of Enterprise Income Taxation of a Foreign

Enterprise Controlled by a PRC Enterprise or a PRC Enterprise Group, as revised in 2015 and 2016 (the “**Circular 45**”), to further prescribe the rules concerning the recognition, administration and taxation of a foreign enterprise “controlled by a PRC enterprise or PRC enterprise group”. Circular 45 identifies and defines two ways in which a foreign enterprise “controlled by a PRC enterprise or a PRC enterprise group” would be treated as a resident enterprise: first, the foreign enterprise may decide on its own whether its de facto management body is located in the PRC based on the criteria set forth in Circular 82, and, if it makes such determination, it shall apply to the competent tax bureau to be treated as a resident enterprise; second, the tax authority may determine that such foreign enterprise is a resident enterprise after its active investigation.

Most of the Issuer’s directors and senior management are currently based inside the PRC and it may keep its books of account inside the PRC. The above elements may be relevant for the tax authorities to determine whether the Issuer is a PRC resident enterprise for tax purposes. However, there is no clear standard published by the tax authorities for making such a determination.

Although it is unclear under PRC tax law whether the Issuer has a “de facto management body” located in the PRC for PRC tax purposes, the Group takes the position that the Issuer is not a PRC resident enterprise for tax purposes. There is no assurance that the tax authorities will agree with the Group’s position. If the Issuer is deemed to be a PRC resident enterprise for EIT purposes, the Issuer would be subject to the PRC enterprise income tax at the rate of 25 per cent. on its worldwide taxable income. Furthermore, in the event the Issuer is deemed to be a PRC tax resident enterprise by the PRC tax authorities, the Issuer may be obligated to withhold PRC income tax of up to seven per cent. on payments of interest and certain other amounts on the Bonds to investors that are Hong Kong resident enterprises or 10 per cent. on payments of interest and other amounts on the Bonds to investors that are not Hong Kong resident enterprises, provided that there are no tax treaties between the PRC and those countries which exempt or reduce such withholding tax, because the interest and other amounts may be regarded as being derived from sources within the PRC. Similarly, in the event the Issuer is deemed to be a PRC tax resident enterprise by the PRC tax authorities, payments of interest and certain other amounts on the Bonds to a non-resident individual holder may also be regarded as being derived from sources within the PRC and be subject to PRC tax of up to 20 per cent. Pursuant to the Individual Income Tax Law of the PRC, as amended on 31 August 2018 and effective on 1 January 2019 (“**IIT Law**”) and its implementation rules, provided that there are no tax treaties between the PRC and those countries or regions which exempt or reduce such withholding tax. Further, the payments of the interest and other interest like earnings on the Bonds to a non-resident enterprise or a non-resident individual holder may be subject to withholding of PRC enterprise income tax or individual income tax in the event that the Guarantor is required to discharge its obligations under the Guarantee, subject to applicable tax treaties between the PRC and those countries or regions which exempt or reduce such withholding of tax. In addition, if the Issuer or the Guarantor fails to do so, it may be subject to fines and other penalties.

On 23 March 2016, the Ministry of Finance and the SAT issued the Circular of Full Implementation of Business Tax to VAT Reform (關於全面推開營業稅改徵增值稅試點的通知) (Caishui [2016] No. 36) as supplemented by the Notice on Clarification of VAT Policies for Finance, Real Estate Development, Education Support Services etc (財政部、國家稅務總局關於明確金融房地產開發教育輔助服務等增值稅政策的通知) jointly issued by the Ministry of Finance of the PRC and the SAT on 21 December 2016 and effective retroactively (excluding Article 17 thereof) as of 1 May 2016 and other related rules and regulations (together, the “**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 PRC shall be subject to VAT. The services are treated as being provided within China where either the service provider or the service recipient is located in China. The services subject to VAT include the provision of financial services such as the provision of loans. It is further clarified under Circular 36 that the “loans” refers to the activity of lending capital for another’s use and receiving the interest income thereon. Based on the definition of “loans”

under Circular 36, the issuance of Bonds is likely to be treated as the holders of the Bonds providing loans to the Issuer. VAT is unlikely to apply to the Issuer's payments of interest and other amounts on the Bonds to investors who are located outside of the PRC but there is uncertainty as to the applicability of VAT as this will depend on how the PRC tax authorities interpret, apply or enforce the Circular 36 and its implementation rules. However, the payments of the interest and other interest like earnings may be subject to VAT at the rate of six per cent. in the event that the Guarantor is required to discharge its obligations under the Guarantee as the Guarantor is located in the PRC.

If the Issuer or the Guarantor is required under the EIT Law, IIT law, Circular 36 or other related PRC tax laws to withhold PRC income tax or VAT from interest payments made to the holders of the Bonds who are "non-resident enterprises" or who are located outside of the PRC, the Issuer will be required to pay such additional amounts as will result in receipt by a holder of the Bonds of such amounts as would have been received by the holder had no such withholding been required. The requirement to pay additional amounts will increase the cost of servicing interest payments on the Bonds, and could have a material adverse effect on its ability to pay interest on, and repay the principal amount and premium (if any) of, the Bonds, as well as its profitability and cash flow. It is unclear whether, if the Issuer is considered a PRC "resident enterprise", holders of the Bonds might be able to claim the benefit of income tax treaties or agreements entered into between the PRC and other countries or areas.

***Gains on the transfer of the Bonds may be subject to income tax or VAT under PRC tax laws.***

Under the EIT law and its implementation rules, any gains realised on the transfer of the Bonds by holders who are deemed under the EIT law as non-resident enterprises may be subject to PRC EIT 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. In the event the Issuer is deemed to be a PRC tax resident enterprise by the PRC tax authorities, capital gain realised by a non-resident enterprise from the transfer of the Bonds may be regarded as being derived from sources within the PRC and, accordingly, may be subject to a PRC tax of up to 10 per cent., provided that there are no tax treaties between the PRC and those countries or regions which exempt or reduce such withholding tax. Similarly, in the event the Issuer is deemed to be a PRC tax resident enterprise by the PRC tax authorities, any capital gain realised by a non-resident individual holder from transfer of the Bonds may also be regarded as being derived from sources within the PRC and be subject to PRC tax of up to 20 per cent. pursuant to the IIT Law, provided that there are no tax treaties between the PRC and those countries or regions which exempt or reduce such withholding tax. There remains uncertainty as to whether the gains realised from the transfer of the Bonds between entities or individuals located outside of the PRC would be treated as incomes derived from sources within the PRC and be subject to PRC tax. This will depend on how the PRC tax authorities interpret, apply or enforce the EIT Law and its implementation rules. If such gains are subject to PRC income tax, the 10 per cent. EIT rate and 20 per cent. individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Bonds minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, which was promulgated on 21 August 2006, Bondholders who are Hong Kong residents, including both enterprise holders and individual holders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of the Bonds.

Under the Circular 36, VAT is applicable where the entities or individuals provide services within the PRC. VAT is unlikely to apply to any transfer of Bonds between entities or individuals located outside of the PRC and therefore unlikely to apply to gains realised upon such transfers, but there is uncertainty as

to the applicability of VAT if either the seller or buyer of Bonds is located inside the PRC. The Circular 36 and laws and regulations pertaining to VAT are relatively new, and there is uncertainty as to the applicability of the Circular 36 as this will depend on how the PRC tax authorities interpret, apply or enforce the Circular 36 and its implementation rules.

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

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

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

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Offering Circular;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds;
- understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

A potential investor should not invest in Bonds which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of such Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

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

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

The Terms and Conditions of the Bonds 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. Hong Kong and the PRC have entered into certain arrangements on the reciprocal recognition and enforcement of judgments in civil and commercial matters (the “**Reciprocal**

**Arrangements**”) which allow for a final court judgment (relating to the payment of money or other civil or commercial proceeding) rendered by a Hong Kong court or PRC court (as the case may be) to be recognised and enforced in the PRC or Hong Kong (as the case may be), provided certain conditions are met. However, certain matters may be excluded under the Reciprocal Arrangements and a judgment may be refused to be recognised and enforced by the requested place in certain circumstances such as for public policy reasons or where the judgment was obtained by fraud. While it is expected that the PRC courts will recognise and enforce a judgment given by Hong Kong courts governed by English law, there can be no assurance that the PRC courts will do so for all such judgments as there is no established practice in this area. Compared to other similar debt securities issuances in the international capital markets where the relevant holders of the debt securities would not typically be required to submit to an exclusive jurisdiction, the Bondholders will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts, and thus the Bondholders’ ability to initiate a claim outside of Hong Kong will be limited.

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

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

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

The Bonds will initially be represented by a Global Certificate. Such Global Certificate will be deposited with a common depository for Euroclear and Clearstream. Except in the circumstances described in the Global Certificate, investors will not be entitled to receive definitive certificates representing the Bonds. The relevant clearing system will maintain records of the beneficial interests in the Global Certificate. While the Bonds are represented by the Global Certificate, investors will be able to trade their beneficial interests only through the clearing systems.

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

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

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

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

***The Bonds and the Guarantee are unsecured obligations.***

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

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

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

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

The Issuer may redeem the Bonds at its option, in whole but not in part, at a redemption price equal to 100 per cents. of their principal amount, together with any interest accrued to (but not including) the date fixed for redemption if, subject to certain conditions, as a result of a change in tax law, the Issuer (or if the Guarantee were called, the Guarantor) has or will become obliged to pay Additional Amounts (as defined in the Terms and Conditions), as further described in Condition 5(b) (*Redemption for Tax Reasons*) of the Terms and Conditions.

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

***The Issuer may not be able to meet their outstanding obligations under the Bonds.***

The Issuer may (and at maturity, will) be required to redeem all of the Bonds. If such an event were to occur, the Issuer may not have sufficient cash on hand and may not be able to arrange financing to redeem the Bonds in time, or on acceptable terms, or at all. The ability to redeem the Bonds in such event may also be limited by the terms of other debt instruments. Failure to repay, repurchase or redeem tendered Bonds by or on behalf of the Issuer may constitute an event of default under the Bonds, which may also constitute a default under the terms of the Issuer's other indebtedness.

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

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

***The Guarantee given by the Guarantor needs to be registered with SAFE before it can be considered enforceable under PRC law, and there may be logistical hurdles for cross-border payment under the Guarantee if such registration is not completed within the prescribed timeframe.***

The Guarantor, as a PRC-incorporated company giving guarantee to its foreign incorporated subsidiary, is required to complete registration within the required period after the creation and issuance of the

Bonds pursuant to the Provisions on the Foreign Exchange Administration of Cross-Border Guarantee (跨境擔保外匯管理規定) promulgated by the SAFE on 12 May 2014 (the “**Foreign Exchange Cross-Border Guarantee Rules**”), the Operational Guidelines on Foreign Exchange Administration of Cross-border Guarantee (跨境擔保外匯管理操作指引) promulgated by SAFE on 12 May 2014 (the “**SAFE Guidelines**”), and other relevant regulations.

There is no assurance that the Guarantor will be able to complete the registration of the Guarantee with SAFE within the prescribed timeframe or at all. Under the Terms and Conditions of the Bonds, Bondholders may require the Issuer to redeem their Bonds if the Guarantee is not registered within a specified timeframe. Bondholders who do not exercise such redemption option should note that before requisite registrations of the Guarantee given by the Guarantor are completed, it remains uncertain whether the Guarantee given by the Guarantor can be enforced in practice. SAFE may impose penalties on the Guarantor if the Guarantor fails to complete the SAFE registration. Although completion of the SAFE registration is not a prerequisite for the effectiveness or validity of the Guarantee according to the Foreign Exchange Cross-Border Guarantee Rules, local courts in different cities and regions in China may adopt inconsistent interpretations on the impact on the enforceability of cross-border guarantees that are not registered in accordance with the Foreign Exchange Cross-Border Guarantee Rules. Further, there may be hurdles at the time of remittance of funds (if any cross-border payment is to be made by the Guarantor under the Guarantee) as domestic banks may require evidence of SAFE registration in connection with the Guarantee in order to effect such remittance. Prior to the performance or discharge of its obligations under the Guarantee, the Guarantor is also required to complete a verification process with banks for each remittance under the Guarantee.

The interpretation of the Foreign Exchange Cross-Border Guarantee Rules and the SAFE Guidelines may involve significant uncertainty, and may adversely affect the practical enforceability of the Guarantee given by the Guarantor in the PRC. In addition, the administration of the Foreign Exchange Cross-border Guarantee Rules and SAFE Guidelines may be subject to a certain degree of executive and policy discretion by the SAFE.

*Decisions that may be made on behalf of all holders of the Bonds may be adverse to the interests of individual holders of the Bonds.*

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

*The NDRC Circular is a recent regulation and its interpretation may involve significant uncertainty, which may adversely affect the Bonds and/or the investor of the Bonds.*

On 14 September 2015, the NDRC promulgated the NDRC Circular. According to the NDRC Circular, if a PRC enterprise or an offshore enterprise controlled by a PRC enterprise wishes to issue bonds outside of the PRC with a maturity of more than one year, the enterprise must, prior to issuing such bonds, file certain prescribed documents with the NDRC and procure a registration certificate from the NDRC in respect of such issue (the “**Pre-issuance Registration**”). Such enterprise must also notify certain details of the bonds to the NDRC within 10 business days of the completion of the bond issuance (the “**Post-issuance Notification**”). As at the date of the Offering Circular, the Guarantor has received a registration certificate from the NDRC in respect of the issuance of the Bonds, and the Guarantor intends to comply with the post-issuance notification requirements of the NDRC Circular.

As the NDRC Circular is a new regulation, it is still uncertain how the NDRC will interpret, implement and enforce the NDRC Circular. The Post-issuance Notification is generally regarded as a procedural

process which involves the reporting of certain post-issuance information in respect of the Bonds by the Guarantor to the NDRC, rather than a substantive approval or consent process. There is a risk that such Post-issuance Notification cannot be completed in time or at all. The NDRC Circular does not set forth the legal consequences of non-compliance with the Pre-issuance Registration and Post-issuance Notification. Additional guidance has been issued by the NDRC (the “**NDRC Circular Guidelines**”) in May 2016, which states that companies, investment banks, law firms and other intermediaries involved in debt securities issuance which do not comply with the registration requirement under the NDRC Circular will be blacklisted and subject to sanctions. The NDRC Circular does not set forth as to how such penalties will be enforced by the NDRC. There is no assurance that the Guarantor will not be subject to any penalties if it fails to (including for reasons outside of the Guarantor’s control) complete the Post-issuance Notification within the required timeframe. In the worst-case scenario, such non-compliance with the Post-issuance Notification requirement under the NDRC Circular may result in it being unlawful for the Group to perform or comply with any of its obligations under the Bonds and the Bonds might be subject to enforcement as provided in Condition 8 (Events of Default) of the Terms and Conditions.

In addition, the administration of the NDRC Circular may be subject to a certain degree of executive discretion by the NDRC. There is also a risk that the registration approval with the NDRC may be revoked or amended in the future or that future changes in PRC laws and regulations may have a negative impact on the Bonds in the PRC. Potential investors of the Bonds are advised to exercise due caution when making their investment decisions.

***The obligations of the Guarantor under the Guarantee are structurally subordinated to the liabilities and obligations of its subsidiaries.***

The Guarantor’s ability to perform their obligations under the Guarantee is effectively dependent on the cash flow of its subsidiaries. Any claim by the Trustee against the Guarantor in relation to the Guarantee will be effectively subordinated to all existing and future obligations of the Guarantor’s subsidiaries (which have not provided the Guarantee), and all claims by creditors of such subsidiaries will have priority to the assets of such entities over the claims of the Trustee under the Guarantee.

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

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

## EXCHANGE RATES

The PBOC sets and publishes daily a base exchange rate with reference primarily to the supply and demand of Renminbi against a basket of currencies in the market during the prior day. 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, including Hong Kong dollars and U.S. dollars, was based on rates set daily by 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. On the same day, the value of the Renminbi appreciated by approximately 2 per cent. Against the U.S. dollar. The PRC Government has since made and in the future may make further adjustments to the exchange rate system.

On 18 May 2007, PBOC widened the floating band for the trading prices in the inter-bank foreign exchange market of the Renminbi against the U.S. dollar from 0.3 per cent. to 0.5 per cent. around the central parity rate, effective on 21 May 2007. The floating band was further widened to 1.0 per cent. On 16 April 2012 and to 2.0 per cent. on 17 March 2014. Effective since 11 August 2015, market makers are required to quote their central parity rates for Renminbi against the U.S. dollar to the China Foreign Exchange Trade System daily before the market opens by reference to the closing rate of the PRC inter-bank foreign exchange market on the previous trading day in conjunction with the demand and supply conditions in the foreign exchange markets and exchange rate movements of major currencies. The PBOC has further authorized the China Foreign Exchange Trade System to announce its central parity rate for Renminbi against the U.S. dollar through a weighted averaging of the quotes from the market makers after removing the highest quote and the lowest quote. The PBOC announces the closing price of a foreign currency traded against the Renminbi in the inter-bank foreign exchange market after the closing of the market on each working day, and makes it the central parity for trading against the Renminbi on the following working day. The International Monetary Fund announced on 30 September 2016 that, effective on 1 October 2016, the Renminbi was added to its Special Drawing Rights currency basket. The PRC Government has since made and in the future may make future adjustments to the exchange rate system.

The following table sets forth for the periods indicated, certain information concerning the exchange rates between Renminbi and US dollars. For periods prior to 1 January 2009, the exchange rates reflect the noon buying rates as reported by the Federal Reserve Bank of New York. For periods after 1 January 2009, the exchange rates reflect the exchange rates as set forth in the H.10 statistical release of the Board of Governors of the Federal Reserve System of the United States.

	<b>Exchange Rate</b>			
	<b>Period End</b>	<b>Average<sup>(1)</sup></b>	<b>High</b>	<b>Low</b>
		<b>(RMB per U.S.\$1.00)</b>		
2017 .....	6.5063	6.7350	6.9575	6.4773
2018 .....	6.8755	6.6090	6.9737	6.2649
2019 .....	6.9618	6.9081	7.1786	6.6822
2020 .....	6.5250	6.9042	7.1681	6.5208
2021 .....	6.3726	6.4508	6.5716	6.3435
August .....	6.4604	6.4768	6.5012	6.4604
September .....	6.4434	6.4563	6.4702	6.4320
October .....	6.4050	6.4172	6.4485	6.3820
November .....	6.3640	6.3889	6.4061	6.3640
December .....	6.3726	6.3693	6.3772	6.3435
2022				
January .....	6.3610	6.3556	6.3822	6.3206
February (through 25 February 2022) .....	6.3169	6.3455	6.3660	6.3134

*Note:*

- (1) Determined by averaging the rates on the last business day of each month during the relevant year, except for monthly average rates, which were determined by averaging the daily rates for such month or part thereof.

## TERMS AND CONDITIONS OF THE BONDS

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

The US\$300,000,000 3.00 per cent. guaranteed bonds due 2025 (the “**Bonds**”, which expression includes any further bonds issued pursuant to Condition 14 (*Further Issues*) and forming a single series therewith) of Keqiao (HK) International Investment Co., Limited 柯橋(香港)國際投資有限公司 (the “**Issuer**”) are constituted by, are subject to, and have the benefit of, a trust deed dated 16 March 2022 (as amended, restated, replaced or supplemented from time to time, the “**Trust Deed**”) between the Issuer, Shaoxing City Keqiao District State-owned Assets Investment Management Co., Ltd. (紹興市柯橋區國有資產投資經營集團有限公司) as guarantor (the “**Guarantor**”) and China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) 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 (a) a deed of guarantee dated 16 March 2022 (as amended, restated, replaced or supplemented from time to time, the “**Deed of Guarantee**”) entered into by the Guarantor and (b) an agency agreement dated 16 March 2022 (as amended, restated, replaced or supplemented from time to time, the “**Agency Agreement**”) between the Issuer, the Guarantor, China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) as registrar (the “**Registrar**”, which expression includes any successor registrar appointed from time to time in connection with the Bonds), China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) as principal paying agent (the “**Principal Paying Agent**”, which expression includes any successor principal paying agent appointed from time to time in connection with the Bonds), the transfer agents named therein (the “**Transfer Agent**”, which expression includes any successor or additional transfer agents appointed from time to time in connection with the Bonds), 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 Bonds) and the Trustee. References herein to the “**Agents**” are to the Registrar, the Principal Paying Agent, the Transfer Agents and the Paying Agents and any reference to an “**Agent**” is to any one of them. Certain provisions of these terms and conditions (these “**Conditions**”) are summaries of the Deed of Guarantee, the Trust Deed and the Agency Agreement and subject to their detailed provisions. The Bondholders (as defined below) are bound by, and are deemed to have notice of, all the provisions of the Deed of Guarantee, the Trust Deed and the Agency Agreement applicable to them. Copies of the Deed of Guarantee, the Trust Deed and the Agency Agreement are available for inspection by Bondholders during normal business hours (being between 9:00 a.m. (Hong Kong time) to 3:00 p.m. (Hong Kong time) from Monday to Friday (other than public holidays)) at the registered office for the time being of the Trustee, being at the date hereof 20/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong and at the Specified Offices (as defined in the Agency Agreement) of each of the Paying Agents, following prior written request and proof of holding and identity to the satisfaction of the Trustee.

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

### 1. Form, Denomination, Status and Guarantee

- (a) *Form and denomination*: The Bonds are issued in registered form in the denomination of US\$200,000 and in integral multiples of US\$1,000 in excess thereof (each, an “**Authorised Denomination**”).
- (b) *Status of the Bonds*: The Bonds constitute direct, general, 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 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.

- (c) *Guarantee of the Bonds:* The Guarantor has in the Deed of Guarantee unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Bonds. This guarantee (the “**Guarantee of the Bonds**”) constitutes direct, general, unsubordinated, unconditional and (subject to Condition 3(a) (*Negative Pledge*)) unsecured obligations of the Guarantor which will at all times rank at least *pari passu* with all other present and future unsecured obligations of the Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

*Upon issue, the Bonds will be evidenced by a global certificate (the “Global Certificate”) substantially in the form scheduled to the Trust Deed. The Global Certificate will be registered in the name of a nominee of, and deposited with, a common depositary for Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking S.A. (“Clearstream”), and will be exchangeable for individual Certificates (as defined below) only in the circumstances set out therein.*

## 2. Register, Title and Transfers

- (a) *Register:* The Registrar will maintain a register (the “**Register**”) in respect of the Bonds in accordance with the provisions of the Agency Agreement. In these Conditions, the “**Bondholder**” means the person in whose name such Bond is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof). A certificate (each, a “**Certificate**”) will be issued to each Bondholder in respect of its registered holding. Each Certificate will be numbered serially with an identifying number which will be recorded in the Register and each Certificate shall represent the entire holding of Bonds by the same Bondholder.
- (b) *Title:* The Bondholder of each Bond shall (except as order by a court of competent jurisdiction or as otherwise required by law) be treated as the absolute owner of such Bond 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 Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Certificate) and no person shall be liable for so treating such Bondholder.
- (c) *Transfers:* Subject to paragraphs (f) (*Closed periods*) and (g) (*Regulations concerning transfers and registration*) below, a Bond may be transferred upon surrender of the relevant 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 Bond may not be transferred unless the principal amount of Bonds transferred and (where not all of the Bonds held by a Bondholder are being transferred) the principal amount of the balance of Bonds not transferred are Authorised Denominations. Where not all the Bonds represented by the surrendered Certificate are the subject of the transfer, a new Certificate in respect of the balance of the Bonds will be issued to the transferor. No transfer of title of a Bond will be valid unless and until registered in the Register.

*Transfers of interests in the Bonds evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing system.*

- (d) *Registration and delivery of Certificates:* Within seven business days of the receipt of a duly completed form of transfer and the surrender of a Certificate in accordance with paragraph (c) (*Transfers*) above, the Registrar will register the transfer in question and deliver a new

Certificate of a like principal amount to the Bonds transferred to each relevant Bondholder 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 Bondholder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Bondholder. In this paragraph, “**business day**” means a day, other than a Saturday and 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.

- (e) *No charge*: The transfer of a Bond will be effected without charge by or on behalf of the Issuer, the Guarantor, the Registrar or any Transfer Agent but upon (i) payment by the relevant Bondholder (or the giving of such indemnity and/or security and/or pre-funding as the Registrar or the relevant Transfer Agent may require) of any tax, duty or other governmental charges that may be imposed in relation to such transfer; (ii) the Registrar or the relevant Transfer Agent being satisfied in its sole and absolute discretion with the documents of title or identity of the person making the application; and (iii) the relevant Agent being satisfied that the relevant regulations have been complied with.
- (f) *Closed periods*: Bondholders 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 Bonds; (ii) during the period of 15 days ending on (and including) any date on which Bonds may be called for redemption by the Issuer at its option pursuant to Condition 5(b) (*Redemption for tax reasons*); (iii) after a Change of Control Put Exercise Notice (as defined in Condition 5(c) (*Redemption for Change of Control*)) has been delivered in respect of the relevant Bonds in accordance with Condition 5(c) (*Redemption for Change of Control*) or (iv) after a No Registration Put Exercise Notice (as defined in Condition 5(d) (*Redemption for No Registration Event*)) has been delivered in respect of the relevant Bonds in accordance with Condition 5(d) (*Redemption for No Registration Event*).
- (g) *Regulations concerning transfers and registration*: All transfers of Bonds and entries on the Register are subject to the detailed regulations concerning the transfer of Bonds scheduled to the Agency Agreement. The regulations may be changed by the Issuer and the Guarantor 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 Bondholder upon prior written request and satisfactory proof of holding.

### 3. Covenants

- (a) *Negative Pledge*: So long as any Bond remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Guarantor shall, and the Issuer and the Guarantor shall procure that none of their respective 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 of Relevant Indebtedness without at the same time or prior thereto (a) securing the Bonds equally and rateably therewith or (b) providing such other security for the Bonds as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of Bondholders.
- (b) *NDRC Post-Issue Filing*: within 10 PRC Business Days after the Issue Date or with respect to further issues pursuant to Condition 14 (*Further Issues*), the issue date of such further issues, to file or cause to be filed with the National Development and Reform Commission of the PRC or its local counterparts (the “**NDRC**”) the requisite information and documents, in accordance with the Notice on Promoting the Reform of the Filing and Registration System

for Issuance of Foreign Debt by Corporates (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知) promulgated by the NDRC on 14 September 2015 and any implementation rules as issued by the NDRC from time to time (the “**NDRC Post-Issue Filing**”) and to comply with all applicable PRC laws and regulations in relation to the issue of the Bonds.

- (c) *Cross-Border Security Registration*: The Guarantor undertakes that it will complete the cross-border security registration and filing (“**Cross-Border Security Registration**”) with the State Administration of Foreign Exchange of the PRC or its local branch (the “**SAFE**”) and obtain a registration record from SAFE (or any other document evidencing the completion of registration issued by SAFE) within the prescribed timeframe in accordance with the Provisions on the Foreign Exchange Administration of Cross-Border Guarantees (跨境擔保外匯管理規定) promulgated by SAFE on 12 May 2014 which came into effect on 1 June 2014 and any implementation rules, reports, certificates, approvals or guidelines as issued by SAFE from time to time.

On or before the Registration Deadline and within five PRC Business Days after the later of the submission of the NDRC Post-Issue Filing and the receipt of the registration certificate from SAFE (or any other document evidencing the completion of registration issued by SAFE), the Guarantor shall provide the Trustee and the Principal Paying Agent with:

- (i) a certificate in English signed by any director or any Authorised Signatory (as defined in the Trust Deed) of the Guarantor confirming (A) completion of the Cross-Border Security Registration and the NDRC Post-Issue Filing, (B) no Change of Control, Event of Default or any Potential Event of Default (as defined in the Trust Deed) has occurred, and (C) the copies of the Registration Documents (as defined below) delivered are true and complete copies of the originals; and
- (ii) copies of the relevant documents evidencing the Cross-Border Security Registration and the NDRC Post-Issue Filing (the items specified in (i) and (ii) together, the “**Registration Documents**”).

Such a certificate shall contain a notice to Bondholders of the above matters attached to such certificate and an instruction to the Principal Paying Agent to give such notice to Bondholders in accordance with Condition 15 (*Notices*).

The Trustee and the Agents shall have no obligation or duty to monitor or ensure the completion (or otherwise assist with) of the Cross-Border Security Registration or the NDRC Post-Issue Filing on or before the relevant deadline referred to above or to verify the accuracy, completeness, content, validity and/or genuineness of any Registration Documents or to translate or procure the translation into English of any Registration Document or to give notice to the Bondholders confirming the completion of the Cross-Border Security Registration or the NDRC Post-Issue Filing, and shall not be liable to Bondholders or any other person for not doing so.

- (d) *Financial Statements*: So long as any Bond remains outstanding:
- (i) each of the Issuer and the Guarantor shall provide to the Trustee a Compliance Certificate (on which the Trustee may rely conclusively as to such compliance and shall not be liable to any holder or any other person for such compliance) within 14 days of any request therefor by the Trustee and at the time of provision of the Guarantor Audited Financial Reports;

- (ii) the Guarantor shall provide to the Trustee a copy of the Guarantor 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 of good repute); and
- (iii) the Guarantor shall provide to the Trustee a copy of the Guarantor Unaudited Financial Reports within 90 days of the end of each Relevant Period prepared on a basis consistent with the Guarantor Audited Financial Reports,

*provided that*, if at any time the capital stock of the Guarantor is listed for trading on a recognised stock exchange, the Guarantor shall provide to the Trustee, as soon as they are available but in any event not more than 14 days after any financial reports of the Guarantor (if such reports are prepared in English) or 30 days after any financial reports of the Guarantor (if such reports are not prepared in English) are filed with the exchange on which the Guarantor'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 this Condition 3(d).

Reports and accounts referred to in this Condition 3(d) which are not in the English language shall be provided to the Trustee together with an English translation of the same translated by (x) a nationally recognised firm of independent accountants of good repute or (y) a professional translation service provider and checked by a nationally recognised firm of independent accountants of good repute, together with a certificate in English signed by an Authorised Signatory of the Guarantor certifying that such translation is complete and accurate. The Trustee may conclusively rely on such certificates, shall not be responsible for checking or verifying any such translation and may rely conclusively on the same as being a complete and accurate translation of the original, and shall not be liable to the Issuer, Guarantor, any Bondholder, the Agents or any other person for doing so.

- (e) *Ratings*: So long as any Bond remains outstanding, save with the approval of an Extraordinary Resolution of the Bondholders, the Issuer and the Guarantor will use their best endeavours to maintain ratings on the Bonds by at least one Rating Agency.
- (f) *Issuer Activities*: The Issuer shall not, and the Guarantor will procure that the Issuer will not, so long as any Bond remains outstanding, save with the approval of an Extraordinary Resolution (as defined in the Trust Deed) of Bondholders, conduct any business or any activities other than (A) the issue of the Bonds or any other debt securities, (B) entry into any other indebtedness, and (C) any activities reasonably incidental thereto (such activities shall, for the avoidance of doubt, include the lending of the proceeds thereof to any of the Guarantor's Subsidiaries and affiliates).

In these Conditions:

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

- (a) no Event of Default or Potential Event of Default had occurred since the Certification Date of the last such certificate or (if none) the date of the Trust Deed or, if such an event had occurred, giving details of it; and

- (b) each of the Issuer and the Guarantor has complied with all its respective covenants and obligations under the Bonds, the Deed of Guarantee and the Trust Deed to which it is a party, or if the Issuer or the Guarantor has not complied with all such obligations, giving details of such non-compliance;

“**Guarantee**” means, in relation to any indebtedness of any Person, any obligation of another Person to pay such indebtedness including (without limitation):

- (a) any obligation to purchase such indebtedness;
- (b) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such indebtedness;
- (c) any indemnity against the consequences of a default in the payment of such indebtedness; and
- (d) any other agreement to be responsible for such indebtedness;

“**Guarantor Audited Financial Reports**” means the annual audited consolidated balance sheet, consolidated income statement, consolidated statement of cash flows and statement of changes in owner’s equity of the Guarantor and its Subsidiaries and balance sheet, income statement and cash flow statement of financial position of the Guarantor together with any statements, reports (including any directors’ and auditors’ reports, if any) and notes attached to or intended to be read with any of them;

“**Guarantor Unaudited Financial Reports**” means the interim unaudited and unreviewed consolidated balance sheet, consolidated income statement, consolidated statement of cash flows and statement of changes in owner’s equity of the Guarantor and its Subsidiaries, together with any statements, reports (including any directors’ and auditors’ reports (if any)) and notes attached to or intended to be read with any of them, if any;

“**Hong Kong**” means the Hong Kong Special Administrative Region of the PRC;

“**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 PRC and Taiwan;

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

“**PRC GAAP**” means the Accounting Standards for Business Enterprises in the PRC;

“**Rating Agency**” means (i) Fitch Ratings Ltd. and its successors; (ii) S&P Global Ratings, a division of S&P Global, Inc., and its successors; (iii) Moody’s Investors Service, Inc., a subsidiary of Moody’s Corporation, and its successors or (iv) any other reputable credit rating agency of international standing;

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

**“Relevant Indebtedness”** means any indebtedness issued or incurred outside 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) (which for the avoidance of doubt, does not include bilateral loans, syndicated loans or club deal loans);

**“Relevant Period”** means:

- (a) in relation to the Guarantor Audited Financial Reports, each period of 12 months ending on the last day of the financial year (being 31 December of that financial year); and
- (b) in relation to the Guarantor Unaudited Financial Reports, each period of six months ending on the last day of the first half of the financial year (being 30 June of that financial year);

**“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;

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

- (a) whose affairs and policies the first Person controls or has the power to control, 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
- (b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person;

#### 4. Interest

The Bonds bear interest on their outstanding principal amount from and including 16 March 2022 (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 per Calculation Amount (as defined below) on 16 March and 16 September of each year (each, an **“Interest Payment Date”**), subject as provided in Condition 6 (*Payments*), commencing on 16 September 2022.

Each Bond will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal or premium (if any) 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 Bond up to that day are received by or on behalf of the relevant Bondholder and (b) the day which is seven days after the Principal Paying Agent or the Trustee has notified the Bondholders that it has received all sums due in respect of the Bonds 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 US\$15.00 in respect of each US\$1,000 (the **“Calculation Amount”**) principal amount of the Bonds. If interest is required to be paid in respect of a Bond on any other date, it shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant day-count fraction, 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 less than a complete Interest Period (as defined below), the relevant day-count fraction will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an “**Interest Period**”.

## 5. **Redemption and Purchase**

- (a) *Scheduled redemption*: Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 16 March 2025 (the “**Maturity Date**”), subject as provided in Condition 6 (*Payments*).
- (b) *Redemption for tax reasons*: The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice to the Bondholders (which notice shall be irrevocable) in accordance with Condition 15 and in writing to the Trustee and the Principal Paying Agent at their principal amount, together with interest accrued to (but excluding) the date fixed for redemption, if, immediately before giving such notice, the Issuer satisfies the Trustee that:
  - (i) (A) the Issuer has or will become obliged to pay Additional Amounts (as defined in Condition 7 (*Taxation*)) as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of Hong Kong 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 9 March 2022; and (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or
  - (ii) (A) the Guarantor has or (if a demand was made under the Guarantee of the Bonds) would become obliged to pay Additional Amounts as provided or referred to in Condition 7 (*Taxation*) or the Guarantee of the Bonds, as the case may be, 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 9 March 2022; and (B) such obligation cannot be avoided by the Guarantor 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 or the Guarantor would be obliged to pay such Additional Amounts if a payment in respect of the Bonds were then due or (as the case may be) a demand under the Guarantee of the Bonds were then made.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer or the Guarantor shall deliver or procure that there is delivered to the Trustee:

- (A) a certificate in English signed by an Authorised Signatory of the Issuer stating that the circumstances referred to in (i) or (ii) above of this Condition 5(b) prevail and setting out the details of such circumstances; and
- (B) an opinion, addressed to and in form and substance satisfactory to the Trustee of independent legal or tax advisers of recognised standing to the effect that the Issuer or (as the case may be) the Guarantor has or will become obliged to the circumstances set out in (i) or (ii) above of this Condition 5(b) prevail as a result of the change and/or amendment.

The Trustee shall be entitled (but shall not be obliged) to accept and conclusively rely upon such certificate and opinion (without further investigation or enquiry) as sufficient evidence of the satisfaction of the circumstances set out in (i)(A) and (i)(B) or (as the case may be) (ii)(A) and (ii)(B) above, in which event they shall be conclusive and binding on the Bondholders.

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

- (c) *Redemption for Change of Control*: At any time following the occurrence of a Change of Control, each Bondholder will have the right, at such Bondholder's option, to require the Issuer to redeem all but not some only of that Bondholder's Bonds on the Change of Control Put Settlement Date at 101 per cent. of their principal amount, together with accrued interest to (but excluding) such Change of Control Put Settlement Date. To exercise such right, the Bondholder must deposit at the Specified Office of the Principal Paying Agent or any other Paying Agent a duly completed and signed notice of redemption, substantially in the form scheduled to the Agency Agreement, obtainable from the Specified Office of the Principal Paying Agent or any other Paying Agent (a "**Change of Control Put Exercise Notice**"), together with the Certificates evidencing the Bonds to be redeemed by not later than 30 days following a Change of Control, or, if later, 30 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 15 (*Notices*). The "**Change of Control Put Settlement Date**" referred to in this Condition 5(c) shall be the 14th day after the expiry of such period of 30 days as referred to above.

The Issuer and the Guarantor shall give notice to Bondholders in accordance with Condition 15 (*Notices*) and to the Trustee and the Principal Paying Agent in writing by not later than 14 days following the first day on which either of them becomes aware of the occurrence of a Change of Control, which notice shall specify the procedure for exercise by Bondholders of their rights to require redemption of the Bonds pursuant to this Condition 5(c).

In this Condition 5(c):

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

- (a) the Guarantor ceases to, directly or indirectly, own 100 per cent. of the issued share capital of the Issuer; or
- (b) the Controlling Person(s) and any Person or Persons Controlled by one or more of the Controlling Persons individually or together cease to, directly or indirectly, have Control of the Guarantor;

"**Control**" means with respect to a Person (where applicable) (i) the ownership, acquisition or control of not less than 100 per cent. of the voting rights of the issued share capital of such Person, whether obtained directly or indirectly 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; and

"**Controlling Person(s)**" mean (i) the Finance Bureau of Keqiao District of Shaoxing City (紹興市柯橋區財政局), (ii) Zhejiang Finance Development Co., Ltd. (浙江省財務開發有限

責任公司) (iii) Keqiao District Government, (iv) Shaoxing Municipal Government and (v) Zhejiang Provincial Government, and their respective successors.

- (d) *Redemption for No Registration Event:* At any time following the occurrence of a No Registration Event, each Bondholder will have the right, at such Bondholder's option, to require the Issuer to redeem all, but not some only, of that Bondholder's Bonds on the No Registration Put Settlement Date (as defined below for Condition 5(d)) at 100 per cent. of their principal amount, together with accrued interest up to (but excluding) the No Registration Put Settlement Date. To exercise such right, the Bondholder must deposit at the Specified Office of the Principal Paying Agent or any other Paying Agent a duly completed and signed notice of redemption, substantially in the form scheduled to the Agency Agreement, obtainable from the Specified Office of the Principal Paying Agent or any other Paying Agent (a "**No Registration Put Exercise Notice**"), together with the Certificates evidencing the Bonds to be redeemed by not later than 30 days following a No Registration Event, or, if later, 30 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 15 (*Notices*). The "**No Registration Put Settlement Date**" referred to in this Condition 5(d) shall be the fifth business day after the expiry of such period of 30 days as referred to above.

The Issuer and the Guarantor shall give notice to Bondholders in accordance with Condition 15 (*Notices*) and to the Trustee and the Principal Paying Agent in writing by not later than ten days following the first day on which either of them becomes aware of the occurrence of a No Registration Event, which notice shall specify the procedure for exercise by Bondholders of their rights to require redemption of the Bonds pursuant to this Condition 5(d).

In this Condition 5(d):

a "**No Registration Event**" occurs when the Registration Documents are not received by the Trustee on or before the Registration Deadline.

A Change of Control Put Exercise Notice or a No Registration Put Exercise Notice once delivered, shall be irrevocable and the Issuer shall redeem the Bonds subject to the relevant Change of Control Put Exercise Notice or No Registration Put Exercise Notice delivered as aforesaid.

- (e) *No other redemption:* The Issuer shall not be entitled to redeem the Bonds otherwise than as provided in Condition 5(a) (*Scheduled redemption*) to Condition 5(d) (*Redemption for No Registration Event*) above.
- (f) *Purchase:* The Issuer, the Guarantor or any of their respective Subsidiaries may at any time purchase Bonds in the open market or otherwise and at any price.
- (g) *Cancellation:* All Certificates representing Bonds so redeemed or purchased by the Issuer, the Guarantor or any of their respective Subsidiaries shall be cancelled and may not be reissued or resold.
- (h) *No duty to monitor:* The Trustee and each Agent shall not be obliged to take any steps to ascertain compliance with the provisions of the Trust Deed, the Agent Agreement, the Deed of Guarantee or these Conditions or whether a Change of Control, No Registration Event, Potential Event of Default or Event of Default has occurred or to monitor the occurrence of any Change of Control, No Registration Event, Potential Event of Default or Event of Default, and shall not be liable to the Bondholders or any other person for not doing so.

- (i) *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 the accuracy, validity and/or genuineness of any documents in relation to or in connection thereto and shall not be liable to the Bondholders or any other person for not doing so.

## 6. Payments

### (a) *Method of Payment*

- (i) Payments of principal, premium (if any) and interest shall be made (subject to surrender of the relevant Certificates at the specified office of any Transfer Agent or of the Registrar if no further payment falls to be made in respect of the Bonds represented by such Certificates) in the manner provided in Condition 6(a)(ii).
  - (ii) Upon application by the Holder to the specified office of the Registrar or any Transfer Agent before the Record Date, or at the option of the relevant Agent, such payment of interest shall be made by wire transfer to the registered account of the Bondholder. For the purposes of this Condition 6(a)(ii), a Bondholder's "registered account" means the U.S. dollar denominated account maintained by or on behalf of it with a bank, details of which appear on the Register at the close of business on the Record Date.
  - (iii) If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested in writing by the Issuer or a Bondholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of premium (if any) or interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of premium (if any) or interest so paid.
- (b) *Principal and Interest:* Payments of principal and interest shall be made by transfer to a US dollar account maintained by the payee with, a bank and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Certificates at the Specified Office of any Paying Agent.
  - (c) *Payments subject to fiscal laws:* All payments in respect of the Bonds 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 US Internal Revenue Code of 1986 (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 Bondholders in respect of such payments.
  - (d) *Payments on business days:* Where payment is to be made by transfer to the registered account, 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 on the due date for payment. A Bondholder 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 a day (other than a Saturday, a Sunday or a public holiday) on which banks are open for general business and settlement of U.S. dollar

payments (including dealings in foreign currencies) in New York City and Hong Kong and on which banks and foreign exchange markets are open for business in the place in which the Specified Offices of each of the Registrar and the Principal Paying Agent are located and, in the case of surrender (or, in the case of part payment only, endorsement) of a Certificate, in the place in which the Certificate is surrendered (or, as the case may be, endorsed).

- (d) *Partial payments*: If a Paying Agent makes a partial payment in respect of any Bond, 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 Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Certificate.
- (e) *Record date*: Each payment in respect of a Bond will be made to the person shown as the Bondholder in the Register at the opening 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 Certificate is held on behalf of Euroclear, Clearstream or any other clearing system, each payment in respect of the Global Certificate will be made to the person shown as the Bondholder 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 Bonds by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without set-off or counterclaim or 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 Hong Kong or the PRC or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law.

Where such withholding or deduction is made by the Issuer or (as the case may be) the Guarantor for or on account of any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected withheld or assessed by the PRC at a rate up and including the aggregate rate applicable on 9 March 2022 (the "**Applicable Rate**"), the Issuer or the Guarantor, as the case may be, will pay such Additional Amounts as will result in receipt by the Bondholders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required.

In the event that the Issuer or (as the case may be) the Guarantor is required to make any deduction or withholding for or on account of any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected withheld or assessed by the PRC in excess of the Applicable Rate or (ii) by or within Hong Kong, the Issuer or the Guarantor, as the case may be, shall pay such Additional Amounts (the "**Additional Amounts**") as will result in receipt by the Bondholders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable in respect of any Bond:

- (a) held by a Bondholder (or to a third party on behalf of a Holder) which is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Bond; or

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

Any reference in these Conditions to principal, premium or interest shall be deemed to include any Additional Amounts in respect of principal, premium 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 or the Guarantor becomes subject at any time to any taxing jurisdiction other than Hong Kong or the PRC respectively, references in these Conditions to Hong Kong or the PRC shall be construed as references to Hong Kong or (as the case may be) the PRC and/or such other jurisdiction.

Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, charges, assessments, government charges, withholding or other payment referred to in this Condition 7 (*Taxation*) or otherwise in connection with the Bonds or for determining whether such amounts are payable or the amount thereof, and shall not be responsible or liable for any failure by the Issuer, the Guarantor, the Bondholders or any other person to pay such tax, duty, charges, assessments, government charges, withholding or other payment in any jurisdiction or be responsible to provide any notice or information to the Trustee or any Agent in relation to the Bonds in connection with payment of such tax, duty, charges, assessments, government charges, withholding or other payment imposed by or in any jurisdiction, including without limitation any notice or information that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Bonds without deduction or withholding for or on account of any tax, duty, charges, assessments, government charges, withholding or other payment imposed by or in any jurisdiction.

## **8. Events of Default**

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

- (a) *Non-payment*: the Issuer fails to pay any amount of principal in respect of the Bonds on the due date for payment thereof or fails to pay any amount of interest in respect of the Bonds within seven days of the due date for payment thereof; or
- (b) *Breach of other obligations*: the Issuer or the Guarantor defaults in the performance or observance of any of their respective other obligations under or in respect of the Bonds, the Deed of Guarantee or the Trust Deed (other than those referred to in Condition 8(a))

(*Non-payment*) or where it give rise to a right of redemption pursuant to Condition 5(c) (*Redemption for Change of Control*) or Condition 5(d) (*Redemption for No Registration 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 and the Guarantor; or

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

- (i) any indebtedness of the Issuer, the Guarantor or any of their respective 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, the Guarantor 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, the Guarantor or any of their respective 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 US\$25,000,000 (or its equivalent in any other currency or currencies); or

- (d) *Unsatisfied judgment:* one or more final judgment(s) or order(s) for the payment of any amount in excess of US\$25,000,000 (or its equivalent in any other currency or currencies), whether individually or in the aggregate, is rendered against the Issuer, the Guarantor or any of the Principal Subsidiaries and the same shall remain undischarged or unsatisfied for a period of 45 consecutive days; 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, the Guarantor or any of the Principal Subsidiaries and any step is taken to enforce it and is not discharged or stayed for a period of 45 consecutive days; or
- (f) *Insolvency, etc.:* (i) the Issuer, the Guarantor or any of the 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, the Guarantor or any of the Principal Subsidiaries or the whole or any material part of the undertaking, assets and revenues of the Issuer, the Guarantor or any of the Principal Subsidiaries, or (iii) the Issuer, the Guarantor or any of the Principal Subsidiaries takes any action for a readjustment or deferment of all or any material part of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors generally or declares a moratorium in respect of all or any material part of its indebtedness or any Guarantee of all or any material part of the indebtedness given by it; 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, the Guarantor or any of the Principal Subsidiaries, or the Issuer, the Guarantor or any of the Principal Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business or operation, except for (i) the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (A) on

terms approved by an Extraordinary Resolution of the Bondholders, or (B) in the case of a Principal Subsidiary of the Guarantor, whereby the undertaking and assets of such Subsidiary are transferred to or otherwise vested in the Guarantor or any of its Subsidiaries; (ii) a solvent winding up of any Principal Subsidiary of the Guarantor or (iii) in the case of a Principal Subsidiary of the Guarantor, a disposal on an arm's length basis where the assets (whether in cash or otherwise) resulting from such disposal are vested in the Guarantor or any Subsidiary of the Guarantor; or

- (h) *Analogous event*: any event occurs which under the laws of Hong Kong or 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 and the Guarantor lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under and in respect of the Bonds, the Deed of Guarantee or the Trust Deed to which it is a party, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Certificates, the Deed of Guarantee, the Trust Deed and the Agency Agreement admissible in evidence in the courts of Hong Kong is not taken, fulfilled or done; or
- (j) *Unlawfulness*: it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any of its obligations under or in respect of the Bonds, the Deed of Guarantee or the Trust Deed; or
- (k) *Guarantee not in force*: the Guarantee of the Bonds or the Cross-Border Security Registration is not (or is claimed by the Guarantor not to be) in full force and effect or (in the case of the Cross-Border Security Registration) revoked; or
- (l) *Government Intervention*: all or any material part of the undertaking, assets and revenues of the Issuer, the Guarantor or any of the Principal Subsidiaries is condemned, seized, compulsorily acquired, expropriated, nationalised or otherwise appropriated by any person acting under the authority of any national, regional or local government.

In this Condition 8, "**Principal Subsidiary**", with respect to the Guarantor, means any Subsidiary of the Guarantor (as the case may be):

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

amount which equals the amount included in the consolidated total assets of the Guarantor and its Subsidiaries as shown by the latest audited consolidated balance sheet of the Guarantor and its Subsidiaries as being represented by the investment of the Guarantor in each relevant Subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Guarantor and after adjustment for minority interests; or

- (iv) to which the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary is transferred, 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 forthwith become a Principal Subsidiary until the date on which the first audited accounts (consolidated, if appropriate), of the Guarantor prepared as of a date later than such transfer are issued, unless such Subsidiary would continue to be a Principal Subsidiary on the basis of such accounts by virtue of the provisions of paragraphs (i), (ii) or (iii) above of this definition;

provided that, in relation to paragraphs (i), (ii) or (iii) above of this definition:

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

A certificate prepared by a director or an Authorised Signatory of the Guarantor that in his or her opinion, a Subsidiary is or is not, or was or was not, a Principal Subsidiary of the Guarantor shall, in the absence of manifest error, be conclusive and binding on the Bondholders and all parties. The certificate shall, if there is a dispute as to whether any Subsidiary of the Guarantor is or is not a Principal Subsidiary, be accompanied by a report by an internationally recognised firm of accountants addressed to the Guarantor as to proper extraction of the figures used by the Guarantor in determining the Principal Subsidiaries of the Guarantor and mathematical accuracy of the calculation.

## **9. Prescription**

Claims for principal and interest on redemption shall become void unless the relevant Certificates are surrendered for payment within ten years (in the case of principal or premium (if any)) or five years (in the case of interest) of the appropriate Relevant Date.

## **10. Replacement of Certificates**

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar or any Transfer Agent as may from time to time be designated by the Issuer for that purpose notice of whose designation is given to Bondholders in accordance with Condition 15, subject to all applicable laws, regulations or other regulatory authority regulations, upon payment by the claimant of the fees and costs incurred in connection with such replacement and on such terms as to evidence, security, indemnity, pre-funding and otherwise as the Issuer, the relevant Transfer Agent or the Registrar may require. Mutilated or defaced 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 provided with security and/or pre-funded and relieved from responsibility in certain circumstances and to be paid its costs and expenses in priority to the claims of the Bondholders. In addition, the Trustee, the Agents and their respective directors and officers are entitled to enter into business transactions with the Issuer or the Guarantor and any entity relating (directly or indirectly) to the Issuer or the Guarantor without accounting for any profit.

In the exercise of its powers and discretions under these Conditions, the Deed of Guarantee, the Trust Deed and the Agency Agreement, the Trustee will have regard to the interests of the Bondholders, and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer or, in the case of a claim by any Bondholder, the Trustee any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

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

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

In acting under the Agency Agreement and in connection with the Bonds, the Agents act solely as agents of the Issuer, the Guarantor 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 Bondholders.

The initial Agents and their initial Specified Offices are listed below. The Issuer and the Guarantor reserve 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 and the Guarantor shall at all times maintain a principal paying agent, a transfer 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 Bondholders in accordance with Condition 15.

## 12. Meetings of Bondholders; Modification and Waiver

- (a) *Meetings of Bondholders:* The Trust Deed contains provisions for convening meetings of Bondholders to consider matters relating to the Bonds, including the modification of any provision of these Conditions, the Deed of Guarantee, the Trust Deed and the Agency Agreement. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and the Guarantor (acting together) or by the Trustee and shall be convened by the Trustee upon the request in writing of Bondholders holding not less than one-tenth of the aggregate principal amount of the outstanding Bonds 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 Bonds or, at any adjourned meeting, two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented; *provided, however, that* certain proposals (including any proposal to change any date fixed for payment of principal, premium or interest in respect of the Bonds, to reduce the amount of principal, premium or interest payable on any date in respect of the Bonds, to alter the method of calculating the amount of any payment in respect of the Bonds or the date for any such payment, to change the currency of payments under the Bonds, to amend Condition 3 (*Covenants*) and the terms of the Guarantee of the Bonds, 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 Bondholders at which two or more persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Bonds form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Bondholders, whether present or not.

In addition, a resolution (A) passed by Electronic Consent (as defined in the Trust Deed) or (B) in writing signed by or on behalf of Bondholders holding not less than 90 per cent. of the aggregate principal amount of the Bonds then outstanding who for the time being are entitled to receive notice of a meeting of Bondholders under the Trust Deed will take effect as if it were an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders. A resolution passed in writing will be binding on all Bondholders whether or not they participated in such written resolution.

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

- (b) *Modification and waiver:* The Trustee may (but shall not be obliged to), without the consent of the Bondholders, agree to any modification of these Conditions, the Deed of Guarantee, the Trust Deed and the Agency Agreement (other than in respect of a Reserved Matter)

which is, in the opinion of the Trustee, proper to make if, in the opinion of the Trustee, such modification will not be materially prejudicial to the interests of Bondholders and to any modification of the Bonds, the Deed of Guarantee, 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 Bondholders, authorise or waive any proposed breach or breach of the Bonds, the Deed of Guarantee, the Trust Deed or the Agency Agreement (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 Bondholders will not be materially prejudiced thereby.

Any such authorisation, waiver or modification shall be binding on the Bondholders and unless the Trustee agrees otherwise, any such authorisation, waiver or modification shall be notified to the Bondholders by the Issuer as soon as practicable thereafter in accordance with Condition 15. The Trustee may request and conclusively rely upon certificate signed by an Authorised Signatory of the Issuer and/or the Guarantor and/or an opinion of counsel concerning the compliance with the above conditions in respect of any modification and/or amendment.

- (c) *Directions from Bondholders:* Notwithstanding anything to the contrary, the Bonds, the Deed of Guarantee, the Trust Deed and/or the Agency Agreement, whenever the Trustee is required or entitled by the terms or conditions in the Bonds, the Deed of Guarantee, 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 or refraining from taking any such action, making any such decision, or giving any such direction or certification, to seek directions from the Bondholders by way of an Extraordinary Resolution or clarification of any directions and the Trustee shall be entitled to rely on any such direction or clarification and shall have been indemnified and/or provided with security 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 the Issuer, the Guarantor, the Bondholders or any person as a result of any delay in it exercising such discretion or power, taking or refraining from taking such action, making such decision, or giving such direction or certification where the Trustee is seeking such directions or clarification of any directions from the Bondholders or in the event that the instructions sought are not provided by the Bondholders. None of the Trustee or any Agent shall be liable to any Bondholder, the Issuer, the Guarantor or any other person for any action taken by the Trustee in accordance with the instructions or any direction or request of the Bondholders. The Trustee shall be entitled to rely on any direction or instruction or request of Bondholders (whether given by Extraordinary Resolution or otherwise as contemplated or permitted by the Trust Deed and/or the Bonds).
- (d) *Certificates and Reports:* The Trustee may conclusively, and may or refrain from acting, in each case rely without liability to Bondholders, the Issuer, the Guarantor or any other person on a report, advice, opinion, confirmation or certificate from 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 conclusively on any such report, confirmation, opinion or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Issuer, the Guarantor and the Bondholders.

### 13. Enforcement

The Trustee may at any time, at its sole and absolute discretion and without notice, take such steps and/or actions and/or institute such proceedings against the Issuer and/or the Guarantor as it thinks fit to enforce its rights under the Deed of Guarantee, the Trust Deed or the Agency Agreement in respect of the Bonds, but it need not take any such steps and/or actions and/or institute any such proceedings unless:

- (a) it has been so requested in writing by the Bondholders of at least one quarter of the aggregate principal amount of the outstanding Bonds 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 Bondholder may proceed directly against the Issuer or the Guarantor 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

Subject to compliance with Condition 3(c) (*Cross-Border Security Registration*), the Issuer may from time to time, without the consent of the Bondholders and in accordance with the Trust Deed, create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date, the first payment of interest and the timing of the NDRC Post-issue Filing and the Cross-Border Security Registration) so as to form a single series with the outstanding Bonds.

### 15. Notices

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

*Until such time as any individual certificates are issued and so long as the Global Certificate is held in its entirety on behalf of Euroclear and Clearstream any notice to the Bondholders 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 or the Guarantor in respect of the Bonds 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 or the Guarantor, (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 Bonds, the Issuer and the Guarantor shall indemnify the Trustee and each Bondholder, on the written demand of the Trustee or such Bondholder addressed to the Issuer and the Guarantor and delivered to the Issuer and the

Guarantor, 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 Bondholder 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 each of the Issuer and the Guarantor and shall give rise to a separate and independent cause of action.

#### **17. Governing Law and Jurisdiction**

- (a) *Governing law:* The Bonds, the Deed of Guarantee, the Trust Deed and the Agency Agreement and any non-contractual obligations arising out of or in connection with the Bonds, the Deed of Guarantee, the Trust Deed and Agency Agreement are governed by English law.
- (b) *Jurisdiction:* The courts of Hong Kong shall have exclusive jurisdiction to settle any dispute arising out of or in connection with the Bonds, the Deed of Guarantee, the Trust Deed and the Agency Agreement (including any non-contractual obligation arising out of or in connection with the Bonds and such documents) and accordingly any legal action or proceedings arising out of or in connection with the Bonds, the Deed of Guarantee, the Trust Deed and the Agency Agreement (the “**Proceedings**”) may be brought in such courts. Each of the Issuer and the Guarantor has in the Deed of Guarantee, the Trust Deed and the Agency Agreement irrevocably submitted to the exclusive jurisdiction of such courts and waived any objection to the Proceedings in any such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. To the extent that the Issuer or the Guarantor 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 such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Issuer or the Guarantor or their assets or revenues, each of the Issuer and the Guarantor agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction.
- (c) *Agent for service of process:* Each of the Issuer and the Guarantor agrees to receive process in Hong Kong at the Issuer’s registered office at Unit 1015, 10/F, Block A, New Mandarin Plaza, No. 14 Science Museum Road, Tsim Sha Tsui East, Kowloon, Hong Kong in any Proceedings. Such service shall be deemed completed on delivery to such agent (whether or not it is forwarded to and received by the Issuer and/or the Guarantor). If for any reason the Issuer ceases to have a registered office in Hong Kong, each of the Issuer and the Guarantor irrevocably agrees to forthwith appoint a substitute process agent in Hong Kong and deliver to the Trustee a copy of the substitute process agent’s acceptance of that appointment within 30 days of such cessation. Nothing in this paragraph shall affect the right to serve process in any other manner permitted by law.

#### **18. Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Bonds, the Deed of Guarantee or the Trust Deed under the Contracts (Rights of Third Parties) Act 1999 except to the extent (if any) that the Bonds expressly provide for such Act to apply to any of their terms.

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

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

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

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

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

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

### **Payment**

The Issuer, for value received, will pay to the registered holder of the Bonds represented by the Global Certificate (subject to surrender of the Global Certificate if no further payment falls to be made in respect of such Bonds) on the Maturity Date (or on such earlier date as the amount payable upon redemption under the Terms and Conditions may become repayable in accordance with the Terms and Conditions) the amount payable upon redemption under the Conditions in respect of the Bonds represented by the Global Certificate and to pay interest in respect of such Bonds from the Issue Date in arrear at the rates, on the dates for payment, and in accordance with the method of calculation provided for in the Terms and Conditions save that the calculation is made in respect of the total aggregate amount of the Bonds represented by the Global Certificate together with such other sums and additional amounts (if any) as may be payable under the Terms and Conditions, in accordance with the Terms and Conditions.

Each payment will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record day which shall be on the Clearing System Business Day immediately prior to the date for payment, where “Clearing System Business Day” means Monday to Friday, inclusive, except 25 December and 1 January.

### **Notices**

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

## **Meetings**

For the purposes of any meeting of Bondholders, the holder of the Bonds represented by the Global Certificate shall (unless the Global Certificate represents only one Bond) be treated as two persons for the purposes of any quorum requirements of a meeting of Bondholders and as being entitled to one vote in respect of each U.S.\$1,000 in principal amount of Bonds held.

## **Bondholder's Redemption**

The Bondholder's redemption option in Condition 5(c) or Condition 5(d) of the Terms and Conditions may be exercised by the holder of the Global Certificate giving notice to any Paying Agent in accordance with the rules and procedures of Euroclear and Clearstream or any Alternative Clearing System, and stating the principal amount of Bonds in respect of which the option is exercised within the time limits specified in the Terms and Conditions.

## **Issuer's Redemption**

The option of the Issuer provided for in Condition 5(b) of the Terms and Conditions shall be exercised by the Issuer giving notice to the Bondholders within the time limits set out in and containing the information required by the Terms and Conditions.

## **Transfers**

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

## **Cancellation**

Cancellation of any Bond represented by the Global Certificate which is required by the Terms and Conditions to be cancelled will be effected by a reduction in the principal amount of the Bonds in the register of Bondholders and the Global Certificate on its presentation to or to the order of the Principal Paying Agent for annotation (for information only).

## **Trustee's Powers**

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

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

## **USE OF PROCEEDS**

The total gross proceeds from the offering of the Bonds will be U.S.\$300,000,000. After deducting underwriting commissions and offering expenses in connection with the offering of the Bonds, the net proceeds of the Bonds will be used for projects construction and replenishing working capital.

## CAPITALISATION AND INDEBTEDNESS OF THE GROUP

The following table sets forth the consolidated total indebtedness (both current and non-current portions), total equity and total capitalisation of the Group as at 30 June 2021 on an (i) actual basis and (ii) on an adjusted basis to give effect to the Bonds to be issued. The summary consolidated financial information below should be read in conjunction with the Group’s consolidated financial statements as at and for the six months ended 30 June 2021 and the notes to those statements included elsewhere in this Offering Circular.

	As at 30 June 2021			
	Actual		As adjusted	
	(RMB)	(U.S.\$) <sup>(1)</sup>	(RMB)	(U.S.\$) <sup>(1)</sup>
	(in millions, unaudited)			
<b>Current indebtedness</b>				
Short-term borrowings . . . . .	7,375.7	1,142.4	7,375.7	1,142.4
Notes payable . . . . .	50.0	7.7	50.0	7.7
Non-current liabilities due within one year . . . . .	26,536.8	4,110.0	26,536.8	4,110.0
<b>Total current indebtedness . . . . .</b>	<b>33,962.5</b>	<b>5,260.1</b>	<b>33,962.5</b>	<b>5,260.1</b>
<b>Non-current indebtedness</b>				
Long-term borrowings . . . . .	52,203.3	8,085.3	52,203.3	8,085.3
Bonds payable . . . . .	55,047.8	8,525.8	55,047.8	8,525.8
Long-term payables <sup>(2)</sup> . . . . .	5,847.5	905.7	5,847.5	905.7
Bonds to be issued <sup>(3)</sup> . . . . .	–	–	1,937.0	300.0
<b>Total non-current indebtedness . . . . .</b>	<b>113,098.6</b>	<b>17,516.8</b>	<b>115,035.6</b>	<b>17,816.8</b>
<b>Total indebtedness<sup>(4)</sup> . . . . .</b>	<b>147,061.1</b>	<b>22,776.9</b>	<b>148,998.1</b>	<b>23,076.9</b>
<b>Total equity . . . . .</b>	<b>67,501.3</b>	<b>10,454.6</b>	<b>67,501.3</b>	<b>10,454.6</b>
<b>Total capitalisation<sup>(5)</sup> . . . . .</b>	<b>180,599.9</b>	<b>27,971.4</b>	<b>182,536.9</b>	<b>28,271.4</b>

*Notes:*

- (1) For convenience only, all translations from Renminbi into U.S. dollars are made at the rate of RMB6.4566 to U.S.\$1.00, based on the noon buying rate as set forth in the H.10 statistical release of the Federal Reserve Bank of New York on 30 June 2021.
- (2) The amount represents interest-bearing long-term payables, including “long-term payables” and “interests payable” recognised under the Group’s long-term payables. See “Notes to the Financial Statements — Notes to the Consolidated Financial Statements — 30. Long-term payables” to the Guarantor’s consolidated financial statements as at and for the six months ended 30 June 2021.
- (3) The amount represents the aggregate principal amount of the Bonds to be issued, before deducting commissions and other estimated expenses payable in connection with the offering of the Bonds.
- (4) Total indebtedness represents the sum of current indebtedness and non-current indebtedness.
- (5) Total capitalisation represents the sum of total non-current indebtedness and total equity.

In the ordinary course of the Group’s business, the Group may, from time to time, consider various financing opportunities and incur additional debt, including bank borrowings and domestic bonds issuance. On 27 July 2021, the Guarantor issued corporate bonds through private placement in an aggregate principal amount of RMB0.97 billion with a tenor of three years. On 23 August 2021, the Guarantor issued corporate bonds through private placement in an aggregate principal amount of RMB1.5 billion. On 22 September 2021, the Guarantor issued corporate bonds for professional investors through private placement in an aggregate principal amount of RMB1.0 billion. On 22 October 2021, the Guarantor issued private placement notes in an aggregate principal amount of RMB0.8 billion. On 29 November 2021, the Guarantor issued corporate bonds for professional investors through private placement in an aggregate principal amount of RMB1.62 billion. On 23 December 2021, the Guarantor

issued mid-term notes in an aggregate principal amount of RMB0.72 billion. On 14 January 2022, the Guarantor issued private placement notes in an aggregate principal amount of RMB0.61 billion. Please see “*Description of the Group — Recent Developments*” for further details.

Except as otherwise disclosed above, there has been no material change in the Guarantor’s consolidated capitalisation and indebtedness since 30 June 2021.

## **DESCRIPTION OF THE ISSUER**

### **OVERVIEW**

The Issuer is a limited liability company incorporated under the laws of Hong Kong on 18 August 2021. The Issuer is a wholly-owned subsidiary of the Guarantor. The registered office of the Issuer is at Unit 1015, 10/F Block A, New Mandarin Plaza, No. 14 Science Museum Road, Tsim Sha Tsui East, Kowloon, Hong Kong.

### **BUSINESS ACTIVITIES**

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

### **DIRECTORS AND OFFICERS**

As at the date of this Offering Circular, the directors of the Issuer are ZHANG SIYU and LIN WEILI. As at the date of this Offering Circular, the Issuer does not have any employees.

### **SHARE CAPITAL**

The Issuer is authorised under its memorandum of association to issue a maximum of 10,000.0 shares with a par value of HK\$1.0 each of a single class. As at the date of this Offering Circular, 10,000.0 shares have been issued. None of the equity securities of the Issuer are listed or dealt on any stock exchange and no listing or permission to deal in such securities is being or is proposed to be sought.

### **FINANCIAL INFORMATION**

As of the date of this Offering Circular, the Issuer has not published, and does not propose to publish, any financial statements. The Issuer is, however, required to keep proper books of account as are necessary and to file an audit report to the Companies Registry on an annual basis.

### **LEGAL PROCEEDINGS**

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

## DESCRIPTION OF THE GROUP

### OVERVIEW

The Group is the core state-owned operating entity in Keqiao District, Shaoxing City, responsible for the consolidation and operation of state-owned assets and resources within Keqiao District. The Group plays an important role in facilitating the economic and social development of Keqiao District, Shaoxing City. Leveraging on more than 20 years of profound operational experience, the Group has built up a diversified business portfolio including textile market operation, water supply and sewage treatment, real estate development, land development, infrastructure construction and transportation business. The Group also engages in other businesses such as energy investment, tourism development, comprehensive finance service and culture media with an aim to supplement its primary businesses.

Located in the northern Zhejiang, Shaoxing City is an important city of Yangtze River Delta Urban Agglomeration and Hangzhou Great Bay Area as well as a sub-centre of Hangzhou Metropolitan Area. Shaoxing City has experienced steady economic and social development in recent years, which has provided the Group with increasing business opportunities and growth potentials.

The Group's business segments are as follows:

- *Textile Market Operation.* The Group conducts textile market operation business primarily through the Company's subsidiary Keqiao Development Operation and its subsidiaries West Market Company and Textile City Group which is listed on the main board of the Shanghai Stock Exchange (Stock Code: 600790.SH). The Group's textile market operation business primarily includes the leasing of the Group's self-owned commercial units in the Textile City Market, within which the Group owned more than 91 per cent. of the commercial units as at 30 June 2021. For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, operating revenue generated from the Group's textile market operation business was RMB904.5 million, RMB906.0 million, RMB762.6 million, RMB382.5 million and RMB380.6 million, respectively, representing 15.3 per cent., 14.1 per cent., 12.4 per cent., 17.3 per cent. and 13.8 per cent., respectively, of the Group's total operating revenue for the same periods.
- *Water Supply and Sewage Treatment.* The Group conducts its water supply and sewage treatment business primarily through Keqiao Water Group and certain of its subsidiaries. Keqiao Water Group is the only entity in Keqiao District that undertakes comprehensive water affairs business in Keqiao District, and enjoys an effective monopoly position in Keqiao District. As at 30 June 2021, the Group, through its 2,654 kilometres of pipelines and five booster pumping stations, supplied water to 329,500 end-users with a water distribution capacity of 866.0 thousand tons per day. As at 30 June 2021, the Group operated 3,746 kilometres of sewage collection pipelines and 368 sewage pumping stations with a daily capacity of collecting and transporting 1,000.0 thousand tons of sewages. For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, operating revenue generated from the Group's water supply and sewage treatment business was RMB958.1 million, RMB1,145.3 million, RMB1,003.7 million, RMB423.5 million and RMB619.7 million, respectively, representing 16.2 per cent., 17.9 per cent., 16.3 per cent., 19.2 per cent. and 22.5 per cent., respectively, of the Group's total operating revenue for the same periods.
- *Real Estate Development.* The Group conducts real estate development business primarily through three subsidiaries of the Company, namely Keqiao Urban Construction, Keyan Construction and Investment, and Keqiao EDZ Development. The Group's real estate development business primarily includes development and sales of resettlement housing, and to a lesser extent, development and sales of commercial housing. For the three years ended 31 December 2020 and the six months ended 30 June 2021, the Group had completed 19 real estate development projects,

with a total investment of approximately RMB14.0 billion. As at 30 June 2021, the Group had nine real estate development projects under construction with an estimated total investment of approximately RMB9.4 billion, and one real estate development projects under planning with a total estimated investment of approximately RMB1,500.0 million. For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, operating revenue generated from the Group's real estate development business was RMB1,687.4 million, RMB1,060.9 million, RMB1,888.0 million, RMB668.8 million and RMB369.0 million, respectively, representing 28.5 per cent., 16.6 per cent., 30.7 per cent., 30.3 per cent. and 13.4 per cent., respectively, of the Group's total operating revenue for the same periods.

- *Land Development.* The Group conducts land development business in Keqiao District primarily through four subsidiaries of the Company. For the three years ended 31 December 2020 and the six months ended 30 June 2021, the Group had completed eight land development projects, with a total investment of approximately RMB2,338.0 million. As at 30 June 2021, the Group had six land development projects under construction with an estimated total investment amount of approximately RMB25,039.0 million, and no land development projects under planning. For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, operating revenue generated from the Group's land development business was RMB253.6 million, RMB756.6 million, RMB1,361.5 million, nil and RMB246.0 million, respectively, representing 4.3 per cent., 11.8 per cent., 22.1 per cent., nil and 8.9 per cent., respectively, of the Group's total operating revenue for the same periods.
- *Infrastructure Construction.* The Group conducts infrastructure construction business primarily through six subsidiaries of the Company. The Group conducts its infrastructure construction business through the "build-transfer" ("BT") model and the agent construction model. For the three years ended 31 December 2020 and the six months ended 30 June 2021, the Group had completed 15 infrastructure construction projects with a total investment of approximately RMB3,829.0 million. As at 30 June 2021, the Group had 14 infrastructure construction projects under construction with an estimated total investment amount of approximately RMB6,307.0 million, and two infrastructure construction projects under planning with an estimated total investment of approximately RMB1.3 billion. For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, operating revenue generated from the Group's infrastructure construction business was RMB969.1 million, RMB1,844.2 million, RMB264.1 million, RMB467.5 million and RMB751.6 million, respectively, representing 16.4 per cent., 28.8 per cent., 4.3 per cent., 21.2 per cent. and 27.3 per cent., respectively, of the Group's total operating revenue for the same periods.
- *Transportation Business.* The Group's transportation business is a cross-sector operation involving passenger and cargo transportation and transportation infrastructure construction. The Group provides passenger and cargo transportation services primarily through three subsidiaries of the Company, and undertakes its transportation infrastructure construction business primarily through one subsidiary of the Company. For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, operating revenue generated from the Group's transportation business was RMB524.4 million, RMB42.0 million, RMB179.0 million, RMB20.8 million and RMB21.7 million, respectively, representing 8.9 per cent., 0.6 per cent., 2.8 per cent., 0.9 per cent. and 0.8 per cent., respectively, of the Group's total operating revenue for the same periods.

- *Other Businesses.* In addition to its primary businesses, the Group also conducts other businesses such as energy investment, tourism development, comprehensive finance service and culture media through the Company's subsidiaries. For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, operating revenue generated from the Group's other businesses was RMB615.1 million, RMB654.7 million, RMB699.1 million, RMB245.6 million and RMB365.0 million, respectively, representing 10.4 per cent., 10.2 per cent., 11.4 per cent., 11.1 per cent. and 13.3 per cent., respectively, of the Group's total operating revenue for the same periods.

For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2021 and 2021, the total operating revenue from the Group's business operations was RMB5,912.2 million, RMB6,409.6 million, RMB6,157.9 million, RMB2,208.7 million and RMB2,753.6 million, respectively. As at 31 December 2018, 2019 and 2020 and 30 June 2021, the Group's total assets were RMB166,099.5 million, RMB187,016.8 million, RMB205,156.1 million and RMB231,968.8 million, respectively.

## **COMPETITIVE STRENGTHS**

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

### **Well-positioned to Leverage the Strategic Location of Keqiao District**

The Group is the primary state-owned operating entity and the key provider of market operation, water supply, transportation, real estate development, land development and infrastructure construction in Keqiao District. In recent years, the Group has actively participated in market operation, transportation and land development projects in Keqiao District and has effectively facilitated the urbanisation of Keqiao District as well as its regional economic development.

Located next to the Kuaiji Mountain and north bounding East China Sea, Keqiao District is positioned on a stepped terrain that extends across mountain, flatland and ocean. With a land area of 1,066 square kilometres, Keqiao District enjoys abundant mineral resources including iron, copper, gold and fluorite. As a result, Keqiao District is the primary place of production for steel, metallurgy, non-ferrous metal, gold and other chemical raw materials in Zhejiang Province. In addition, Keqiao District also produces other fossil fuels such as coal, peat and natural gas. Benefited from its strategic location, Keqiao District has gradually turned into a strong business cluster with significant social and economic development potential. In 2020, the GDP of Keqiao District reached approximately RMB151.7 billion, representing gradual increases as compared to RMB150.4 billion recorded in 2019 and RMB139.6 billion recorded in 2018.

The strategic location of Keqiao District has provided sound business environment for the Group to generate stable and sustainable revenue. For the year ended 31 December 2020, the Group has generated an operating revenue of RMB6,157.9 million, as well as a net profit of RMB563.1 million. In addition, as at 30 June 2021, the Group has a total asset of RMB231,968.8 million. Leveraging the strategic location of Keqiao District and the sound business environment that it provides, the Group has established its presences in a number of industries which as a result has strengthened the Group's capability in countering cyclical economic fluctuations. By continuing to facilitate the growth and development of Keqiao District, the Group believes that it will further strengthen its role as the primary state-owned operating entity in Keqiao District and at the same time further expands its scale of operation.

### **Strong Support from the Group's Shareholder**

As the primary state-owned operating entity which is responsible for the management of state-owned assets in Keqiao District, the Group has received strong support from its shareholders. Keqiao District Finance Bureau, being the controlling shareholder of the Group and a government organ of Keqiao

District Government, has regularly provided preferential treatments to the Group. Since its inception, the Group has received continuous support from its shareholders in the form of project construction, capital injection, asset transfer and tax incentives. For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, the Group has received government subsidies in the amount of RMB1,447.1 million, RMB1,013.8 million, RMB1,727.8 million, RMB727.8 million and RMB688.5 million, respectively, accounting for 24.5 per cent., 15.8 per cent., 28.1 per cent., 33.0 per cent. and 25.0 per cent., respectively, of the total operating revenue generated by the Group over the same periods.

In addition, benefited from its leading role in spearheading the regional economic development in Keqiao District as well as the strong financial strength of its shareholders, the Group believes that the rising standard for market operations and increasing demand for urban infrastructure constructions in Keqiao District will continue to allow itself to receive long term comprehensive supports from its shareholders.

### **Well-diversified Business Portfolio with Operational Synergies**

The Group's main business segments include textile market operation, water supply and sewage treatment, real estate development, land development, infrastructure construction, transportation, energy investment, tourism development, comprehensive finance service, and culture media. Although some of these businesses make an insignificant financial contribution to the Group at current stage, it is believed that the diversified business portfolio will enhance synergies amongst various business segments of the Group. With years of profound operating experience in water supply and sewage treatment, transportation, real estate development, infrastructure construction and land development businesses, the Group has established a rigorous internal management and risk control system, a complete profit chain and an effective cost control system. The mature business model will contribute to the steady expansion of new businesses. In addition, the Group also intends to focus on the in-depth operation of energy investment, comprehensive finance and culture media business to enhance the core competitiveness. The Group believes that its well-diversified business portfolio ensures stable, consistent and reliable business performance, which in turn mitigate any adverse impact resulting from the market price fluctuation and market volatilities of any single business segment and as a result further enhance the Group's competitive edge.

### **Leveraging on Excellent Branding of the Textile City Market to Achieve the Success of Textile Market Operation Business**

Textile market operation business is a core business segment of the Group. Keqiao District of Shaoxing City and its surrounding areas has a huge textile production capacity, which has laid a solid foundation for the sustainable development of local textile market.

From the perspective of industrial chain, the textile business in Shaoxing City Keqiao District has formed a complete industrial chain covering chemical fibre, weaving, printing and dyeing, garments, home textiles and textile markets from upstream to downstream. Each industrial link has formed relatively strong competitive advantages and is extending to textile machinery, intermediary services and other businesses. In terms of regional distribution, a textile industrial cluster with the centre of China Textile City Market and a radius of about 25 kilometre has been formed, which has become one of the most important textile industrial cluster bases in China. After more than 20 years of continuous development, the stores in the market owned or controlled by the Group's subsidiary Textile City Market, have been widely recognised by the market and have become rare resources in the market with high liquidity, rapid asset appreciation and stable cash flow. The Group's new market has been put into operation one after another, which not only solves the problem of shortage of shops, but also improves the quality of the market and promotes the overall image of the market.

### **Prudent Financing Structure**

The Group funds its project development through various financing channels, such as bank loans, debt securities and financial leasing arrangements. Over the years, the Group has cultivated relationships with

a number of reputable commercial banks and financial institutions in the PRC, providing a solid foundation for the Group to access capital, such as Agricultural Bank of China, Industrial Commercial Bank of China, Huaxia Bank, China CITIC Bank, China Minsheng Bank, Industrial Bank Co. Ltd., Bank of Hangzhou, Bank of Shanghai, Bank of Ningbo, and Bank of China. The Group also leverages its excellent financial performance and credibility to access direct financing from capital markets through issuing debt securities on both exchange and interbank markets within the PRC. The Group believes that it will continue to have access to sufficient capital to support its business operations and expansions in the future.

### **Sound Corporate Governance and Dedicated Senior Management with Experience in Corporate Management**

The Group has established a sound corporate governance structure. The Group has set up an internal management framework to oversee different aspects of the Group's daily operations. As the controlling shareholder of the Group, the Keqiao District Finance Bureau participates in and closely monitors the Group's decision-making process for key projects and reviews the Group's development strategy and investment plans. The Group's senior management and the Keqiao District Finance Bureau regularly have in-depth discussions regarding key investment projects, and essential appraisal procedures are conducted before investment decisions are made. The Group has adopted a commercially driven approach to manage its business operations.

The directors and senior management personnel of the Group have extensive experience in the operation and management of relevant industries of the Group's businesses and are supported by quality employees. See "*Directors, Supervisors and Senior Management*" for more details. Over the years, the Group has maintained a skilled and well-trained employee team. With an experienced management team and quality employees, the Group has been able to achieve efficient management.

### **BUSINESS STRATEGIES**

As the leading state-owned assets operation entity in Keqiao District, the Group is responsible for the state-owned asset reform, implementation of national economic layout and the improvement and innovation of state-owned assets management system within Keqiao District. While serving the economic regional development interests through its operations, the Group also ensured the value preservation and appreciation of state-owned assets by focusing on profitability and professionalised market operation. In addition, the Group serves as the primary industrial investment platform carrying out strategic development plans of Keqiao District. By focusing on its strategic plan including the development and construction of the Textile City Market and the improvement of urban comprehensive infrastructure utility construction and management, the Group has contributed to the economic development of Keqiao District.

The Group intends to operate under principals of commercialisation, marketisation and professionalisation. The Group aims to accelerate its enterprise development by fully taking advantage of its policy, market and asset advantages, together with developing in accordance to its development philosophy and adjusting its operation, capital and human resource structure. Furthermore, the Group plans to continue implementing the parallel development of its capital operation and industrial operation by fully supporting the development of Textile City Group.

The Group plans to further strengthen its market control capabilities, while at the same time increasing its profitability and strengthening its core competitive strength. The Group intends to develop into a comprehensive commercial entity built around the operation of the Textile City with market operation, real estate and infrastructure construction as its core business segments and with water supply, transportation, land development, energy supply, tourism, cultural media and finance as its supporting business segments. The Group intends to focus on the following business strategies:

- *Market Operation Business:* The Group intends to continue strengthening its role as the leading market operation entity by carrying out improving adjustments to its market operations by allocating similar vendors to centralised markets in order to stimulate product procurement and market agglomeration. In addition, the Group also plans to consolidate market resources and improving development drivers by making timely re-allocation of resources through various means to Textile City Group in order to consolidate and improve its role within the textile market industry. Furthermore, the Group aims to improve its capital structure and widening its development directions by actively participating in the construction of the Keqiao New Town as well as other supporting industries for the textile market;
- *Water Supply Business:* The Group intends to continue following relevant national industrial policies and relevant regional plans. By further carrying out water supply infrastructure construction, the Group plans to enhance its water supply and drainage capabilities and operation reliabilities;
- *Primary Land Development Business:* The Group intends to facilitate the improvement of land supply structure by continue adhering to its land development planning and management strategy. By implementing urban planning and development intentions and the functional roles of each individual land parcels, the Group also aims to further strengthen the effective land use and land management within Keqiao District;
- *Transportation Business:* The Group intends to continue leverage the existing and comprehensive transportation network within Keqiao District. By developing in accordance with the overall development plans of Keqiao District, the Group plans to actively develop its transportation business to connect with the Hangzhou metropolitan area network;
- *Real Estate Development Business:* The Group plans to actively participate in the improvement of town-wide spacing layouts and the construction of a modern Keqiao New City. The Group intends to continue focus on its task of resettlement housing construction, while at the same time ensuring the stable development of its real estate development business; and
- *Other Business:* In order to accelerate the industrialisation process and facilitate the urban upgrade of Keqiao District, the Group intends to focus on the development of other businesses such as energy investment, comprehensive financing, cultural media and tourism. Through the development of these other businesses, the Group aims to transform Keqiao District into a comprehensive industrialised region consisting of manufacture, leisure, financial services and tourism industries.

## **RECENT DEVELOPMENTS**

### **Issuance of Onshore Corporate Bonds and Private Placement Notes**

On 27 July 2021, the Guarantor issued corporate bonds through private placement in an aggregate principal amount of RMB0.97 billion with a tenor of three years, with a fixed annual interest rate of 3.79 per cent. On 23 August 2021, the Guarantor issued corporate bonds through private placement in an aggregate principal amount of RMB1.5 billion, with a fixed annual interest rate of 3.78 per cent. On 22 September 2021, the Guarantor issued corporate bonds for professional investors through private placement in an aggregate principal amount of RMB1.0 billion, with a fixed annual interest rate of 3.98 per cent. On 22 October 2021, the Guarantor issued private placement notes in an aggregate principal amount of RMB0.8 billion, with a fixed annual interest rate of 4.29 per cent. On 29 November 2021, the Guarantor issued corporate bonds for professional investors through private placement in an aggregate principal amount of RMB1.62 billion, with a fixed annual interest rate of 3.90 per cent. On 23 December 2021, the Guarantor issued mid-term notes in an aggregate principal amount of RMB0.72 billion, with a

fixed annual interest rate of 3.47 per cent. On 14 January 2022, the Guarantor issued private placement notes in an aggregate principal amount of RMB0.61 billion, with a fixed annual interest rate of 3.55 per cent. As at the date of this Offering Circular, the entire principal amount of the July Bonds, the August Bonds, the September Bonds, the October PPN, the November PPN, the December MTN and the January Bonds remains outstanding.

### **Quarterly Results as at and for the Nine Months Ended 30 September 2021**

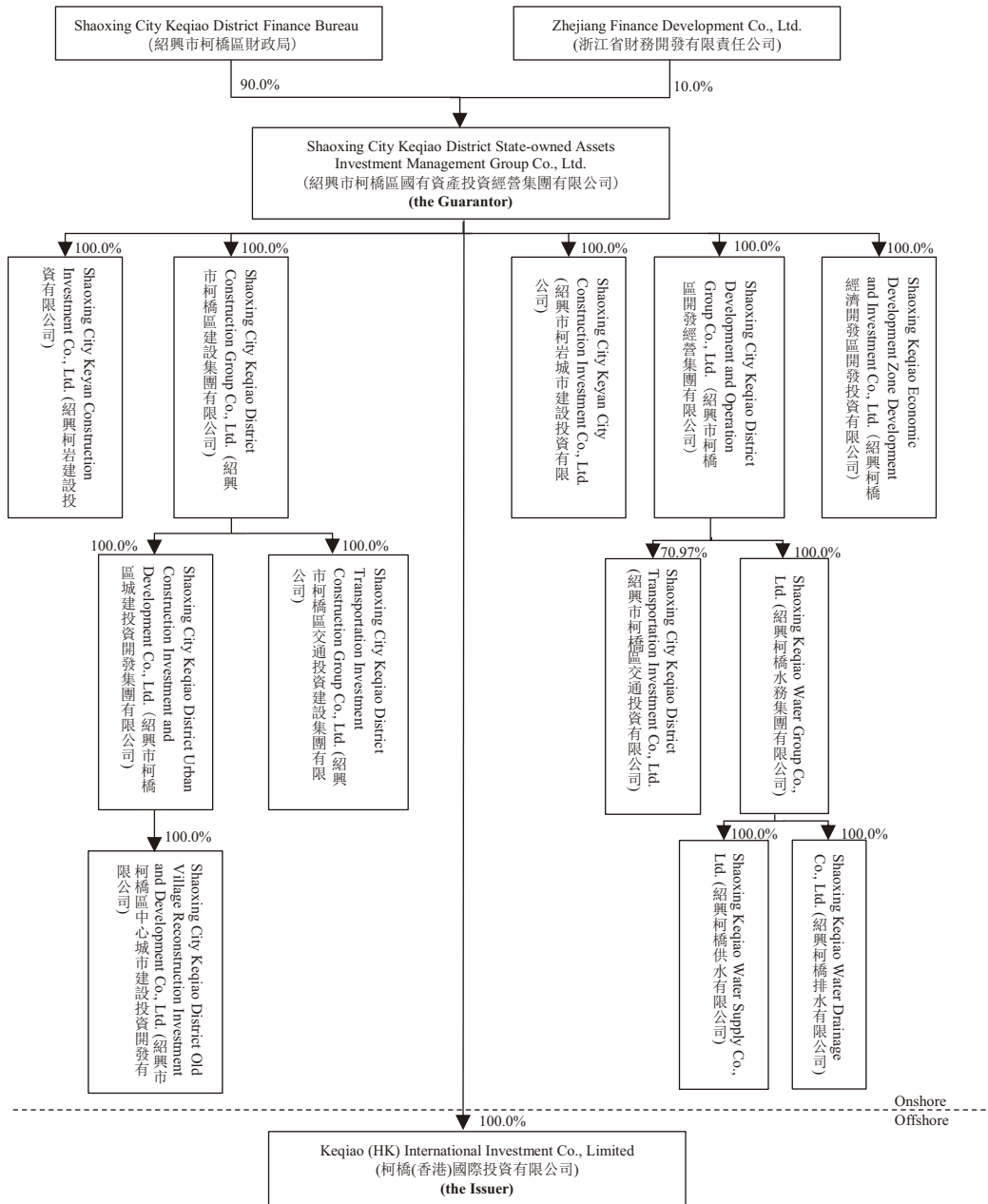
As at 30 September 2021, as compared to the financial information as at 30 June 2021, the Group's other current assets decreased primarily due to the decrease of bank financial products. The Group's construction in progress increased significantly primarily due to the changes in urban infrastructure projects. The Group's intangible assets and capital reserve increased primarily due to the injection of the right of use for parking lots from subsidiaries. The Group's total assets increased primarily attributable to the increase of total current assets and total non-current assets. The Group's other payables increased significantly primarily due to the increase of receivables from government entities and other operating payments. The Group's non-current liabilities due within one year decreased significantly primarily due to the reclassification of the the balances of the long-term borrowings, bonds payable and long-term payables.

For the nine months ended 30 September 2021, as compared to the same period in the preceding year, the Group experienced an increase in operating costs primarily due to the increase of the Group's business scale and interest expenses. Meanwhile, the Group's operating profit decreased primarily due to the decrease of other income. As a result of the foregoing, although the Group's operating revenues increased, its net profit for the nine months ended 30 September 2021 still decreased slightly as compared to those for the nine months ended 30 September 2020. The Group's total comprehensive income attributable to owners of the parent company increased significantly as compared to the same periods in the preceding year, mainly attributable to the increase of the investment income. Cash paid for goods and services recorded a substantial increase due to the increase of project-related costs. Other cash receipts and other cash payments relating to investing activities both recorded decreases due to the decrease of the frequency and amount of financial products investment. The Group's cash received from borrowings and cash repayments for debts both recorded increases due to the increasing scale of debt financing and repayment, which in turn led to increases in financial costs and interest expenses.

Potential investors should note, in particular, that the Group's financial information as at and for the nine months ended 30 September 2021 is derived from the Company's management accounts and has not been audited or reviewed by independent auditors. As such, the Group's financial information as at and for the nine months ended 30 September 2021 has not been set out in detail in this Offering Circular and does not form part of this Offering Circular and potential investors should not rely on such financial information in their evaluation of the financial condition of the Group and in making their investment decisions. The aforementioned financial information as at and for the nine months ended 30 September 2021 are not necessarily indicative of the results that may be expected for the year ending 31 December 2021 or any period thereafter. Consequently, potential investors must exercise caution when using such data to evaluate the Group's financial condition and results of operations. See "*Risk Factors — Risks Relating to the Group's Business — Investors should not place any reliance on the financial information which is unreviewed or unaudited and shall not place undue reliance on the discussion of material financial trends in relation to the Group's unaudited and unreviewed financial information.*"

## GROUP STRUCTURE

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



## HISTORY AND DEVELOPMENT

The Company's predecessor, Shaoxing County State-owned Assets Investment Management Co., Ltd. (紹興縣國有資產投資經營有限公司), was founded in August 1997 with an initial registered capital of RMB5.0 million and was wholly-owned by Shaoxing County Finance Bureau (紹興縣財政局). In November 2013, the name of the sole shareholder of the Company was changed from Shaoxing County Finance Bureau to Keqiao District Finance Bureau (紹興市柯橋區財政局). In October 2020, Keqiao District Finance Bureau, under the guidance of Zhejiang Provincial Government (浙江省政府), gratuitously transferred ten per cent. of the Company's equity interest to Zhejiang Finance Development Co., Ltd. (浙江省財務開發有限責任公司), a subsidiary wholly-owned by Zhejiang Provincial Finance Department (浙江省財政廳). As at the date of this Offering Circular, the Company has a registered capital of RMB80.0 million.

The following table sets forth selected milestone events in the course of development of the Company and the Group:

Year	Milestone Events
1997	The Company's predecessor, Shaoxing County State-owned Assets Investment Management Co., Ltd., was established by Shaoxing County Finance Bureau with an initial registered capital of RMB5.0 million.
1999	The Company's registered capital was increased to RMB80.0 million.
2013	The Company's legal name was changed from Shaoxing County State-owned Assets Investment Management Co., Ltd. to Shaoxing City Keqiao District State-owned Assets Investment Management Co., Ltd. The name of the sole shareholder of the Company was changed from Shaoxing County Finance Bureau to Keqiao District Finance Bureau.
2016	The Company's legal name was changed from Shaoxing City Keqiao District State-owned Assets Investment Management Co., Ltd. to Shaoxing City Keqiao District State-owned Assets Investment Management Group Co., Ltd. (紹興市柯橋區國有資產投資經營集團有限公司).
2020	Keqiao District Finance Bureau, under the guidance of Zhejiang Provincial Government, gratuitously transferred ten per cent. of the Company's equity interest to Zhejiang Finance Development Co., Ltd., a subsidiary wholly-owned by Zhejiang Provincial Finance Department.

## RELATIONSHIP WITH KEQIAO DISTRICT FINANCE BUREAU AND THE KEQIAO DISTRICT GOVERNMENT

The Company is directly controlled by Keqiao District Finance Bureau, which is a government organ of the Keqiao District Government. As a leading state-owned enterprise in Keqiao District, the Group has extensive connections with other entities directly or indirectly controlled by Keqiao District Finance Bureau or the Keqiao District Government. The Group has been commissioned by Keqiao District Finance Bureau, the Keqiao District Government and other local governmental entities and agencies to participate in numerous business operations, such as land development and infrastructure construction businesses.

Notwithstanding the Group's extensive relationships with Keqiao District Finance Bureau, the Keqiao District Government and other entities controlled by them, the various social and community functions performed by the Group and the financial support received by the Group from Keqiao District Finance Bureau and the Keqiao District Government, the Company is not part of any government. It is operationally and financially separated from Keqiao District Finance Bureau and the Keqiao District Government. Its functions and departments are separated from those of the government and do not share any premises with Keqiao District Finance Bureau and the Keqiao District Government. The Company has its own budget and financial reporting system, and its assets and liabilities are separated from those of Keqiao District Finance Bureau and the Keqiao District Government. Keqiao District Finance Bureau, as the controlling shareholder of the Company, is only responsible for the liability of the Company up to the limit of its equity contributions to the Company. Neither Keqiao District Finance Bureau, the Keqiao

District Government nor any other PRC governmental entity has any payment or other obligations under the Bonds or the Trust Deed, and they will not provide guarantee of any kind for the Bonds. The Bondholders do not have any recourse against Keqiao District Finance Bureau, the Keqiao District Government or any other PRC governmental entities in respect of any obligation arising out of or in connection with the Bonds or the Trust Deed. The Bonds are solely to be repaid by the Issuer or the Guarantor, and the obligations of the Issuer or the Guarantor under the Bonds shall solely be fulfilled by the Issuer and the Guarantor as independent legal persons. Investments in the Bonds are on the credit risk of the Guarantor, rather than that of Keqiao District Finance Bureau, the Keqiao District Government or any other PRC governmental entity. In the event that the Issuer and the Guarantor does not fulfil their respective obligations under the Bonds, investors will only be able to claim as an unsecured creditor against the Issuer, the Guarantor or their respective assets, and not any other person, including Keqiao District Finance Bureau, the Keqiao District Government nor any other PRC governmental entity.

This position has been reinforced by Circular 23, Circular 706 and Circular 666. However, neither of these circulars prohibits the PRC Government from providing support (in various forms including capital injection and subsidies, but excluding injecting any kinds of public assets and land reserves as the Group's assets) to the Group in its ordinary course of business in compliance with PRC laws and regulations. The detailed description of the relationships among the Issuer, the Guarantor, Keqiao District Finance Bureau and the Keqiao District Government in this Offering Circular does not imply in any way any explicit or implicit credit support of Keqiao District Finance Bureau and the Keqiao District Government in respect of the Bonds, the repayment of which remains the sole responsibility of the Issuer or the Guarantor. See also the risk factors entitled "*A reduction or discontinuance of government preferential treatments could materially and adversely affect the Group's business, financial condition, results of operations and prospects*" and "*Keqiao District Finance Bureau and the Keqiao District Government can exert significant influence over the Group, and may not act in the best interests of the Group*" in the section entitled "*Risk Factors — Risks Relating to the Group's Business*".

## **DESCRIPTION OF THE GROUP'S BUSINESS**

### **Overview**

The Group is the core state-owned operating entity in Keqiao District, Shaoxing City, responsible for the consolidation and operation of state-owned assets and resources within Keqiao District. The Group plays an important role in facilitating the economic and social development of Keqiao District, Shaoxing City. Leveraging on more than 20 years of profound operational experience, the Group has built up a diversified business portfolio including textile market operation, water supply and sewage treatment, real estate development, land development, infrastructure construction and transportation business. The Group also engages in other businesses such as energy investment, tourism development, comprehensive finance service and culture media with an aim to supplement its primary businesses.

The following table sets forth a breakdown of the total operating revenue from each business segment of the Group for the periods indicated:

	For the year ended 31 December						For the six months ended 30 June			
	2018		2019		2020		2020		2021	
	Operating revenue	% of total	Operating revenue	% of total	Operating revenue	% of total	Operating revenue	% of total	Operating revenue	% of total
	(RMB in millions, except for percentage)									
Textile market operation . . . . .	904.5	15.3	906.0	14.1	762.6	12.4	382.5	17.3	380.6	13.8
Water supply and sewage treatment . . . . .	958.1	16.2	1,145.3	17.9	1,003.7	16.3	423.5	19.2	619.7	22.5
Real estate development . . . . .	1,687.4	28.5	1,060.9	16.6	1,888.0	30.7	668.8	30.3	369.0	13.4
Land development . . . . .	253.6	4.3	756.6	11.8	1,361.5	22.1	–	–	246.0	8.9
Infrastructure construction . . . . .	969.1	16.4	1,844.2	28.8	264.1	4.3	467.5	21.2	751.6	27.3
Transportation business . . . . .	524.4	8.9	42.0	0.6	179.0	2.8	20.8	0.9	21.7	0.8
Other businesses . . . . .	615.1	10.4	654.7	10.2	699.1	11.4	245.6	11.1	365.0	13.3
<b>Total . . . . .</b>	<b>5,912.2</b>	<b>100.0</b>	<b>6,409.6</b>	<b>100.0</b>	<b>6,157.9</b>	<b>100.0</b>	<b>2,208.7</b>	<b>100.0</b>	<b>2,753.6</b>	<b>100.0</b>

## Textile Market Operation

### Overview

The Group conducts textile market operation business primarily through the Company’s subsidiary Keqiao Development Operation and its subsidiary Textile City Group which is listed on the main board of the Shanghai Stock Exchange (Stock Code: 600790. SH). The Group’s textile market operation business primarily includes the leasing of the Group’s self-owned commercial units in the Textile City Market, within which the Group owned more than 91 per cent. of the commercial units as at 30 June 2021.

The Group’s textile market operation business is a core segment of its business. For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, operating revenue generated from the Group’s textile market operation business was RMB904.5 million, RMB906.0 million, RMB762.6 million, RMB382.5 million and RMB380.6 million, respectively, representing 15.3 per cent., 14.1 per cent., 12.4 per cent., 17.3 per cent. and 13.8 per cent., respectively, of the Group’s total operating revenue for the same periods.

### Business Model

The Group offers the commercial units in the Textile City Market to individuals and entities conducting textile businesses within the Textile City Market on a lease-only basis. Rental income generated from the leasing of commercial units within the Textile Market City is the primarily source of the Group’s operating revenue in its textile market operation business. The level of rents charged to commercial units owned by the Group are determined through public bidding and tendering, with their base prices being derived from independent third-party evaluations. The Group typically offers leases with a duration of six years, with rents for the entire duration to be paid up front in a lump sum. In order to attract business and reduce costs, the Group also introduces a two-year rent-free policy for some of its commercial units in the Textile City Market.

The Group manages the Textile Market City primarily through Keqiao Development Operation and certain of its subsidiaries, including Textile City Group, Shaoxing City Keqiao District China Textile Dongsheng Road Market Limited (紹興市柯橋區中國輕紡城東升路市場有限公司) (“**Dongsheng Road Market Limited**”) and Shaoxing City Keqiao District China Textile Market Clothing Market Development and Operation Co., Ltd. (紹興市柯橋區中國輕紡城服裝服飾市場開發經營有限公司) (“**Clothing Market Development**”), with each subsidiary being responsible for the management of certain sections of the Textile Market City. Keqiao Development Operation is primarily responsible for

the management of the Textile City Old Market (輕紡城老市場), the Textile City Market Tianhui Market (輕紡城天匯市場) and the Textile City United Market (輕紡城聯合市場). Dongsheng Road Market Limited is primarily responsible for the management of the Phase I, II and III of the Dongsheng Road Market (東升路市場), while Clothing Market Development is primarily responsible for the management of the Clothing Market (服裝服飾市場).

Furthermore, the Group, through Textile City Group, also undertakes construction and renovation projects within the Textile Market City where it is responsible for project planning, financing, construction progress, cost management, quality control and construction safety supervision of such projects. Completed construction and renovations projects within the Textile Market City provide rentable units to the Group, hence ensuring the sustainable growth and profitability of the Group's textile market operation business.

The major cost and expenses under the textile market operation business are wages, depreciation expenses and property management expenses.

### *Commercial Units for Leasing*

As at 30 June 2021, the Group owned 21,786 units throughout nine sections of the Textile Market City with a total rentable GFA of 1,269.3 thousand sq.m. and an occupancy rate of approximately 93.71 per cent. The following table sets forth particulars of the commercial units leased by the Group as at 30 June 2021:

Textile City Market Sections	Owned by	GFA	Number of Units	Average Rent	Product Type
		(sq.m. in thousands)		(RMB/day/sq.m.)	
West Market (西市場) . . . . .	West Market Company	200.0	3,161	5,100.0	Fashion Fabric
Textile City North Market (輕紡城北市場) . . . . .	Textile City Group	135.7	4,407	9,500.0	Chemical Fiber, Knitting and Window Screening
Textile City Market Tianhui Market (輕紡城天匯市場) . . . . .	Textile City Group	86.0	1,300	33,000.0	Window Screening and Chiffon
Textile City Market East Market (輕紡城東市場) . . . . .	Textile City Group	49.0	1,290	7,000.0	Fashion Fabric and Knit Lining
Textile City United Market (輕紡城聯合市場) . . . . .	Textile City Group	160.0	1,785	14,200.0	Fashion Fabric and Window Screening
Dongsheng Road Market (東升路市場) . . . . .	Textile City Group	74.3	1,790	27,100.0	Woollen, Fine Fabric and Knitted Fabric
Beilian Market (北聯市場) . . . . .	Textile City Group	219.6	2,328	400.0	Curtain and Window Screening
Clothing Market (服裝服飾市場) . . . . .	Textile City Group	231.0	3,336	13,100.0	Clothing, Home Textile and Scarfs
Kebei Greige Fabric Market (柯北坯布市場) . . . . .	Textile City Group	113.7	2,389	5,100.0	Greige Fabric
<b>Total</b> . . . . .		<b>1,269.3</b>	<b>21,786</b>		

## **Water Supply and Sewage Treatment**

### *Overview*

The Group conducts its water supply and sewage treatment business primarily through Shaoxing Keqiao Water Group and certain of its subsidiaries, including Shaoxing Keqiao Water Supply Co., Ltd. (紹興柯橋供水有限公司) (“**Keqiao Water Supply**”), Shaoxing Keqiao Binhai Water Supply Co., Ltd. (紹興柯橋濱海供水有限公司) (“**Keqiao Binhai Water Supply**”) and Shaoxing Keqiao Drainage Co., Ltd. (紹興柯橋排水有限公司) (“**Keqiao Drainage**”). Keqiao Water Group is the only entity in Keqiao District that undertakes comprehensive water affairs business in Keqiao District, and enjoys an effective monopoly position in Keqiao District.

For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, operating revenue generated from the Group's water supply and sewage treatment business was RMB958.1 million, RMB1,145.3, RMB1,003.7 million, RMB423.5 million and RMB619.7 million, respectively, representing 16.2 per cent., 17.9 per cent., 16.3 per cent., 19.2 per cent. and 22.5 per cent., respectively, of the Group's total operating revenue for the same periods. The following table sets forth a breakdown of the operating revenue generated from the Group's water supply and sewage treatment business for the periods indicated:

	For the year ended 31 December						For the six months ended 30 June			
	2018		2019		2020		2020		2021	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
	(RMB in millions, except for percentage)									
Water Supply . . . . .	406.6	42.4	438.7	38.3	405.4	40.4	172.1	40.6	224.4	36.2
Sewage Treatment . . . . .	551.5	57.6	706.6	61.7	598.3	59.6	251.4	59.4	395.3	63.8
<b>Total . . . . .</b>	<b>958.1</b>	<b>100.0</b>	<b>1,145.3</b>	<b>100.0</b>	<b>1,003.7</b>	<b>100.0</b>	<b>423.5</b>	<b>100.0</b>	<b>619.7</b>	<b>100.0</b>

## Water Supply

### Overview

Commissioned by the Keqiao District Government, the Group is the sole operating entity undertaking water supply business in Keqiao District and it primarily conducts its water supply business through Keqiao Water Supply and Keqiao Binhai Water Supply. Major operating cost of water supply business mainly comes from water abstraction cost, the purchase of chemicals, power consumption cost, pipe network maintenance cost and labour cost.

For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, operating revenue generated from the Group's water supply business was approximately RMB406.6 million, RMB438.7 million, RMB405.4 million, RMB172.1 million and RMB224.4 million, respectively, representing 42.4 per cent., 38.3 per cent., 40.4 per cent., 40.6 per cent. and 36.2 per cent., respectively, of the operating revenue generated from the Group's water supply and sewage treatment business for the same periods.

### Procurement

The Group's raw water supply primarily comes from Tangpu Reservoir (湯浦水庫) and New San Jiang Kou (新三江口) (including Qiantang River (錢塘江), Xixiao River (西小江) and Cao'e River (曹娥江)). The following table sets forth the Group's raw water procurement qualification certificates, corresponding water procurement sources and procurement volumes per year from each water procurement source:

Qualification Certificate	Water Procurement Source	Procurement Volume (million cubic metres per year)	Period of Validity (year)
Taking Water (Shaoke) [2019] No. 801009 (取水(紹柯)字[2019]第801009號) . . . . .	Nanxi River (Wangtan Town) (楠溪江(王壇鎮))	0.5	2019-2024
Taking Water (Zhe Shao) [2019] No. 3 (取水(浙紹)字[2019]第3號) . . . . .	Cao'e River (曹娥江) and Huantang River (環塘河)	31.9	2019-2024
Taking Water (Shaoke) Zi [2019] No.1001015 (取水(紹柯)字[2019]第1001015號) . . . . .	San Jiang River (Ma'an Street) (三江大河(馬鞍街道))	75.0	2019-2024
Taking Water (Shaoke) Zi [2018] No.1001014 (取水(紹柯)字[2018]第1001014號) . . . . .	Huantang River (環塘河)	31.9	2018-2023
License No. D330603S2021-0027 . . . . .	Goose Lake Reservoir, Zhutiantou Village, Jidong Town (稽東鎮竹田頭村鵝湖水庫)	45.0	2020-2025

## Operating Capacity

The Group has a sound operation system that focuses on water production and distribution. As at 30 June 2021, the Group, through its 2,654 kilometres of pipelines and five booster pumping stations, supplied water to 329,500 end-users with a daily water distribution capacity of 866.0 thousand tons. The five booster pump stations are Keqiao Pump Station (柯橋泵站), Phoenix Hill Pump Station (鳳凰山泵站), Yangxun Bridge Pump Station (楊汛橋泵站), Qixian Pump Station (齊賢泵站) and Dayu Hill Pump Station (大魚山泵站). The average service life of the Group's water supply network is approximately 20 years and every year the Group conducts a comprehensive inspection of the water supply network and replaces or rehabilitates damaged segments to ensure stable water supply.

For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, the Group's water sales volume was 213.3 million tons, 236.4 million tons, 234.3 million tons, 96.3 million tons and 121.6 million tons, respectively. The following table sets forth particulars of the Group's operating capacity in terms of water supply as at and for the periods indicated:

	As at and for the year ended 31 December			As at and for the period ended 30 June	
	2018	2019	2020	2020	2021
Water distribution capacity (thousand tons per day) . . . . .	766.0	966.0	966.0	966	966
Water supply volume (thousand tons per day)	620.5	679.7	670.8	281.0	349.6
Water supply volume (thousand tons per year/period) . . . . .	226,482.9	248,107.9	245,515.2	102,565.9	127,600.8
Water sales volume (million tons per year/period) . . . . .	213.3	236.4	234.3	96.3	121.6
Leakage rate of pipe network (%) . . . . .	8.16	7.89	4.55	9.1	4.73
Length of water supply pipelines (kilometres)	2,524	2,654	2,808	2,654	2,808
Service population (thousands people) . . . . .	308.6	327.7	374.1	335.5	384.5

## Pricing

The Group's water supply business is subject to government price controls and adjustment of water price must go through legal procedures such as price reviews and hearings. As at 30 June 2021, water for residential use in Keqiao District was charged at different rates in a three-tier system as follows:

	Water Prices for Residential Use	
	Urban Areas	Rural Areas
	(RMB per tonne)	
Tier 1 for the first 20 cubic metres . . . . .	2.95	2.75
Tier 2 for the next 10 cubic metres . . . . .	4.15	3.95
Tier 3 for the remainder . . . . .	5.15	4.95

As at 30 June 2021, water for other usage was charged at different rates as follows based on the purpose of consumption:

Water Type	Water Prices (RMB per tonne)
Operational water . . . . .	5.00
Non-operational water . . . . .	4.70
Water for special industries . . . . .	7.80

## Sewage Treatment

### Overview

The Group conducts its sewage treatment business primarily through the Company's subsidiary Keqiao Drainage. The Group's sewage treatment business primarily includes two steps: sewage collection as well as sewage treatment and discharge. Keqiao Drainage is responsible for collecting sewage and charging sewage treatment fees from end users. The sewage collected by Keqiao Drainage will then be processed and discharged by Shaoxing Water Treatment Development Co., Ltd. (紹興水處理發展有限公司) ("Shaoxing Water Treatment") and Shaoxing Keqiao Jiangbin Water Treatment Co., Ltd. (紹興柯橋江濱水處理有限公司) ("Shaoxing Jiangbin Water Treatment") whereby Shaoxing Water Treatment and Shaoxing Jiangbin Water Treatment charge Keqiao Drainage on a monthly basis according to a pre-agreed price and the amount of treated sewage. The pre-agreed price is calculated based on a certain proportion of the sewage treatment fee charged by Keqiao Drainage to end-users. The specific proportion is determined through regular negotiation among Keqiao Drainage, Shaoxing Water Treatment and Shaoxing Binjiang Water Treatment. The cost of sewage treatment business mainly comes from costs of sewage transmission and pipe network maintenance, purchase of chemicals and power consumption cost.

For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, operating revenue generated from the Group's sewage treatment business was RMB551.5 million, RMB706.6 million, RMB598.3 million, RMB251.4 million and RMB395.3 million, respectively, representing 57.6 per cent., 61.7 per cent., 59.6 per cent., 59.4 per cent. and 63.8 per cent., respectively, of the operating revenue generated from the Group's water supply and sewage treatment business for the same periods.

### Operating Capacity

As at 30 June 2021, the Group operated 3,746 kilometres of sewage collection pipelines and 368 sewage pumping stations with a daily capacity of collecting and transporting 1,000.0 thousand tons of sewages. The average service life of sewage collection pipelines is approximately ten years. The following table sets forth particulars of the Group's sewage treatment business as at and for the periods indicated:

	As at and for the year ended 31 December			As at and for the period ended 30 June	
	2018	2019	2020	2020	2021
Sewage collection capacity (thousand tons per day) . . . . .	1,000.0	1,000.0	1,000.0	1,000.0	1,000.0
Sewage collection volume (thousand tons) . . .	496.1	538.4	529.1	445.6	553.4
Sewage collection rate (%)					
Industrial . . . . .	100.0	100.0	100.0	100.0	100.0
Residential . . . . .	93.0	93.0	93.1	93.1	93.1
Length of sewage pipeline (kilometres) . . . . .	2,492	3,429	3,746	3,429	3,746

## *Pricing*

The Group charges sewage treatment fees to end users for the provision of sewage treatment services which are subject to government price controls. The following table sets forth particulars of the Group's sewage treatment fees by different types of sewages as at 30 June 2021:

	<u>Price</u> (RMB per cubic metre)
<b>Residential sewage</b>	
Urban . . . . .	0.95
Rural . . . . .	0.75
<b>Non-industrial sewage</b>	
Operational . . . . .	2.60
Non-operational . . . . .	2.30
<b>Industrial sewage</b>	
Normally polluted . . . . .	3.40
Heavily polluted . . . . .	5.00

## **Real Estate Development**

### *Overview*

The Group conducts real estate development business primarily through three subsidiaries of the Company, namely Keqiao Urban Construction, Keyan Construction and Investment, and Keqiao EDZ Development. The Group's real estate development business primarily includes development and sales of resettlement housing, and to a lesser extent, development and sales of commercial housing. Keqiao Urban Construction, Keyan Construction and Investment and Keqiao EDZ Development are primarily responsible for real estate development within the central urban area of Keqiao District (柯橋中心城區), Keyan Street (柯岩街道) and Hutang Street (湖塘街道), as well as Kebei (柯北), respectively. All of the three subsidiaries of the Company hold Class 3 Qualification for PRC Real Estate Development (中國房地產開發三級資質). For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, operating revenue generated from the Group's real estate development business was RMB1,687.4 million, RMB1,060.9 million, RMB1,888.0 million, RMB668.8 million and RMB369.0 million, respectively, representing 28.5 per cent., 16.6 per cent., 30.7 per cent., 30.3 per cent. and 13.4 per cent., respectively, of the Group's total operating revenue for the same periods.

### *Business Model*

#### *Resettlement Housing Projects*

The Group develops resettlement houses in accordance with the resettlement housing plans of the Keqiao District Government. The Group is generally responsible for the financing of the projects with internal and external funds. Payments received for such projects will be recognised as revenue after completion and delivery of the properties to the purchasers. The residual properties developed in its resettlement housing projects, together with affiliated commercial facilities, will be sold to public at market prices.

## Commercial Housing Projects

The Group develops commercial housing projects on its own and typically acquires land through bidding, auction, listing approaches or the acquisition of project companies. The Group generally designs and develops commercial houses for targeted markets. The Group also pre-sells its commercial houses prior to their completion to obtain cash flow and improve its liquidity in accordance with market practice, applicable laws and regulations. Payments received for such pre-sales are booked as prepayments from purchasers and are only recognised as revenue after completion and delivery of the commercial houses to the purchasers.

### Project Description

#### Completed Projects

For the three years ended 31 December 2020 and the six months ended 30 June 2021, the Group had completed 19 real estate development projects, with a total investment of approximately RMB14.0 billion. The following table sets forth particulars of the Group's five largest completed real estate development projects in terms of total investment amount for the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2021:

Project	Nature of Project	Total Investment <sup>(1)</sup>	Total Estimated Sales Revenue	Total Sales Revenue Recognised <sup>(2)</sup>
(RMB in millions)				
Zhanglou Resettlement Community (張淩安置社區) .....	Residential	1,700.0	1,890.0	139.0
Zhongmei Resettlement Community (中梅安置社區) .....	Residential	1,550.0	1,600.0	–
Shangwutou Resettlement Community (上午頭安置社區) .....	Residential	1,159.0	1,200.0	464.0
Zhongze Phase II Resettlement Community (中澤二期安置社區) .....	Residential	1,070.0	1,090.0	727.0
Xizhou Resettlement Community (西周安置社區) .....	Residential	1,050.0	1,055.0	127.0

#### Notes:

- (1) Represents the actual amount that has been invested, which is based on the Group's internal record.
- (2) Represents the revenue that had been recognised for the three years ended 31 December 2020 and the six months ended 30 June 2021.

### Projects under Construction

As at 30 June 2021, the Group had nine representative real estate development projects under construction, with an estimated GFA of approximately 1312.9 thousand sq.m. and an total estimated investment of approximately RMB9.4 billion. The following table sets forth details of the nine real estate development projects under construction as at 30 June 2021:

Project	Nature of Project	Year of Commencement	Estimated Year of Completion	Estimated GFA (sq.m. in thousands)	Total Estimated Investment <sup>(1)</sup> (RMB in millions)
Xiaozhe Village Resettlement Community (小赭村安置社區) . . . . .	Residential	2019	2022	339.3	2,500.0
Jianhu Lake Water Village Phase IV (鑿湖水莊四期) . . . . .	Residential	2016	2022	215.8	1,385.0
Keqiao Urban Area (G-50, G-51) Restricted-price Housing Construction Project (柯橋城區(G-50, G-51)限價房建設項目) . . . . .	Residential	2018	2021	151.9	1,223.0
Pengshan Hill Butou Resettlement Community (蓬山埠頭安置社區) . . . . .	Residential	2019	2022	72.6	1,034.0
Dingshan Garden (定山家園) . . . . .	Residential	2018	2022	162.5	835.0
Keqiao L-41 Resettlement Housing (柯橋城區L-41安置房小區) . . . . .	Residential	2019	2022	110.0	800.0
K-34 Resettlement Housing Project (K-34地塊安置小區項目) . . . . .	Residential	2019	2022	139.2	800.0
Keqiao Urban Area (R-22) Restricted-Price Housing Construction Project (柯橋城區(R-22)限價房建設項目) . . . . .	Residential	2019	2022	65.0	500.0
Lanting Street 2018-1 Residential and Commercial Plot Restricted-price Housing Project (蘭亭街道2018-1號住商地塊限價房工程) . . . . .	Residential	2019	2022	56.6	300.0

*Note:*

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

### Projects under Planning

As at 30 June 2021, the Group had one real estate development projects under planning, with a total estimated investment of approximately RMB1,500.0 million. The following table sets forth details of the Group's real estate development projects under planning as at 30 June 2021:

Project	Estimated Year of Commencement	Estimated Year of Completion	Total Estimated Investment <sup>(1)</sup>
	(RMB in millions)		
Keqiao Urban Area Shadi Resettlement Community (柯橋城區沙地安置社區) . . . . .	2021	2023	1,500.0

*Note:*

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

## Land Development

### *Overview*

The Group conducts land development business primarily through four subsidiaries of the Company, namely Shaoxing City Keqiao District Old Village Reconstruction Investment and Development Co., Ltd. (紹興市柯橋區中心城建設投資開發有限公司) (“**Shaoxing Old Village Reconstruction**”), Shaoxing Keyan Urban Construction Investment Co., Ltd. (紹興柯岩城市建設投資有限公司) (“**Keyan Urban Construction**”), Keyan Construction and Investment and Keqiao EDZ Development. Entrusted by relevant governmental entities, Shaoxing Old Village Reconstruction, Keyan Urban Construction, Keyan Construction and Investment and Keqiao EDZ Development are responsible for the land development within the central urban area of Keqiao District, the Jianhu Lake-Keyan Resort Area (鑿湖-柯岩旅遊度假區), and Keqiao EDZ.

For the years ended 31 December 2018, 2019 and 2020, and the six months ended 30 June 2020 and 2021, operating revenue generated from the Group’s land development business was RMB253.6 million, RMB756.6 million, RMB1,361.5 million, nil and RMB246.0 million, respectively, representing 4.3 per cent., 11.8 per cent., 22.1 per cent., nil and 8.9 per cent., respectively, of the Group’s total operating revenue for the same periods.

### *Business Model*

The Group’s land development business is generally conducted under the agency construction model. The Group and relevant governmental entities typically enter into agency construction agreements, which will set out details of development projects to be constructed by the Group. The scope of work often includes land expropriation and compensation, demolition, land levelling and relocation of residents. The Group is generally responsible for the financing of the projects with internal and external funds. Upon completion and inspection of each parcel of land, the Group will deliver such land to relevant governmental entities. The Group is entitled to payments consisting of the cost incurred by the project plus a premium of a certain percentage of the project cost incurred.

### *Project Description*

#### *Completed Projects*

For the three years ended 31 December 2020 and the six months ended 30 June 2021, the Group had completed seven representative land development projects, with a total investment of approximately RMB10,988 million. The following table sets forth details of the seven completed land development projects for the three years ended 31 December 2020 and the six months ended 30 June 2021:

<b>Project</b>	<b>Year of Commencement</b>	<b>Year of Completion</b>	<b>GFA</b> <b>(sq.m. in thousands)</b>	<b>Total Investment<sup>(1)</sup></b> <b>(RMB in millions)</b>
Huashe Street Humen Village Urban Village Renovation Project (華舍街道湖門村城中村改造項目) . . . . .	2017	2019	500	3,300.0
Shadiwang Village Demolition and Relocation Project (沙地王村拆遷項目) . . . . .	2018	2019	466.8	3,500.0
Huashe Street Huaxu Neighborhood Committee Shantytown Renovation Project (華舍街道華墟居委會棚戶區改造工程) . . . . .	2016	2018	346.6	1,550.0
Kexi Printing and Dyeing Enterprises Demolition and Relocation Project and Pengshan Village Demolition and Relocation Project (柯西印染企業拆遷項目、蓬山村拆遷項目) . . . . .	2019	2020	428.8	577.6
Jiefang Phase II (Huashe Mall Surrounding Area and Silk Road Widening, Demolition and Relocation Project) (解放二期(華舍商城周邊地塊及綢緞路拓寬拆遷工程)) . . . . .	2017	2019	153.6	1,600.0
Huashe Street Xiaozhe Village Relocation Project (華舍街道小褚村拆遷項目) . . . . .	2019	2020	800.0	5,000.0
Ruanshe Block Urban Village Relocation and Renovation (阮社區塊城中村拆遷改造) . . . . .	2017	2018	80.0	5,988.0

Note:

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

#### Projects under Construction

As at 30 June 2021, the Group had four representative land development projects under construction with a total estimated investment amount of approximately RMB14,051.0 million. The following table sets forth details of the four land development projects under construction as at 30 June 2021:

<b>Project</b>	<b>Year of Commencement</b>	<b>Estimated Year of Completion</b>	<b>GFA</b> <b>(sq.m. in thousands)</b>	<b>Total Estimated Investment<sup>(1)</sup></b> <b>(RMB in millions)</b>
Keyan Yongjin Village and Hongqi Village Relocation Project (柯岩永進村和紅旗村拆遷工程) . . . . .	2016	2021	56.4	5,027.0
Hutang Village Urban Village Project (湖塘村城中村) . . . . .	2016	2022	41.5	2,994.0
Qixian Street Gaoze Neighborhood and Yangjialong Village Old Village Renovation and Relocation Project (齊賢街道高澤居和陽嘉龍村舊村改造拆遷項目) . . . . .	2018	2023	48.3	3,500.0
Anchang Town Dongchang Neighborhood Urban Village Renovation and Relocation Project (安昌鎮東昌居城中村改造拆遷項目) . . . . .	2018	2023	20.5	2,530.0

Note:

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

## Infrastructure Construction

### *Overview*

The Group conducts infrastructure construction business primarily through six subsidiaries of the Company, namely Shaoxing Old Village Reconstruction, Shaoxing City Keqiao District Transportation Investment Construction Group Co., Ltd. (紹興市柯橋區交通投資建設集團有限公司) (“**Keqiao Transportation Construction**”), Keyan Urban Construction, Keyan Construction and Investment, Keqiao EDZ Development and Shaoxing City Keqiao Stone City Development and Investment Co., Ltd. (紹興市柯橋區石城開發投資有限公司) (“**Stone City Development**”). Shaoxing Old Village Reconstruction primarily undertakes infrastructure construction projects in the central urban area of Keqiao District. Keqiao Transportation Construction primarily undertakes transportation infrastructure construction projects pursuant to the construction and repurchase agreements it has entered into with Keqiao District Government. Keyan Urban Construction and Keyan Construction and Investment primarily undertake infrastructure construction projects within the Jianhu Lake-Keyan Resort Area, pursuant to the framework agreement for agency construction projects entered into among Keyan Urban Construction, Keyan Construction and the Administrative Committee of Jianhu Lake-Keyan Resort Area. Keqiao EDZ Development and Stone City Development are primarily responsible for infrastructure construction projects in Keqiao EDZ, pursuant to the agency construction agreement entered into among Keqiao EDZ Development, Stone City Development and the Administrative Committee of Keqiao EDZ.

For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, operating revenue generated from the Group’s infrastructure construction business was RMB969.1 million, RMB1,844.2 million, RMB264.1 million, RMB467.5 million and RMB751.6 million, respectively, representing 16.4 per cent., 28.8 per cent., 4.3 per cent., 21.2 per cent. and 27.3 per cent., respectively, of the Group’s total operating revenue for the same periods.

### *Business Model*

The Group primarily conducts its infrastructure construction business through the BT model and the agent construction model.

#### *BT Model*

The Group, through Keqiao Transportation Construction, conducts its transportation infrastructure construction under the BT model. The Group generally enters into the project construction and buy-back agreements with the Keqiao District Government, pursuant to which, the Group is responsible for the financing and construction of the projects. Upon the completion, inspection and acceptance of each project, the Group will transfer the entire project to relevant governmental entities. In return, the relevant governmental entities will pay the Group an amount equal to the total investment amount plus an 8 per cent. to 12 per cent. return over a specified period of time.

#### *Agent Construction Model*

The Group, through Shaoxing Old Village Reconstruction, Keyan Construction and Investment, Keqiao EDZ Development and Stone City Development conducts its infrastructure construction under the agent construction model. Under the agent construction model, the Group typically enters into agency construction agreements with the local government or relevant governmental entities, pursuant to which the Group is responsible for project planning, review and supervision of project design and construction progress, while the local government or relevant governmental entities are responsible for construction supervision. In addition, the Group is also responsible for the financing of such projects through internal and external funds. Upon the completion and the satisfactory inspection by the local government or relevant governmental entities, the Group will be entitled to receive payments consisting of the cost incurred by the project plus a premium of a certain percentage of the project cost incurred.

## Project Description

### Completed Projects

For the three years ended 31 December 2020 and the six months ended 30 June 2021, the Group had completed 15 infrastructure construction projects with a total investment of approximately RMB3,829.0 million. The following table sets forth particulars of the Group's five largest completed infrastructure construction projects in terms of total investment amount for the three years ended 31 December 2020 and the six months ended 30 June 2021:

Project	Year of Commencement	Year of Completion	Total investment <sup>(1)</sup> (RMB in millions)
Jianhu-Keyan Tourist Resort Comprehensive Environmental Improvement Project (鑾湖-柯岩旅遊度假區環境綜合整治工程) . . . . .	2019	2019	1,480.2
104 National Road Nanfu Route (Road Overhaul) Project (104國道南複綫(路面大修)工程項目) . . . . .	2020	2020	133.6
Jianhu Yuge Fengqing Belt Project (鑾湖漁歌風情帶工程項目) . . . . .	2020	2020	106.4
Keyan Living Room (Public Part) Upgrading Project (柯岩客廳公共部分提升改造項目) . . . . .	2019	2020	101.5
Ruan Xing Road Project (阮型路工程項目) . . . . .	2019	2019	86.1

Note:

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

### Projects under Construction

As at 30 June 2021, the Group had 14 infrastructure construction projects under construction with an total estimated investment of approximately RMB6,307.0 million. The following table sets forth particulars of the Group's infrastructure construction projects under construction as at 30 June 2021:

Project	Year of Commencement	Estimated year of Completion	Total Estimated Investment <sup>(1)</sup> (RMB in millions)
Shaoxing International Convention and Exhibition Center Phase I Area B Project (紹興國際會展中心一期B區工程) . . . . .	2018	2022	2,261.0
Shaoxing Keqiao High-tech Industrial Park Infrastructure Supporting Project (紹興柯橋高新技術產業園區基礎設施配套工程項目) . . . . .	2015	2022	1,105.0
Reconstruction and Expansion Project of Keqiao Interchange on Hangzhou Bay Loop Highway (Hangyong Section) (杭州灣環線高速公路(杭甬段)柯橋互通改擴建工程) . . . . .	2018	2023	637.0
South Section of Ruanxing Road Project (阮型路南段) . . . . .	2018	2023	435.0
Pavement Overhaul Project of Keyan-Hutang Section of 104 Nanfu Route (104南複綫柯岩-湖塘段路面大修工程) . . . . .	2018	2022	239.0
Jianhu Yuge Fengqing Belt Project Phase II (鑾湖漁歌風情帶二期工程) . . . . .	2018	2022	150.0
Golf Road West Extension (高爾夫路西延) . . . . .	2018	2022	145.0

Note:

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

## Projects under Planning

As at 30 June 2021, the Group had two infrastructure construction projects under planning with a total estimated investment of approximately RMB1.3 billion. The following table sets forth details of the Group's infrastructure construction projects under planning as at 30 June 2021:

Project	Estimated Year of Commencement	Estimated Year of Completion	Total Estimated Investment <sup>(1)</sup> (RMB in millions)
Reconstruction Project of Fuquan Section of Yangshao Route (楊紹線福全段改建工程) . . . . .	2021	2023	1,000.0
Project of Hangzhou-Jinhua-Quzhou Connecting Route to Dongfu Route of 03 Provincial Road (杭金衢連接線接03省道東複綫) . . . . .	2021	2023	300.0

### Note:

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

## Transportation

### Overview

The Group's transportation business is a cross-sector operation involving passenger and cargo transportation and transportation infrastructure construction. The Group provides passenger and cargo transportation services through its subsidiaries Shaoxing Keqiao Passenger Transport Centre Co., Ltd. (紹興柯橋客運中心有限公司), Shaoxing City Keqiao District Hangqu Highway Connector Co., Ltd. (紹興市柯橋區杭衢高速公路連接線有限公司) and Shaoxing City Keqiao Public Bicycle Services Co., Ltd. (紹興市柯橋區公共自行車服務有限公司). The Group undertakes its transportation infrastructure construction business primarily through one subsidiary of the Company, Shaoxing City Keqiao District Transportation Investment Co., Ltd. (紹興市柯橋區交通投資有限公司) ("**Keqiao Transportation**").

For the years ended 31 December 2018, 2019 and 2020 and the six months ended 31 June 2020 and 2021, operating revenue generated from the Group's transportation business was RMB524.4 million, RMB42.0 million, RMB179.0 million, RMB20.8 million and RMB21.7 million, respectively, representing 8.9 per cent., 0.6 per cent., 2.8 per cent., 0.9 per cent. and 0.8 per cent. of the Group's total operating revenue for the same periods.

### Passenger and Cargo Transportation Service

The Group's passenger and cargo transportation business involves provision of public transportation services within Keqiao District and passenger and cargo transportation services within Zhejiang Province. For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, operating revenue generated from the Group's passenger and cargo transportation service was RMB21.4 million, RMB42.0 million, RMB69.7 million, RMB20.8 million and RMB21.7 million, respectively, representing 4.1 per cent., 100.0 per cent., 38.9 per cent., 100.0 per cent. and 100.0 per cent. of the operating revenue generated from the Group's transportation business for the same periods.

The Group has also continued to expand its presence in the transportation industry in Zhejiang Province by investing in transportation lines and entities within Keqiao District and Zhejiang Province, such as Textile City Transportation (輕紡城運輸), Shaoxing Bus (紹興公交), Shaojin Highway (紹金高速), Hangyong Railroad Co., Ltd. (杭甬鐵路有限責任公司) and Shaoxing City Keqiao District Hangqu Highway Connector Co., Ltd. (紹興市柯橋區杭衢高速公路連接線有限公司).

## ***Transportation Infrastructure Construction***

### *Overview*

The Group's transportation infrastructure construction business involves investment, construction, operation and management of transportation infrastructure within Keqiao District. The Group, through Keqiao Transportation, is responsible for the construction of municipal and transportation infrastructure such as roads, bridges, tunnels, water transportation centres and passenger transportation centres within Keqiao District. The Group's transportation infrastructure construction projects are primarily carried out under the self-operating model and the BT model. For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, operating revenue generated from the Group's transportation infrastructure construction business was RMB503.0 million, nil, RMB109.3 million, nil and nil, respectively, representing 95.9 per cent., nil, 61.1 per cent., nil and nil, of the total operating revenue generated from the Group's transportation business for the same periods. For the year ended 31 December 2019, the Group did not generate any operating revenue from its transportation infrastructure construction business primarily due to no project was completed for the year of 2019.

### *Business Model*

The Group adopts self-operating model, and is responsible for the financing and construction of the projects which are to be operated and maintained by the Group after completion. The Group has full ownership of the projects constructed under this model and is entitled to the profit generated from the operation of such projects. In addition, since maintenance costs in relation to the transportation facilities could from time to time exceed profits generated by these facilities, Keqiao District Finance Bureau provides government subsidies to the Group with reference to the actual maintenance fees and depreciation of the transportation facilities operated by the Group.

### *Project Description*

#### Completed Projects

As at 30 June 2021, the Group had completed one transportation infrastructure construction project, with a total investment of RMB4,495.0 million. The following table sets forth details of the completed transportation infrastructure construction project as at 30 June 2021:

<b>Project</b>	<b>Year of Commencement</b>	<b>Year of Completion</b>	<b>GFA</b>	<b>Total investment<sup>(1)</sup></b>
			<b>(sq.m. in thousands)</b>	<b>(RMB in millions)</b>
Project Shaoxing Binhai Industry Agglomeration — Road from Qianqing to Binhai Industrial Zone (紹興濱海產業集聚—錢清至濱海工業區公路) . . . . .	2014	2021	—	4,495.0

#### *Note:*

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

## Projects under Construction

As at 30 June 2021, the Group had eight transportation infrastructure construction projects under construction with an overall estimated investment of approximately RMB5,499.0 million. The following table sets forth particulars of the Group's transportation infrastructure construction projects under construction as at 30 June 2021:

Projects	Year of Commencement	Estimated Year of Completion	Total Estimated Investment <sup>(1)</sup>	Total Investment Incurred as at 30 June 2021	Business Model
(RMB in millions)					
31 Provincial Road North Extension (Keqiao District to Xiaoshan District) Project (31省道北延(柯橋區至蕭山區段)工程)	2016	2021	1,222.0	1,100.0	Self-Operating
Jingshui Road South Extension Project (鏡水路南延工程)	2018	2022	920.0	531.0	Self-Operating
Hangjinqu Highway Shaoxing Connector Road Surface Maintenance Project (Phase II) (杭金衢高速紹興連接線路面維修工程(二期))	2016	2021	141.0	107.0	Self-Operating

### Note:

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

## Other Businesses

The Group also conducts other businesses such as energy investment, tourism development, comprehensive finance service and culture media. For the years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2020 and 2021, operating revenue generated from the Group's other businesses was RMB615.1 million, RMB654.7 million, RMB699.1 million, RMB245.6 million and RMB365.0 million, respectively, representing 10.4 per cent., 10.2 per cent., 11.4 per cent., 11.1 per cent. and 13.3 per cent., respectively, of the Group's total operating revenue for the same periods.

### Energy Investment

The Group conducts energy investment business primarily through the Company's subsidiary, Shaoxing Keqiao Energy Investment Co., Ltd. (紹興市柯橋區能源投資有限公司).

### Tourism Development

The Group conducts tourism development business primarily through various subsidiaries, such as Shaoxing Keqiao Tourism Development Group Co. Ltd. (紹興市柯橋區旅遊發展集團有限公司), Shaoxing Keqiao Guzhen Anchang Protection Development Construction Co., Ltd. (紹興市柯橋區古鎮安昌保護開發建設有限公司), Keyan Urban Construction, Shaoxing Keqiao District Tourism Investment development Co. Ltd. (紹興市柯橋區旅遊投資發展有限公司), Shaoxing Kebei New Rural Construction Investment Development Co. (紹興柯北新農村建設投資開發有限公司), Shaoxing Keqiao Pingshui New Rural Construction Investment Co., Ltd. (紹興市柯橋區平水副城新農村建設投資有限公司) and Shaoxing Keqiao District Yangxunqiao Town Development Co., Ltd. (紹興市柯橋區楊汛橋城鎮開發有限公司).

### ***Comprehensive Finance Service***

The Group provides comprehensive finance service primarily through the Company's subsidiaries, namely, Shaoxing Keqiao Xinda Guarantee Co., Ltd. (紹興市柯橋區信達擔保有限公司), Shaoxing Keqiao Venture Capital Investment Management Co., Ltd. (紹興市柯橋區創業投資管理有限公司) and Shaoxing Finance Guarantee Co., Ltd. (紹興市融資擔保有限公司).

### ***Culture Media***

The Group conducts culture media business primarily through the Company's subsidiaries, such as Shaoxing Keqiao Education Investment Co. Ltd. (紹興市柯橋區教育投資有限公司) and Shaoxing Keqiao Sports Center Co. Ltd. (紹興市柯橋區體育中心有限公司).

## **ENVIRONMENT MATTERS**

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

## **INSURANCE**

The Group maintains insurance policies, which it believes to be consistent with the relevant law and industry and business practice in the PRC. The Group maintains insurance coverage in the types which it believes are commensurate with its risk of loss and industry practice. Consistent with what the Group believes to be customary practice in the PRC, it does not carry any business interruption insurance, key-man insurance or insurance covering potential environmental damage claims. Such insurance is not mandatory under the laws and regulations of the PRC, and such insurance is either unavailable in the PRC or requires substantial cost.

## **EMPLOYEES**

As at 30 June 2021, the Company had more than 5,000 full-time employees, more than 1,000 of which hold bachelor's degree or above. In accordance with the applicable regulations of local governments in regions where the Group has business operations, the Group makes contributions to its employee's social insurance, including the statutory pension plan, medical insurance, unemployment insurance, maternity insurance and workers' compensation insurance. The amount of contributions is based on the specified percentages of employees' aggregate salaries as required by relevant PRC authorities. The Group also makes contributions to an employee housing fund according to applicable PRC regulations. In addition to statutory contributions, the Group provides annual bonuses to employees. The Group enters into an employment contract with each of its employees in accordance with applicable PRC laws. Such contracts include provisions on wages, vacation, employee benefits, training programmes, health and safety, confidentiality obligations and grounds for termination.

## **GOVERNMENTAL REGULATIONS AND LICENSES**

The Group's operations are subject to a variety of laws and regulations promulgated by the governments in which it operates. See the section headed "*PRC Regulations*".

The Group believes that it is in compliance in all material respects with the applicable governmental regulations, rules and executive orders in each jurisdiction in which it operates. The Group is not aware of any governmental proceedings or investigations to which it might become a party and which may have a material adverse effect on its properties and operations.

The Group maintains regular communication with local governments and regulatory authorities through its management team or representatives, ensuring compliance with the requirements and conditions for obtaining and maintaining the aforementioned licenses, concessions, permits, or certificates.

## **LEGAL PROCEEDINGS**

From time to time, the Company, together with its subsidiaries, may be involved in legal proceedings or other disputes in the ordinary course of its business. See also "*Risk Factors — Risk Relating to the Group's Business — The Group may be involved in disputes, legal and other proceedings arising out of its operations from time to time and may face significant liabilities as a result*".

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

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE GUARANTOR

### DIRECTORS

The board of directors of the Company consists of five members, including one chairman, one employee representative director and three directors. The board of directors of the Company is primarily responsible for, amongst other things, (i) reporting works to the shareholders and organise shareholders' meetings; (ii) executing resolutions passed by the shareholders; (iii) making decisions on the Company's plans in respect of its operations, financing, investments and provision of guarantees to third parties; (iv) formulating the Company's annual financial budget and final accounts; (v) formulating the Company's profit distribution and deficit-covering schemes; (vi) formulating schemes relating to the increase or reduction of registered capital of the Company; (vii) formulating schemes relating to the mergers, dissolutions or restructuring of the Company; (viii) making decisions on matters relating to the establishment of internal management framework of the Company; (ix) making decisions on hiring, dismissal and remuneration of the Company's general manager as well as finance controller and deputy general managers based on nomination by the general manager; (x) formulating the Company's fundamental management system. Each of the directors is nominated by Keqiao District Finance Bureau and elected and appointed by the shareholders of the Company, whereas the employee representative director is elected at the Company's employee representative meetings. Each of the directors serves for a term of three years, which is renewable upon re-election and re-appointment.

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

Name	Age	Position
Mr. YU Weiqiang (虞偉強) . . . . .	47	Chairman of the Board of Directors
Mr. LI Gang (李剛) . . . . .	42	Director and General Manager
Mr. YU Huiling (余慧嶺) . . . . .	46	Director and Deputy General Manager
Ms. LOU Jia (婁佳) . . . . .	38	Director
Mr. MENG Zhihui (孟智慧) . . . . .	33	Director

**Mr. YU Weiqiang (虞偉強)**, aged 47, is a member of the Communist Party of China (the "CPC") and has been the chairman of the board of directors of the Company since July 2021. Mr. Yu previously served as a deputy secretary (副書記) and a deputy director (副局長) of Shaoxing County Development and Reform Bureau (紹興縣發展和改革局) (currently known as Keqiao District Development and Reform Bureau (柯橋區發展和改革局)), a deputy director (副主任) of Shaoxing City Keqiao District Government Office (紹興市柯橋區政府辦公室), the director and general manager of ZheJiang China Light & Textile Industrial City Group Co., Ltd. (浙江中國輕紡城集團股份有限公司), the chairman of the board of directors of Kuaijishan Shaoxing Rice Wine Co., Ltd. (會稽山紹興酒股份有限公司), and a board director of Zhejiang Anji Wu Zhan Mao Wine Co., Ltd. (烏氈帽酒業有限公司). Mr. Yu holds a bachelor's degree and is qualified as a senior economist.

**Mr. LI Gang (李剛)**, aged 42, has been a director and general manager of the Company since July 2021. Mr. Li previously served as a staff member of the People's Government of Lanting Town, Shaoxing County (紹興縣蘭亭鎮人民政府), the director (主任) of the Civil Affairs and Politics and Law Office (民政政法辦公室), village instructor (駐村指導員), a staff member of the Organisation Division (組織處) of the CPC Shaoxing Municipal Committee Organisation Department (中共紹興市委組織部), the director of the Village and Township Construction Office (村鎮建設辦公室) and the Party and Government Office (黨政辦公室) of the People's Government of Lanting Town, Shaoxing County, the section chief (科長) of the General Section (綜合科) of the Shaoxing County State-owned Assets Management Committee Office (紹興縣國有資產管理委員會辦公室), a deputy director of Shaoxing County (Keqiao District) Letters and Calls Bureau (紹興縣(柯橋區)信訪局), a Party Committee member and a deputy general manager of Shaoxing City Keqiao District Tourism Development Company Limited (紹興市柯橋區旅遊發展有限公司) (currently known as Shaoxing City Keqiao District Tourism Development Group Co., Ltd. (紹興市柯

橋區旅遊發展集團有限公司)), the general manager of Zhejiang Keyan Beauty Spot Development Co., Ltd. (浙江柯岩風景區開發股份有限公司), the chairman of board of directors and the general manager of Shaoxing County Jianhu Hotel Co., Ltd. (紹興鑾湖大酒店有限公司), and a Party Committee member and a deputy general manager of Shaoxing City Keqiao District Tourism Development Group Co., Ltd. (紹興市柯橋區旅遊發展集團有限公司). Mr. Li holds a bachelor's degree.

**Mr. YU Huiling (余慧嶺)**, aged 46, has been a director and a deputy general manager of the Company since December 2021. Mr. Yu holds a bachelor's degree and is qualified as a senior accountant. Mr. Yu previously served as a deputy section chief of the Case Trial Section (案審辦) of Shaoxing County Finance (Local Taxation) Bureau (紹興縣財政(地稅)局), the section chief of the Inspection Section (檢查科) and successively a deputy director of the Auditing Bureau (稽查局) under the Local Taxation Bureau of Shaoxing County (紹興縣地方稅務局), and the section chief of the Enterprise (Administrative Asset Management) Section (企業(行政資產管理)科) of Shaoxing City Keqiao District Finance Bureau (紹興市柯橋區財政局). Mr. Yu is also a member of the CPC Committee and a deputy general manager of Shaoxing Keqiao District Financial Holding Co., Ltd. (紹興市柯橋區金融控股有限公司).

**Ms. LOU Jia (婁佳)**, aged 38, has been a director of the Company since July 2021. Ms. Lou previously served as a wealth manager (理財經理) of China International Trust and Investment Corporation Securities Company Limited (中信證券股份有限公司) and a Human Resources director (人事主管) of Hangzhou Denghu Network Technology Co., Ltd. (杭州燈虎網絡科技有限公司). Ms. Lou holds a master's degree and is qualified as an intermediate economist.

**Mr. MENG Zhihui (孟智慧)**, aged 33, has been a director of the Company since July 2021. Mr. Meng previously served as a staff member of Shaoxing City Keqiao District State-owned Assets Management Service Center (紹興市柯橋區國有資產管理服務中心) and a staff member of Fund Management Section (基金管理科) of Shaoxing City Keqiao District Finance Bureau. Mr. Meng holds a bachelor's degree and is qualified as an intermediate engineer.

## **SUPERVISORS**

The board of supervisors of the Company consists of five members, including one chairman, two employee representative supervisors and two supervisors. The board of supervisors is responsible for, amongst other things, (i) monitoring the Company's financials; (ii) overseeing conducts of the Company's directors and senior management personnel in performing their duties and making recommendations of dismissing the Company's directors and senior management personnel acting in contravention of laws, regulations, the Company's articles of association or shareholders' resolutions; (iii) requesting the Company's directors and senior management personnel to put in place remedial measures in circumstances where their conduct undermines the Company's interests; (iv) proposing suggestions to the shareholders of the Company; (v) initiating lawsuits against the Company's directors and senior management personnel in accordance with the relevant laws where appropriate. Each of the supervisors is nominated by Keqiao District Finance Bureau and elected and appointed by the shareholders of the Company, whereas the employee representative directors are elected at the Company's employee representative meetings. The chairman of the board of supervisors is elected by the Company's supervisors with majority votes. Each of the supervisors serves for a term of three years, which is renewable upon re-election and re-appointment. The Company's supervisors shall not bear a dual capacity as the Company's director or senior management personnel.

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

Name	Age	Position
Mr. XU Jinyu (徐金玉) . . . . .	49	Chairman of the Board of Supervisors
Ms. WANG Lin (王琳) . . . . .	29	Supervisor
Mr. SUN Zhangjin (孫張金) . . . . .	48	Employee Representative Supervisor
Ms. PAN Xiaoqin (潘曉琴) . . . . .	28	Employee Representative Supervisor
Ms. HONG Yanan (洪擘楠) . . . . .	41	Supervisor

**Mr. XU Jinyu (徐金玉)**, aged 49, has been the chairman of the board of supervisors of the Company since December 2021 and is also a member of the CPC Committee and the Secretary of Commission for Discipline Inspection of the Company. Mr. Xu holds a bachelor’s degree and is qualified as a senior economist. Mr. Xu previously served as a vice principal of Keqiao Primary School (柯橋小學), a cadre of Shaoxing County Education Bureau (紹興縣教育局), a deputy section chief of the Investigation Section (調研科) and successively the director of Legal Service Centre (法制服務中心) of the General Office (Legislative Affairs Office) of Shaoxing County People’s Government (紹興縣人民政府辦公室(法制辦公室)), and a deputy general manager of the Textile City Group. Mr. Xu also serves as a member of the CPC Committee, the chairman of the board of supervisors and the Secretary of Commission for Discipline Inspection of Shaoxing Keqiao District Financial Holding Co., Ltd.

**Ms. WANG Lin (王琳)**, aged 29, has been the chairman of the board of supervisors of the Company since July 2021. Ms. Wang previously served as a staff member of Finance Department (財務部) in the Company. Ms. Wang holds a bachelor’s degree and is qualified as an accountant.

**Mr. SUN Zhangjin (孫張金)**, aged 48, has been an employee representative supervisor of the Company since July 2021. Mr. Sun previously served as a driver of Shaoxing County Pingshui Town Government (紹興縣平水鎮人民政府) and a driver of Shaoxing City Bus Group No.3 Co., Ltd. (紹興市公交集團第三有限公司). Mr. Sun holds a college diploma.

**Ms. PAN Xiaoqin (潘曉琴)**, aged 28, is a member of the CPC and has been a supervisor of the Company since July 2021. Ms. Pan previously served as an audit assistant in the Shaoxing Zhongshen Certified Public Accountants’ Firm (紹興中審會計師事務所) and a staff member of finance department (融資部) of the Company. Ms. Pan holds a bachelor’s degree and is qualified as an accountant.

**Ms. HONG Yanan (洪擘楠)**, aged 41, has been a supervisor of the Company since July 2021. Ms. Hong previously served as a staff member of China Telecom Corporation Limited, Tongzhou Branch (中國電信通州分公司), and a staff member of Keqiao State-owned Assets Management Office (紹興市柯橋區國有資產管理委員會辦公室). Ms. Hong holds a bachelor’s degree and is qualified as an accountant.

## SENIOR MANAGEMENT

The Company’s senior management are appointed by the board of directors of the Company. The general manager of the Company is responsible for, amongst other things, (i) managing the Company’s production and operations as well as the execution of resolutions passed by the board of directors; (ii) implementing the Company’s annual operation plans and investment plans; (iii) establishing policies relating to the Company’s internal management framework; (iv) establishing the Company’s core management policies; (v) formulating the Company’s internal rules and regulations; (vi) making recommendations as to hiring or dismissal of the Company’s deputy general managers and finance controller; (vii) making decisions on hiring or dismissal of management personnel other than those who are hired or dismissed under the authority of the board of directors of the Company; and (viii) fulfilling other duties and responsibilities designated by the board of directors of the Company where necessary.

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

<b>Name</b>	<b>Age</b>	<b>Position</b>
Mr. LI Gang (李剛) . . . . .	42	General Manager
Mr. YU Huiling (余慧嶺) . . . . .	46	Deputy General Manager
Ms. FU Hongmei (傅紅梅) . . . . .	40	Chief Financial Officer

**Mr. LI Gang (李剛)**, aged 42, serves as the general manager of the Company. For Mr. Li’s biography, see “— *Directors*” above.

**Mr. YU Huiling (余慧嶺)**, aged 46, serves as the director and the deputy general manager of the Company. For Mr. Yu’s biography, see “— *Directors*” above.

**Ms. FU Hongmei (傅紅梅)**, aged 40, serves as the chief financial officer of the Company. Ms. Fu holds a bachelor’s degree and is qualified as an intermediate economist and assistant accountant. Ms. Fu previously served as a deputy manager (副經理) of the Risk Control Department (風險控制部) of Shaoxing City Keqiao District Xinda Guarantee Company Limited (紹興市柯橋區信達擔保有限公司), and a deputy manager of the Finance Department (財務部) of the Company. Ms. Fu holds a bachelor’s degree and is qualified as an intermediate economist and an assistant accountant.

## PRC REGULATIONS

*This section is a high-level overview of the PRC legal system and a summary of the principal PRC laws and regulations 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.*

### **The PRC Legal System**

The PRC legal system is based on the PRC Constitution and is made up of written laws, rules, regulations and local laws, regulations and policies, laws of Special Administrative Regions and laws resulting from international treaties entered into by the PRC Government. Court rulings do not constitute binding precedents. However, they are used for the purposes of judicial reference and guidance.

The National People's Congress of the PRC, or NPC, and the Standing Committee of the NPC are empowered by the PRC Constitution to exercise the legislative power of the State. The NPC has the power to amend the PRC Constitution and enact and amend basic laws of the PRC, including the laws relating to management. 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 authority 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 authority 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 Standing Committee of the NPC has the power to annul administrative rules, regulations, directives and orders.

At the regional level, the provincial and municipal congresses and their respective standing committees may enact local rules and regulations and the people's governments may promulgate administrative rules and directives applicable within their own administrative areas. These local laws 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. After gaining sufficient experience with experimental measures, the State Council may submit legislative proposals to be considered by the NPC or the Standing Committee of the NPC for enactment at the national level.

The PRC Constitution vests the power to interpret laws in the Standing Committee of the NPC. According to the Decision of the Standing Committee of the NPC Regarding the Strengthening of Interpretation of Laws (全國人民代表大會常務委員會關於加強法律解釋工作的決議) passed in June 1981, the Supreme People's Court, 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 laws is vested in the regional legislative and administrative bodies which promulgate such laws.

### **Main Regulatory Authorities and Contents of Supervision**

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

- Ministry of Housing and Urban-Rural Development of the People’s Republic of China (“**MOHURD**”) (formerly Ministry of Construction of the People’s Republic of China, “**MOC**”) and the competent local departments of MOHURD at various levels are responsible for the comprehensive supervision over the construction industry as well as the real estate development qualifications. Such management mainly includes: management on the competency and qualification of market players, approval and verification of the qualifications of various construction enterprises for access to market, examination and approval of occupational qualifications of individuals in the construction industry, supervision over and management on construction projects, and establishment of industrial standards, etc.
- Ministry of Transport of the People’s Republic of China (“**MOT**”) and the competent local departments of MOT at various levels are responsible for the construction projects of ports and highways nationwide.
- National Railway Administration of the People’s Republic of China (formerly Ministry of Railways, “**MOR**”) and the competent local departments of MOR at various levels are responsible for the railway construction projects nationwide. NDRC and the local development and reform commissions at various levels are responsible for the investment planning, examination and approval of city infrastructure construction projects.
- Ministry of Ecology and Environment of the People’s Republic of China (“**MEE**”, formerly Ministry of Environmental Protection of the People’s Republic of China and State Environmental Protection Administration, “**SEPA**”) and the competent local departments of environmental protection at various levels are responsible for the environmental protection management of construction projects.

## Major Laws and Regulations

### *Regulation on Fiscal Debts of Local Governments*

In accordance with Guidance on Further Strengthening Adjustment of Credit Structure to Promote Fast and Smooth Development of National Economy (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 PBOC and CBRC in March 2009, local governments are encouraged to establish financing platforms to issue financing instruments such as enterprise bonds and medium term notes. In order to strengthen the management of financing platforms and effectively prevent fiscal financial risks, the Notice on Strengthening Management of Financing Platform of Local Government (國務院關於加強地方政府融資平台公司管理有關問題的通知) (“**Circular 19**”) 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台公司發行債券行為有關問題的通知) (“**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 impact a financing platform’s issuance of enterprise bonds.

In September 2014, the State Council released the Opinion on Enhancing the Administration of Fiscal Debts of Local Governments (關於加強地方政府性債務管理的意見 (國發[2014]43號)) (“**Circular 43**”). Circular 43 aims at regulating the financing system of local government and three channels are presented. In accordance with Circular 43, financing platforms shall no longer serve the fiscal financing functions nor incur new government debts. Public interest projects may be funded by the government through issuing government bonds, since the Budget Law of the PRC, which took effect on 1 January 2015 and was then modified in 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, PBOC and the CBRC (財政部人民銀行銀監會關於妥善解決地方政府融資平台公司在建項目後續融資問題的意見) (“**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. For the loans to the projects under construction of financing platform companies, if the loan contracts with legal effect have been signed before 31 December 2014 and the loans have been granted but the contracts have not yet expired, banking financial institutions shall, under the premise of fully controlling risks and implementing credit conditions, continue to grant loans as agreed in the contracts, and shall not blindly call in loans in advance, delay or suspend the granting of loans.
- Regulate increment financing for projects under construction. Local governments at all levels shall pay close attention to the 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 capitals such as fiscal capital and social capital and ensure the continuation and completion of projects under construction. For the projects under construction of financing platform companies for which the loan amount in the contracts that have been signed fails to meet the construction needs, if it is suitable for them to adopt 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.

On 26 April 2017, the MOF, the NDRC, the Ministry of Justice, the PBOC, the CBRC and the China Securities Regulatory Commission jointly issued the Circular on Further Regulating the Debt Financing Behaviors of Local Government (關於進一步規範地方政府舉債融資行為的通知) (“**Circular 50**”). Circular 50 reaffirmed that local government debts shall only be incurred through the issuance of local government bonds within the quota approved by the State Council, and the local governments and their departments are not permitted to use any other means for debt financing.

On 11 May 2018, the NDRC and the MOF jointly issued the Circular of the National Development and Reform Commission and the Ministry of Finance on Improving the Market Restraint Mechanism and Taking Strict Precautions against Foreign Debt Risks and Local Debt Risks (國家發展改革委、財務部關於完善市場約束機制嚴格防範外債風險和地方債務風險通知) (“**Circular 706**”). According to Circular 706, any enterprise that intends to incur medium and long-term foreign debt is prohibited to include public schools, public hospitals, public cultural facilities, parks, public squares, office buildings of government departments and public institutions, municipal roads, non-toll roads, non-operating water conservancy facilities, pipe network facilities, other public assets and the land use rights of reserve land in its assets.

#### ***Regulation on the Issuance of Foreign Bonds***

Pursuant to the NDRC Circular, which was promulgated by NDRC and became effective on 14 September 2015, where PRC enterprises, overseas enterprises controlled by them or their overseas branches issue foreign debts, which are debt instruments of more than one year that are denominated in domestic currency or foreign currency with the capital repaid and interest paid as agreed, including bonds issued overseas and long and medium-term international commercial loans, the enterprises shall apply to NDRC for dealing with the formalities of record-filing and registration before issuance. NDRC shall decide to accept it or not within five working days upon the receipt of the application and provide the Record-filing and Registration Certification of Issuance of Foreign Debts by Enterprises within seven working days after acceptance. The enterprises shall submit the issuance information to NDRC within 10 working days of the end of issuance each time.

Pursuant to the Circular on Relevant Requirements of the Registration of the Application for the Issuance of Foreign Debts by Local State-owned Enterprises promulgated by the NDRC (《國家發展改革委辦公廳關於對地方國有企業發行外債申請備案登記有關要求的通知》發改辦外資〔2019〕666號) on 6 June 2019 and came into effect immediately (“**Circular 666**”), the issuance of foreign debt by local state-owned enterprises that undertake local government’s financing functions is limited to repaying medium and long-term external debts due within one year. The requirements in Circular 666 will be applicable to new applications for the issuance of foreign debts by local state-owned enterprises and will not affect proposed offerings which have already obtained the Enterprise Foreign Debt Pre-Issuance Registration Certificate (企業借用外債備案登記證明). However, as the Company has already obtained the Enterprise Foreign Debt Pre-Issuance Registration Certificate (企業借用外債備案登記證明) from the NDRC on 13 December 2021, prior to the promulgation and effective date of Circular 666, the implementation of Circular 666 is not expected to affect this Offering.

#### ***Qualification of Construction Enterprises***

In accordance with the Construction Law of the People’s Republic of China (中華人民共和國建築法) amended by Standing Committee of the National People’s Congress (the “**SCNPC**”) on 22 April 2011, 23

April 2019 and became effective on 23 April 2019, Regulations on Qualification Management of Construction Enterprises (建築業企業資質管理規定) promulgated by MOHURD on 22 January 2015 which became effective on 1 March 2015 and was amended on 22 December 2018, with the amended version becoming effective on the same date. Detailed Rules of Regulations on Qualification Management and Implementing Opinions of Qualification Standard of Construction Enterprises (建築業企業資質管理規定和資質標準實施意見) issued by MOHURD on 31 January 2015 and latest modified on 16 January 2020, Criterion for Qualification of Construction Enterprises (建築業企業資質標準) promulgated by MOHURD on 6 November 2014 which became effective on 1 January 2015, and Criterion for Premium Qualification of Construction General Contracting Enterprises (施工總承包企業特級資質標準) issued by MOC on 13 March 2007 and became effective on the same date, Provisions on the Management of Survey and Design Qualification of Construction Projects (建設工程勘察設計資質管理規定) promulgated by MOC on 26 June 2007 which became effective on 1 September 2007, and modified on 4 May 2015, 13 September 2016 and 12 December 2018. Detailed Rules of Provisions on the Management of Survey and Design Qualification of Construction Projects (建設工程勘察設計資質管理規定實施意見) issued by MOC on 21 August 2007 and became effective on the same date, and modified on 16 June 2016. Provisions on Qualification Management of Project Supervision Enterprises (工程監理企業資質管理規定) promulgated by MOC on 26 June 2007 and was amended on 4 May 2015, 13 September 2016 and 22 December 2018 and became effective on 22 December 2018, Detailed Rules of Provisions on Qualification Management of Project Supervision Enterprises (工程監理企業資質管理規定實施意見) issued by MOC on 31 July 2007 and modified by MOC on 16 June 2016, and became effective on the same date, as well as other relevant laws and regulations, enterprises engaging in the business of construction, survey, design and supervision of construction projects may only carry out construction activities within the scope of their qualification grade certificates.

In accordance with the Regulations on Qualification Management of Construction Enterprises, construction enterprises shall apply for their qualifications according to their assets, professionals, projects completed, and technical equipment. Qualifications of construction enterprises include the qualification of general contractor, the qualification of professional contractor and the qualification of construction labour service.

Any enterprise that has obtained the qualification of a general contractor may enter into a contract to undertake general contracting work for the whole project or main works. The enterprise undertaking the general contracting work may carry out the whole construction project by itself or subcontract the work other than the main work or the labour service to other construction enterprises that have requisite qualifications.

Any enterprise that has obtained the qualification of a professional contractor may undertake the professional work subcontracted by the general contractor or the professional work contracted by a construction unit. A professional contracting enterprise may carry out construction by itself or subcontract the labour service work to a labour service enterprise that has the corresponding qualification.

### ***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 SCNPC on 30 August 1999 which became effective on 1 January 2000 and was amended on 27 December 2017, with the amended version becoming effective on 28 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 in March 2017, March 2018, March 2019 with the amended version becoming effective on 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辦法) jointly promulgated by NDRC, MOC, MOR, MOT, Ministry of Information

Industry of the People's Republic of China, Ministry of Water Resources of the People's Republic of China, and Civil Aviation Administration of China in 8 March 2003 which became effective on 1 May 2003, and was amended in 11 March 2013, with the amended version becoming effective on 1 May 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 18 October 2000 was amended on 24 January 2017 and became effective on 1 May 2017, Provisions Projects Which Must Be Subject to Bidding (必須招標的工程項目規定) issued by NDRC on 27 March 2018 and became effective on 1 June 2018, and 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 which became effective on the same date and was amended in 28 September 2018, with the amended version becoming effective on the same date.

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 projects relating 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; projects using loans or aid funds of international organisations or foreign government, etc.

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 (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) issued by the Supreme People's Court on 25 October and became effective on 1 January 2005, if any project that is required to undergo a bidding process fails to go through the bidding process or the bid award is invalid, the construction contract for building projects shall become invalid.

### ***Quality Management***

Laws and regulations on project quality mainly include Construction Law of the People's Republic of China, Regulation on Quality Management of Construction Projects (建設工程質量管理條例) issued by the State Council on 30 January 2000, which became effective on the same date and was amended in October 2017, and April 2019 with the amended version becoming effective on 23 April 2019, Administrative Measures for Quality Management of Construction Project Survey (建設工程勘察質量管理辦法) amended by MOC on 22 November 2007 and became effective on the same date, and amended by MOHURD on 1 April 2021 which became effective on the same date. Interim Measures for the Administration of Quality Warranty Funds of Construction Projects (建設工程質量保證金管理暫行辦法) amended jointly by MOC and MOF on 20 June 2017 and became effective on 1 July 2017, Administrative Measures for Completion Acceptance Record of Building Construction and Municipal Infrastructure

Projects (房屋建築和市政基礎設施工程竣工驗收備案管理辦法) issued by MOHURD on 19 October 2009 and became effective on the same date, Measures for Quality Warranty of Building Construction Projects (房屋建築工程質量保修辦法) issued by MOC on 30 June 2000 and became effective on the same date, Provisions on the Administration of the Construction of Port Projects (港口工程建設管理規定) promulgated by MOT on 15 January 2018 and amended on 28 November 2019, which became effective on the same date, and Measures for Completion (Delivery) Acceptance of Highway Works (公路工程竣(交)工驗收辦法) promulgated by MOT on 31 March 2004 and became effective on 1 October 2004, and its Implement which became effective on 1 May 2010.

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

### ***Work Safety Management***

Major laws and regulations on work safety during the project contracting process include Work Safety Law of the People's Republic of China (中華人民共和國安全生產法) promulgated by the SCNPC on 29 June 2002 which became effective on 1 November 2002, and amended on 31 August 2014 which amendment became effective on 1 December 2014, and amended on 10 June 2021 which amendment became effective on 1 September 2021. Regulation on Work Safety Management of Construction Projects (建設工程安全生產管理條例) promulgated by State Council on 24 November 2003 which became effective on 1 February 2004, Regulation on Work Safety Licences (安全生產許可證條例) by State Council on 13 January 2004 and became effective on the same date, and amended on 18 July 2013 and 29 July 2014 which amendment became effective on the same date. Interim Regulation of Penalty and Fine on Regulation on Work Safety Accident Report and Investigation (《生產安全事故報告和調查處理條例》罰款處罰暫行規定) promulgated by State Council on 12 July 2007 which became effective on the same date, and amended on 1 September 2011 which amendment became effective on 1 November 2011, and amended on 2 April 2015 which amendment became effective on 1 May 2015, and Administrative Provisions on Work Safety Licences of Construction Enterprises (建築施工企業安全生產許可證管理規定) issued by MOC on 5 July 2004 and became effective on the same date and amended on 22 January 2015.

In accordance with the Work Safety Law of the People's Republic of China, Regulation on Work Safety Licences and other related regulations, the state implements the work safety license system to construction enterprises. Any enterprise failing to obtain the work safety license shall not carry out production activity. In accordance with the Regulation on Work Safety Management of Construction Projects, all the building, surveying, designing, construction and supervision units shall be responsible for the work safety of construction projects. For general contracting projects, the general contractor shall assume full responsibility for the work safety of the construction site, and the subcontractor shall be jointly liable for the work safety of the subcontracted portions of work.

### ***Environmental Protection Management***

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

amendment became effective on 1 October 2017, Administrative Measures for Environmental Protection Acceptance of Construction Projects upon Completion (建設項目竣工環境保護驗收管理辦法) promulgated by SEPA on 27 December 2001 which became effective on 1 February 2002 and amended on 22 December 2010 which amendment became effective on the same date and Interim Measures for Environmental Protection Acceptance of Construction Projects upon Completion (建設項目竣工環境保護驗收暫行辦法) promulgated by SEPA on 20 November 2017 and became effective on the same date.

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

### ***Environmental Protection***

The Environmental Protection Law (環境保護法), promulgated on 26 December 1989 by the SCNPC, which became effective on 26 December 1989, as amended on 24 April 2014, which amendment became effective on 1 May 2015, establishes the legal framework for environmental protection in the PRC. The environmental protection department of the State Council supervises environmental protection work in the PRC, and establishes national standards for the discharge of pollutants. Each of the local environmental protection bureaus is responsible for the environmental protection work within their respective jurisdictions.

#### *Air Pollution*

The Air Pollution Prevention Law (大氣污染防治法), promulgated on 29 April 2000 by the SCNPC, which became effective on 1 September 2000, and was amended on 26 October 2018, with the amended version becoming effective on the same date, establishes the legal framework for air pollution prevention in the PRC. The environmental protection department of the State Council formulates national air quality standards. Each of the local environmental protection bureaus is authorised to regulate air pollution within each of their respective jurisdictions by formulating more specific local standards, and may impose penalties for violation.

#### *Water Pollution*

The Water Pollution Prevention Law (水污染防治法), promulgated on 11 May 1984 by the SCNPC, which became effective on 1 November 1984, and amended on 15 May 1996, 28 February 2008 and 27 June 2017 which amendment became effective on 1 January 2018, establishes the legal framework for water pollution prevention in the PRC. The environmental protection department of the State Council formulates national waste discharge standards. Enterprises that discharge waste into water shall pay a treatment fee. Each of the local environmental protection bureaus is authorised to regulate water pollution within each of their respective jurisdictions by formulating more specific local standards, and may impose penalties for violation, including suspending operations.

#### *Noise Pollution*

The Noise Pollution Prevention Law (環境噪聲污染防治法), promulgated by the SCNPC on 29 October 1996, which became effective on 1 March 1997, and was amended on 29 December 2018 which amendment became effective on the same date, establishes the framework for noise pollution prevention in the PRC. Under the Noise Pollution Prevention Law, any person undertaking a construction, decoration or expansion project which might cause environmental noise pollution, shall prepare and submit an

environmental impact report to the environmental protection authority for approval. Facilities for prevention and control of environmental noise pollution shall be designed and approved by the environmental protection authority prior to the commencement of the project, and be built and put into use simultaneously with the project works. Facilities for prevention and control of environmental noise pollution may not be dismantled or suspended without the approval of the environmental protection authority.

### *Construction Projects*

The Environmental Impact Appraisal Law (環境影響評價法), promulgated by the SCNPC on 28 October 2002, which became effective on 1 September 2003 and was amended on 2 July 2016 which amendment became effective on 1 September 2016, and was amended on 29 December 2018 which amendment became effective on the same date, the Administration Rules on Environmental Protection of Construction Projects (建設項目環境保護管理條例), promulgated by the State Council on 29 November 1998, which became effective on 29 November 1998, and was amended on 16 July 2017 which amendment became effective on 1 October 2017, and the Measures for the Administration of Examination and Approval of Environmental Protection Facilities of Construction Projects (建設項目竣工環境保護驗收管理辦法), promulgated by the Ministry of Environmental Protection on 27 December 2001, which became effective on 1 February 2002 and was amended on 22 December 2010, require enterprises planning construction projects to engage qualified professionals to provide assessment reports on the environmental impact of such projects. The assessment report shall be filed with and approved by the relevant environmental protection bureau, prior to the commencement of any construction work. The construction project shall not commence operation, unless inspected and approved by the relevant environmental protection bureau.

### *Labour*

#### *Employment Contracts*

The Labour Contract Law (勞動合同法), promulgated by the SCNPC on 29 June 2007, which became effective on 1 January 2008 and was amended on 28 December 2012 and became effective on 1 July 2013, 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 SCNPC on 28 October 2010, which became effective on 1 July 2011 and was amended on 29 December 2018 which amendment became effective on the same date, the Interim Regulations on the Collection and Payment of Social Insurance Premiums (社會保險費徵繳暫行條例), promulgated by the State Council on 22 January 1999, which became effective on 22 January 1999, and amended on 24 March 2019, and Administrative Regulations on the Housing Provident Fund (住房公積金管理條例), promulgated by the State Council on 3 April 1999 which became effective on 3 April 1999 and amended on 24 March 2002, which amendment became effective on the same date, and was amended on 4 March 2019 which amendment became effective on the same date, 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 regarding Overseas Investment, Financing and Acquisition Activities**

### ***NDRC Supervision***

According to the Measures for the Administration of Overseas Investment of Enterprises (企業境外投資管理辦法) promulgated by the NDRC on 26 December 2017, the procedure of approval and filing shall be respectively applied to different overseas investment projects. Specifically, if the projects are related to the sensitive countries, regions or industries, regardless of the investment amount, the projects shall be subject to the approval of NDRC. If the projects are non-sensitive projects directly carried out by investors, the projects shall be subject to filing with the competent governmental body. Where an investor launches a large-scale non-sensitive project through an overseas company under its control, it shall submit a report form on the large-scale non-sensitive project through the network system prior to the implementation of the project, in order to inform NDRC of the relevant information.

Specifically, overseas investment projects directly carried out by enterprises under central management, or those directly carried out by local enterprises in which the amount of Chinese investment reaches or exceeds U.S.\$300 million shall be subject to the filing with NDRC. Those directly carried out by local enterprises in which the amount of Chinese investment is below U.S.\$300 million shall be subject to the filing with competent investment departments of the provincial government.

Investment projects to be carried out in Hong Kong and/or Macau shall be governed by the Measures for the Administration of Approval and Filing of Overseas Investment Projects.

Pursuant to the NDRC Circular, which was promulgated by NDRC and became effective on 14 September 2015, where PRC enterprises, overseas enterprises controlled by them or their overseas branches issue foreign debts, which are debt instruments of more than one year that are denominated in domestic currency or foreign currency with the capital repaid and interest paid as agreed, including bonds issued overseas and long and medium-term international commercial loans, the enterprises shall apply to NDRC for dealing with the formalities of record-filing and registration before issuance. NDRC shall decide to accept it or not within five working days upon the receipt of the application and provide the Record-filing and Registration Certification of Issuance of Foreign Debts by Enterprises within seven working days after acceptance. The enterprises shall submit the issuance information to NDRC within 10 working days of the end of issuance each time.

### ***MOFCOM Supervision***

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

An enterprise that intends to invest in a sensitive country or region or a sensitive industry shall apply for the verification by MOFCOM. “Sensitive countries and regions” mean those countries without a diplomatic relationship with the PRC, or subject to the UNSC sanctions or otherwise under the list of verified countries and regions published by MOFCOM from time to time. “Sensitive industries” mean those industries involving the products and technologies which are restricted from being exported, or affecting the interests of more than one country (or region). In accordance with the New Overseas Investment Rules, a central enterprise shall apply to MOFCOM for verification and MOFCOM shall,

within 20 working days after accepting such application, decide whether or not the verification is granted. For a local enterprise, it shall apply through the provincial department of commerce to MOFCOM for such verification. The provincial department of commerce shall give a preliminary opinion within 15 working days after accepting such local enterprise's application and submit all application documents to MOFCOM, while MOFCOM shall decide whether or not the verification is granted within 15 working days of receipt of such preliminary opinion from the provincial department of commerce. Upon verification, the Enterprise Overseas Investment Certificate shall be issued to the investing enterprise by MOFCOM.

Other than those overseas investments subject to MOFCOM verification as described above, all other overseas investments are subject to a filing procedure. The investing enterprise shall complete the filing form through the

Overseas Investment Management System, an online system maintained by MOFCOM and print out a copy of such filing form for stamping with the company chop, and then submit such stamped filing form together with a copy of its business licence, for filing at MOFCOM (for a central enterprise (中央企業)) or the provincial department of commerce (for a local enterprise) respectively.

MOFCOM or the provincial department of commerce shall accept the filing and issue the Enterprise Overseas Investment Certificate within three working days of receipt of such filing form.

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

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

### ***Foreign Exchange Administration***

According to Circular of SAFE on Further Improving and Revising the Foreign Exchange Control Policy on Direct Investment (國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知), corporations, enterprises or other economic organisations (domestic investors) that have been permitted to make outbound investment shall go through the procedures of registration to the Foreign Exchange Bureau (外匯管理機構). The Foreign Exchange Bureau shall issue the Foreign Exchange Registration Certificate (外匯登記證) for overseas direct investment or an IC card to the domestic institution. The domestic institution shall go through the formalities for outward remittance of funds for overseas direct investment at a designated foreign exchange bank by presenting the approval document issued by the department in charge of overseas direct investment and the Foreign Exchange Registration Certificate for overseas direct investment. The scope of foreign exchange funds for overseas direct investment of domestic institutions includes their own foreign exchange funds, domestic loans in foreign currencies in compliance with relevant provisions, foreign exchange purchased with Renminbi, material objects, intangible assets and other foreign exchange funds approved by the Foreign Exchange Bureaus for overseas direct investment. The profits gained from overseas direct investment of domestic institutions may be deposited in overseas banks and used for overseas direct investment.

## TAXATION

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

### **Hong Kong**

#### ***Withholding tax***

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

#### ***Stamp duty***

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

#### ***Estate duty***

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

### **PRC**

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

#### ***Enterprise Income Tax***

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

As at the date of this Offering Circular, the Issuer has not been notified or informed by the PRC tax authorities that it is considered as a PRC tax resident enterprise for the purpose of the EIT Law. However,

there can be no assurance that the Issuer will not be treated as a PRC tax resident enterprise under the EIT Law and related implementation regulations in the future. Pursuant to the EIT Law and its implementation regulations, any non-resident enterprise without an establishment within the PRC or whose income has no connection to its establishment inside the PRC must pay enterprise income tax on income sourced within the PRC, and such income tax must be withheld at source by the PRC payer. Accordingly, if the Issuer is treated as a PRC tax resident enterprise by the PRC tax authorities, the Issuer may be required to withhold income tax from the payments of interest in respect of the Bonds to any non-PRC Bondholder, and gain from the disposition of the Bonds may be subject to PRC tax, if the income or gain is treated as PRC-source. The tax rate is generally 10 per cent. for non-resident enterprise Bondholders and 20 per cent. in the case of non-resident individuals, subject to the provisions of an applicable tax treaty. The Issuer has agreed to pay additional amounts to Bondholders, subject to certain exceptions, so that they would receive the full amount of the scheduled payment, as further set out in the Terms and Conditions of the Bonds.

In addition, as the Guarantor is currently regarded as a PRC tax resident enterprise, if the Issuer is not able to make payments under the Bonds and the Guarantor fulfils the payment obligations under the Guarantee, the Guarantor must withhold PRC income tax on payments with respect to the interest accrued on the Bonds to non-resident enterprise holders generally at the rate of 10 per cent. (and possibly at a rate of 20 per cent. in the case of payments to non-resident individual holders), subject to the provisions of any applicable tax treaty.

#### ***Value-add Tax***

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

According to Circular 36, the entities and individuals providing the services within the PRC shall be subject to VAT. The services are treated as being provided within the PRC where either the service provider or the service recipient is located in the PRC. The services subject to VAT include the provision of financial services such as the provision of loans. It is further clarified under Circular 36 that the “loans” refers to the activity of lending capital for another’s use and receiving the interest income thereon. Based on the definition of “loans” under Circular 36, the issuance of Bonds is likely to be treated as the holders of the Bonds providing loans to the Issuer, which thus shall be regarded as financial services subject to VAT. Further, the payments of the interest and other interest like earnings may be subject to VAT at the rate of 6 per cent. in the event that the Guarantor is required to discharge its obligations under the Guarantee.

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

Circular 36 has been issued quite recently, 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 and the VAT reform detailed above, if the Issuer is regarded as a PRC tax resident enterprise, it shall withhold EIT (should such tax apply) from the payments of interest in respect of the Bonds for any non-PRC-resident Bondholder and the Issuer shall withhold VAT (should such tax apply) from the payments of interest in respect of the Bonds for any Bondholders located outside of the PRC.

However, in the event that the Issuer is required to make such a deduction or withholding (whether by way of EIT, VAT or otherwise), the Issuer has agreed to pay such additional amounts as will result in receipt by the Bondholders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required. For more information, see “*Terms and Conditions of the Bonds — Taxation*”.

### ***Stamp Duty***

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

## SUBSCRIPTION AND SALE

The Issuer and the Guarantor have entered into a subscription agreement with the Joint Lead Managers dated 9 March 2022 (the “**Subscription Agreement**”), pursuant to which and subject to certain conditions contained therein, the Issuer has agreed to sell to the Joint Lead Managers, and the Joint Lead Managers have agreed to, severally but not jointly, subscribe and pay for, or to procure subscribers to subscribe and pay for, the aggregate principal amount of the Bonds indicated in the following table:

<b>Joint Lead Managers</b>	<b>Principal amount of the Bonds to be subscribed</b>
	(U.S.\$)
Bank of China Limited . . . . .	76,000,000
Guosen Securities (HK) Capital Company Limited . . . . .	76,000,000
Dongxing Securities (Hong Kong) Company Limited . . . . .	76,000,000
Orient Securities (Hong Kong) Company Limited . . . . .	9,000,000
CLSA Limited . . . . .	9,000,000
Industrial Bank Co., Ltd. Hong Kong Branch . . . . .	9,000,000
CNCB (Hong Kong) Capital Limited . . . . .	9,000,000
Luso International Banking Limited . . . . .	9,000,000
Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch . . . . .	9,000,000
Bank of Communications Co., Ltd. Hong Kong Branch . . . . .	9,000,000
China International Capital Corporation Hong Kong Securities Limited . . . . .	9,000,000
<b>Total</b> . . . . .	<b>300,000,000</b>

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

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

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

In connection with the issue of the Bonds, the Stabilisation Manager or any person acting on behalf of the Stabilisation Manager may, to the extent permitted by applicable laws and regulations, over-allot the Bonds or effect transactions with a view to supporting the market price of the Bonds at a level higher than that which might otherwise prevail, but in so doing, the Stabilisation Manager or any person acting on behalf of the Stabilisation Manager shall act as principal and not as agent of the Issuer. However, there is no assurance that the Stabilisation Manager or any person acting on behalf of the Stabilisation Manager will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Bonds is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Bonds and 60 days after the date of the allotment of the Bonds. Any loss or profit sustained as a consequence of any such over-allotment or stabilisation shall be for the account of the Stabilisation Manager.

## **General**

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

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

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

## **United States**

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

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

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

## **United Kingdom**

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

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

## **Hong Kong**

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

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

## **The People’s Republic of China**

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

## **Singapore**

Each of the 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 and agreed that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the 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 Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

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

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interests (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except:

- (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.

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

## **Japan**

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

## **SUMMARY OF CERTAIN DIFFERENCES BETWEEN PRC GAAP AND IFRS**

The consolidated financial statements of the Guarantor included in this Offering Circular were prepared and presented in accordance with PRC GAAP. PRC GAAP is substantially in line with IFRS, except for certain modifications between PRC GAAP and IFRS. The following is a general summary of certain differences between PRC GAAP and IFRS on recognition and presentation as applicable to the Guarantor. The Guarantor 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 Guarantor, 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.

### **Government Grant**

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

Under IFRS, if an entity relocates for reasons of public interests, the compensation received shall be recognised in profit or loss.

### **Reversal of an Impairment Loss**

Under PRC GAAP, once an impairment loss is recognised for a long term asset (including investment property valued under cost model, long-term equity investments, fixed assets, intangible assets and goodwill, etc.), it shall not be reversed in any subsequent period.

Under IFRS, an impairment loss recognised in prior periods for an asset other than goodwill could be reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount due to reversal should not be more than what the depreciated historical cost would have been if the impairment had not been recognised.

### **Fixed Assets and Intangible Assets**

Under PRC GAAP, only the cost model is allowed.

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

### **Accounting year**

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

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

### **Format of financial statements and items presented**

PRC GAAP contains detailed requirements on the format of financial statements and the items to be presented.

IFRS sets out overall principles and minimum line items to be presented but does not prescribe the formats in detail.

### **Classification of expenses in the income statement/statement of comprehensive income**

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

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

### **Statement of cash flows**

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

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

### **Non-controlling interest/minority interest**

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

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

### **Borrowing costs eligible for capitalization**

Under PRC GAAP, all exchange differences arising from the retranslation of the principal and interest of a specific foreign currency borrowing are eligible for capitalization.

Under IFRS, borrowing costs eligible for capitalization include exchange differences arising from foreign currency borrowings only to the extent that they represent an adjustment to interest costs.

### **Land use rights**

Under PRC GAAP, the cost of acquiring a land use right is generally recognized as investment property, intangible assets (if held for own use) or inventories, depending on the use of the land.

Under IFRS, the cost of acquiring a land use right (or other leasehold interest in land) is generally recognized as an operating lease prepayment, and cannot be revalued. The only exception is where the land interest is eligible to be classified as investment property. There is diversity in practice as to whether the cost of land use rights (or other leasehold interests held under operating leases) is classified as inventory when the land interest is held for resale in the ordinary course of business.

**Related Party Disclosures**

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

Under IFRS, state-controlled companies are not treated as related parties.

## GENERAL INFORMATION

1. **Clearing Systems:** The Bonds have been accepted for clearance through Euroclear and Clearstream under ISIN XS2450979484 and Common Code 245097948, respectively.
2. **LEI:** The Issuer's Legal Entity Identifier is 8368006BOF97YNHYD074.
3. **Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue, execution, delivery and performance of its obligations under the Bonds, the Trust Deed and the Agency Agreement. The issue of the Bonds was authorised by a resolution of the board of directors of the Issuer dated 16 December 2021. The Guarantor has obtained all necessary consents, approvals and authorisations in connection with the giving and performance of its obligations under the Guarantee, the Trust Deed and the Agency Agreement. The giving of the Guarantee was authorised by a resolution of the board of directors of the Guarantor dated 3 August 2021.
4. **No Material and Adverse Change:** Except for those disclosed in this Offering Circular, there has been no material adverse change, or any development or event likely to involve a prospective change, in the condition (financial or other), prospects, properties, results of operations, business or general affairs of the Issuer, the Guarantor or the Group since 30 June 2021.
5. **Litigation:** None of the Issuer, the Guarantor or any other member of the Group is involved in any litigation or arbitration proceedings that the Issuer or the Guarantor believes are material in the context of the Bonds and the giving of the Guarantee, and so far as the Issuer and the Guarantor are aware, no such proceedings are pending or threatened.
6. **Reliance on Certificates:** Pursuant to the Terms and Conditions and the Trust Deed, the Trustee may rely conclusively without liability to Bondholders, the Issuer, the Guarantor or any other person on any report, confirmation, certificate or information from or any advice or opinion of any legal counsel, accountants, financial advisers, financial institution or any other expert, whether or not obtained by or addressed to it and whether or not their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely conclusively on any such report, confirmation, certificate, information, advice or opinion, in which event such report, confirmation, certificate, information, advice or opinion shall be binding on the Issuer, the Guarantor and the Bondholders.
7. **Available Documents:** Copies of the Trust Deed, the Agency Agreement and the Deed of Guarantee will be available for inspection from the Issue Date, following prior written request and proof of holding and identity to the satisfaction of the Trustee, at the principal office of the Trustee (being as at the Issue Date at 20/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong) currently from time to time, at all reasonable times during usual business hours (being 9:00 a.m. to 3:00 p.m.), so long as any Bond is outstanding.
8. **Financial Statements:** The Company's 2019 Consolidated Financial Statements, 2020 Consolidated Financial Statements and Reviewed Interim Consolidated Financial Statements, which are included elsewhere in this Offering Circular, have been audited or reviewed by Zhongshenzhonghuan Certified Public Accountants LLP, respectively, as stated in its audit reports or review report appearing herein.
9. **Listing of Bonds:** Application will be made to SEHK for the listing of and permission to deal in the Bonds by way of debt issues to Professional Investors only and such permission is expected to become effective on or about 17 March 2022.

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## REVIEW REPORT

ZHYZ [2021] No. 0300001

To the Board of Directors of Shaoxing Keqiao District State-owned Assets Investment and Management Group Co., Ltd.:

We have reviewed the accompanying financial statements of Shaoxing Keqiao District State-owned Assets Investment and Management Group Co., Ltd. (hereinafter referred to as "the Company"), which comprise the consolidated and the Company's balance sheets as at 30 June 2021, the consolidated and the Company's income statements, the consolidated and the Company's statements of cash flows and changes in owners' equity from January to June 2021, and notes to the financial statements. The management of the Company is responsible for the preparation of these financial statements, and our responsibility is to issue a review report on these financial statements based on our review work.

We conducted our review in accordance with Chinese Certified Public Accountants Review Standards No. 2101 - Financial Statements Review. Those Standards require that we plan and perform the review to obtain limited assurance about whether the financial statements are free from material misstatement. The review was mainly limited to inquire the relevant employees of the Company and perform the analytical procedures for financial data which provided less assurance than auditing. Since we did not conduct an audit, we shall not issue an audit opinion.

In accordance with our review, we have not noticed any events to make us believe that the accompanying financial statements did not present fairly, in all material respects, the consolidated and the Company's financial position as at 30 June 2021, and their financial performance and cash flows from January to June 2021, in conformity with Accounting Standard for Business Enterprises (generally accepted accounting principles in the People's Republic of China).

Zhongshen Zhonghuan Certified Public Accountants LLP



Certified Public Accountant



Certified Public Accountant



30 August 2021

## Consolidated Balance Sheet (Assets)

Consol. No. 1

Prepared by Shaoxing Keqiao District State-owned Assets Investment and Management Group Co., Ltd.

RMB

Assets	Note	30 Jun. 2021	1 Jan. 2021	31 Dec. 2020
<b>Current assets:</b>				
Cash and cash equivalents	VI 1	28,717,233,969.10	17,386,390,994.23	17,386,390,994.23
Trading financial assets				
Derivative financial assets				
Notes receivable				
Accounts receivable	VI 2	5,304,415,567.40	4,589,665,733.74	4,589,665,733.74
Receivables financing				
Prepayment	VI 3	2,056,279,304.89	2,992,831,773.67	2,992,831,773.67
Other receivables	VI 4	18,996,488,450.04	17,282,054,925.33	17,282,054,925.33
Inventory	VI 5	111,870,246,037.40	101,971,572,114.86	101,971,572,114.86
Contract assets				
Held-for-sale assets				
Non-current assets due within one year				
Other current assets	VI 6	2,585,251,318.14	2,386,371,199.92	2,386,371,199.92
Total current assets		169,529,914,646.97	146,608,886,741.75	146,608,886,741.75
<b>Non-current assets:</b>				
Debt investment				
Other debt investments				
Long-term receivables	VI 7	112,000,000.00	127,000,000.00	127,000,000.00
Long-term equity investment	VI 8	5,775,883,888.15	5,402,924,199.14	5,402,924,199.14
Other equity instrument investments	VI 9	10,451,197,254.74	9,319,547,342.35	9,319,547,342.35
Other non-current financial assets				
Investment property	VI 10	7,078,903,549.66	7,223,600,226.54	7,223,600,226.54
Fixed assets	VI 11	9,390,036,416.05	9,442,242,188.29	9,442,242,188.29
Construction in progress	VI 12	25,084,127,262.31	21,601,974,616.03	21,601,974,616.03
Productive biological assets				
Oil and gas assets				
Intangible assets	VI 13	1,300,251,107.56	1,289,190,658.61	1,289,190,658.61
Development expenditure				
Goodwill	VI 14	228,066,497.20	207,418,178.23	207,418,178.23
Long-term deferred expenses	VI 15	54,339,509.88	62,824,558.99	62,824,558.99
Deferred tax assets	VI 16	30,914,849.84	30,761,358.07	30,761,358.07
Other non-current assets	VI 17	2,933,187,257.56	3,839,743,831.94	3,839,743,831.94
Total non-current assets		62,438,907,592.95	58,547,227,158.19	58,547,227,158.19
Total assets		231,968,822,239.92	205,156,113,899.94	205,156,113,899.94

Legal Representative:

Chief Financial Officer:

Chief Accountant:



## Consolidated Balance Sheet (Liabilities and Owners' Equity)

Prepared by Shaoxing Kejiao District State-owned Assets Investment and Management Group Co., Ltd.

Consol. No. 1  
RMB

Liabilities and owners' equity	Note	30 Jun. 2021	1 Jan. 2021	31 Dec. 2020
<b>Current liabilities:</b>				
Short-term borrowings	VI 18	7,375,712,386.84	5,320,589,850.59	5,320,589,850.59
Trading financial liabilities				
Derivative financial liabilities				
Notes payable	VI 19	50,000,000.00	50,000,000.00	50,000,000.00
Accounts payable	VI 20	1,194,463,486.85	808,471,141.78	808,471,141.78
Advance from customers	VI 21	3,052,920,960.20	3,182,588,099.79	3,182,588,099.79
Contract liabilities	VI 22	870,244,765.00	589,132,494.28	589,132,494.28
Payroll payable	VI 23	47,799,242.69	73,479,545.93	73,479,545.93
Taxes and surcharges payable	VI 24	2,585,810,486.78	2,570,668,566.42	2,570,668,566.42
Other payables	VI 25	3,042,504,400.99	4,471,650,186.12	4,471,650,186.12
Held-for-sale liabilities				
Non-current liabilities due within one year	VI 26	26,536,755,688.19	30,254,299,431.85	30,254,299,431.85
Other current liabilities	VI 27	78,654,641.28	58,528,585.07	58,528,585.07
Total current liabilities		44,834,866,058.82	47,379,407,901.83	47,379,407,901.83
<b>Non-current liabilities:</b>				
Long-term borrowings	VI 28	52,203,300,928.91	40,473,235,072.16	40,473,235,072.16
Bonds payable	VI 29	55,047,812,978.39	40,077,173,778.05	40,077,173,778.05
Including: Preferred shares				
Perpetual bonds				
Lease liabilities				
Long-term payables	VI 30	11,428,951,788.61	13,051,740,330.20	13,051,740,330.20
Long-term payroll payable				
Accrued liabilities				
Deferred income	VI 31	316,286,976.37	369,402,720.79	369,402,720.79
Deferred tax liabilities	VI 16	635,803,299.94	332,365,124.05	332,365,124.05
Other non-current liabilities	VI 32	490,000.00	490,000.00	490,000.00
Total non-current liabilities		119,632,645,972.22	94,304,407,025.25	94,304,407,025.25
Total liabilities		164,467,512,031.04	141,683,814,927.08	141,683,814,927.08
<b>Owners' equity:</b>				
Paid-in capital	VI 33	80,000,000.00	80,000,000.00	80,000,000.00
Other equity instruments	VI 34	1,000,000,000.00	1,000,000,000.00	1,000,000,000.00
Including: Preferred shares				
Perpetual bonds				
Capital reserve	VI 35	47,145,306,818.88	44,240,671,210.30	44,240,671,210.30
Less: Treasury shares				
Other comprehensive income	VI 36	2,096,410,166.47	1,263,515,602.82	1,263,515,602.82
Special reserve				
Surplus reserve	VI 37	36,115,476.16	36,115,476.16	36,115,476.16
Retained earnings	VI 38	11,146,128,741.13	10,836,029,666.94	10,836,029,666.94
Total equity attributable to shareholders of the parent company		61,503,961,202.64	57,456,331,956.22	57,456,331,956.22
Minority interests		5,997,349,006.24	6,015,967,016.64	6,015,967,016.64
Total owners' equity		67,501,310,208.88	63,472,298,972.86	63,472,298,972.86
Total liabilities & owners' equity		231,968,822,239.92	205,156,113,899.94	205,156,113,899.94

Legal Representative:

Chief Financial Officer:

Chief Accountant:



# Consolidated Income Statement

Consol. No. 2

RMB

Prepared by Shaoxing Keqiao District State-owned Assets Investment and Management Group Co., Ltd.

Item	Note	Jan. - Jun. 2021	Jan. - Jun. 2020
I. Total operating revenues		2,753,585,821.70	2,208,672,204.38
Including: Operating revenues	VI 39	2,753,585,821.70	2,208,672,204.38
II. Total operating costs		3,243,381,141.04	2,925,381,239.97
Including: Operating costs	VI 39	2,238,434,801.16	1,929,789,465.92
Taxes and surcharges		110,646,022.55	178,532,138.08
Selling expenses		50,498,662.36	44,625,823.63
Administrative expenses		272,896,853.79	227,840,142.10
R&D expenses		2,301,488.69	5,239,155.78
Financial costs	VI 40	568,603,312.49	539,354,514.46
Including: Interest expenses		674,244,241.75	593,503,691.83
Interest income		112,973,587.17	71,273,831.08
Add: Other income	VI 41	688,705,913.21	727,787,196.14
Investment income ("-" means loss)	VI 42	251,762,798.98	205,020,525.07
Including: Income from investment in associates and joint ventures		25,271,721.88	31,274,879.05
Derecognized income of financial assets measured at amortized cost			
Net exposure hedging income ("-" means loss)			
Gains from changes in fair value ("-" means loss)			
Credit impairment loss ("-" means loss)	VI 43	1,143,123.16	-29,797,968.28
Impairment loss on assets ("-" means loss)	VI 44	3,216.80	
Gains from disposal of assets ("-" means loss)	VI 45	5,460,964.96	145,137.22
III. Operating profit ("-" means loss)		457,280,697.77	186,445,854.56
Add: Non-operating income	VI 46	20,443,274.88	2,630,778.18
Less: Non-operating expenses	VI 47	10,847,226.42	9,899,868.86
IV. Total profit ("-" means loss)		466,876,746.23	179,176,763.88
Less: Income tax expenses	VI 48	74,285,896.87	101,796,427.20
V. Net profit ("-" means net loss)		392,590,849.36	77,380,336.68
(I) Classification in accordance with going concern			
1. Net profit from continuing operations ("-" means net loss)		392,590,849.36	77,380,336.68
2. Net profit from discontinued operations ("-" means net loss)			
(II) Classification in accordance with attribution			
1. Attributable to owners of the parent company ("-" means net loss)		310,099,074.19	-5,691,311.46
2. Minority interest ("-" means net loss)		82,491,775.17	83,071,648.14
VI. Other comprehensive income after tax		828,203,338.50	-627,467,101.95
(I) Attributable to owners of the parent company		832,894,563.65	-440,576,681.49
A. Not reclassified subsequently to profit or loss		832,894,563.65	-440,576,681.49
Including: 1. Changes in net liabilities or assets by remeasurement of defined benefit plans			
2. Not reclassified subsequently to profit or loss under equity method			
3. Changes in fair value of other equity instrument investments		832,894,563.65	-440,576,681.49
4. Changes in fair value of the Company's own credit risks			
5. Other			
B. Reclassified subsequently to profit or loss			
Including: 1. Reclassified subsequently to profit or loss under equity method			
2. Changes in fair value of other debt investments			
3. The amount of financial assets reclassified to other comprehensive income			
4. Credit impairment provisions for other debt investments			
5. Cash flow hedging reserves			
6. Translation difference from foreign currency financial statements			
7. Other			
(II) Attributable to minority shareholders		-4,691,225.15	-186,890,420.46
VII. Total comprehensive income		1,220,794,187.86	-550,086,765.27
(I) Attributable to owners of the parent company		1,142,993,637.84	-446,267,992.95
(II) Attributable to minority shareholders		77,800,550.02	-103,818,772.32

Legal Representative:

Chief Financial Officer:

Chief Accountant:





## Consolidated Statement of Cash Flows

Prepared by Shaoying Keqiao District State-owned Assets Investment and Management Group Co., Ltd.

Consol. No. 3

RMB

Item	Note	Jan. - Jun. 2021	Jan. - Jun. 2020
<b>I. Cash flows from operating activities:</b>			
Cash received from sales and services		2,525,973,036.37	1,271,218,628.82
Tax refunds		-4,035,575.83	118,357,505.61
Other cash receipts relating to operating activities		2,465,563,149.15	7,231,865,645.20
Sub-total cash inflows from operating activities		4,995,571,761.35	8,621,441,779.63
Cash paid for goods and services		10,472,725,062.15	4,611,722,206.34
Cash paid to and on behalf of employees		333,314,006.87	302,174,174.16
Payment of taxes and surcharges		342,083,983.01	477,768,393.67
Other cash payments relating to operating activities		4,785,942,206.43	4,322,030,098.86
Sub-total cash outflows from operating activities		15,934,065,258.46	9,713,694,873.03
Net cash flows from operating activities		-10,938,493,497.11	-1,092,253,093.40
<b>II. Cash flows from investing activities:</b>			
Cash receipts from withdraw of investments		158,160,000.00	9,999,738.60
Cash received from investment income		139,797,837.46	60,059,491.37
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		7,782,453.08	162,044,140.88
Net cash received from disposal of subsidiaries and other business units			
Other cash receipts relating to investing activities		1,724,725,932.64	2,694,006,367.84
Sub-total cash inflows from investing activities		2,030,466,223.18	2,926,109,738.69
Cash paid for fixed assets, intangible assets and other long-term assets		2,774,165,059.32	4,060,646,999.29
Cash paid for investments		429,368,398.00	1,079,976,505.40
Net cash paid for acquiring subsidiaries and other business units			49,000,000.00
Other cash payments relating to investing activities		2,364,333,326.18	2,436,393,504.53
Sub-total cash outflows from investing activities		5,567,866,783.50	7,626,017,009.22
Net cash flows from investing activities		-3,537,400,560.32	-4,699,907,270.53
<b>III. Cash flows from financing activities:</b>			
Cash proceeds from investments by others		1,230,890,311.00	176,802,415.40
Including: Cash received by subsidiaries from minority shareholders' investments			5,000,000.00
Cash received from borrowings		45,821,300,655.35	19,904,153,305.00
Other cash receipts relating to financing activities		2,155,493,158.15	4,531,423,664.50
Sub-total cash inflows from financing activities		49,207,684,124.50	24,612,379,384.90
Cash repayments for debts		19,859,573,161.43	10,658,334,630.52
Cash payments for distribution of dividends, profit and interest expenses		3,121,447,297.65	2,320,125,018.11
Including: Dividends or profit paid by subsidiaries to minority shareholders			
Other cash payments relating to financing activities		579,926,670.30	190,021,800.77
Sub-total cash outflows from financing activities		23,560,947,129.38	13,168,481,449.40
Net cash flows from financing activities		25,646,736,995.12	11,443,897,935.50
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>			
<b>V. Net increase in cash and cash equivalents</b>			
Add: Opening balance of cash and cash equivalents		16,940,366,485.21	12,909,948,482.42
<b>VI. Closing balance of cash and cash equivalents</b>			
		28,111,209,422.90	18,561,686,053.99

Legal Representative:



Chief Financial Officer:



Chief Accountant:



## Consolidated Statement of Changes in Owners' Equity

Consol. No. 4  
RMB

Prepared by Shaoxing Keqiao Dyeing State-owned Assets Investment and Management Group Co., Ltd.

Jan. - Jun. 2021

Item	Equity attributable to the parent company										Total owners' equity	
	Public capital	Other equity instruments		Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Sub-total		Minority interests
		Perpetual bonds	Other equity instruments									
I. Balance at the end of the previous year: Add: Change in accounting policies Correction of previous accounting errors Business combination under common control (Other)	80,000,000.00	1,000,000,000.00	1,000,000,000.00	44,240,671,210.30		1,263,515,602.82		36,115,476.16	10,836,029,666.94	57,456,331,956.22	6,015,967,016.64	63,472,298,972.86
II. Increase / decrease during the current year ("+" means increase)	80,000,000.00	1,000,000,000.00	1,000,000,000.00	44,240,671,210.30		1,263,515,602.82		36,115,476.16	10,836,029,666.94	57,456,331,956.22	6,015,967,016.64	63,472,298,972.86
III. Total comprehensive income (II) Contribution and decrease of capital						832,894,563.65			310,099,074.19	4,047,629,246.42	-18,618,010.40	4,029,011,236.02
1. Capital contributed by owners						832,894,563.65			310,099,074.19	1,142,991,637.84	77,900,550.02	1,220,794,187.86
2. Capital paid in by holders of other equity instruments						2,904,635,608.58				2,904,635,608.58	-96,418,500.42	2,808,217,048.16
3. Share-based payment												
4. Other												
(III) Profit distributions												
1. Surplus reserve account												
2. Distribution to owners												
3. Other												
(IV) Transfer within owners' equity												
1. Capital reserve transferred to capital												
2. Surplus reserve transferred to capital												
3. Surplus reserve offsetting losses												
4. Retained earnings carried forward from changes in defined benefit plans												
5. Retained earnings carried forward from other comprehensive income												
6. Other												
(V) Special reserve												
1. Accrual for the current year												
2. Use for the current year												
(VI) Other												
IV. Balance at the end of the current year	80,000,000.00	1,000,000,000.00	1,000,000,000.00	47,145,306,818.93		2,096,410,166.47		36,115,476.16	11,146,128,741.13	61,493,961,202.64	5,997,349,006.24	67,491,310,208.88

Legal Representative:

Chief Financial Officer:

Chief Accountant:



## Consolidated Statement of Changes in Owners' Equity

Cancel No. 4  
RMB

Prepared by: Shuang Keqiao Diversified Assets Investment and Management Group Co., Ltd.

Jan. - Jun. 2020

Items	Equity attributable to the parent company										Total owners' equity
	Paid-in capital	Other equity instruments	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Sub-total	Minority interests	
I. Balance at the end of the previous year	80,000,000.00		38,799,380,997.12		1,571,974,277.86		33,537,500.85	10,387,383,600.90	50,672,276,176.73	5,391,988,083.87	56,264,264,260.60
Add: Change in accounting policies											
Correction of previous accounting errors											
Business combination under common control											
Other											
II. Balance at the beginning of the current year	80,000,000.00		38,799,380,997.12		1,571,974,277.86		33,537,500.85	-3,039,561.04	-3,039,561.04	5,391,988,083.87	-3,039,561.04
III. Increase / decrease during the current year ("+" : increase; decrease)		1,000,000,000.00	1,674,850,642.78		-440,576,681.49		10,384,343,839.86	10,384,343,839.86	10,869,216,015.69		56,261,224,699.56
(I) Total comprehensive income											
(II) Contribution and decrease of capital		1,000,000,000.00									
1. Capital contributed by owners		1,000,000,000.00									
2. Capital paid in by holders of other equity instruments											
3. Share-based payment											
4. Other											
(III) Profit distribution											
1. Surplus reserve accrued											
2. Distribution to owners											
3. Other											
(IV) Transfer within owners' equity											
1. Capital reserve transferred to casual											
2. Surplus reserve transferred to capital											
3. Surplus reserve offsetting losses											
4. Retained earnings carried forward from changes in defined benefit plans											
5. Retained earnings carried forward from other comprehensive income											
6. Other											
(V) Special reserve											
1. Accrued for the current year											
2. Use for the current year											
(VI) Other											
IV. Balance at the end of the current year	80,000,000.00	1,000,000,000.00	40,474,231,639.90		1,131,397,596.37		33,537,500.85	10,378,652,528.40	53,097,819,265.52	4,998,882,292.17	58,056,701,557.69

Legal Representative:

Chief Financial Officer:

Chief Accountant:

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## Balance Sheet (Assets)

No. 1

RMB

Prepared by Shaoxing Keqiao District State-owned Assets Investment and Management Group Co., Ltd.

Assets	Note	30 Jun. 2021	1 Jan. 2021	31 Dec. 2020
<b>Current assets:</b>				
Cash and cash equivalents		1,888,826,857.08	524,242,263.35	524,242,263.35
Trading financial assets				
Derivative financial assets				
Notes receivable				
Accounts receivable				
Receivables financing				
Prepayment				
Other receivables	XIII 1	692,061,015.65	500,177,284.29	500,177,284.29
Inventory				
Contract assets				
Held-for-sale assets				
Non-current assets due within one year				
Other current assets		5,994,833.24	5,957,392.54	5,957,392.54
<b>Total current assets</b>		<b>2,586,882,705.97</b>	<b>1,030,376,940.18</b>	<b>1,030,376,940.18</b>
<b>Non-current assets:</b>				
Debt investment				
Other debt investments				
Long-term receivables		27,025,155,562.86	24,775,000,000.00	24,775,000,000.00
Long-term equity investment	XIII 2	4,493,194,882.69	4,473,827,432.64	4,473,827,432.64
Other equity instrument investments		737,232,235.90	750,964,036.90	750,964,036.90
Other non-current financial assets				
Investment property				
Fixed assets		3,847,196.41	3,966,143.53	3,966,143.53
Construction in progress				
Productive biological assets				
Oil and gas assets				
Intangible assets				
Development expenditure				
Goodwill				
Long-term deferred expenses				
Deferred tax assets				
Other non-current assets				
<b>Total non-current assets</b>		<b>32,259,429,877.86</b>	<b>30,003,757,613.07</b>	<b>30,003,757,613.07</b>
<b>Total assets</b>		<b>34,846,312,583.83</b>	<b>31,034,134,553.25</b>	<b>31,034,134,553.25</b>

Legal Representative:



Chief Financial Officer:



Chief Accountant:





## Balance Sheet (Liabilities and Owners' Equity)

No. 1

Prepared by Shaoxing Kejiao District State-owned Assets Investment and Management Group Co., Ltd.

RMB

Liabilities and owners' equity	Note	30 Jun. 2021	1 Jan. 2021	31 Dec. 2020
<b>Current liabilities:</b>				
Short-term borrowings				
Trading financial liabilities				
Derivative financial liabilities				
Notes payable				
Accounts payable				
Advance from customers				
Contract liabilities				
Payroll payable		422,827.60	394,112.62	394,112.62
Taxes and surcharges payable		421,237.14	3,521,237.10	3,521,237.10
Other payables		326,276,795.63	397,837,974.19	397,837,974.19
Held-for-sale liabilities				
Non-current liabilities due within one year		5,995,480,563.89	9,664,504,166.67	9,664,504,166.67
Other current liabilities				
Total current liabilities		6,322,601,424.26	10,066,257,490.58	10,066,257,490.58
<b>Non-current liabilities:</b>				
Long-term borrowings				
Bonds payable		22,157,467,565.89	14,606,893,152.00	14,606,893,152.00
Including: Preferred shares				
Perpetual bonds				
Lease liabilities				
Long-term payables				
Long-term payroll payable				
Accrued liabilities				
Deferred income				
Deferred tax liabilities		47,318,480.65	50,751,430.90	50,751,430.90
Other non-current liabilities				
Total non-current liabilities		22,204,786,046.54	14,657,644,582.90	14,657,644,582.90
Total liabilities		28,527,387,470.80	24,723,902,073.48	24,723,902,073.48
<b>Owners' equity:</b>				
Paid-in capital		80,000,000.00	80,000,000.00	80,000,000.00
Other equity instruments		1,000,000,000.00	1,000,000,000.00	1,000,000,000.00
Including: Preferred shares				
Perpetual bonds		1,000,000,000.00	1,000,000,000.00	1,000,000,000.00
Capital reserve		4,402,843,559.19	4,432,843,559.19	4,432,843,559.19
Less: Treasury shares				
Other comprehensive income		375,915,892.89	386,214,743.64	386,214,743.64
Special reserve				
Surplus reserve		36,115,476.16	36,115,476.16	36,115,476.16
Retained earnings		424,050,184.79	375,058,700.78	375,058,700.78
Total owners' equity		6,318,925,113.03	6,310,232,479.77	6,310,232,479.77
Total liabilities & owners' equity		34,846,312,583.83	31,034,134,553.25	31,034,134,553.25

Legal Representative:

Chief Financial Officer:

Chief Accountant:





## Income Statement

No. 2

RMB

Prepared by Shaoying Keqiao District State-owned Assets Investment and Management Group Co., Ltd.

Item	Note	Jan. - Jun. 2021	Jan. - Jun. 2020
I. Total operating revenues			
Including: Operating revenues			
II. Total operating costs		-6,090,920.79	-2,808,712.69
Including: Operating costs			
Taxes and surcharges		108,841.90	38,841.05
Selling expenses			
Administrative expenses		2,714,612.17	430,394.70
R&D expenses			
Financial costs		-8,914,374.86	-3,277,948.44
Including: Interest expenses			
Interest income		8,917,785.00	3,281,794.83
Add: Other income			
Investment income ("-" means loss)	XIII 3	44,378,197.23	
Including: Income from investment in associates and joint ventures		2,838,354.97	
Derecognized income of financial assets measured at amortized cost			
Net exposure hedging income ("-" means loss)			
Gains from changes in fair value ("-" means loss)			
Credit impairment loss ("-" means loss)			-22,769.08
Impairment loss on assets ("-" means loss)			
Gains from disposal of assets ("-" means loss)			
III. Operating profit ("-" means loss)		50,469,118.02	2,785,943.61
Add: Non-operating income		2,158.81	0.03
Less: Non-operating expenses		500.00	
IV. Total profit ("-" means loss)		50,470,776.83	2,785,943.64
Less: Income tax expenses		1,479,292.82	-705,692.27
V. Net profit ("-" means net loss)		48,991,484.01	3,491,635.91
1. Net profit from continuing operations ("-" means net loss)		48,991,484.01	3,491,635.91
2. Net profit from discontinued operations ("-" means net loss)			
VI. Other comprehensive income after tax		-10,298,850.75	
A. Not reclassified subsequently to profit or loss		-10,298,850.75	
Including: 1. Changes in net liabilities or assets by remeasurement of defined benefit plans			
2. Not reclassified subsequently to profit or loss under equity method			
3. Changes in fair value of other equity instrument investments		-10,298,850.75	
4. Changes in fair value of the Company's own credit risks			
5. Other			
B. Reclassified subsequently to profit or loss			
Including: 1. Reclassified subsequently to profit or loss under equity method			
2. Changes in fair value of other debt investments			
3. The amount of financial assets reclassified to other comprehensive income			
4. Credit impairment provisions for other debt investments			
5. Cash flow hedging reserves			
6. Translation difference from foreign currency financial statements			
7. Other			
VII. Total comprehensive income		38,692,633.26	3,491,635.91

Legal Representative:

Chief Financial Officer:

Chief Accountant:





## Statement of Cash Flows

Prepared by Shaoxing Kejiao District State-owned Assets Investment and Management Group Co., Ltd.

No. 3  
RMB

Item	Note	Jan. - Jun. 2021	Jan. - Jun. 2020
<b>I. Cash flows from operating activities:</b>			
Cash received from sales and services			
Tax refunds			
Other cash receipts relating to operating activities		3,586,246,372.12	644,096,263.23
Sub-total cash inflows from operating activities		3,586,246,372.12	644,096,263.23
Cash paid for goods and services			
Cash paid to and on behalf of employees		1,852,229.55	1,148,056.40
Payment of taxes and surcharges		4,566,172.77	38,841.01
Other cash payments relating to operating activities		5,546,325,843.21	218,401.63
Sub-total cash outflows from operating activities		5,552,744,245.53	1,405,299.04
Net cash flows from operating activities		-1,966,497,873.41	642,690,964.19
<b>II. Cash flows from investing activities:</b>			
Cash receipts from withdraw of investments			
Cash received from investment income		41,539,842.26	14,929,142.76
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			
Net cash received from disposal of subsidiaries and other business units			
Other cash receipts relating to investing activities			580,288,255.00
Sub-total cash inflows from investing activities		41,539,842.26	595,217,397.76
Cash paid for fixed assets, intangible assets and other long-term assets		21,987.00	251,520.37
Cash paid for investments		14,700,000.00	153,002,415.40
Net cash paid for acquiring subsidiaries and other business units			
Other cash payments relating to investing activities			2,326,000,000.00
Sub-total cash outflows from investing activities		14,721,987.00	2,479,253,935.77
Net cash flows from investing activities		26,817,855.26	-1,884,036,538.01
<b>III. Cash flows from financing activities:</b>			
Cash proceeds from investments by others			153,002,415.40
Cash received from borrowings		8,024,924,391.67	1,998,000,000.00
Other cash receipts relating to financing activities			
Sub-total cash inflows from financing activities		8,024,924,391.67	2,151,002,415.40
Cash repayments for debts		4,258,924,391.67	583,682,699.99
Cash payments for distribution of dividends, profit and interest expenses		461,735,388.12	
Other cash payments relating to financing activities			
Sub-total cash outflows from financing activities		4,720,659,779.79	583,682,699.99
Net cash flows from financing activities		3,304,264,611.88	1,567,319,715.41
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>			
<b>V. Net increase in cash and cash equivalents</b>			
Add: Opening balance of cash and cash equivalents		1,364,584,593.73	325,974,141.59
		524,242,263.35	251,527,161.35
<b>VI. Closing balance of cash and cash equivalents</b>			
		1,888,826,857.08	577,501,302.94

Legal Representative:



Chief Financial Officer:



Chief Accountant:



## Statement of Changes in Owners' Equity

Prepared by Shaoyang Keqiao District State-owned Assets Investment and Management Group Co., Ltd.

Jan. - Jun. 2021

Item	Paid-in capital	Other equity instruments		Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total owners' equity
		Perpetual bonds								
I. Balance at the end of the previous year	80,000,000.00	1,000,000,000.00	1,000,000,000.00	4,432,843,559.19		386,214,743.64		36,115,476.16	375,058,700.78	6,310,232,479.77
AM: Change in accounting policies										
Composition of previous accounting errors										
Other										
II. Balance at the beginning of the current year	80,000,000.00	1,000,000,000.00	1,000,000,000.00	4,432,843,559.19		386,214,743.64		36,115,476.16	375,058,700.78	6,310,232,479.77
(I). Increase / decrease during the current year ("+" means decrease)				-30,000,000.00		-10,298,850.75			48,991,484.01	8,692,633.26
(II). Total comprehensive income						-10,298,850.75			48,991,484.01	38,692,633.26
(I). Contribution and decrease of capital				-30,000,000.00						-30,000,000.00
1. Capital contributed by owners										
2. Capital paid in by holders of other equity instruments										
3. Share-based payment										
4. Other				-30,000,000.00						-30,000,000.00
(II). Profit distribution										
1. Surplus reserve accrued										
2. Distribution to owners										
3. Other										
(IV). Transfer within owners' equity										
1. Capital reserve transferred to capital										
2. Surplus reserve transferred to capital										
3. Surplus reserve offsetting losses										
4. Retained earnings carried forward from changes in defined benefit plans										
5. Retained earnings carried forward from other comprehensive income										
6. Other										
(V). Special reserve										
1. Accrual for the current year										
2. Use for the current year										
(VI). Other										
IV. Balance at the end of the current year	80,000,000.00	1,000,000,000.00	1,000,000,000.00	4,402,843,559.19		375,915,892.89		36,115,476.16	424,050,184.79	6,318,925,113.03

Chief Financial Officer:

Chief Accountant:

强虞印伟

海葛印红

印佳

Statement of Changes in Owners' Equity

Prepared by Shaoyang Kejiao District State-owned Assets Investment and Management Group Co., Ltd.

Item	Public capital	Other equity instruments		Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total owners' equity
		Perpetual bonds								
I. Balance at the end of the previous year	80,000,000.00			4,148,041,763.99		385,140,146.64		33,537,500.85	359,567,322.99	5,006,286,734.47
Add: Change in accounting policies										
Correction of previous accounting errors										
Other:										
II. Balance at the beginning of the current year	80,000,000.00			4,148,041,763.99		385,140,146.64		33,537,500.85	359,567,322.99	5,006,286,734.47
III. Increase / decrease during the current year ("+" means decrease)				-21,397,584.60					3,491,635.91	978,602,415.40
(I) Total comprehensive income									3,491,635.91	
(II) Contribution and decrease of capital										
1. Capital contributed by owners										
2. Capital paid in by holders of other equity instruments										
3. Share-based payment										
4. Other										
(III) Profit distribution										
1. Surplus reserve accrued										
2. Distribution to owners										
3. Other										
(IV) Transfer within owners' equity										
1. Capital reserve transferred to capital										
2. Surplus reserve transferred to capital										
3. Surplus reserve offsetting losses										
4. Retained earnings carried forward from changes in defined benefit plans										
5. Retained earnings carried forward from other comprehensive income										
6. Other										
(V) Special reserve										
1. Accrual for the current year										
2. Use for the current year										
(VI) Other										
IV. Balance at the end of the current year	80,000,000.00	1,000,000,000.00		4,126,644,179.39		385,140,146.64		33,537,500.85	363,058,958.90	5,988,380,785.78

Legal Representative:

Chief Financial Officer:

Chief Accountant:



# NOTES TO THE FINANCIAL STATEMENTS

For the period from January to June 2021

(All amounts in RMB unless otherwise stated)

## **Important Notes:**

This report is prepared in Chinese and English. In the event of any discrepancy between two versions, the Chinese version shall prevail.

### **1 Company profile**

Shaoxing Keqiao District State-owned Assets Investment and Management Group Co., Ltd. (hereinafter referred to as “the Company”) was officially established on 21 August 1997 with the approval of Market supervision and Administration Bureau of Keqiao District, Shaoxing City and obtained the enterprise legal person business license with the unified social credit code of 91330621704498695D.

As of 30 June 2021, the Company’s registered capital was RMB 80 million and paid-in capital was RMB 80 million. Details of paid-in capital refer to Note VI 33.

#### **1. Registration address, type of organization and headquarters address of the Company**

Type of organization of the Company: Limited liability company (solely state-owned).

Registration address of the Company: 18<sup>th</sup> Floor, Public Service Building of Keqiao District, No. 1066, Huaqi Road, Keqiao District, Shaoxing City, Zhejiang Province.

Headquarters address of the Company: 18<sup>th</sup> Floor, Public Service Building of Keqiao District, No. 1066, Huaqi Road, Keqiao District, Shaoxing City, Zhejiang Province.

#### **2. The nature of the business and the main business activities of the Company**

The main business activities of the Company and its subsidiaries (hereinafter collectively referred to as “the Group”) include urban infrastructure construction and development, resettlement housing construction and demolition, market operation and management, transportation management, land development and consolidation, etc.

#### **3. The parent company and the ultimate controller of the Company**

The parent company and the ultimate controller of the Company is Finance Bureau of Keqiao District, Shaoxing City

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4. As of 30 June 2021, there were 157 subsidiaries of the Group included in the scope of consolidation, and details refer to Note VIII "Equity in other entities".

## **II Basis of preparation**

According to the actual events and transactions, the financial statements for the Group have been prepared on the basis of going concern and in accordance with the Accounting Standards for Business Enterprises - Basic Standard issued by the Ministry of Finance (issued by No. 33 Order from the Ministry of Finance and revised by No. 76 Order from the Ministry of Finance), 42 specific accounting standards, the guidelines for the application of enterprise accounting standards, the interpretation of enterprise accounting standards and other relevant regulations promulgated and amended on and after 15 February 2006 (hereinafter collectively referred to as "Accounting Standards for Business Enterprises"), as well as the disclosure provisions of "Rules for the Preparation and Reporting of Information Disclosure of Companies Offering Securities to the Public No. 15 - General Provisions on Financial Reporting" (Revised in 2014) issued by China Securities Regulatory Commission.

According to the relevant provisions of the Accounting Standards for Business Enterprises, the Group's accounting is carried out on the accrual basis. Except for some financial instruments, the financial statements are measured based on historical cost. If the asset is impaired, the corresponding impairment provision shall be made in accordance with the relevant regulations.

## **III Statement of compliance with the Accounting Standards for Business Enterprises**

The financial statements are in accordance with the requirements of the Accounting Standards for Business Enterprises, which have truly and completely presented the financial position of the Company and the Group as at 30 June 2021, their financial performance and cash flows for the period from January to June 2021, and other relevant information.

## **IV Significant accounting policies and accounting estimates**

According to the characteristics of actual production and operation and the provisions of relevant Accounting Standards for Business Enterprises, the Group has formulated a number of specific accounting policies and accounting estimates for bad debt provisions of receivables, depreciation of

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fixed assets, amortization of intangible assets, revenue recognition, and other transactions and events, and details refer to Note IV 9 "Financial instruments", Note IV 17 "Fixed assets", Note IV 20 "Intangible assets", Note IV 28 "Revenue" and other descriptions. The details of the significant accounting judgments and estimates made by the Management refer to Note IV 35 "Significant accounting judgments and estimates".

#### 1. Accounting period

The accounting period of the Group is divided into annual period and interim period. Interim accounting period refers to the reporting period shorter than a complete accounting year. The Group's accounting year adopts the Gregorian calendar year which begins on 1 January and ends on 31 December every year.

#### 2. Operating cycle

The normal operating cycle starts from the purchase of the assets used for processing to the realization of the cash and cash equivalents. The Group takes 12 months as an operating cycle and uses it as the standard for dividing the liquidity of assets and liabilities.

#### 3. Functional currency

Renminbi (RMB) is the currency used in the main economic environment in which the Group and its domestic subsidiaries operate. The Group and its domestic subsidiaries adopt RMB as the functional currency for accounting. The currency used by the Group in preparing the financial statements is RMB.

#### 4. Business combinations

Business combination refers to a transaction or event in which two or more separate enterprises are combined to form a reporting entity. Business combinations are divided into business combinations under common control and business combinations not under common control.

##### (1) Business combination under common control

A business combination under common control is a business combination in which the enterprises involved in the combination are ultimately controlled by the same party or parties before and after the combination, and the control is not temporary. For business combination under common control, the

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party that obtains control over the other enterprises in the combination on the combination date is the combining party, and the other enterprises in the combination are the combined party. Combination date refers to the date on which the combining party obtains control over the combined party.

The assets and liabilities that acquired by the combining party in a business combination shall be measured at their book value in the combined party on the combination date. The difference between the book value of net assets acquired by the combining party and the book value of the consideration paid for the combination (or total face value of the shares issued) shall be adjusted to capital reserve. If the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

The business combination costs that are directly attributable to the combination are recorded into the current profit and loss when they occur.

(2) Business combination not under common control

A business combination not under common control means that the enterprises involved in the combination are not ultimately controlled by the same party or parties before and after the combination. For business combination not under common control, the party that obtains control over the other enterprises in the combination on the acquisition date is the acquirer, and the other enterprises in the combination are the acquiree. Acquisition date refers to the date on which the acquirer obtains control over the acquiree.

For business combination not under common control, the cost of business combination is the aggregate of the fair value, on the acquisition date, of assets given, liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree. The audit fees, valuation and consulting fees, legal service fees and other administrative expenses incurred in the business combination shall be recognized in the current profit or loss when they occur. Commissions and other expenses incurred in the business combination for the issuance of equity or debt securities shall be included in the initial recognition amounts of equity or debt securities. Any contingent consideration involved shall be included in the combination cost according to its fair value on the acquisition date. If there is new or further evidence on the existing situation on the acquisition date emerging within 12 months after the acquisition date, the contingent consideration needs to be adjusted and the combination goodwill shall be adjusted accordingly. The combination cost incurred by the acquirer and the identifiable net assets obtained in the combination shall be measured at the fair value on the

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acquisition date. The difference of the combination costs higher than the fair value of the identifiable net assets obtained from the acquiree on the acquisition date shall be recognized as goodwill. If the combination costs are lower than the fair value of the identifiable net assets obtained from the acquiree, the acquirer shall review the measurement of the fair value of the identifiable assets, liabilities and contingent liabilities acquired as well as the combination costs; and if the combination cost is still lower than the fair value of the identifiable net assets of the acquiree obtained in the combination after the review, the difference shall be recorded into the current profit and loss.

For the deductible temporary difference of the acquiree that is being acquired and is not recognized on the acquisition date because the conditions for recognizing deferred tax assets are not met, it shall be recognized as the relevant deferred tax assets when the following conditions are met: (1) New or further evidence is obtained within 12 months after the acquisition date indicating that the relevant situation on the acquisition date already exists; (2) The economic benefits brought by the deductible temporary difference of the acquiree on the acquisition date are expected to be realized. In the meanwhile, the goodwill shall be reduced. If the goodwill is insufficient to be offset, the difference shall be recognized as the current profit and loss. In addition to the above situations, the deferred tax assets related to the business combination that are recognized shall be recorded into the current profit and loss.

For the business combination not under common control realized step by step through multiple transactions, it shall be determined whether the multiple transactions are identified as "package deal" in accordance with the "Notice on Issuing Interpretation of Accounting Standards for Enterprises No. 5 from the Ministry of Finance" (Cai Kuai [2012] No. 19) and the judgement criteria of "package deal" in the Article 51 of the "Accounting Standards for Business Enterprises No. 33 - Consolidated Financial Statements" (refers to Note IV 5 (2) "Preparation of consolidated financial statements"). If the multiple transactions are identified as "package deal", the accounting treatment refers to the previous paragraphs of this part and Note IV 15 "Long-term equity investment". If the multiple transactions are not identified as "package deal", accounting treatment shall be carried out differently in individual and consolidated financial statements:

① In individual financial statements, the sum of the book value of equity investment in the acquiree held by the acquirer before the acquisition date and the increase in the cost of equity investment shall be recognized as the initial investment cost. If the equity investment in the acquiree before the

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acquisition date involves the other comprehensive income, when disposing the investment, the other comprehensive income related to the investment shall be accounted for on the same basis as that of the acquiree's direct disposal of the relevant assets or liabilities (i.e., except for the corresponding share in the changes caused by the remeasurement of the net liabilities or net assets of the defined benefit plan by the acquiree in accordance with the equity method, the rest shall be transferred into the current investment income).

② In consolidated financial statements, equity investment in the acquiree held by the acquirer before the acquisition date shall be revalued at fair value on the acquisition date, and the difference between the fair value and the book value shall be recorded into the current investment income. If equity investment in the acquiree before the acquisition date involves other comprehensive income, the other comprehensive income related to the investment shall be accounted for on the same basis as that of the acquiree's direct disposal of the relevant assets or liabilities.

#### 5. Preparation of consolidated financial statements

##### (1) The scope of consolidated financial statements

The scope of consolidated financial statements shall be determined based on control. Control exists when the Group has all the following: power over the investee; exposure, or rights to variable returns from its involvement in the investee; and the ability to use its power over the investee to affect the amount of the investment returns. The scope of consolidation includes the Group and all subsidiaries. A subsidiary is an entity that is controlled by the Group.

The Group will reassess the relevant elements of the above-mentioned definition of control as a result of changes in relevant facts and circumstances.

##### (2) Preparation of consolidated financial statements

From the date of acquiring the subsidiary's net assets and actual control of production and operation decisions, the Group begins to include it in the scope of consolidation and exclude it from the scope of consolidation from the date of loss of actual control. For the disposed subsidiaries, the operating results and cash flows before the disposal date have been appropriately included in the consolidated income statement and consolidated statement of cash flows: for the subsidiaries disposed in the current period, the opening balance of the consolidated balance sheet shall not be adjusted. The operating results and cash flows of subsidiaries increased by business combinations not under common control after the

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acquisition date have been appropriately included in the consolidated income statement and consolidated statement of cash flows, and the opening balance and comparative amounts of the consolidated financial statements shall not be adjusted. The operating results and cash flows of subsidiaries increased by business combinations under common control from the beginning of the current period of combination to the date of combination have been appropriately included in the consolidated income statement and consolidated statement of cash flows, and the comparative amounts of the consolidated financial statements shall be adjusted at the same time.

For any difference in accounting policies and accounting periods between the Group and its subsidiaries, necessary adjustments shall be made based on accounting policies and periods of the Group when consolidated financial statements are prepared. Financial statements of subsidiaries acquired not under common control shall be adjusted based on the fair value of identifiable net assets defined on the acquisition date.

All significant transaction balances, transactions and unrealized profits within the Group are offset in the preparation of the consolidated financial statements.

The portion of a subsidiary's equity and net profit and loss that is not attributable to the Group are treated as minority interests and presented separately under the equity item and net profit item in the consolidated financial statements. The portion of net profit or loss of subsidiaries for the period attributable to minority interests shall be presented in the consolidated income statement below the net profit line item as minority interests. When the amount of loss for the current period attributable to the minority shareholders' portion exceeds the opening balance of owner's equity of the subsidiary attributable to the minority shareholders' portion, the excess shall be allocated against the minority interests in the consolidated financial statements.

When the Group loses control over a former subsidiary due to disposal of partial equity investment or other reasons, the remaining part of the equity investment shall be re-measured at fair value on the date when the control over the investee is lost. The sum of consideration received from disposal of the equity investment and the fair value of the remaining equity investment, deducting the net assets proportion of the former subsidiary calculated by original share percentage since the acquisition date shall be recorded into the investment income for the period when losing control. When the control is lost, the other comprehensive income related to the equity investment in former subsidiaries shall be accounted for on the same basis as that of the subsidiary's direct disposal of the relevant assets or

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liabilities. Subsequently, the remaining equity shall be measured in accordance with the "Accounting Standards for Business Enterprises No. 2 - Long-term Equity Investment" or "Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments", and details refer to Note IV 15 "Long-term equity investment" or Note IV 9 "Financial instruments".

If the Group disposes the equity investment in subsidiaries step by step through multiple transactions until losing the control, it is necessary to distinguish whether the transactions of disposing the equity investment in subsidiaries until losing the control is a package deal. When the parent company disposes the equity investment of its subsidiary and the trade terms, conditions and economic impact satisfy one or more of the following conditions, multiple transactions shall be accounted for as a package deal: a) These deals are concluded at the same time or under the conditions of considering the impact on each other; b) These transactions shall be bundled as a whole to achieve a complete business result; c) The occurrence of a deal depends on at least one of the other transactions; d) A deal is not economically feasible on its own but becomes economically feasible when combined with other deals.

If the transactions are not a package deal, the accounting treatment for each transaction shall be carried out in accordance with the above-mentioned accounting policies for "Partial disposal of long-term equity investment in subsidiary without losing control over the subsidiary" (details refer to Note IV 15 "Long-term equity investment") and "The loss of control of the subsidiary resulted from the disposal of partial equity investment in subsidiary or other reasons" (details refer to the previous paragraph) respectively. When various transactions to dispose the equity investment of a subsidiary by the parent company till losing control over the subsidiary are a package deal, they shall be accounted for as one transaction for disposal of the equity investment which results in the loss of control. However, before the control is lost, the difference between each disposal income and the corresponding share of net assets of the subsidiary shall be recognized into other comprehensive income in the consolidated financial statement, and then the difference shall be transferred into the current profit and loss when the control is lost.

#### 6. Classification of joint arrangement and accounting treatment for the joint operation

A joint arrangement is an arrangement in which two or more parties have joint control. Based on the rights enjoyed and obligations assumed by the Group in the joint arrangement, the Group classifies joint arrangements into joint operations and joint ventures. A joint operation refers to a joint

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arrangement in which the Group enjoys the assets related to the arrangement and assumes the liabilities related to the arrangement. A joint venture refers to a joint arrangement in which the Group only has rights to the net assets of the arrangement.

The investment in the joint venture shall be measured under the equity method in accordance with the relevant accounting policies described in the Note IV 15 (2) b "Long-term equity investment under equity method".

As a joint operator to the joint arrangement, the Group recognizes (a) its solely-held assets and solely-assumed liabilities, and its share of the jointly-held assets and jointly-assumed liabilities; (b) the revenue from the sale of its share of the joint operation outputs; (c) its share of the revenue from the sale of the joint operation outputs; and (d) its solely-incurred expenses and its share of expenses incurred jointly.

When the Group enters a transaction with a joint operation as a joint operator, such as a sale or contribution of assets (which does not constitute a business, the same below) or a purchase of assets, the Group recognizes gains and losses resulting from such a transaction only to the extent of the other parties' interests in the joint operation before the assets are sold to a third party. If the assets incurred any impairment losses in accordance with the regulations of "Accounting Standard for Business Enterprises No. 8 - Asset Impairment", the Group shall recognize the loss in full in case that the Group contributes or sells the assets to the joint operation; and the Group shall recognize the loss in proportion to its share in case that the Group purchases the assets from the joint operation.

#### 7. Recognition of cash and cash equivalents

Cash and cash equivalents consist of cash on hand and deposits that can be readily drawn on demand, and the short-term (normally matured within three months after purchase date), highly-liquid investment which is readily convertible into known amounts of cash, subject to an insignificant risk of fluctuation in value.

#### 8. Foreign currency transactions and translation

(1) The Group's any foreign currency transaction is converted into the reporting currency according to the approximate exchange rate of the spot exchange rate on the transaction date. However, the foreign currency exchange business or transactions involving foreign currency exchange incurred in the Group

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shall be converted into the amount of the functional currency according to the exchange rate adopted.

(2) Translation method for foreign currency monetary items and foreign currency non-monetary items

On balance sheet date, the monetary items denominated in foreign currencies are translated at the spot exchange rates on the balance sheet date. Foreign exchange gains and losses arising from the difference are recognized in current profit and loss, except that: ① The exchange differences arising from the special foreign currency borrowings related to the acquisition and construction of assets eligible for capitalization shall be treated in accordance with the principle of capitalization of borrowing costs; ② The exchange difference arising from the changes in other book balances except for amortized cost of the available-for-sale foreign currency monetary items shall be included in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates on the transaction dates. Non-monetary items denominated in foreign currencies that are stated at fair value are translated using the spot exchange rate on the date when the fair value is determined, the difference between the amount of functional currency after translation and the original amount of functional currency is treated as part of change in fair value (including change in exchange rate) and recognized in current profit and loss or other comprehensive income.

(3) Translations of financial statements in foreign currencies

The Group translates the financial statements of its foreign operation in accordance with the following methods: The asset and liability items in the balance sheets shall be translated at a spot exchange rate on the balance sheet date. Among the owner's equity items, except "retained earnings", others shall be translated at the spot exchange rate at the time when they occur. The income and expense items in the income statements shall be translated at the spot exchange rate on the transaction date; The opening balance of retained earnings for the current year shall be the closing balance of retained earnings for the prior year after the translation; The closing balance of retained earnings for the current year shall be calculated and listed according to the items of profit distribution after the translation; The difference between the asset items and the sum of the liability items and the owners' equity items after the translation, as a translation difference in foreign currency financial statements, shall be recognized as other comprehensive income. In case of disposal of overseas operation and loss of control, the translation difference in foreign currency financial statements listed in the owners' equity items in the

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balance sheet, which is related to the overseas operation, shall be transferred into the current profit and loss in full or in proportion to the disposal of the overseas operation.

Foreign currency cash flow shall be translated at the spot exchange rate on the date of cash flow incurred. The impact of exchange rate changes on cash is used as a reconciliation item and shall be separately presented in the statement of cash flows.

The amount at the beginning of the year and the actual amount of the prior year shall be presented in accordance with the translated amount of the financial statements for the prior year.

When disposing all the owners' equity of the Group's overseas operation or losing the control over the overseas operation due to the disposal of part of the equity investment or other reasons, the translation difference in foreign currency financial statements listed in the owners' equity items in the balance sheet, which is attributable to the owners' equity of the parent company related to the overseas operation, shall be transferred into the current profit and loss of disposal in full.

When the proportion of overseas operating interests is reduced but the control over the overseas operation is not lost due to the disposal of part of equity investment or other reasons, the translation difference of foreign currency financial statements related to the disposal part of overseas operation shall be attributed to minority interests and shall not be transferred into the current profit and loss.

When disposing part of the equity of an overseas operation as an associate or joint venture, the translation difference of foreign currency financial statements related to the overseas operation shall be transferred into the current profit and loss of disposal according to the disposal proportion of the overseas operation.

If there is a foreign currency monetary item that substantially constitutes a net investment in overseas operations, in the consolidated financial statements, the exchange difference arising from the change in the exchange rate shall be regarded as "Translation difference of foreign currency financial statements" to be recognized as other comprehensive income; when disposing of overseas operations, it shall be recorded into the current profit and loss of disposal.

#### 9. Financial instruments

The Group recognizes a financial asset or financial liability on its balance sheet when the Group becomes a contractual party of financial instrument.

##### (1) Classification, recognition and measurement of financial assets

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According to the business model of financial assets managed by the Group and the contractual cash flow characteristics of financial assets, the financial assets of the Group are classified into financial assets measured at amortized cost, and financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss.

Financial assets are measured at fair value at the time of initial recognition. For financial assets at fair value through profit or loss, the relevant transaction costs are directly included in the current profit and loss, and the relevant transaction costs of other categories of financial assets are included in their initial recognition amount. For accounts receivable or notes receivable arising from the sale of goods or the rendering of services do not contain significant financing components, the amount of consideration expected to be entitled to receive shall be treated as the initial recognition amount.

i. Financial assets measured at amortized cost

The business model of the Group's Management of financial assets is to collect contractual cash flows, and the contractual cash flow characteristics of this kind of financial assets are consistent with the basic lending arrangement, that is, the cash flow generated on a specific date is only the payment of the principal and the interest based on the outstanding principal amount. For such financial assets, the Group shall use the effective interest rate method to carry out subsequent measurement according to the amortized cost, and the gains or losses arising from amortization or impairment shall be included in the current profit and loss.

ii. Financial assets at fair value through other comprehensive income

The business model of the Group's Management of financial assets is to collect contractual cash flows and sell of financial assets, and the contractual cash flow characteristics of this kind of financial assets are consistent with the basic lending arrangement. Such financial assets are measured at fair value by the Group and their changes in fair value are included in other comprehensive income, but impairment losses or gains, exchange gains and losses and interest income calculated according to the effective interest rate method shall be included in the current profit and loss.

In addition, some non-tradable equity instrument investments are designated as financial assets at fair value through other comprehensive income by the Group. The Group shall record the relevant dividend income of such financial assets into the current profit and loss, and the changes of fair value into other comprehensive income. When the financial asset is derecognized, the accumulated gains or losses previously included in other comprehensive income will be transferred from other comprehensive

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income to retained earnings which shall not be included in the current profit and loss.

iii. Financial assets at fair value through profit or loss

Except for the above financial assets measured at amortized cost and financial assets at fair value through other comprehensive income, other financial assets are classified as financial assets at fair value through profit or loss. In addition, at initial recognition, in order to eliminate or significantly reduce accounting mismatches, some financial assets are designated as financial assets at fair value through profit or loss. For such financial assets, fair value shall be used for subsequent measurement, and all changes in fair value shall be included in the current profit and loss.

(2) Classification, recognition and measurement of financial liabilities

The Group's financial liabilities are classified as financial liabilities at fair value through profit or loss and other financial liabilities when they are initially recognized. For financial liabilities at fair value through profit or loss, relevant transaction costs are directly recorded into the current profit and loss. For the other financial liabilities, relevant transaction costs are included in the initial recognition amounts.

i. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include trading financial liabilities (including derivatives belonging to the financial liabilities) and financial liabilities designated by the Group as measured at fair value through profit or loss for the initial recognition.

Trading financial liabilities (including derivatives belonging to the financial liabilities) shall be subsequently measured at fair value, and except related to the hedge accounting, the gains or losses arising from changes in fair value of derivatives are directly included in the current profit and loss.

For financial liabilities designated to be measured at fair value through profit or loss, the changes in fair value caused by changes in credit risk of companies are included in other comprehensive income.

When such financial liabilities are derecognized, the accumulated changes in fair value caused by changes in credit risk of companies are transferred to retained earnings. Other changes in fair value are included in the current profit and loss. If the treatment of effects of changes in the financial liabilities' own credit risks in the above manner causes or expands the accounting mismatch in the profit or loss, the Group shall record all the gains or losses of such financial liabilities (including the impact amount of the change in the credit risk of the enterprise itself) into the current profit and loss.

ii. Other financial liabilities

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Except for the financial liabilities formed by the transfer of financial assets that do not meet the conditions for derecognition or continue to be involved in the transferred financial assets and financing guarantee contracts, other financial liabilities are classified as financial liabilities measured at amortized cost which shall be subsequently measured at amortized cost, and the gains or losses arising from derecognition or amortization shall be included in the current profit and loss.

(3) Determination and measurement of transfer of financial assets

The Group derecognizes financial assets when it meets one of the following conditions:

- ① The contractual right to receive the cash flow of the financial asset is terminated;
- 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; and
- 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 the control over the financial asset.

If the Group has neither transferred nor retained almost all risks and rewards of the ownership of the financial assets, and the Group has not given up the control over the financial assets, the relevant financial assets shall be recognized according to the degree of continuous involvement in the transferred financial assets, and the relevant liabilities shall be recognized accordingly. The degree of continuous involvement in the transferred financial assets refers to the risk level faced by the enterprise due to the change of the value of the financial assets.

If the overall transfer of financial assets meets the conditions for derecognition, the difference between the book value of the transferred financial assets and the sum of the consideration received due to the transfer and the accumulated changes in fair value originally included in other comprehensive income shall be included in the current profit and loss.

If the partial transfer of financial assets meets the conditions for derecognition, the book value of the transferred financial assets shall be apportioned according to its relative fair value between the derecognized part and the non-derecognized part, and the difference between the aforesaid book value apportioned and the sum of the consideration received due to the transfer and the accumulated changes in fair value originally included in other comprehensive income that should be apportioned to the derecognized part shall be included in the current profit and loss.

The Group needs to determine whether almost all risks and rewards on the ownership of the financial

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assets have been transferred when it sells the financial assets with recourse or transfers the financial assets held by endorsement. If almost all the risks and rewards in the ownership of the financial asset have been transferred to the transferee, the financial asset shall be derecognized; if almost all the risks and rewards in the ownership of the financial asset have been retained, the financial asset shall not be derecognized; if almost all the risks and rewards in the ownership of the financial asset have not been transferred nor retained, it shall continue to judge whether the enterprise retains the control of the asset and the accounting treatment shall be performed in accordance with the principles described in the preceding paragraphs.

#### (4) Derecognition of financial liabilities

Only when the prevailing obligations of a financial liability are relieved in all or in part, the recognition of the financial liability can be terminated in all or partly. Where the Group enters into an agreement with a creditor so as to substitute the existing financial liabilities by assuming a new financial liability, and if the contractual stipulations regarding the new financial liability is substantially different from that of the existing financial liability, it shall terminate the recognition of the existing financial liability and recognize the new financial liability at the same time.

Where the recognition of a financial liability is totally or partially terminated, the Group shall record the difference between the book value which has been terminated from recognition and the consideration which has been paid (including the non-cash asset which has been transferred out and the new financial liability which has been assumed) into the current profit and loss.

#### (5) Offsetting of financial assets and financial liabilities

When the Group has legal rights to offset the recognized financial assets and financial liabilities, and this kind of legal rights is currently executable, and the Group plans to settle in net amount, or realize the financial assets and settle the financial liabilities at the same time, financial assets and financial liabilities are presented in the balance sheet at the amount after offsetting each other. Otherwise, financial assets and financial liabilities are presented separately in the balance sheet, not offsetting each other.

#### (6) Methods for determining the fair value of financial assets and financial liabilities

Fair value is the price that would be received for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. If there is an active market for a financial instrument, the Group uses the quoted price in the active market to determine its fair

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value. The quoted price in the active market refers to the price that can be easily obtained from exchanges, brokers, industry associations, pricing service agencies, etc. on a regular basis, and represents the price of market transactions that occur in fair transactions. If there is no active market for a financial instrument, the Group uses valuation techniques to determine its fair value. Valuation techniques include reference to the prices used in recent market transactions by parties familiar with the situation and voluntary transactions, reference to the current fair value of other financial instruments that are substantially the same, discounted cash flow method, and option pricing models, etc. At the time of valuation, the Group adopts valuation techniques that are applicable under the current circumstances and are supported by sufficient available data and other information, selects input values consistent with the characteristics of the assets or liabilities considered by market participants in the transactions of relevant assets or liabilities, and uses relevant observable input values as much as possible. When the relevant observable input value cannot be obtained or is not feasible to be obtained, the non-input value shall be used.

(7) Equity instrument

Equity instruments refer to contracts that can prove the remaining equity of the Group's assets after deducting all liabilities. The Group's issuance (including refinancing), repurchases, sale or cancellation of equity instruments shall be treated as changes in equity. Transaction costs related to equity transactions are deducted from equity. The Group does not recognize changes in fair value of equity instruments.

The distribution of dividends (including the "Interests" generated by the instruments classified as equity instruments) during the period of existence of the Group's equity instruments shall be treated as profit distribution.

10. Impairment of financial assets

The financial assets that the Group needs to recognize the impairment loss are financial assets measured at amortized cost, debt instrument investments measured at fair value through other comprehensive income, and lease receivables, mainly including notes receivable, accounts receivable, other receivables, debt investments, other debt investments, long-term receivables, etc. In addition, for some financing guarantee contracts, the provision for impairment and the recognition of credit impairment loss are also made according to the accounting policies mentioned in this section.

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(1) The recognition method of impairment provision

Based on the expected credit loss, the Group accrues the impairment provision and recognizes the credit impairment loss according to the applicable expected credit loss measurement method (general method or simplified method) for each of the above items.

Credit loss refers to the difference between all contractual cash flows receivable and all cash flows expected to be collected which are both discounted by the Group at the original effective interest rate, that is, the present value of all cash shortages. Among them, for the financial assets purchased or generated by the Group with credit impairment, they shall be discounted according to the effective interest rate adjusted by credit.

The general method for the measurement of expected credit loss refers to the Group's assessment on each balance sheet date of whether the credit risk of financial assets (including other applicable items such as contract assets, the same below) has increased significantly since the initial recognition. If the credit risk has increased significantly since the initial recognition, the Group measures the loss provision based on the amount equivalent to the expected credit loss during the entire duration. If the credit risk has not increased significantly since the initial recognition, the Group measures the loss provision based on the amount equivalent to the expected credit loss within the next 12 months. When assessing the expected credit loss, the Group considers reasonable and reliable information including forward-looking information.

For the financial instrument with lower credit risk on the balance sheet date, the Group assumes that its credit risk has not increased significantly since the initial recognition, and chooses to measure the loss provision based on the expected credit loss within the next 12 months.

(2) Criteria for judging whether credit risk has increased significantly since the initial recognition

If the default probability of a financial asset in the expected duration determined on the balance sheet date is significantly higher than that in the expected duration determined at the initial recognition, it indicates that the financial asset's credit risk has increased significantly. Except for special circumstances, the Group adopts the change in default risk that occurs within the next 12 months as a reasonable estimate of the change in default risk that occurs in the whole duration to determine whether the credit risk has increased significantly since the initial recognition.

(3) Portfolio method for assessing expected credit risk based on portfolio

The Group separately evaluates credit risk for financial assets with significantly different credit risks,

such as: receivables from related parties; receivables in dispute with the other party or involving litigation and arbitration; receivables with obvious signs indicating that the debtor is likely to be unable to fulfill the repayment obligation, etc.

In addition to the financial assets that individually evaluate credit risk, the Group divides financial assets into different groups based on common risk characteristics and assesses the credit risk on a portfolio basis.

(4) Accounting treatment for impairment of financial assets

At the end of the reporting period, the Group calculates the estimated credit loss of various financial assets. If the estimated credit loss is greater than the current book value of the impairment provision, the difference shall be recognized as an impairment loss; if it is less than the current book value of the impairment provision, the difference shall be recognized as an impairment gain.

(5) Methods for determining credit losses of various financial assets

① Notes receivable

The Group measures the loss provision based on the amount equivalent to the expected credit loss amount within the entire duration for notes receivable. Notes receivables are divided into different portfolios based on their credit risk characteristics:

Item	Basis for determining portfolio
Bank acceptance bills	The acceptor is a bank with less credit risks.
Commercial acceptance bills	Divided into different portfolios based on credit risk characteristics of acceptors, which is the same as that of "Accounts receivable".

② Accounts receivable

For accounts receivable without significant financing components, the Group measures the loss provision based on the amount equivalent to the expected credit loss amount within the entire duration. For accounts receivable and leases receivable with significant financing components, the Group chooses to always measure the loss provision based on the amount equivalent to the expected credit loss amount within the duration.

Except accounts receivable with individual credit risk assessment, others are divided into different portfolios based on their credit risk characteristics:

Item	Basis for determining portfolio
Portfolio I: Receivables from government, state-owned	Accounts receivable from government, related parties and

Item	Basis for determining portfolio
enterprises and related parties	state-owned enterprises
Portfolio 2: Aging portfolio	Other accounts receivable except receivables in the portfolio 1, which takes the aging of receivables as the credit risk characteristic

③ Other receivables

Based on whether the credit risk of other receivables has increased significantly since the initial recognition, the Group adopts the amount equivalent to the expected credit loss within the next 12 months or the entire duration to measure the impairment loss. Except other receivables with individual credit risk assessment, others are divided into different portfolios based on their credit risk characteristics:

Item	Basis for determining portfolio
Portfolio 1: Receivables from government, state-owned enterprises and related parties	Receivable from government, related parties and state-owned enterprises
Portfolio 2: Deposit and margin	Deposit and margin
Portfolio 3: Aging portfolio	Other receivables except receivables in the portfolio 1 and portfolio 2

11 Receivables financing

Notes receivable and accounts receivable classified as those measured at fair value through other comprehensive income are listed as receivables financing for the part with a period of less than one year (including one year) from the date of acquisition; those with a period of more than one year from the date of acquisition are listed as other debt investments. Relevant accounting policies refer to Note IV 9 "Financial instruments" and Note IV 10 "Impairment of financial assets".

12. Inventory

(1) Classification of inventory

The Group's inventories include finished goods or products that are held-for-sale in the ordinary course of business, products in progress, and materials that will be used or consumed in the production of goods or rendering of service. They are specifically divided into land development costs, land to be developed, infrastructure projects, resettlement housing projects, goods in stock, agent construction and development costs, other construction projects, etc.

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(2) Pricing method for inventories acquired and delivered

The inventories acquired by the Group are initially measured at costs, which include purchase costs, conversion costs and other costs. The actual cost of inventories received and delivered is determined by the weighted average method.

Determination of net realizable value and method of provision for impairment of inventories

The net realizable value refers to the amount of the estimated selling price of the inventory minus the estimated cost to be incurred at the time of completion, the estimated selling expenses and the relevant taxes in daily activities. When determining the net realizable value of the inventory, it shall be based on the conclusive evidence obtained, considering the purpose of holding the inventory and the impact of events after the balance sheet date.

On the balance sheet date, the inventory is measured at the lower of cost and net realizable value. When the net realizable value is lower than the cost, the impairment provision on the inventory shall be made. The impairment provision on the inventory is usually made according to the difference between the cost of a single inventory item and its net realizable value.

After making the impairment provision on the inventory, if the factors that previously written down the value of the inventory have disappeared, resulting in the net realizable value of inventory higher than its book value, it shall be reversed within the amount of the original impairment provision on the inventory, and the reversed amount shall be included in the current profit and loss.

(3) The Group adopts perpetual inventory system for its inventory taking.

(4) Amortization method for low-value consumables and packages

Low-value consumables and packages are amortized by the one-off amortization method according to the actual situation when they are used.

13. Contract assets

The Group shall list the rights as contract assets in the balance sheet when the following conditions are satisfied: 1) the customer has not paid the contract consideration; 2) but the Group has fulfilled its performance obligations in accordance with the contract; 3) and it is not unconditional (that is, only depending on the passage of time) right to collect payments from the customer. The contract assets and liabilities under the same contract are presented in net amount, and the contract assets and liabilities under different contracts are not offset.

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The details of the determination method and accounting treatment method of expected credit loss of contract assets refer to Note IV 10 "Impairment of financial assets".

#### 14. Held-for-sale assets and asset groups

The Group mainly classifies a non-current asset or disposal group whose book value is recovered by selling (including non-monetary assets exchange with commercial substance, the same below) instead of being used continuously into a held-for-sale category. A non-current asset or disposal group is recognized as a held-for-sale category when all the following requirements are satisfied: 1) Based on the practice of selling such an asset or a disposal group in a similar transaction, it can be sold immediately under current conditions; 2) A sale is probable to happen, that is, the Group has already made a resolution on a sale plan and obtained a certain purchase commitment, and 3) it is expected that the sale will be completed within one year. Among them, a disposal group refers to a group of assets that are disposed of together as a whole through sale or other ways in a transaction, and the liabilities directly related to these assets transferred in the transaction. Where the asset group or portfolio of asset groups, which a disposal group belongs to, apportions the goodwill acquired in a business combination in accordance with the "Accounting Standards for Business Enterprises No. 8 - Asset Impairment", the disposal group shall include the goodwill allocated to the disposal group.

When the Group initially measures or re-measures a held-for-sale non-current asset or a held-for-sale disposal group on the balance sheet date, if the book value is higher than the net amount of fair value minus selling expenses, the book value shall be written down to the net amount of fair value minus selling expenses, and the written down amount shall be recognized as impairment loss on assets and included in the current profit and loss, meanwhile, the impairment provision of held-for-sale assets shall be made. For the amount of impairment loss on assets recognized for a held-for-sale disposal group, firstly, it shall be offset against the book value of the goodwill in the disposal group, and then offset against the book value of non-current assets in proportion according to the proportion of the book value of each non-current asset in the disposal group that is applicable to the measurement requirements of the "Accounting Standard for Business Enterprises No. 42 - Held-for-sale Non-current Assets, Disposal Group and Derecognition" (hereinafter referred to as "Held-for-sale Standards"). If the net amount of the fair value of the held-for-sale disposal groups minus the selling expenses increases on the subsequent balance sheet date, the amount previously written down shall be recovered

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and reversed within the amount of the impairment loss on assets recognized by the non-current assets applicable to the measurement requirements of Held-for-sale Standards after being classified as held for sale, and the reversed amount shall be recognized in the current profit and loss, which shall be increased in proportion according to the proportion of the book value of each non-current asset applicable to the measurement requirements of Held-for-sale Standards except for goodwill in the disposal group. The book value of goodwill that has been offset and the impairment loss on non-current assets that are applicable to the measurement requirements of Held-for-sale Standards before being classified as held for sale shall not be reversed.

Held-for-sale non-current assets or non-current assets in disposal groups are not subject to depreciation or amortization. Interests and other expenses related to the liabilities in the held-for-sale disposal groups continue to be recognized.

When non-current assets or disposal groups no longer meet the recognition conditions of held-for-sale category, the Group shall not continue to classify them as held for sale or shall remove non-current assets from held-for-sale disposal groups, and measure them according to the lower amount of the followings: (1) the book value before being classified as held for sale adjusted by the depreciation, amortization, or impairment that should have been recognized under the assumption that it is not classified as held for sale; (2) the recoverable amount.

#### 15. Long-term equity investment

Long-term equity investment refers to the long-term equity investment that the Group has control, joint control or significant influence on the investee. The long-term equity investment that the Group does not have control, joint control or significant influence on the investee shall be accounted for as a financial asset at fair value through profit or loss. If it is non trading, the Group can choose to designate it as a financial asset at fair value through other comprehensive income at the initial recognition. The details of its accounting policy refer to Note IV 9 "Financial instruments".

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

##### (1) Initial measurement

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If the long-term equity investment is obtained in business combination under common control, the initial cost of the investment is the book value of the share of the acquiree's equity in the consolidated financial statements of the ultimate controller at the acquisition date. The difference between cash paid, the book value of the non-monetary asset exchanged and the acquiree's liabilities assumed and the initial cost of the long-term equity investment should be adjusted to capital reserve. If the capital reserve is not sufficient for adjustment, retained earnings are adjusted respectively. If the acquirer issues equity securities as consideration, the initial cost is the book value of the share of the acquiree's equity in the consolidated financial statements of the ultimate controller at the acquisition date. Amount of share capital equal to the face value of the shares issued. The difference between initial cost of the long-term equity investment and the face value of shares issued shall be adjusted to capital reserve. If the capital reserve is not sufficient for adjustment, retained earnings are adjusted respectively. If the equity of the acquiree under common control is acquired step by step through multiple transactions, and the business combination under common control is ultimately formed, it shall be handled separately whether it is the "package deal": if it is the "package deal", each transaction shall be accounted for as a transaction obtaining the control; if it is not the "package deal", the share of the book value of the acquiree's equity in the consolidated financial statements of the ultimate controller on the date of combination shall be taken as the initial investment cost of the long-term equity investment. The difference between the initial investment cost of the long-term equity investment and the sum of the book value of the long-term equity investment before the combination plus the book value of the newly paid consideration for the shares on the combination date shall be adjusted to the capital reserve; if the capital reserve is insufficient to offset, the retained earnings shall be adjusted. For the equity investment held before the combination date, other comprehensive income accounted under equity method or recognized from available-for-sale financial assets shall not be accounted for temporarily.

For the long-term equity investment obtained from the business combination not under common control, the initial investment cost of the long-term equity investment shall be the combination cost on the acquisition date. The combination cost includes the sum of the assets paid by the acquirer, the liabilities incurred or undertaken, and the fair value of the issued equity securities. If the equity of the acquiree is acquired step by step through multiple transactions, and the business combination not under common control is ultimately formed, it shall be handled separately whether it is the "package deal": if

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it is the "package deal", each transaction shall be accounted as a transaction obtaining the control; if it is not the "package deal", the sum of the book value of the equity investment originally held by the acquiree plus the newly increased investment cost shall be taken as the initial investment cost of the long-term equity investment measured at cost. If the originally held equity is accounted for under equity method, the relevant other comprehensive income shall not be accounted for temporarily. If the originally held equity investment is an available-for-sale financial asset, the difference between its fair value and book value, as well as the accumulated changes in fair value originally included in other comprehensive income, shall be transferred into the current profit and loss.

The business combination costs that are directly attributable to the combination, such as audit fees, valuation fees, legal service fees and other administrative expenses are recognized in the current profit and loss when they occur.

For long-term equity investment obtained in any method other than business combination, other equity investment shall be initially measured at cost. The cost shall be determined respectively according to the actual cash purchase price paid by the Group, the fair value of equity securities issued by the Group, the value agreed in the investment contract or agreement, the fair value or original book value of assets exchanged in the exchange transaction of non-monetary assets, and the fair value of the long-term equity investment, etc. based on the different ways of obtaining the long-term equity investment. Expenses, taxes and other necessary expenses directly related to the acquisition of long-term equity investment are also included in the investment cost. If the additional investment can have a significant influence on the investee or implement joint control but does not constitute control, the cost of long-term equity investment shall be the sum of the fair value of the original equity investment determined in accordance with the "Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments" plus the cost of newly increased investment.

(2) Subsequent measurement

The equity method is used when the Group has joint control (except for joint operation) or significant influence over the investee enterprise. The cost method is used when the Group has control over the investee.

a) Long-term equity investment under cost method

The long-term equity investment under cost method shall be priced in accordance with the initial investment cost. Additional investment or recovered investment shall be adjusted to the cost of

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long-term equity investment. Unless the price or consideration actually paid of obtaining the investment includes cash dividends or profits that are declared but not yet paid, the current investment income shall be recognized according to the cash dividends or profits declared and paid by the investee

b) Long-term equity investment under equity method

For the long-term equity investment under equity method, when the initial cost of long-term equity investments exceeds the Group's interest in the fair value of identifiable net assets of the investee, the initial cost of the long-term equity investment shall not be adjusted; when the initial cost of long-term equity investments is less than the share of the fair value of identifiable net assets of the investee, the difference is charged to profit or loss for the current period and the cost of the long-term equity investment shall be adjusted accordingly.

After a long-term equity investment is acquired, the Group shall recognize its share of the investee's net profit or losses, as well as its share of the investee's other comprehensive income, as investment income or losses and other comprehensive income, and adjust the book value of the investment accordingly. The book value of long-term equity investment shall be reduced accordingly according to the profit or cash dividend declared to be distributed by the investee. If the investee's equity changes other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution, the book value of the long-term equity investment shall be adjusted accordingly and recorded into capital reserve. When confirming the share of the net profit and loss of the investee, the net profit of the investee shall be recognized after adjustment based on the fair value of all identifiable assets of the investee at the time of investment. When the accounting policies adopted by the investee are different from those adopted by the Group, the financial statements of the investee shall be adjusted and the investment income and other comprehensive income shall be recognized according to the Group's accounting policies. For transactions between the Group, associates and joint ventures, if the assets invested or sold do not constitute a business, the unrealized internal transaction profit and loss shall be offset according to the proportion attributable to the Group, and the investment profit and loss shall be recognized accordingly. However, if the unrealized internal transaction losses between the Group and the investee is classified as impairment loss of transferred assets, the loss shall not be offset. If the assets invested by the Group to a joint venture or an associate constitute a business, and the investor obtains long-term equity investment but does not obtain the control right, the fair value of the invested business shall be taken as the initial investment cost of the new long-term equity investment,

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and the difference between the initial investment cost and the book value of the invested business shall be included in the current profit and loss in full. If the assets sold by the Group to a joint venture or an associate constitute a business, the difference between the consideration obtained and the book value of the business shall be included in the current profit and loss in full. If the assets purchased by the Group from joint ventures or associates constitute a business, the accounting treatment shall be carried out in accordance with the "Accounting Standards for Business Enterprises No. 20 - Business Combination", and the gains or losses related to the transaction shall be recognized in full.

The net loss incurred by the investee shall be recognized based on the book value of the long-term investment and other investments essentially constituting the long-term equity of the investee till the book value is reduced to zero. In addition, if the Group has the obligation to undertake extra losses for the investee, it should recognize the accrued liabilities according to the expected obligations and record them in the current investment loss. Once the investee realizes net profit in the subsequent period, the Group starts recognizing its share of profits after the share of previously unrealized losses has been recovered.

For long-term equity investments in associates and joint ventures that the Group has held prior to the first implementation of the new accounting standards on 1 January 2019, if there is any equity investment debit difference related to the investment, the amount of straight-line amortization in the original remaining period shall be included in the current profit and loss.

c) Purchase of minority interests

In the preparation of consolidated financial statements, the difference between the newly increased long-term equity investment which is due to the purchase of minority equity and the share of net assets of the subsidiary calculated continuously from the acquisition date (or combination date) according to the newly increased shareholding ratio shall be adjusted to the capital reserve. If the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

d) Disposal of long-term equity investment

In the consolidated financial statements, the parent company disposes part of the long-term equity investment in the subsidiary without losing the control, and the difference between the disposal price and the amount of long-term equity investment in relation to its share of net asset in the subsidiary shall be included in the owners' equity; if the parent company disposes part of the long-term equity investment in the subsidiary, resulting in the loss of the control, it shall be treated in accordance with

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the relevant accounting policies described in Note IV 5 (2) "Preparation of consolidated financial statements".

For the disposal of long-term equity investment under other circumstances, the difference between the book value of the disposed equity and the price obtained shall be included in the current profit and loss.

For long-term equity investment measured under equity method, if the remaining equity after disposal is still measured under equity method, the other comprehensive income originally included in the owners' equity shall be accounted on the same basis as the investee's direct disposal of relevant assets or liabilities according to the corresponding proportion. The owners' equity recognized due to changes in the owners' equity of the investee other than net profit and loss, other comprehensive income and profit distribution shall be carried forward to the current profit and loss in proportion.

For long-term equity investment measured under cost method, if the remaining equity is still measured under cost method after disposal, the other comprehensive income recognized by equity method or determined from the recognition and measurement standard of financial instrument before obtaining the control over the investee shall be accounted on the same basis as the investee's direct disposal of relevant assets or liabilities, and shall be carried forward to the current profit and loss in proportion; The owners' equity recognized due to changes in the owners' equity of the investee other than net profit and loss, other comprehensive income and profit distribution under equity method shall be carried forward to the current profit and loss in proportion.

If the Group loses control in a subsidiary due to partial disposal of equity investment but can still exercise joint control or exert significant influence on the investee, the measurement of long-term equity investment shall be changed from the cost method to the equity method in an individual financial statements, and the remaining equity shall be deemed to be adjusted by equity method when it is acquired. If the remaining equity after disposal cannot exercise joint control or exert significant influence on the investee, it shall be accounted according to the relevant provisions of recognition and measurement standards of financial instruments, and the difference between the fair value and book value on the date of loss of control shall be included in the current profit and loss. Before the Group obtains the control over the investee, the other comprehensive income recognized by equity method or determined from the recognition and measurement standard of financial instrument shall be accounted on the same basis as the investee's direct disposal of relevant assets or liabilities when the control over

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the investee is lost. The owners' equity recognized due to changes in the owners' equity of the investee other than net profit and loss, other comprehensive income and profit distribution shall be carried forward to the current profit and loss when the control over the investee is lost. Among them, if the remaining equity after disposal is accounted by equity method, other comprehensive income and other owners' equity shall be carried forward in proportion; if the remaining equity after disposal is changed to be accounted according to the recognition and measurement standards of financial instruments, the other comprehensive income and other owners' equity shall be carried forward in full.

If the Group loses joint control or significant influence on the investee due to the disposal of part of equity investment, the remaining equity after disposal shall be accounted according to the recognition and measurement standards of financial instruments, and the difference between the fair value and book value on the date of losing joint control or significant influence shall be included in the current profit and loss. Other comprehensive income of the original equity investment recognized by the equity method shall be accounted on the same basis as the investee's direct disposal of relevant assets or liabilities when the equity method is ceased to be used. The owners' equity recognized by the investee due to changes in the owners' equity other than net profit and loss, other comprehensive income and profit distribution shall be fully transferred into the current investment income when the equity method is ceased to be used.

The Group disposes the equity investment in subsidiaries step by step through multiple transactions until the control is lost. If the above transactions are a package deal, each transaction shall be treated as a transaction to dispose the equity investment in subsidiaries and lose the control for accounting treatment. Before the loss of control, the difference between the price of each disposal and the book value of the long-term equity investment corresponding to the disposed equity shall be first recognized as other comprehensive income, and then transferred to the current profit and loss when the control is lost.

#### 16. Investment property

Investment property refers to the properties held for generating rent and/or capital appreciation or both, including: a) A land use right that is leased out; b) A land use right held and ready to transfer after appreciation; c) A building that is leased out.

In addition, for the vacant buildings held by the Group for operating lease, if the Board of Directors (or

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a similar institution) makes a written resolution to clearly indicate that they will be used for operating lease and the intention to hold will not change in the short term, they are also listed as investment property.

The initial measurement of the investment property shall be made at its cost. The subsequent expenditures related to the investment property shall be recognized as the cost when the following conditions are satisfied: a) It is probable that future economic benefits associated with the assets will flow into the Group; b) The cost of the assets can be measured reliably. Otherwise, they shall be recorded into the current profit and loss when they occur.

The Group shall use the cost model for subsequent measurement of the investment property, which shall be depreciated or amortized in the same way as houses and buildings or land use rights.

Details of the impairment test method and impairment provision method for investment property refer to Note IV 22 "Impairment of long-term assets".

When the Group has conclusive evidence that the use of property has changed either from self-use property or inventory to investment property or from investment property to self-use property, the book value before the conversion shall be the recording value of the property after the conversion.

When the purpose of investment property is changed to self-use, the investment property shall be converted into fixed assets or intangible assets from the date of change. When the purpose of the self-use property is changed to earn rent or capital appreciation, the fixed assets or intangible assets shall be converted into the investment property from the date of change. When a conversion occurs, if it is converted to the investment property measured by cost model, the book value before conversion shall be taken as the entry value after conversion; in case of conversion into the investment property measured by fair value model, the fair value on the conversion date shall be taken as the entry value after conversion.

When the investment property is disposed, or is permanently withdrawn from use, and it is expected that no economic benefits can be obtained from its disposal, the recognition of the investment property shall be terminated. The disposal income from the sale, transfer, scrap or damage of the investment property shall be included in the current profit and loss after deducting its book value and relevant taxes and surcharges.

#### 17. Fixed assets

(1) Recognition conditions of fixed assets

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others or for administrative purposes with useful life more than one year. A fixed asset shall be initially recognized at cost when the following conditions are satisfied: a) It is probable that future economic benefits associated with the assets will flow into the Group; b) The cost of the assets can be measured reliably. Fixed assets are initially measured at cost and considering the impact of estimated abandonment costs.

(2) Depreciation method for fixed assets

The fixed assets shall be depreciated by using the straight-line method within the useful life from the next month when the fixed assets reach the expected usable state. The useful life, estimated net residual value and annual depreciation rate of fixed assets are shown as follows:

Category	Depreciation method	Useful life (year)	Residual value rate (%)	Annual depreciation rate (%)
Houses and buildings	Straight-line method	8-50	0-5	12.50-1.90
General equipment	Straight-line method	3-10	0-5	31.67-9.50
Special equipment	Straight-line method	5-10	3-5	19.40-9.50
Transportation	Straight-line method	4-12	0-5	25.00-7.92
Road assets	Straight-line method	0-30	0	0-3.33
Pipes	Straight-line method	10-20	3-5	9.70-4.75
Other	Straight-line method	3-10	3-5	32.33-9.50

The estimated net residual value refers to the amount obtained by the Group from the disposal of the fixed assets after deducting the estimated disposal expenses, assuming that the expected useful life of the fixed assets has been completed and is in the expected state at the end of the useful life.

(3) Impairment test method and impairment provision method for fixed assets

Details of the impairment test method and impairment provision method for fixed assets refer to Note IV 22 "Impairment of long-term assets".

(4) Fixed assets acquired under finance lease

The Group identifies a lease of asset as finance lease when substantially all the risks and rewards incidental to legal ownership of the asset are transferred, and its ownership may or may not be transferred eventually. The depreciation method of fixed assets acquired under finance lease is

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consistent with that for depreciable assets owned by the Group. If the Group can reasonably confirm that it will obtain the ownership of leased asset at the end of lease term, the leased asset shall be depreciated during the useful life of the leased asset. If the Group cannot reasonably confirm that it will obtain the ownership of leased asset at the end of lease term, the leased asset shall be depreciated over shorter of the useful life of the leased asset and the lease term.

(5) Other information

Subsequent expenditure relating to a fixed asset, if the economic benefits related to the fixed asset are probable to flow in and their costs can be reliably measured, shall be included in the cost of the fixed asset and the book value of the replaced part shall be derecognized. Other subsequent expenditures shall be included in the current profit and loss when they occur.

When a fixed asset is in a disposal state or it is expected to produce no economic benefits through use or disposal, the recognition of the fixed asset shall be terminated. The difference of the disposal income from the sale, transfer, scrap or damage of fixed assets after deducting the book value and relevant taxes shall be included in the current profit and loss.

The Group reviews the useful life, estimated residual value and depreciation method of a fixed asset at the end of each financial year. If there are changes in useful life, estimated residual value and depreciation method, they shall be treated as changes in accounting estimates.

18. Construction in progress

Construction in progress is recorded at actual costs incurred which include all project expenditures incurred during the construction period, capitalized borrowing costs before the project reaches the expected usable status and other related costs, etc. The Group transfers construction in progress to fixed assets when the project reaches the expected usable status.

Details of the impairment test method and impairment provision method for construction in progress refer to Note IV 22 "Impairment of long-term assets".

19. Borrowing costs

Borrowing costs include interest on borrowings, amortization of discounts or premiums, auxiliary costs and exchange differences arising from foreign currency borrowings, etc. When the borrowing costs incurred by the Group can be directly attributable to the acquisition and construction or production of

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assets which are eligible for capitalization, it shall be capitalized and recorded into the costs of relevant assets when the following requirements are simultaneously met: a) The asset disbursements have already incurred; b) The borrowing costs have already incurred; c) The acquisition and construction or production activities which are necessary to prepare the asset for its intended use or sale have already started. When the qualified asset under acquisition and construction or production is ready for the intended use or sale, the capitalization of the borrowing costs shall be ceased. Other borrowing costs shall be recorded into the current profit and loss when they occur.

The amount of interest expenses actually incurred in the current period of a special borrowing after deducting the interest income from unused borrowing funds deposited in the bank or the investment income from temporary investment shall be capitalized. The capitalization amount of a general borrowing is the capitalization rate of the general borrowing used multiplied by the portion of the weighted average asset disbursement, which is calculated by deducting the special loan from the accumulative asset disbursements. The capitalization rate shall be calculated and determined based on the weighted average interest rate of the general borrowing.

During the period of capitalization, the foreign exchange differences on foreign currency specific borrowings shall be capitalized; exchange differences on foreign currency general borrowings shall be recorded into the current profit and loss.

Assets eligible for capitalization refer to assets such as fixed assets, investment property, inventories and other assets which need to go through the acquisition and construction or production activities for quite a long time to reach the intended use or status for sale.

Where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended, till the acquisition and construction or production of the asset restarts.

## 20. Intangible assets

### (1) Recognition and pricing of intangible assets

Intangible assets are identifiable non-monetary asset that are owned or controlled by the Group and are without physical substance.

An intangible asset is initially measured at its cost. Subsequent expenditure relating to an intangible asset, if the economic benefits related to the intangible asset are probable to flow in and their costs can

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be reliably measured, shall be included in the cost of the intangible asset. Other subsequent expenditures shall be included in the current profit and loss when they occur.

The acquired land use right is usually accounted for as an intangible asset. For self-development and construction of buildings such as factories, etc., the related land use right expenditures and building construction costs are accounted for as intangible assets and fixed assets respectively. For houses and buildings purchased, the relevant price shall be allocated between the land use rights and the buildings. If it is difficult to allocate them reasonably, all of them are treated as fixed assets.

Intangible assets with limited useful life shall be averagely amortized by the straight-line method within the expected useful life of the original value minus the estimated net residual value and the accumulated amount of the impairment provision accrued from the time they are available for use.

Intangible assets with uncertain useful life shall not be amortized.

At the end of the reporting period, for an intangible asset with limited useful life, the useful life and amortization method shall be reviewed, if there is any change incurred, it shall be treated as an accounting estimation change. In addition, for an intangible asset with uncertain useful life, the useful life shall be reviewed, if there is any evidence indicated that the duration of bringing economic benefits to the Group from an intangible asset is foreseeable, then estimate its useful life and amortize it in accordance with the amortization policy of intangible assets with limited useful life.

#### (2) Research and development expenses

The expenditure from the internal research and development project of the Group shall be classified as the expenditure in research stage and in development stage.

The expenditures in research stage shall be recorded into the current profit and loss when they occur.

The expenditures in development stage shall be recognized as intangible assets that should meet all the conditions as follows, otherwise shall be recorded into the current profit and loss:

- ① It is technically feasible to finish intangible assets for use or sale;
- ② It is intended to finish and use or sell the intangible assets;
- ③ The usefulness of methods for intangible assets to generate economic benefits shall be proved, including being able to prove that there is a potential market for the products manufactured by applying the intangible assets or there is a potential market for the intangible assets itself or the intangible assets will be used internally;
- ④ It is able to finish the development of the intangible assets, and able to use or sell the intangible

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assets, with the support of sufficient technologies, financial resources and other resources;

⑤ The development expenditures of the intangible assets can be reliably measured.

If it is impossible to distinguish the expenditure from the research stage or development stage, all the R&D expenditures incurred shall be recorded into the current profit and loss.

(3) Impairment test method and impairment provision method for intangible assets

Details of the impairment test method and impairment provision method for intangible assets refer to Note IV 22 "Impairment of long-term assets".

#### 21. Long-term deferred expenses

Long-term deferred expenses are defined as expenses incurred which should be recorded in the current period and subsequent periods with an amortization period of more than one year. The long-term deferred expenses shall be amortized using the straight-line method within the expected benefit period.

#### 22. Impairment of long-term assets

The Group assesses fixed assets, constructions in progress and intangible assets with limited useful life, investment property measured at cost model, long-term equity investment in subsidiaries, joint ventures and associates and other non-current non-financial assets for impairment at the balance sheet date. If there is any indication that an asset may be impaired, the Group should assess the asset for impairment and estimate the recoverable amount of the impaired asset. The Group shall conduct impairment tests each year on goodwill, intangible assets with uncertain useful life and intangible assets that not reach the usable status yet no matter whether indication that an asset may be impaired exists or not.

If the result of impairment test indicates that the book value of an asset is higher than its recoverable amount, impairment provision should be made and recorded into the impairment loss based on the difference. Recoverable amount is measured as the higher of an asset's fair value less disposal costs and the present value of estimated future cash flows. The fair value of the asset is determined according to the sales agreement price in the fair transaction; if there is no sales agreement but there is an active market for the asset, the fair value is determined according to the buyer's bid for the asset; if there is no sales agreement and an active market for the asset, the fair value of the asset is estimated based on the best information available. Disposal costs include legal expenses, relevant taxes and

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handling expenses related to the disposal of assets and direct expenses incurred to make the assets reach a saleable state. The present value of the expected future cash flow of the asset shall be determined according to the expected future cash flow generated in the process of continuous use and final disposal of the asset, and the appropriate discount rate shall be selected to discount the amount. If there is any indication that an asset may be impaired, the Group usually estimates its recoverable amount on an individual item basis. However, if it's not possible to estimate recoverable amount of the individual asset, the Group should determine the recoverable amount of the asset group which the asset belongs to. An asset group is the smallest group of assets that can independently generates cash inflows.

For the goodwill separately listed in the financial statements, during the impairment test, the book value of goodwill shall be allocated to the asset group or combination of asset groups expected to benefit from the synergistic effect of business combination. If the test results show that the recoverable amount of the asset group or asset group combination containing the allocated goodwill is lower than its book value, the corresponding impairment loss shall be recognized. The amount of impairment loss shall first offset the book value of goodwill allocated to the asset group or combination of asset groups, and then offset the book value of other assets in proportion according to the proportion of the book value of assets other than goodwill in the asset group or combination of asset groups.

Once impairment loss is recognized, it cannot be reversed in the subsequent financial periods.

#### 23. Contract liabilities

Contract liabilities refer to the obligation of the Group to transfer goods to customers for the consideration received or receivable from customers. If the customer has paid the contract consideration or the Group has obtained the unconditional right to receive payment before the Group transfers the goods to the customer, the Group shall, at the earlier point in time between the actual payment by the customer and the payment due, present the receipt or receivable as a contract liability. The contract assets and liabilities under the same contract are presented in net amount, and the contract assets and liabilities under different contracts are not offset.

#### 24. Employee benefits

Employee benefits include short-term employee benefits, post-employment benefits, termination

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benefits and other long-term employee benefits.

Short-term employee benefits include salary, bonus, allowance & subsidy, employee welfare, medical insurance, work-related injury insurance, maternity insurance, housing fund, union funds & employee education expenses and non-monetary welfares, etc. The actual short-term employee benefits shall be recognized as the debt during the accounting period when the employees provide service and included in the current profit and loss or the cost of relevant assets, and the non-monetary welfare shall be measured at fair value.

Post-employment benefits include basic endowment insurance and unemployment insurance, etc. Post-employment benefits plans include defined contribution plans and defined benefit plans. The corresponding payable amount of the defined contribution plans shall be included in the relevant asset cost or current profit and loss when it occurs.

To terminate the labor relationship with the employee before the expiration of the labor contract, or to propose compensation to encourage employees to voluntarily accept the layoff, the employees' compensation liabilities arising from the termination benefits are recognized and charged into the current profit and loss at the earlier date of the two following situations: (1) the Group is unable to unilaterally withdraw the termination benefits provided by terminating the labor relationships plans or the layoff proposals; (2) the Group recognizes the costs or expenses in connection with the reorganization involving the termination benefits. However, if the termination benefits are not expected to be fully paid within 12 months after the end of the annual report period, they shall be treated as other long-term employee benefits.

Employee internal retirement plans shall be handled according to the same principles as above for termination benefits. The salaries and social insurance premiums to be paid to the early retired employees from the date when the employees stop providing services to the normal retirement date, when they meet the conditions for the recognition of accrued liabilities, shall be included in the current profit and loss (termination benefits).

If the other long-term employee benefits provided by the Group to employees are in accordance with the defined contribution plan, the accounting treatment shall be carried out in accordance with the defined contribution plan, otherwise, it shall be accounted for in accordance with the defined benefit plan.

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## 25. Accrued liabilities

An obligation related to a contingency is recognized as the accrued liability when all the following conditions are satisfied:

- a) The obligation is a present obligation of the Group;
- b) It is probable that an outflow of economic benefits from the Group will be required to settle the obligation;
- c) The amount of the obligation can be measured reliably.

On the balance sheet date, considering the factors such as risks, uncertainties and time value of money, etc. related to the contingency, accrued liabilities are measured at the best estimate of the payment required to perform the relevant present obligations.

Where some or all the expenditures are expected to be reimbursed by a third party, the reimbursement should be separately recognized as an asset only when it is virtually received. The amount of the reimbursement should not exceed the book value of the liability recognized.

### (1) Onerous contract

An onerous contract is a contract in which the inevitable cost of performing a contract obligation exceeds the expected economic benefits. If the contract to be executed becomes an onerous contract, and the obligations arising from the onerous contract meet the above-mentioned recognition conditions of accrued liabilities, the part of the estimated contract losses exceeding the recognized impairment losses (if any) of the contract target assets shall be recognized as the accrued liabilities.

### (2) Restructuring obligations

For a detailed, formal, and publicly announced restructuring plan, when the above recognition conditions of accrued liabilities are met, the amount of an accrued liability shall be determined based on the direct expenditures related to the restructuring. Regarding the restructuring obligation to sell part of the business, only when the Group commits to sell part of the business (that is, when a binding sale agreement is signed), the obligation related to the restructuring shall be recognized.

## 26. Share-based payment

### (1) Accounting treatment for share-based payment

Share-based payment is a transaction in which equity instruments are granted or liabilities determined based on equity instruments are assumed for the purpose of obtaining services provided by employees

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or other parties. Share-based payments of the Group consist of share-based payments settled by equity and by cash.

1) Equity-settled share-based payments.

Equity-settled share-based payments in exchange of service provided by employees shall be measured at the fair value of the equity instruments granted to the employees on the grant date. If the right cannot be exercised until the services are completed or the prescribed performance conditions are satisfied during the vesting period, based on the best estimate of the number of vested equity instruments during the vesting period, it shall be accounted for as the relevant costs or expenses by using straight-line method; if the right can be exercised immediately after the grant, it shall be accounted for as the relevant costs or expenses on the grant date, and the capital reserve shall be increased accordingly.

On each balance sheet date within the vesting period, the Group shall make the best estimate based on the latest information such as the change of the number of employees with exercisable rights and revise the number of equity instruments with exercisable rights. The impact of the above estimates shall be included in the relevant costs or expenses of the current period, and the capital reserve shall be adjusted accordingly.

For equity-settled share-based payment in exchange for services provided by other parties, if the fair value of services provided by other parties can be reliably measured, it shall be measured at the fair value of services provided by other parties on the acquisition date; if the fair value of services provided by other parties cannot be reliably measured, but the fair value of equity instruments can be reliably measured, it shall be measured at the fair value of equity instruments on the acquisition date of services and recorded into the relevant costs or expenses and the owners' equity shall be increased accordingly.

2) Cash-settled share-based payments.

The cash-settled share-based payments shall be measured at the fair value of liabilities calculated and confirmed based on the shares or other equity instruments undertaken by the Group. If the right can be exercised immediately after the grant, it shall be accounted for as the relevant costs or expenses on the grant date, and the liability shall be increased accordingly; if the right cannot be exercised until the services are completed or the prescribed performance conditions are satisfied during the vesting period, on each balance sheet date during the vesting period, based on the best estimate of the number of

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vested equity instruments, it shall be accounted for as the relevant costs or expenses according to the fair value of the liabilities undertaken by the Group on the grant date, and the liability shall be increased accordingly.

On each balance sheet date and settlement date before the settlement of the relevant liabilities, the fair value of the liabilities shall be remeasured, and the changes shall be included in the current profit and loss.

(2) Accounting treatment for amendment and termination of the share-based payment plan

If the amendment increases the fair value of the equity instruments granted, the Group shall recognize the increase in service acquired according to the increase in the fair value of the equity instruments. The increase in the fair value of equity instruments refers to the difference between the fair value of equity instruments before and after amendment on the amendment date. If the amendment decreases the total fair value of the equity instruments granted or adopts other methods that are not conducive to the employees, the accounting treatment for the acquired services shall be continued, regardless of the change as mentioned-above, unless the Group cancels part of or all the granted equity instruments.

During the vesting period, if the equity instruments granted are cancelled, the Group shall treat the cancellation of the granted equity instrument as an accelerated exercise, and the amount that should be recognized in the remaining vesting period shall be immediately included in the current profit and loss, and the capital reserve shall be recognized at the same time. If the employee or other party can choose to meet the conditions of non-exercise rights but is not met within the vesting period, the Group shall treat it as a cancellation of the granted equity instruments.

(3) Accounting treatment involving share-based payment transactions between the Group and its shareholders or actual controllers

For the share-based payment transactions involving the Group and its shareholders or actual controllers, if one of the settlement enterprises and the service receiving enterprises is within the Group and the other is outside the Group, the accounting treatment shall be carried out in the consolidated financial statements of the Group in accordance with the following provisions:

① If a settlement enterprise settles its own equity instruments, the share-based payment transaction shall be treated as the equity-settled share-based payment; in addition, it shall be treated as the cash-settled share-based payment.

If the settlement enterprise is an investor of the service receiving enterprise, it shall be recognized as a

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long-term equity investment in the service receiving enterprise according to the fair value of the equity instrument or the fair value of the liability to be assumed on the grant date, and at the same time, the capital reserve (other capital reserve) or liability shall be recognized.

② If the service receiving enterprise has no settlement obligation or the employees of the enterprise are granted its own equity instruments, the share-based payment transaction shall be treated as the equity-settled share-based payment; if the service receiving enterprise has settlement obligation and the employees of the enterprise are not granted its own equity instruments, the share-based payment transaction shall be treated as the cash-settled share-based payment.

For the share-based payment transactions between enterprises within the Group, if the receiving service enterprise and the settlement enterprise are not the same enterprise, the recognition and measurement of the share-based payment transactions in the individual financial statements of the receiving service enterprise and the settlement enterprise shall be handled according to the above principles.

27. Other financial instruments such as preferred shares, perpetual bonds, etc.

(1) Distinction between perpetual debts and preferred shares

The Group classifies the financial instruments issued such as perpetual debts and preferred shares, etc. as equity instruments when the following conditions are met at the same time:

① The financial instrument shall not include the contractual obligations to deliver cash or other financial assets to other parties, or to exchange financial assets or financial liabilities with other parties under potentially adverse conditions;

② For the financial instrument issued by the Group that requires or can be settled by the enterprise's own equity instruments in the future, if it is a non-derivative instrument, it shall not include the contractual obligation to deliver a variable number of its own equity instruments for settlement; if it is a derivative instrument, the Group may settle the financial instrument only by exchanging a fixed amount of its own equity instruments for cash or other financial assets.

Except for financial instruments that can be classified as equity instruments according to the above conditions, other financial instruments issued by the Group should be classified as financial liabilities.

If the financial instrument issued by the Group is a compound financial instrument, it shall be recognized as a liability according to the fair value of the liability component. The amount after

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deducting the fair value of the liability component from the amount received shall be recognized as "Other equity instrument". The transaction costs incurred in the issuance of compound financial instruments shall be apportioned between the liability component and the equity component according to their respective proportions of the total issuance price.

(2) Accounting treatment of perpetual debts and preferred shares

The interest, dividend (or stock dividend), gain or loss, as well as the gain or loss arising from redemption or refinancing related to the financial instruments such as perpetual debts and preferred shares, etc., which are classified as financial liabilities, shall be included in the current profit and loss, except for the borrowing costs meeting the capitalization conditions (details refer to Note IV 19 "Borrowing costs").

For the financial instruments such as perpetual bonds and preferred shares, etc. classified as equity instruments, when they are issued (including refinancing), repurchased, sold or written off, the Group shall treat them as changes in equity, and the relevant transaction costs shall be deducted from the equity. The Group's distribution to the holders of equity instruments shall be treated as the profit distribution.

The Group does not recognize the changes in fair value of equity instruments.

28. Revenue

Revenue refers to the total inflows of economic benefits that are formed in the daily activities of the Group that will increase the equity of shareholders and have nothing to do with the capital invested by shareholders. When the contract between the Group and the customer meets the following conditions at the same time, the revenue shall be recognized when the customer obtains the control of the relevant goods (including labour services, the same below): 1) all parties to the contract have approved the contract and promised to perform their respective obligations; 2) the contract specifies the rights and obligations of the parties related to the transferred goods or the rendering of labour services; 3) the contract has clear payment terms related to the transferred goods; 4) the contract has commercial substance, that is, the performance of the contract will change the risk, time distribution or amount of the future cash flow of the Group; and 5) the consideration that the Group is entitled to obtain due to the transfer of goods to customers is likely to be recovered. Among them, obtaining the control of related goods means being able to dominate the use of the goods and obtain almost all economic

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benefits from them.

On the start date of the contract, the Group identifies the individual performance obligations in the contract, and apportions the transaction price to each individual performance obligation in accordance with the relative proportion of the stand-alone selling price of the goods promised by each individual performance obligation. When determining the transaction price, the factors such as variable consideration, major financing components in the contract, non-cash consideration, and consideration payable to customers are considered.

For each individual performance obligation in the contract, if one of the following conditions is met, the Group shall recognize the transaction price apportioned to the individual performance obligation as revenue according to the performance progress during the relevant performance period: 1) the customer obtains and consumes the economic benefits brought by the Group's performance at the same time as the Group's performance; 2) customers can control the goods under construction during the performance of the Group; and 3) the goods produced during the performance of the Group have irreplaceable uses, and the Group has the right to collect the payment for the part of the contract that has been completed so far. The performance progress is determined by the input method or the output method according to the nature of the transferred goods. When the performance progress cannot be reasonably determined, if the cost incurred by the Group is expected to be compensated, the revenue shall be recognized based on the amount of the cost incurred until the performance progress can be reasonably determined.

If one of the above conditions is not met, the Group shall recognize the revenue based on the transaction price apportioned to the individual performance obligation at the time when the customer obtains the control of the relevant good. When judging whether the customer has obtained the control of the good, the Group shall consider the following signs: 1) the enterprise has the current right to collect the payment for the good, that is, the customer has the current payment obligation for the good; 2) the enterprise has transferred the legal ownership of the good to the customer, that is, the customer already has the legal ownership of the good; 3) the enterprise has transferred the good to the customer in kind, that is, the customer has physically taken possession of the good; 4) the enterprise has transferred the major risks and rewards of the ownership of the good to the customer, that is, the customer has obtained the major risks and rewards of the ownership of the good; 5) the customer has accepted the good; and 6) other signs that the customer has obtained the control of the good.

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29. Contract costs

If the cost incurred for the performance of the contract is not within the scope of other accounting standards for business enterprises other than the "Accounting Standards for Business Enterprises No. 14 - Revenue (Revised in 2017)", it shall be recognized as an asset as the contract performance cost when all the following conditions have been satisfied: ① The cost is directly related to a current or expected contract, including direct labor, direct materials, manufacturing expenses (or similar expenses), costs clearly borne by the customer, and other costs incurred only due to the contract; ② The cost increases the Group's resources for fulfilling the performance obligations in the future; and ③ The cost is expected to be recovered.

The asset related to contract costs shall be amortized on the same basis as the recognition of goods revenue related to the asset, which shall be included in the current profit and loss.

30. Government grants

Government grant refers to the monetary assets and non-monetary assets obtained by the Group from the government free of charge, excluding the capital invested by the government as an investor to gain the corresponding owners' equity. Government grant is comprised of government grants related to income and government grants related to an asset. A government grant related to an asset is a grant obtained by the Group used for purchase or construction, or forming the long-term assets by other ways. Otherwise, the government grant is treated as a government grant related to income. If the government document does not specify the grantee, the subsidy is divided into government grants related to income and government grants related to assets in the following ways: (1) If the government document specifies the specific project targeted by the subsidy, it shall be divided according to the relative proportion of the expenditure amount of the assets formed in the budget of the specific project and the expenditure amount included in the expenses, and the division proportion shall be reviewed on each balance sheet date, and it can be changed if necessary; (2) The purpose of the subsidy in the government document is only a general statement, and there is no specific project, it shall be treated as the government grants related to income. If the government grants are monetary assets, they shall be measured according to the amount received or receivable. If the government grants are non-monetary assets, they shall be measured at fair value; if the fair value cannot be obtained reliably, they shall be

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measured at nominal amount. The government grants measured according to the nominal amount shall be directly included in the current profit and loss.

The Group usually recognizes and measures the government grants according to the actual amount received when they are received. However, if there is conclusive evidence at the end of the period that the relevant conditions specified in the financial support policy can be met and the financial support fund is expected to be received, it shall be measured according to the amount receivable. The government grants measured according to the receivable amount shall meet the following conditions at the same time: (1) the amount of the receivable subsidies has been confirmed by the authorized government department, or can be calculated reasonably according to the relevant provisions of the officially issued financial fund management measures, and it is expected that there is no significant uncertainty in the amount; (2) it is based on the financial support projects and financial fund management measures officially released by the local financial department and proactively disclosed in accordance with the "Regulations on Government Information Disclosure", and those management measures shall be inclusive (any enterprise that meets the specified conditions can apply for it), rather than specially formulated for specific enterprises; (3) the relevant grant approval documents have clearly committed to the appropriation period, and the appropriation of the funds has the corresponding financial budget as the guarantee that it can be received within the specified period; (4) other relevant conditions (if any) to be met according to the specific situation of the Group and the subsidy.

The government grants pertinent to assets shall be recognized as deferred income and included in the current profit and loss within the useful lives of the relevant assets in a reasonable and systematic way or shall offset the book value of the related assets. The government grants pertinent to incomes shall be treated respectively in accordance with the circumstances as follows: 1) Those subsidies used for compensating the related future expenses or losses shall be recognized as deferred income and shall be included in the current profit and loss or offset the relevant costs during the period when the relevant costs or losses are recognized; 2) Those subsidies used for compensating the related expenses or losses incurred shall be directly included in the current profit and loss or offset the relevant costs.

The different parts of government grants that include both asset-related and income-related subsidies shall be distinguished for different accounting treatments. If the different parts of the government grants are difficult to distinguish, they should be classified as income-related government grants as a whole.

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The government grant which is related to daily activities of the Group shall be recognized as other income or offset the related costs according to the substance of the economic business; otherwise, it shall be recorded into non-operating income.

If it is necessary to refund any government grant which has been recognized, it shall be treated respectively in accordance with the circumstances as follows. If there is the deferred income concerned, the book balance of the deferred income shall be offset against, and the excessive part shall be included in the current profit and loss. In other cases, it shall be directly included in the current profit and loss.

### 31. Deferred tax asset and deferred tax liability

#### (1) Current income tax

On the balance sheet date, the current income tax liabilities (or assets) formed in the current period 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 taxable income on which the current income tax expenses are calculated shall be calculated after the adjustments of the pre-tax accounting profit of the current year according to the relevant tax law.

#### (2) Deferred tax asset and deferred tax liability

The difference between the book value of certain assets and liabilities and their tax bases, and the temporary difference caused by the difference between the book value of the items that are not recognized as assets and liabilities but whose tax bases can be determined according to the tax law and their tax bases, shall be recognized as deferred tax assets and deferred tax liabilities by using the balance sheet liability method.

The deferred tax liabilities shall not be recognized for the taxable temporary differences related to the initial recognition of goodwill and the initial recognition of assets or liabilities arising from transactions that are neither business combination nor affect the accounting profit and taxable income (or deductible loss) when they occur. In addition, for the taxable temporary differences related to the investments in subsidiaries, associates and joint ventures, if the Group can control the time when the temporary differences are reversed, and the temporary differences are unlikely to be reversed in the foreseeable future, the relevant deferred tax liabilities shall not be recognized. Except for the above exceptions, the Group recognizes all other deferred tax liabilities arising from taxable temporary

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differences.

The deferred tax assets shall not be recognized for the deductible temporary differences related to the initial recognition of assets or liabilities arising from transactions that are neither business combination nor affect the accounting profit and taxable income (or deductible loss) when they occur. In addition, for the deductible temporary differences related to the investments in subsidiaries, associates and joint ventures, if the temporary differences are unlikely to be reversed in the foreseeable future, or it is unlikely to obtain taxable income that can be used to offset temporary differences in the future, the relevant deferred tax assets shall not be recognized. Except for the above exceptions, the Group recognizes all other deferred tax assets arising from deductible temporary differences to the extent of the taxable income, which is probable to be obtained by the Group to offset the deductible temporary differences.

For the deductible losses and tax deductions that can be carried forward in subsequent years, the corresponding deferred tax assets shall be recognized to the extent of the future taxable income, which is probable to be obtained and used to offset the deductible losses and tax deductions.

On the balance sheet date, the deferred tax assets and deferred tax liabilities shall be measured according to the applicable tax rate during the period when the relevant assets are expected to be recovered or the relevant liabilities are expected to be paid off in accordance with the tax law.

On the balance sheet date, the book value of the deferred tax assets shall be reviewed. If it is probable that sufficient taxable income will not be obtained in the future to offset the benefits of the deferred tax assets, the book value of the deferred tax assets shall be written down. When it is probable to obtain sufficient taxable income, the amount written down shall be reversed.

### (3) Income tax expense

Income tax expense includes current income tax and deferred income tax.

Except that the current income tax and deferred income tax related to the transactions and events recognized as other comprehensive income or directly included in the owners' equity are included in other comprehensive income or owner' equity, and the book value of goodwill is adjusted by the deferred income tax arising from the business combination, the remaining current income tax and deferred income tax expenses or income shall be included in the current profit and loss.

### (4) Offset of income tax

When the Group has the legal right to settle at a net amount and intends to settle at a net amount or

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acquire assets and pay off liabilities at the same time, the Group's current income tax assets and current income tax liabilities are presented at the net amount after offset.

When the Group has the legal right to settle the current income tax assets and current income tax liabilities on a net basis, and the deferred tax assets and deferred tax liabilities are related to the income tax levied by the same tax collection and management department on the same taxpayer or different taxpayers, but in the future, during each period when the significant deferred tax assets and liabilities are reversed, the taxpayer involved intends to settle the current income tax assets and liabilities on a net basis or obtain assets and pay off liabilities at the same time, the Group's deferred tax assets and deferred tax liabilities are presented at the net amount after offset.

## 32. Lease

### I. Accounting policies applicable from 1 January 2021

Lease refers to a contract in which the Company transfers or obtains the right to control the use of one or more identified assets within a certain period of time in exchange for or paying consideration. On the start date of a contract, the Company evaluates whether the contract is a lease or includes a lease.

#### (1) The Group as the lessee

##### ① Initial measurement

On the start date of the lease term, the Group recognizes the right to use the leased asset within the lease term as a right-of-use asset, and recognizes the present value of unpaid lease payments as a lease liability, except for short-term leases and leases of low-value assets. When calculating the present value of lease payments, the Group uses the interest rate implicit in the lease as the discount rate; if the interest rate implicit in the lease cannot be determined, the lessee's incremental borrowing interest rate shall be used as the discount rate.

##### ② Subsequent measurement

The Group depreciates the right-of-use assets with reference to the relevant depreciation provisions of the "Accounting Standards for Business Enterprises No. 4 - Fixed Assets" (details refer to Note IV 17. "Fixed assets"). If it can reasonably determine that the ownership of the leased asset is obtained at the expiration of the lease term, the Group accrues depreciation within the remaining useful life of the leased asset. If it is impossible to reasonably determine that the ownership of the leased asset can be obtained at the expiration of the lease term, the Group accrues depreciation within the shorter period of

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the lease term and the remaining useful life of the leased asset.

For lease liabilities, the Group calculates the interest expenses of each period within the lease term at a fixed periodic interest rate, which is included in the current profit and loss or included in the cost of relevant assets. The variable lease payments that are not included in the measurement of lease liabilities shall be included in the current profit and loss or the cost of relevant assets when they occur.

After the start of the lease term, when the actual fixed payment changes, the expected payable of the guaranteed residual value changes, the index or ratio used to determine the lease payment changes, the evaluation results or actual exercise of the purchase option, renewal option or termination option change, the Group remeasures the lease liability based on the present value of the lease payment after the change, and adjusts the book value of the right-of-use asset accordingly. If the book value of the right-of-use asset has been reduced to zero, but the lease liability still needs to be further reduced, the Group shall include the remaining amount in the current profit and loss.

③ Short-term leases and low-value asset leases

For short-term leases (leases whose lease term does not exceed 12 months at the start of the lease) and low-value asset leases, the Group adopts a simplified treatment method, does not recognize the right-of-use assets and lease liabilities, and in each period of the lease term, the lease payment is included in the relevant asset cost or current profit and loss according to the straight-line method or other systematic and reasonable methods.

(2) The Group as the lessor

Based on the essence of the transaction, the Group divides the lease into financial lease and operating lease on the start date of lease. A finance lease is a lease that substantially transfers almost all the risks and rewards related to the ownership of the leased asset. Leases other than finance leases are operating leases.

① Operating lease

The Group adopts the straight-line method to recognize the lease receipts from operating leases as rental income for each period of the lease term. The variable lease payments related to operating leases that are not included in the lease receipts shall be included in the current profits and losses when they occur.

② Finance lease

On the start date of the lease term, the Group recognizes the finance lease receivables and derecognizes

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the finance lease assets. The finance lease receivables are initially measured at the net amount of the lease investment (the sum of the unguaranteed residual value and the present value of the lease receipts not received on the start date of the lease term discounted at the interest rate implicit in the lease), and the interest income during the lease term is calculated and recognized at the fixed periodic interest rate. The variable lease payments obtained by the Group that are not included in the measurement of net lease investment shall be included in the current profit and loss when they occur.

## **II. Accounting policies applicable before 1 January 2021**

A finance lease is a lease that substantially transfers all risks and rewards related to the ownership of assets. The ownership may or may not be transferred eventually. Leases other than finance leases are operating leases.

A lease business that meets one or more of the following criteria is usually a financial lease: ① At the expiration of the lease term, the ownership of the leased asset is transferred to the lessee. ② The lessee has the option to purchase the leased asset, and the purchase price is expected to be much lower than the fair value of the leased asset when exercising the option. Therefore, it can be reasonably determined that the lessee will exercise this option on the start date of the lease. ③ Even if the ownership of the asset is not transferred, the lease term accounts for most of the useful life of the leased asset. ④ The present value of the lessee's minimum lease payment on the start date of the lease is almost equal to the fair value of the leased asset on the start date of the lease; The present value of the lessor's minimum lease receipt on the start date of the lease is almost equal to the fair value of the leased asset on the start date of the lease. ⑤ The leased assets are special in nature, and only the lessee can use them without major transformation.

### **(1) Operating leases**

The Group as the lessee in an operating lease shall treat the lease payment under an operating lease as a relevant asset cost or the current profit and loss on a straight-line basis over the lease term. The initial direct costs incurred shall be recognized as the current profit and loss. Contingent rents shall be recorded into the current profit and loss when they occur.

The Group as the lessor in an operating lease shall treat the lease income from operating leases as the current profit and loss on a straight-line basis over the lease term; initial direct costs with larger amounts shall be capitalized when they occur, and shall be included in the current profit and loss in installments according to the same basis as the confirmed lease income during the whole lease period;

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other initial direct costs with smaller amounts shall be included in the current profit and loss when they occur. Contingent rents shall be recorded into the current profit and loss when they occur.

(2) Finance leases

For the Group as the lessee, since the inception of lease, the entry value of the leased asset shall be valued at the lower of the fair value of the asset and the present value of the minimum lease payments, the minimum lease payments shall be treated as the entry value for long-term payables, and its difference shall be treated as unrecognized financial expenses. In addition, the initial direct costs incurred during the lease negotiation and signing of the lease contract that can be attributed to the leased item shall be also included in the value of the leased assets. The balance of the minimum lease payments after deducting the unrealized financial expenses shall be listed as long-term liabilities and long-term liabilities due within one year respectively.

The unrealized financial expense shall adopt the effective interest rate method to calculate and confirm the current financial expenses during the lease period. Contingent rents shall be recorded into the current profit and loss when they occur.

For the Group as the lessor, since the inception of lease, the entry value of the finance lease receivables shall be recorded as the sum of the minimum lease receipts and initial direct costs, and the unguaranteed residual value shall also be recorded. The difference between the sum of minimum lease receipts, initial direct costs and unguaranteed residual value and the sum of their present value shall be recognized as the unrealized financial income. The balance of finance lease receivables after deducting the unrealized financial income shall be listed as long-term claims and long-term claims due within one year respectively.

The unrealized financial income shall adopt the effective interest rate method to calculate and confirm the financial income during the current period. Contingent rents shall be recorded into the current profit and loss when they occur.

33. Other significant accounting policies and accounting estimates

(1) Termination of operation

Termination of operation, refers to the following components within the Group which have been disposed or classified as held-for-sale assets and can be separated in the operation and the preparation of the financial statements by the Group, meeting one of the following conditions: (i) the component

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represents an independent major business or a main business area; (ii) the component is a part of the proposed disposal plans for an independent major business or a main business area; (iii) the component is the subsidiary acquired only for resale.

The accounting treatment method of termination of operation refers to Note IV 14 "Held-for-sale assets and asset groups".

#### 34. Changes in significant accounting policies and accounting estimates

##### (1) Changes in accounting policies resulting from the implementation of new lease standards

The Ministry of Finance issued the "Accounting Standards for Business Enterprises No. 21 - Lease (Revised in 2018)" (Cai Kuai [2018] No. 35) (hereinafter referred to as "new lease standards") on 7 December 2018, and required the domestic non-listed enterprises to implement the new lease standards from 1 January 2021.

According to the provisions of the new lease standards, the Group chooses not to reassess whether it is a lease or includes a lease for a contract that already exists before the first implementation date. For the lease contract as the lessee, the Group chooses to adjust only the cumulative impact of the lease contracts that have not yet been completed on 1 January 2021. For the amount of cumulative impact of the first implementation, the amount of retained earnings and other relevant items in the financial statements at the beginning of the first implementation period (i.e., 1 January 2021) shall be adjusted, and the information in the comparable period shall not be adjusted. Among them, for the finance lease on the first implementation date, the Group, as the lessee, measures the right-of-use assets and lease liabilities respectively according to the original book value of the assets under finance lease and the finance lease payable; for the operating lease on the first implementation date, the Group, as the lessee, measures the lease liabilities based on the present value of the remaining lease payments discounted at the incremental borrowing interest rate on the first implementation date; the unpaid rents accrued on the accrual basis under the original lease standards shall be included in the remaining lease payments.

The Group measures the right-of-use assets according to each lease option according to one of the following two: A. Assuming that the book value of the new lease standards is adopted from the beginning of the lease term (the incremental borrowing interest rate on the first implementation date is used as the discount rate); B. The amount equal to the lease liabilities, and necessary adjustments are made according to the prepaid rent. In accordance with the "Accounting Standards for Business

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Enterprises No. 8 - Asset Impairment", the impairment test of the right-of-use assets shall be conducted and the corresponding accounting treatment shall be carried out.

(2) Changes in accounting estimates

There were no changes in accounting estimates during the reporting period.

35. Significant accounting judgments and estimates

In the process of applying accounting policies, due to the inherent uncertainty of the operating activities, the Group needs to make judgments, estimates and assumptions on the book value of the statement items that cannot be accurately measured. These judgments, estimates and assumptions are based on the historical experience of the Group's Management and other relevant factors. These judgments, estimates and assumptions will affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities on the balance sheet date. However, the actual results caused by the uncertainty of these estimates may be different from the current estimates of the Group's Management, which may cause significant adjustments to the book value of assets or liabilities affected in the future.

The Group reviews the aforesaid judgments, estimates and assumptions on a regular basis based on going concern. If the change of accounting estimates only affects the current period of change, the number of impacts shall be recognized in the current period of change; if the change affects both the current period of change and the subsequent periods, the number of impacts shall be recognized in the current period of change and the subsequent periods.

On the balance sheet date, the Group needs to judge, estimate and assume the amount of financial statement items in the following important areas:

(1) Impairment of financial assets

The Group adopts the expected credit loss model to evaluate the impairment of financial instruments. The application of the expected credit loss model requires significant judgments and estimates. All reasonable and reliable information, including forward-looking information, should be considered. In making these judgments and estimates, the Group infers the expected changes in the credit risk of the debtor based on historical data, combined with economic policies, macroeconomic indicators, industry risks, external market environment, changes in customer conditions and other factors.

(2) Impairment provision on the inventory

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According to the accounting policy of inventory, the Group measures at the lower of the cost and net realizable value, and accrues the impairment provision on the inventory whose cost is higher than the net realizable value and which is obsolete and unsalable. The impairment of inventory to net realizable value is based on the assessment of the marketability of the inventory and its net realizable value. The appraisal of inventory impairment requires the Management of the Group to make judgment and estimation based on obtaining conclusive evidence, considering the purpose of holding inventory, the impact of events after the balance sheet date and other factors. The difference between the actual result and the original estimate will affect the book value of the inventory and the accrual or reversal of the impairment provision on the inventory during the period when the estimate is changed.

### (3) Impairment provision on long-term assets

At the balance sheet date, the Group judges whether there are signs of impairment on non-current assets other than financial assets. For an intangible asset with uncertain useful life, in addition to the annual impairment test, when there are signs of impairment, an impairment test is also conducted. For other non-current assets other than financial assets, when there is an indication that the book value is not recoverable, an impairment test shall be conducted.

When the book value of an asset or asset group is higher than the recoverable amount, that is, the higher of the net amount of fair value minus the disposal expenses and the present value of the estimated future cash flows, it indicates that an impairment has occurred.

The net amount of fair value minus the disposal expenses shall be determined with reference to the price of similar assets agreed in the sales contract or the observable market price minus 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 a significant judgment on the output, sales price, related operating costs and the discount rate used in the calculation of the present value of the asset (or asset group). When estimating the recoverable amount, the Group will use all available relevant information, including forecasts of production, sales price and related operating costs based on reasonable and supportable assumptions.

The Group tests whether goodwill is impaired at least annually. This requires estimating the present value of the future cash flows of the asset group or portfolio of asset groups to which goodwill is allocated. When estimating the present value of future cash flows, the Group needs to forecast the cash flows generated by the future asset group or portfolio of asset groups, and at the same time choose an

appropriate discount rate to determine the present value of future cash flows.

(4) Depreciation and amortization

After considering the residual value of investment property, fixed assets and intangible assets, the Group accrues depreciation and amortization according to the straight-line method within the useful life. The Group reviews the useful life regularly to determine the amount of depreciation and amortization expenses to be included in each reporting period. The useful life is determined by the Group based on the experience of similar assets and the expected technology update. If there is a significant change in previous estimates, the depreciation and amortization expenses will be adjusted in the future.

(5) Deferred tax assets

To the extent that there is probable to be sufficient taxable profits to offset losses, the Group recognizes deferred tax assets for all unused tax losses. This requires the Management of the Group to use a lot of judgments to estimate the time and amount of future taxable profits, combined with tax planning strategies, to determine the amount of deferred tax assets that **should be** recognized.

(6) Income tax

In the normal operating activities of the Group, there are certain uncertainties in the final tax treatment and calculation of some transactions. Whether some items can be paid before the tax requires the approval of the tax authorities. If the final recognition result of these tax matters is different from the initially estimated amount, the difference will affect the current income tax and deferred income tax during the final recognition period.

**V Taxation**

1. Main tax categories and tax rates

Tax categories	Tax rates
Value-added tax	The output tax shall be calculated at tax rate of 3%, 5%, 6%, 9% or 13% of taxable income respectively, and the value-added tax shall be accrued and paid according to the difference after deducting the input tax allowed to be deducted in the current period.
Property tax	1.2% of the residual value after deducting 30% of the original value of the property at one time; If it is levied from rent, it shall be accrued and paid at 12% of the rental income.

Tax categories	Tax rates
Urban maintenance & construction tax	Accrued and paid at 5% or 7% of the turnover tax actually paid.
Educational surcharge	Accrued and paid at 3% of the turnover tax actually paid.
Local educational surcharge	Accrued and paid at 2% of the turnover tax actually paid.
Corporate income tax	Accrued and paid at 15%, 20% or 25% of taxable income.

Note 1: The taxable income rate of Shaoxing Keqiao Kangping Material Management Co., Ltd., a subsidiary of the Company, is 5% of the operating revenue; The taxable income rate of Shaoxing Keqiao District City Construction Investment Development Co., Ltd. and Shaoxing Keqiao District Guazhuhu Integrated Development Co., Ltd., subsidiaries of the Company, is 10% of the operating revenue.

## 2. Tax preference

### (1) Value-added tax

According to the Cai Shui (2015) No. 78 Document issued by the Ministry of Finance and the State Administration of Taxation, since 1 July 2015, taxpayers who sell self-produced resource comprehensive utilization products and provide comprehensive resource utilization services can enjoy the value-added tax refund upon collection policy. Among them, the sewage fee income obtained by Shaoxing Keqiao Drain Co., Ltd. and Shaoxing Keqiao Jiangbin Water Treatment Co., Ltd. belongs to sewage treatment services, and can enjoy 70% of value-added tax refund.

### (2) Corporate income tax

1) According to the "High-tech Enterprise Certificate" (GR201833002851) jointly issued by the Science and Technology Department of Zhejiang Province, Zhejiang Provincial Department of Finance, Zhejiang Provincial State Taxation Bureau and Zhejiang Provincial Local Taxation Bureau, Zhejiang China Light & Textile Industrial City Network Co., Ltd., a subsidiary of Zhejiang China Light & Textile Industrial City Group Co., Ltd., a subsidiary of the Company, was recognized as a high-tech enterprise and shall enjoy preferential tax policies for high-tech enterprises from 2018 to 2020. At present, the Company is undergoing the review of high-tech enterprise, and the corporate income tax was temporarily calculated and paid at the tax rate of 15% in 2021.

2) According to the 2<sup>nd</sup> and 6<sup>th</sup> Provisions of "Notice on Implementation of the Inclusive Tax

Preferential Policy for Small and Micro-Profit Enterprises" jointly issued by the Ministry of Finance and the State Administration of Taxation (Cai Shui [2019] No. 13), from 1 January 2019 to 31 December 2021, the part of the annual taxable income for small and micro-profit enterprises that not exceeding RMB 1 million shall be included in the taxable income by 25%, and the corporate income tax shall be paid at a tax rate of 20%; the part of the annual taxable income that exceeding RMB 1 million but no more than RMB 3 million shall be included in the taxable income by 50%, and the corporate income tax shall be paid at a tax rate of 20%. Shaoxing Keqiao Urban and Rural Water Quality Inspection Co., Ltd., Shaoxing Keqiao Lanyin Technology Group Co., Ltd. and Shaoxing Keqiao Water Conservator Vocational Training School Co., Ltd., subsidiaries of the Company, and Zhejiang China Light & Textile Industrial City E-commerce Co., Ltd., Shaoxing Zhonglian Market Property Management Co., Ltd., Shaoxing Keqiao District China Light & Textile Industrial City Market Business Property Transfer and Sublease Transaction Service Center Co., Ltd., Shaoxing Keqiao District China Light & Textile Industrial City Online Business Service Co., Ltd., Shaoxing Yifang Exhibition Co., Ltd. and Dongguan Yifang Supply Chain Management Co., Ltd., subsidiaries of Zhejiang China Light & Textile Industrial City Group Co., Ltd., meets the qualifications for small and micro-profit enterprises. Therefore, the income of above subsidiaries shall be included in the taxable income by 25%, and the corporate income tax shall be accrued and paid at a tax rate of 20%.

## VI Notes to the consolidated financial statements

(With respect to the following data disclosed in the consolidated financial statements, unless otherwise stated, "Closing balance" refers to the balance on 30 June 2021; "Opening balance" refers to the balance on 1 January 2021; All amounts are denominated in RMB unless otherwise stated.)

### 1. Cash and cash equivalents

Item	Closing balance	Opening balance
Cash on hand	1,039,887.40	1,001,274.31
Bank deposits	28,110,169,535.50	16,939,365,210.90
Other cash and cash equivalents	606,024,546.20	446,024,509.02
Total	28,717,233,969.10	17,386,390,994.23

Note: The amount of restricted cash and cash equivalents at the end of the reporting period was RMB 606,024,546.20.

2. Accounts receivable

(1) Accounts receivable disclosed by category

Category	Closing balance				Book value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable with single provision for bad debts					
Accounts receivable with provision for bad debts based on the portfolio					
Portfolio 1: Receivables from government, state-owned enterprises and related parties	5,198,043,953.84	97.81			5,198,043,953.84
Portfolio 2: Aging portfolio	116,326,167.52	2.19	9,954,553.96	8.56	106,371,613.56
Sub-total	5,314,370,121.36	100.00	9,954,553.96	0.19	5,304,415,567.40
Total	5,314,370,121.36	100.00	9,954,553.96	0.19	5,304,415,567.40

(Continued)

Category	Opening balance				Book value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable with single provision for bad debts					
Accounts receivable with provision for bad debts based on the portfolio					
Portfolio 1: Receivables from government, state-owned enterprises and related parties	4,481,479,892.88	97.24			4,481,479,892.88
Portfolio 2: Aging portfolio	127,345,785.09	2.76	19,159,944.23	15.05	108,185,840.86

Category	Opening balance				Book value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Proportion (%)	
Sub-total	4,608,825,677.97	100.00	19,159,944.23	0.42	4,589,665,733.74
Total	4,608,825,677.97	100.00	19,159,944.23	0.42	4,589,665,733.74

1) In portfolio 1, the details of accounts receivable are as follows:

Name	Closing balance			
	Book balance	Bad debt provision	Proportion (%)	Reason
Management Committee of Jianhu Resort, Keqiao District, Shaoxing City, Zhejiang Province	4,829,186,135.01			
Shaoxing Keqiao District Transportation Development Co., Ltd.	352,721,101.86			
Other	16,136,716.97			
Total	5,198,043,953.84			

2) In portfolio 2, accounts receivable adopting the aging analysis method to make bad debt provisions

Aging	Closing balance		
	Book balance	Bad debt provision	Proportion (%)
Within 1 year (including 1 year)	101,656,112.26	5,082,805.62	5.00
1-2 years (including 2 years)	4,110,580.27	411,058.03	10.00
2-3 years (including 3 years)	2,730,157.28	546,031.45	20.00
Over 3 years	7,829,317.71	3,914,658.86	50.00
Total	116,326,167.52	9,954,553.96	8.56

(2) Details of bad debt provisions

Category	Opening balance	Changes during the reporting period				Closing balance
		Accrual	Recovery or reversal	Write-off	Other changes	
Bad debt provisions	19,159,944.23	-9,205,390.27				9,954,553.96
Total	19,159,944.23	-9,205,390.27				9,954,553.96

(3) The top five accounts receivable based on the closing balance

Name	Nature	Closing balance	Proportion in closing balance of accounts receivable (%)	Closing balance of bad debt provision
Management Committee of Jianhu Resort, Keqiao District, Shaoxing City, Zhejiang Province	Non-related party	4,829,186,135.01	90.87	
Shaoxing Keqiao District Transportation Development Co., Ltd.	Non-related party	352,721,101.86	6.64	
Zhongze Xinjingyuan Community	Non-related party	21,435,451.00	0.40	1,071,772.55
Integrated Media Center, Keqiao District, Shaoxing City	Non-related party	5,000,000.00	0.09	250,000.00
Car rental receivables	Non-related party	3,359,562.06	0.06	173,019.68
Total		5,211,702,249.93	98.06	1,494,792.23

(4) As of 30 June 2021, details of pledges of accounts receivable refer to Note VI 26 and 28.

### 3. Prepayment

#### (1) Prepayment disclosed by aging

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year (including 1 year)	214,060,759.66	10.41	319,504,995.55	10.68
1-2 years (including 2 years)	126,816,192.84	6.17	904,055,116.24	30.20
2-3 years (including 3 years)	686,064,308.47	33.36	628,968,250.39	21.02
Over 3 years	1,029,338,043.92	50.06	1,140,303,411.49	38.10
Total	2,056,279,304.89	100.00	2,992,831,773.67	100.00

#### (2) The top five prepayments based on the closing balance

Name	Nature	Closing balance	Proportion in closing balance of prepayments (%)
Pingshui Fucheng Construction Management Committee	Demolition funds	1,670,411,078.88	81.23

Name	Nature	Closing balance	Proportion in closing balance of prepayments (%)
Phase II of Daxianglin Scenic Area	Demolition funds	140,580,483.50	6.84
State Grid Shaoxing Integrated Energy Service Co., Ltd.	Payment for goods	33,773,177.66	1.64
Shaoxing Water Treatment Development Co., Ltd.	Project funds	26,061,958.81	1.27
Shaoxing Daming Electric Power Construction Co., Ltd.	Construction funds	20,811,822.00	1.01
<b>Total</b>		<b>1,891,638,520.85</b>	<b>91.99</b>

(3) As of 30 June 2021, details of prepayments to related parties refer to Note IX 5.

#### 4. Other receivables

Item	Closing balance	Opening balance
Interests receivable		253,423.06
Dividends receivable	126,712,899.15	
Other receivables	18,869,775,550.89	17,281,801,502.27
<b>Total</b>	<b>18,996,488,450.04</b>	<b>17,282,054,925.33</b>

##### (1) Interests receivable

Item	Closing balance	Opening balance
Time deposits		253,423.06
<b>Total</b>		<b>253,423.06</b>

##### (2) Dividends receivable

Item (or investee)	Closing balance	Opening balance
China Zheshang Bank Co., Ltd.	122,490,440.91	
Shanghai Pudong Development Bank Co., Ltd.	4,222,458.24	
<b>Sub-total</b>	<b>126,712,899.15</b>	
Less: Bad debt provision		
<b>Total</b>	<b>126,712,899.15</b>	

##### (3) Other receivables disclosed by category

Category	Closing balance				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables with single provision for bad debts	60,000,000.00	0.31	56,719,496.33	94.53	3,280,503.67
Other receivables with provision for bad debts based on portfolio					
Portfolio 1: Receivables from government, state-owned enterprises and related parties	18,315,556,667.82	96.12			18,315,556,667.82
Portfolio 2: Deposit and margin	227,907,534.42	1.20			227,907,534.42
Portfolio 3: Aging portfolio	452,382,747.00	2.37	129,351,902.02	28.59	323,030,844.98
Sub-total	18,995,846,949.24	99.69	129,351,902.02	0.68	18,866,495,047.22
Total	19,055,846,949.24	100.00	186,071,398.35	0.98	18,869,775,550.89

(Continued)

Category	Opening balance				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables with single provision for bad debts	60,000,000.00	0.34	56,719,496.33	94.53	3,280,503.67
Other receivables with provision for bad debts based on portfolio					
Portfolio 1: Receivables from government, state-owned enterprises and related parties	16,893,926,906.90	96.77			16,893,926,906.90
Portfolio 2: Deposit and margin	109,785,055.94	0.63			109,785,055.94
Portfolio 3: Aging portfolio	395,388,894.02	2.26	120,579,858.26	30.50	274,809,035.76
Sub-total	17,399,100,856.86	99.66	120,579,858.26	0.69	17,278,520,998.60
Total	17,459,100,856.86	100.00	177,299,354.59	1.02	17,281,801,502.27

1) Other receivables with single provision for bad debts

Name	Closing balance			
	Book balance	Bad debt provision	Proportion (%)	Reason

Name	Closing balance			Reason
	Book balance	Bad debt provision	Proportion (%)	
Shaoxing Hangyong Expressway Wires Co., Ltd.	60,000,000.00	56,719,496.33	94.53	Provision for bad debts for excess loss
Total	60,000,000.00	56,719,496.33	94.53	

2) In portfolio 1, details of significant other receivables are as follows:

Name	Closing balance	Proportion in closing balance of portfolio 1 (%)
Management Committee of Binhai Industrial Zone, Keqiao District, Shaoxing City	2,213,048,896.18	12.08
Shaoxing Keqiao District Small Town Construction Investment Co., Ltd.	1,973,437,986.15	10.77
Management Committee of Economic Development Zone, Keqiao District, Shaoxing City	1,872,444,246.14	10.22
Shaoxing Keqiao District Binhai Industrial Zone Development Investment Co., Ltd.	1,470,668,997.22	8.03
Shaoxing Qianqing Small City Construction Co., Ltd.	1,438,394,916.14	7.85
Shaoxing Rail Transit Group Co., Ltd.	1,435,000,000.00	7.83
Shaoxing Keqiao District China Light & Textile Industrial City Network Investment Co., Ltd.	1,261,264,040.37	6.89
Keqiao Central City Integrated Service Center, Keqiao District, Shaoxing City	930,082,012.20	5.08
Shaoxing Keqiao District Huitai Investment Co., Ltd.	878,550,280.00	4.80
Transportation Bureau of Keqiao District, Shaoxing City	752,384,925.00	4.11
Shaoxing Keqiao District China Light & Textile Industrial City Transportation Industrial Corporation	600,000,000.00	3.28
Management Committee of Jianhu Resort, Keqiao District, Shaoxing City, Zhejiang Province	485,236,604.34	2.65
Zhejiang Litie Group Co., Ltd.	380,000,000.00	2.07
Fuquan Sub-district Town Construction Development Foundation-Yangshao Line	249,000,000.00	1.36
Management Committee of China Light & Textile Industrial City, Keqiao District, Shaoxing City	202,672,063.28	1.11
Shaoxing Qianqing Affordable Housing Construction Co., Ltd.	200,000,000.00	1.09

Name	Closing balance	Proportion in closing balance of portfolio 1 (%)
The People's Government of Qianqing Town	200,000,000.00	1.09
Shaoxing Water Treatment Development Co., Ltd.	163,135,000.00	0.89
Shaoxing Keqiao District Scenery Tourism Investment Co., Ltd.	133,695,926.00	0.73
Zhejiang cement plot repurchase project	120,062,400.00	0.66
Yangxunqiao Sub-district	120,000,000.00	0.66
Shaoxing Qianqing Town Investment Co., Ltd.	118,000,000.00	0.64
Highway Management Office of Keqiao District, Shaoxing City	105,594,253.46	0.58
Shaoxing Keqiao Keyan Xinggong Cleaning Co., Ltd.	100,000,000.00	0.55
Other	912,884,121.34	4.98
<b>Total</b>	<b>18,315,556,667.82</b>	<b>100.00</b>

3) In portfolio 3, other receivables adopting the aging analysis method to make bad debt provisions

Aging	Closing balance		
	Book balance	Bad debt provision	Proportion (%)
Within 1 year (including 1 year)	200,192,923.80	10,009,646.19	5.00
1-2 years (including 2 years)	10,792,615.70	1,079,261.59	10.00
2-3 years (including 3 years)	8,118,698.50	1,623,739.71	20.00
Over 3 years	233,278,509.00	116,639,254.53	50.00
<b>Total</b>	<b>452,382,747.00</b>	<b>129,351,902.02</b>	<b>28.59</b>

4) Details of accrual of bad debt provision

Bad debt provision	The first stage	The second stage	The third stage	Total
	Expected credit loss in the next 12 months	Expected credit loss in the entire duration (no credit impairment)	Expected credit loss in the entire duration (credit impairment has occurred)	
Balance on 1 January 2021	177,299,354.59			177,299,354.59
Balance as of 1 January 2021 in the current period:				

Bad debt provision	The first stage	The second stage	The third stage	Total
	Expected credit loss in the next 12 months	Expected credit loss in the entire duration (no credit impairment)	Expected credit loss in the entire duration (credit impairment has occurred)	
-Transfer to the second stage				
-Transfer to the third stage				
-Reversal to the second stage				
-Reversal to the first stage				
Accrual in the current period	8,772,043.76			8,772,043.76
Reversal in the current period				
Write-off in the current period				
Cancellation after verification in the current period				
Other changes				
Balance on 30 June 2021	186,071,398.35			186,071,398.35

5) Details of bad debt provision

Category	Opening balance	Changes in the current period				Closing balance
		Accrual	Recovery or reversal	Write-off	Other changes	
Bad debt provisions	177,299,354.59	8,772,043.76				186,071,398.35
Total	177,299,354.59	8,772,043.76				186,071,398.35

6) The top five other receivables based on the closing balance

Name	Nature	Closing balance	Proportion in closing balance of other receivables (%)
Management Committee of Binhai Industrial Zone, Keqiao District, Shaoxing City	Current accounts	2,213,048,896.18	41.61

Name	Nature	Closing balance	Proportion in closing balance of other receivables (%)
Shaoxing Keqiao District Small Town Construction Investment Co., Ltd.	Current accounts	1,973,437,986.15	10.36
Management Committee of Economic Development Zone, Keqiao District, Shaoxing City	Current accounts	1,872,444,246.14	9.83
Shaoxing Keqiao District Binhai Industrial Zone Development Investment Co., Ltd.	Current accounts	1,470,668,997.22	7.72
Shaoxing Qianqing Small City Construction Co., Ltd.	Current accounts	1,438,394,916.14	7.55
Total		8,967,995,041.83	47.07

(3) As of 30 June 2021, details of other receivables from related parties refer to Note IX 5.

#### 5. Inventory

##### (1) Classification of inventory

Item	Closing balance		
	Book balance	Impairment provision	Book value
Land development costs	31,317,441,199.41		31,317,441,199.41
Land to be developed	6,210,988,124.22		6,210,988,124.22
Infrastructure projects	59,184,358,302.59		59,184,358,302.59
Resettlement housing projects	15,102,119,482.24		15,102,119,482.24
Goods in stock	15,884,221.02		15,884,221.02
Raw materials	40,546,439.46	1,091,731.54	39,454,707.92
Total	111,871,337,768.94	1,091,731.54	111,870,246,037.40

(Continued)

Item	Opening balance		
	Book balance	Impairment provision	Book value
Land development costs	36,076,974,553.32		36,076,974,553.32
Land to be developed	5,024,313,041.00		5,024,313,041.00

Item	Opening balance		
	Book balance	Impairment provision	Book value
Infrastructure projects	45,130,693,537.35		45,130,693,537.35
Resettlement housing projects	15,677,825,087.82		15,677,825,087.82
Goods in stock	8,076,173.26		8,076,173.26
Raw materials	54,784,670.45	1,094,948.34	53,689,722.11
Total	101,972,667,063.20	1,094,948.34	101,971,572,114.86

(2) Impairment provision on inventories

Item	Opening balance	Increase			Decrease		Closing balance
		Accrual	Other	Reversal	Write-off	Other	
Raw materials	1,094,948.34	-3,216.80					1,091,731.54
Total	1,094,948.34	-3,216.80					1,091,731.54

(2) As of 30 June 2021, details of mortgages of inventories refer to Note VI 26 and 28.

6. Other current assets

Item	Closing balance	Opening balance
Bank financial products	1,600,000,000.00	1,420,000,000.00
Prepaid taxes and surcharges	626,648,243.41	681,733,468.67
Guarantee deposit	12,845,810.90	9,505,000.00
Input tax to be deducted	322,290,712.75	257,025,320.73
Deferred finance lease interests	13,250,702.02	14,910,839.62
Contract acquisition costs	10,215,849.06	
Other		3,196,570.90
Total	2,585,251,318.14	2,386,371,199.92

7. Long-term receivables

Item	Closing balance		
	Book balance	Impairment provision	Book value

Item	Closing balance		
	Book balance	Impairment provision	Book value
Finance lease deposit	112,000,000.00		112,000,000.00
Including: Unrealized financing income			
Total	112,000,000.00		112,000,000.00

(Continued)

Item	Opening balance		
	Book balance	Impairment provision	Book value
Finance lease deposit	127,000,000.00		127,000,000.00
Including: Unrealized financing income			
Total	127,000,000.00		127,000,000.00

8. Long-term equity investment

Name of investee	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
	Zhejiang Shaojin Expressway Co., Ltd.	2,333,153,800.00		2,333,153,800.00	2,333,153,800.00	
Kuaijishan Shaoxing Rice Wine Co., Ltd.	704,106,811.16		704,106,811.16	690,937,913.92		690,937,913.92
Shaoxing Cao'e River Sluice Investment and Development Co., Ltd.	631,755,207.93		631,755,207.93	630,707,212.05		630,707,212.05
Shaoxing Tangpu Reservoir Co., Ltd.	415,891,916.28		415,891,916.28	423,797,744.96		423,797,744.96
Jiangshan Lianxing Development Co., Ltd.	225,028,920.00		225,028,920.00	225,028,920.00		225,028,920.00
Shaoxing Financing Guarantee Co., Ltd.	154,846,568.55		154,846,568.55	152,509,846.46		152,509,846.46
Shaoxing Water Production Co., Ltd.	120,172,021.90		120,172,021.90	123,172,901.34		123,172,901.34
Shaoxing Natural Gas Investment Co., Ltd.	139,657,325.08		139,657,325.08	145,380,895.31		145,380,895.31
Shaoxing Environmental Industry Co., Ltd.	98,000,000.00		98,000,000.00	98,000,000.00		98,000,000.00
Shaoxing Style Tourism Shinkansen Construction Co., Ltd.	121,000,000.00		121,000,000.00	121,000,000.00		121,000,000.00
Shaoxing Keqiao District Sinopec Transportation Oil and Gas Station Construction Development Co., Ltd.	48,425,502.82		48,425,502.82	46,775,030.67		46,775,030.67
Shaoxing China Light & Textile Industrial City Qianqing Textile Raw Materials Market Development Co., Ltd.	19,558,300.45		19,558,300.45	19,610,897.93		19,610,897.93

Name of investee	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Shaoxing Shaoneng Electric Power Investment Co., Ltd.	36,147,427.54		36,147,427.54	36,147,427.54		36,147,427.54
Shaoxing Keqiao District China Light & Textile Industrial City South Market Management Co., Ltd.	46,192,595.34		46,192,595.34	46,357,543.89		46,357,543.89
Shaoxing PetroChina Kunlun Gas Co., Ltd.	7,826,397.23		7,826,397.23	10,322,878.64		10,322,878.64
Shaoxing Keqiao Huaxiang Lizhu Pastoral Complex Development Co., Ltd.	13,500,000.00		13,500,000.00	13,500,000.00		13,500,000.00
Shaoxing Keqiao District China Light & Textile Industrial City Textile Creative Industry Service Co., Ltd.	6,454,728.03		6,454,728.03	5,658,505.29		5,658,505.29
Shaoxing Binhai Engineering Quality Inspection Co., Ltd.	1,826,504.80		1,826,504.80	1,826,504.80		1,826,504.80
Shaoxing Keqiao Zhejiang University of Technology Innovation Research Institute Development Co., Ltd.	1,868,932.38		1,868,932.38	1,711,626.19		1,711,626.19
Shaoxing Keqiao District Guoyi Asset Management Co., Ltd.	1,428,844.78		1,428,844.78	1,428,844.78		1,428,844.78
Shaoxing Chuanrong Color Printing Co., Ltd.	707,521.06		707,521.06	707,521.06		707,521.06
Shaoxing Future Community Development Construction Co., Ltd.	99,956,717.59		99,956,717.59	99,965,548.82		99,965,548.82
Shaoxing Keqiao District Zhejiang Petroleum	114,363,413.04		114,363,413.04	115,981,706.52		115,981,706.52

Name of investee	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Integrated Energy Sales Co., Ltd.						
Zhejiang Textile City Advanced Printing and Dyeing Innovation Co., Ltd.	12,808,079.67		12,808,079.67	11,785,701.37		11,785,701.37
Shaoxing Keqiao Media Group Co., Ltd.				47,455,227.60		47,455,227.60
Shaoxing Keqiao District Textile City Dafu Testing Technology Service Co., Ltd.	12,006,352.52		12,006,352.52			
Shaoxing Keqiao Hangjinqu Connection Line Expressway Co., Ltd.	409,200,000.00		409,200,000.00			
Total	5,775,883,888.15		5,775,883,888.15	5,402,924,199.14		5,402,924,199.14

(Continued)

Name of investee	Changes in the current period				
	Increase of investments	Decrease of investments	Investment income under equity method	Adjustments of other comprehensive income	Other changes in equity
Zhejiang Shaojin Expressway Co., Ltd.					
Kuaijishan Shaoxing Rice Wine Co., Ltd.		4,916,897.26	18,085,794.50		
Shaoxing Cao'e River Sluice Investment and Development Co., Ltd.			1,047,995.88		
Shaoxing Tangpu Reservoir Co., Ltd.		11,429,160.83	3,523,332.15		

Name of investee	Changes in the current period				
	Increase of investments	Decrease of investments	Investment income under equity method	Adjustments of other comprehensive income	Other changes in equity
Jiangshan Lianxing Development Co., Ltd.			2,336,722.09		
Shaoxing Financing Guarantee Co., Ltd.			-3,000,879.44		
Shaoxing Water Production Co., Ltd.			-5,723,570.23		
Shaoxing Natural Gas Investment Co., Ltd.					
Shaoxing Environmental Industry Co., Ltd.					
Shaoxing Style Tourism Shinkansen Construction Co., Ltd.					
Shaoxing Keqiao District Sinopec Transportation Oil and Gas Station Construction Development Co., Ltd.			1,650,472.15		
Shaoxing China Light & Textile Industrial City Qianqing Textile Raw Materials Market Development Co., Ltd.			-52,597.48		
Shaoxing Shaoneng Electric Power Investment Co., Ltd.					
Shaoxing Keqiao District China Light & Textile Industrial City South Market Management Co., Ltd.			-164,948.55		
Shaoxing PetroChina Kunlun Gas Co., Ltd.		9,710,747.18	7,214,265.77		
Shaoxing Keqiao Huaxiang Lizhu Pastoral Complex Development Co., Ltd.					
Shaoxing Keqiao District China Light & Textile Industrial City Textile Creative Industry Service Co., Ltd.			796,222.74		

Name of investee	Changes in the current period				
	Increase of investments	Decrease of investments	Investment income under equity method	Adjustments of other comprehensive income	Other changes in equity
Shaoxing Binhai Engineering Quality Inspection Co., Ltd.			157,306.19		
Shaoxing Keqiao Zhejiang University of Technology Innovation Research Institute Development Co., Ltd.			-8,831.23		
Shaoxing Keqiao District Guoyi Asset Management Co., Ltd.			-1,618,293.48		
Shaoxing Chuanrong Color Printing Co., Ltd.			1,022,378.30		
Shaoxing Future Community Development Construction Co., Ltd.					
Shaoxing Keqiao District Zhejiang Petroleum Integrated Energy Sales Co., Ltd.					
Zhejiang Textile City Advanced Printing and Dyeing Innovation Co., Ltd.					
Shaoxing Keqiao Media Group Co., Ltd.	12,000,000.00		6,352.52		
Shaoxing Keqiao District Textile City Dafu Testing Technology Service Co., Ltd.	409,200,000.00				
Shaoxing Keqiao Hangjinqi Connection Line Expressway Co., Ltd.					-47,455,227.60
Total	421,200,000.00	26,056,805.27	25,271,721.88		-47,455,227.60

9. Other equity instrument investments

(1) Investment in other equity instruments

Item	Closing balance	Opening balance
Shaoxing Keqiao Cool Play Oriental Investment Center (Limited Partnership)	2,015,000,000.00	2,015,000,000.00
Hangzhou-Ningbo Railway Passenger Dedicated Line Co., Ltd.	553,277,900.00	553,277,900.00
Zhejiang Shaoxing Ruifeng Rural Commercial Bank Co., Ltd.	1,956,428,435.97	681,399,047.42
Tianjin Binhai Rural Commercial Bank Co., Ltd.	211,252,500.00	211,252,500.00
Bank of Shaoxing Co., Ltd.	415,718,703.40	415,718,703.40
Shaoxing Keqiao District China Light & Textile Industrial City Paradise Silicon Valley Equity Investment Partnership (Limited Partnership)	30,080,000.00	38,240,000.00
Hangzhou-Changsha Railway Passenger Dedicated Line (Municipal Railway Office)	36,870,000.00	36,870,000.00
Shaoxing Sequoia Huiyuan Equity Investment Partnership (Limited Partnership)	30,000,000.00	30,000,000.00
Xiaoyong Railway Co., Ltd.	18,449,000.00	18,449,000.00
China Cable Network Co., Ltd.	17,135,122.11	17,135,122.11
Zhejiang Zheneng Binhai Environmental Energy Co., Ltd.	32,000,000.00	32,000,000.00
Hangzhou Meizheng Antian Equity Investment Partnership (Limited Partnership)	7,559,984.00	7,559,984.00
Shaoxing Social Security Citizen Card Service Co., Ltd.	4,950,000.00	4,950,000.00
Zhejiang Hangshaoyong Expressway Co., Ltd.	39,293,298.00	31,124,900.00
Shaoxing Lantian Environmental Protection Development Co., Ltd.	3,000,000.00	3,000,000.00
Shaoxing County Guazhu Lake Aquatic Farm	1,073,800.00	1,073,800.00
China Pacific Insurance (Group) Co., Ltd.	24,450,000.00	38,400,000.00
Zhejiang Zhenyuan Share Co., Ltd.	10,779,030.60	10,560,831.60
Chinese Academy of Sciences Linkage Innovation Equity Investment Fund (Shaoxing) Partnership (Limited Partnership)	440,000,000.00	440,000,000.00

Item	Closing balance	Opening balance
China Zheshang Bank Co., Ltd.	2,964,219,930.87	3,096,690,976.19
Shanghai Pudong Development Bank Co., Ltd.	87,967,880.00	85,152,907.84
Shaoxing Binhai New City Development Group Co., Ltd.	264,000,000.00	264,000,000.00
Keqiao Daily	199,379.79	199,379.79
Huarong Financial Leasing Co., Ltd.	1,287,492,290.00	1,287,492,290.00
Total	10,451,197,254.74	9,319,547,342.35

(2) Details of non-trading equity instrument investments

Item	Dividend income recognized in the current period	Amount of other comprehensive income transferred to retained earnings	Reasons for transferring other comprehensive income into retained earnings
China Cable Network Co., Ltd.	4,222,458.24		
Shanghai Pudong Development Bank Co., Ltd.	122,490,440.91		
Shaoxing Sequoia Huiyuan Equity Investment Partnership (limited Partnership)	3,007,045.40		
Shaoxing Keqiao Cool Play Oriental Investment Center (Limited Partnership)	82,500,000.00		
Total	212,219,944.55		

10. Investment property

(1) Investment property measured at cost

Item	House and building	Land use right	Construction in progress	Total
I. Original value				
1. Opening balance	7,377,751,857.66	2,081,144,417.18	741,338,265.87	10,200,234,540.71
2. Increase	1,036,793.42		25,922,577.32	26,959,370.74
3. Decrease				
4. Closing balance	7,378,788,651.08	2,081,144,417.18	767,260,843.19	10,227,193,911.45
II. Accumulated depreciation and amortization				

Item	House and building	Land use right	Construction in progress	Total
1. Opening balance	2,449,812,792.99	526,821,521.18		2,976,634,314.17
2. Increase	146,137,907.58	25,518,140.04		171,656,047.62
3. Decrease				
4. Closing balance	2,595,950,700.57	552,339,661.22		3,148,290,361.79
III. Impairment provision				
1. Opening balance				
2. Increase				
3. Decrease				
4. Closing balance				
IV. Book value				
1. Closing balance	4,782,837,950.51	1,528,804,755.96	767,260,843.19	7,078,903,549.66
2. Opening balance	4,927,939,064.67	1,554,322,896.00	741,338,265.87	7,223,600,226.54

(2) As of 30 June 2021, details of mortgages of investment properties refer to Note VI 18, 26 and 28.

#### 11. Fixed assets

Item	Closing balance	Opening balance
Fixed assets	9,390,036,416.05	9,442,242,188.29
Total	9,390,036,416.05	9,442,242,188.29

#### (1) Details of fixed assets

Item	Opening balance	Increase	Decrease	Closing balance
1. Original cost	13,547,369,062.19	440,431,055.17	246,387,468.61	13,741,412,648.75
Including: Houses and buildings	4,530,846,739.36	182,758,660.53	228,524,601.64	4,485,080,798.25
General equipment	322,254,985.97	7,136,264.05	3,302,706.58	326,088,543.44
Special equipment	1,150,227,324.76	23,076,071.44	12,339,944.63	1,160,963,451.57
Transportation	172,607,014.56	1,454,990.40	1,611,037.83	172,450,967.13
Road assets	4,048,163,047.13	49,671,009.29		4,097,834,056.42
Pipes	3,124,992,692.90	175,782,616.89	101,051.93	3,300,674,257.86

Item	Opening balance	Increase	Decrease	Closing balance
Other	198,277,257.51	551,442.57	508,126.00	198,320,574.08
II. Accumulated depreciation	4,036,381,369.28	268,850,312.14	22,600,953.34	4,282,630,728.08
Including: Houses and buildings	933,317,571.99	75,100,304.72	8,619,463.83	999,798,412.88
General equipment	189,164,584.60	13,314,073.39	2,563,425.30	199,915,232.69
Special equipment	600,728,675.07	48,442,788.78	9,997,405.18	639,174,058.67
Transportation	121,107,799.97	5,097,927.33	1,311,953.15	124,893,774.15
Road assets	482,171,801.59	78,904,514.05		561,076,315.64
Pipes	1,638,622,092.79	43,584,866.49	99,559.21	1,682,107,400.07
Other	71,268,843.27	4,405,837.38	9,146.67	75,665,533.98
III. Impairment provision	68,745,504.62			68,745,504.62
Including: Houses and buildings	67,769,666.60			67,769,666.60
General equipment	191,981.81			191,981.81
Special equipment	50,973.16			50,973.16
Transportation	732,883.05			732,883.05
Road assets				
Pipes				
Other				
IV. Book value	9,442,242,188.29			9,390,036,416.05
Including: Houses and buildings	3,529,759,500.77			3,417,512,718.77
General equipment	132,898,419.56			125,981,328.94
Special equipment	549,447,676.53			521,738,419.74
Transportation	50,766,331.54			46,824,309.93
Road assets	3,565,991,245.54			3,536,757,740.78
Pipes	1,486,370,600.11			1,618,566,857.79
Other	127,008,414.24			122,655,040.10

(2) As of 30 June 2021, details of mortgages of fixed assets refer to Note VI 18, 26 and 28.

12. Construction in progress

Item	Closing balance	Opening balance
Construction in progress	25,070,941,260.08	21,588,353,490.98
Engineering materials	13,186,002.23	13,621,125.05
<b>Total</b>	<b>25,084,127,262.31</b>	<b>21,601,974,616.03</b>

(1) Details for construction in progress

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Urban infrastructure	25,070,941,260.08		25,070,941,260.08	21,588,353,490.98		21,588,353,490.98
<b>Total</b>	<b>25,070,941,260.08</b>		<b>25,070,941,260.08</b>	<b>21,588,353,490.98</b>		<b>21,588,353,490.98</b>

(2) Changes in significant urban infrastructure projects

Name	Opening balance	Increase	Decrease	Closing balance
Sports Center and supporting facilities project	2,923,814,299.06	422,500,812.73		3,346,315,111.79
Sewage collection and drainage works	181,497,431.86	59,975,253.42	49,913,951.33	191,558,733.95
Water supply project	580,956,841.33	44,088,935.54	35,541,133.75	589,504,643.12
North extension of Provincial Highway No. 31 (the section from Keqiao District to Xiaoshan) project	1,162,495,170.41	11,463,638.88		1,173,958,809.29
Kebei Avenue project	674,298,514.58	19,987,996.25		694,286,510.83
Shaoxing Binhai Industrial Agglomeration Qianqing to Binhai Industrial Zone Highway	4,110,623,641.53	2,571,671.22		4,113,195,312.75
Hangzhou-Shaoxing Intercity Rail Transit Construction Project	5,591,929,981.11	1,493,433,636.78		7,085,363,617.89
Tusita Scenic Area and its ancillary works	849,362,939.61	72,886,596.50		922,249,536.11

Name	Opening balance	Increase	Decrease	Closing balance
Reconstruction of the section from Wangtan to Wangcheng of Provincial Highway No. 32, Keqiao District, Shaoxing City	268,933,698.80	6,922,769.07		275,856,467.87
Urban infrastructure project of Urban Construction Investment Company	1,330,549,430.70	54,332,322.96		1,384,881,753.66
South extension project of Jingshui Road	450,320,719.71	93,078,290.80		543,399,010.51
Total	18,124,782,668.70	2,281,241,924.15	85,455,085.08	20,320,569,507.77

(3) Engineering materials

Item	Closing balance	Opening balance
Special materials	13,186,002.23	13,621,125.05
Total	13,186,002.23	13,621,125.05

(4) As of 30 June 2021, details of mortgages of construction in progress refer to Note VI 26 and 28.

13. Intangible assets

Item	Land use right	Software usage fee	Other	Total
<b>I. Original value</b>				
1. Opening balance	1,494,937,242.11	48,896,787.84	4,790,248.93	1,548,624,278.88
2. Increase	26,896,736.00	4,794,051.63	44,339.62	31,735,127.25
3. Decrease				
4. Closing balance	1,521,833,978.11	53,690,839.47	4,834,588.55	1,580,359,406.13
<b>II. Accumulated amortization</b>				
1. Opening balance	226,671,055.65	32,631,720.42	130,844.20	259,433,620.27
2. Increase	16,950,192.20	3,537,654.68	186,831.42	20,674,678.30
3. Decrease				-
4. Closing balance	243,621,247.85	36,169,375.10	317,675.62	280,108,298.57
<b>III. Impairment provision</b>				

Item	Land use right	Software usage fee	Other	Total
1. Opening balance				
2. Increase				
3. Decrease				
4. Closing balance				
IV. Book value				
1. Closing balance	1,278,212,730.26	17,521,464.37	4,516,912.93	1,300,251,107.56
2. Opening balance	1,268,266,186.46	16,265,067.42	4,659,404.73	1,289,190,658.61

#### 14. Goodwill

##### (1) Original book value of goodwill

Name of investee	Opening balance	Increase	Decrease	Closing balance
Zhejiang China Light & Textile Industrial City Group Co., Ltd.	144,932,137.90			144,932,137.90
Shaoxing Xuri Education Development Co., Ltd.	17,038,545.25			17,038,545.25
Zhejiang Keyan Beauty Spot Development Co., Ltd.	45,447,495.08			45,447,495.08
Shaoxing Keqiao Media Group Co., Ltd.		20,648,318.97		20,648,318.97
Total	207,418,178.23	20,648,318.97		228,066,497.20

Note: The Company conducted an impairment test on goodwill at the end of the reporting period, and the expected recoverable amount of the asset group at the end of the reporting period was greater than the book value of the asset group portfolio containing goodwill. Therefore, there was no sign of impairment of the goodwill.

#### 15. Long-term deferred expenses

Item	Opening balance	Increase	Amortization	Closing balance
Decoration fee	11,980,414.08	1,896,618.56	3,957,458.57	9,919,574.07
Decoration subsidy for the investment promotion	7,983,711.97	93,396.23	11,286.60	8,065,821.60

Item	Opening balance	Increase	Amortization	Closing balance
Domestic sewage collection and treatment system engineering	1,213,477.78		119,358.45	1,094,119.33
Deodorization project of Regulating Pool of Pumping Station	88,379.00		44,190.00	44,189.00
Landscape and greening reconstruction	28,441,570.53		4,287,291.47	24,154,279.06
Sewage treatment project of Qiantang River plot	3,752,297.85		1,072,085.22	2,680,212.63
Pumping station automation transformation project, training base terminal fittings project	9,364,707.78		983,393.59	8,381,314.19
Total	62,824,558.99	1,990,014.79	10,475,063.90	54,339,509.88

16. Deferred tax assets & Deferred tax liabilities

(1) Details of non-offset deferred tax assets

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Impairment provision on assets	48,094,764.40	12,023,691.10	45,458,704.95	11,374,680.65
Deferred income	8,553,941.11	2,138,485.27	8,728,692.12	2,178,370.93
Accrued expenses	67,010,693.86	16,752,673.47	68,833,225.96	17,208,306.49
Total	123,659,399.37	30,914,849.84	123,020,623.03	30,761,358.07

(2) Details of non-offset deferred tax liabilities

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Changes in fair value of other equity instrument investments	2,543,213,199.76	635,803,299.94	1,329,460,496.20	332,365,124.05

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Total	2,543,213,199.76	635,803,299.94	1,329,460,496.20	332,365,124.05

17. Other non-current assets

Item	Closing balance	Opening balance
Advance payment for projects	1,564,941,437.61	2,520,388,011.99
Special reserve materials allocated by the state	490,000.00	490,000.00
Project funds for non-self-use under construction-Zhejiang University of Technology Zhijiang College	783,104,661.00	783,104,661.00
Zhejiang Glass Third Section	535,761,158.95	535,761,158.95
Collective trust assets	48,890,000.00	
Total	2,933,187,257.56	3,839,743,831.94

18. Short-term borrowings

(1) Category of short-term borrowings

Condition	Closing balance	Opening balance
Credit loan	410,000,000.00	160,000,000.00
Mortgage loan	90,000,000.00	90,000,000.00
Guaranteed loan	6,205,950,000.00	4,721,477,521.00
Mortgage guaranteed loan	140,000,000.00	
Pledge loan	475,000,000.00	285,000,000.00
Discount of commercial acceptance bills	50,000,000.00	50,000,000.00
Interests payable	4,762,386.84	14,112,329.59
Total	7,375,712,386.84	5,320,589,850.59

(2) Short-term borrowings classified by conditions of loans

Condition	Closing balance
Credit loans of the Company and its subsidiaries	410,000,000.00

Condition	Closing balance
Guaranteed by Shaoxing Keqiao Economic Development Zone Development Investment Co., Ltd.	962,000,000.00
Guaranteed by Shaoxing Keyan Construction Investment Co., Ltd.	602,000,000.00
Guaranteed by Shaoxing Lanting Cultural Tourism Development Co., Ltd.	120,000,000.00
Guaranteed by Shaoxing Pingshui Ruoyexi Water System Integrated Improvement and Development Co., Ltd.	90,000,000.00
Guaranteed by Shaoxing Kebei New Countryside Construction Investment Development Co., Ltd.	300,000,000.00
Guaranteed by Shaoxing Keqiao District Binhai City Construction Development Investment Co., Ltd.	760,000,000.00
Guaranteed by Shaoxing Keqiao District Haitu Agricultural Development Co., Ltd.	73,000,000.00
Guaranteed by Keqiao District Construction Group Co., Ltd.	200,000,000.00
Guaranteed by Shaoxing Keqiao District Transportation Investment Co., Ltd.	405,000,000.00
Jointly guaranteed by Shaoxing Keqiao District Tourism Development Group Co., Ltd. and Shaoxing Keqiao District Luzhen Tourism Development Co., Ltd.	90,000,000.00
Guaranteed by Shaoxing Keqiao District Tourism Development Group Co., Ltd.	978,950,000.00
Guaranteed by Shaoxing Keqiao District Pingshui Fucheng Construction Investment Development Co., Ltd.	290,000,000.00
Guaranteed by Shaoxing Keqiao District Central City Construction Investment Development Co., Ltd.	200,000,000.00
Guaranteed by Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd.	150,000,000.00
Guaranteed by Shaoxing Keqiao District Development and Management Group Co., Ltd.	300,000,000.00
Guaranteed by Shaoxing Keqiao Water Group Co., Ltd.	100,000,000.00
Guaranteed by Shaoxing Keqiao Binhai Water Supply Co., Ltd.	170,000,000.00
Guaranteed by Shaoxing Keqiao Drain Co., Ltd.	206,000,000.00
Guaranteed by Shaoxing Keqiao Water Supply Co., Ltd.	65,000,000.00
Mortgaged with the real estates and land use rights of Shaoxing Keqiao District Development and Management Group Co., Ltd.	90,000,000.00
Guaranteed by Shaoxing Keqiao District City Construction Investment Development Co., Ltd.	80,000,000.00

Condition	Closing balance
Guaranteed by Shaoxing Public Utility Group Co., Ltd.	64,000,000.00
Discounted loans of commercial acceptance bills guaranteed by Shaoxing Keqiao Water Supply Co., Ltd.	50,000,000.00
Mortgaged with the equipment of Shaoxing Keqiao Jiangbin Water Treatment Co., Ltd., and guaranteed by Shaoxing Public Utility Group Co., Ltd.	80,000,000.00
Mortgaged with the equipment of Shaoxing Keqiao Jiangbin Water Treatment Co., Ltd., and guaranteed by Shaoxing Keqiao Binhai Water Supply Co., Ltd.	60,000,000.00
Pledged with the certificate of deposit of China CITIC Bank Co., Ltd. with RMB 500 million	475,000,000.00
Total	7,370,950,000.00

#### 19. Notes payable

Category	Closing balance	Opening balance
Bank acceptance bill	50,000,000.00	50,000,000.00
Total	50,000,000.00	50,000,000.00

Note: As of 30 June 2021, there were no notes payable due but unpaid.

#### 20. Accounts payable

##### (1) Accounts payable disclosed by aging

Aging	Closing balance	Opening balance
Within 1 year (including 1 year)	581,843,378.65	701,090,527.24
1-2 years (including 2 years)	522,849,599.77	32,404,795.94
2-3 years (including 3 years)	17,084,679.58	6,415,132.55
Over 3 years	72,685,828.85	68,560,686.05
Total	1,194,463,486.85	808,471,141.78

##### (2) Details of significant accounts payable at the end of the reporting period

Name	Closing balance	Reason
Zhejiang Jinggong Steel Structure Group Co., Ltd.	357,686,856.00	The settlement period has not yet expired
Shaoxing Keqiao Hangjinqiu Connection	160,000,000.00	The settlement period has not

Name	Closing balance	Reason
Line Expressway Co., Ltd.		yet expired
Zhejiang Communications Construction Group Co., Ltd.	141,308,079.00	The settlement period has not yet expired
Shanghai Road and Bridge (Group) Co., Ltd.	70,944,521.00	The settlement period has not yet expired
Shaoxing Water Treatment Development Co., Ltd.	52,835,863.80	The settlement period has not yet expired
Total	782,775,319.80	

(3) As of 30 June 2021, details of accounts payable to related parties refer to Note IX 5.

## 21. Advance from customers

### (1) Details of advance from customers

Item	Closing balance	Opening balance
Advance collection for rent	1,677,956,001.97	1,778,130,754.08
Advance collection for the transfer of long-term asset use rights	1,372,870,281.37	1,403,146,317.48
Other	2,094,676.86	1,311,028.23
Total	3,052,920,960.20	3,182,588,099.79

### (2) Significant advance from customers with aging over one year

Item	Closing balance	Reason
Advance collection for the transfer of long-term asset use rights of business housing by Shaoxing Keqiao China Light & Textile Industrial City New East Market Development Co., Ltd.	831,358,053.45	It has not yet expired, so it has not been carried forward
Advance collection for the transfer of long-term asset use rights of housing by Shaoxing Keqiao District China Light & Textile Industrial City Grey Fabric Market Co., Ltd.	354,954,706.00	It has not yet expired, so it has not been carried forward
Advance collection for the transfer of long-term asset use rights of housing by Shaoxing China Light & Textile Industrial City International Logistics Center Co., Ltd. Logistics Branch	146,459,024.36	It has not yet expired, so it has not been carried forward
Advance collection for the transfer of long-term asset use rights of business housing by Dongsheng Road Market Branch of the Company	40,098,497.56	It has not yet expired, so it has not been carried forward
Total	1,372,870,281.37	

22. Contract liabilities

Item	Closing balance	Opening balance
Advance collection for housing sales	846,313,269.11	564,052,540.74
Other	23,931,495.89	25,079,953.54
Total	870,244,765.00	589,132,494.28

23. Payroll payable

(1) Classification of payroll payable

Item	Opening balance	Increase	Decrease	Closing balance
1. Short-term employee benefits	71,401,080.13	279,079,354.48	305,986,642.58	44,493,792.03
2. Post-employment benefits - defined contribution plans	2,078,465.80	28,567,134.27	27,340,149.41	3,305,450.66
Total	73,479,545.93	307,646,488.75	333,326,791.99	47,799,242.69

(2) Disclosure of short-term employee benefits

Item	Opening balance	Increase	Decrease	Closing balance
1. Salary, bonus, allowance and subsidy	64,757,360.70	233,766,406.21	263,535,523.19	34,988,243.72
2. Employee welfare fees	100,835.60	9,014,359.98	9,111,121.58	4,074.00
3. Social insurance premiums	84,567.23	12,991,343.68	11,676,478.60	1,399,432.31
Including: 1) Medical insurance premiums	83,996.76	12,516,442.30	11,195,686.46	1,404,752.60
2) Work injury insurance premiums	267.31	433,455.26	433,925.72	-203.15
3) Maternity insurance premiums	303.16	41,446.12	46,866.42	-5,117.14
4. Housing fund	106,468.00	20,670,544.36	20,374,713.36	402,299.00
5. Union funds and employee education expenses	6,351,848.60	2,636,700.25	1,288,805.85	7,699,743.00
Total	71,401,080.13	279,079,354.48	305,986,642.58	44,493,792.03

(3) Disclosure of defined contribution plans

Item	Opening balance	Increase	Decrease	Closing balance
1. Basic endowment insurance premiums	2,042,286.11	23,509,059.88	22,295,975.17	3,255,370.82
2. Unemployment insurance premiums	21,151.29	760,720.78	757,473.94	24,398.13
3. Occupational pension contribution	15,028.40	4,297,353.61	4,286,700.30	25,681.71
Total	2,078,465.80	28,567,134.27	27,340,149.41	3,305,450.66

24. Taxes and surcharges payable

Item	Closing balance	Opening balance
Corporate income tax	1,748,813,785.46	1,799,984,408.95
Property tax	7,333,371.96	24,904,869.45
Land use tax	14,988,728.06	35,117,291.40
Urban maintenance & construction tax	37,634,389.40	35,617,416.89
Educational surcharge	25,612,860.45	24,398,572.05
Local educational surcharge	11,537,002.55	10,932,174.92
Stamp duty	646,676.55	3,227,411.00
Value-added tax	733,496,804.73	630,330,918.94
Individual income tax	1,284,645.01	1,271,859.89
Environmental protection tax	1,305,823.28	1,660,000.00
Land value increment tax	44,827.00	112,825.15
Special funds for water conservancy construction	3,106,965.17	3,106,225.38
Other	4,607.16	4,592.40
Total	2,585,810,486.78	2,570,668,566.42

25. Other payables

Item	Closing balance	Opening balance
Interests payable		
Other payables	3,042,504,400.99	4,471,650,186.12
Total	3,042,504,400.99	4,471,650,186.12

(1) Other payables disclosed by aging

Aging	Closing balance	Opening balance
Within 1 year (including 1 year)	529,659,735.39	897,827,112.17
1-2 years (including 2 years)	674,501,452.09	1,239,284,345.55
2-3 years (including 3 years)	896,482,344.38	1,509,674,053.11
Over 3 years	941,860,869.13	824,864,675.29
Total	3,042,504,400.99	4,471,650,186.12

(2) Details of significant other payables at the end of the reporting period

Name	Relationship with the Company	Closing balance	Proportion in closing balance of other payables (%)
Special accounts for demolition of Qixian Town, Keqiao District, Shaoxing City	Non-related party	515,000,000.00	16.93
Shaoxing South Cement Co., Ltd.	Non-related party	270,000,000.00	8.87
Finance Bureau of Keqiao District, Shaoxing City	Related party	210,000,000.00	6.90
Shaoxing Rail Transit Group Co., Ltd.	Non-related party	204,732,602.00	6.73
Xin'er Villager Committee, Ma'an Town, Keqiao District, Shaoxing City	Non-related party	151,868,234.50	4.99
Total		1,351,600,836.50	44.42

(4) As of 30 June 2021, details of other payables to related parties refer to Note IX 5.

26. Non-current liabilities due within one year

(1) Details of non-current liabilities due within one year

Item	Closing balance	Opening balance
Long-term borrowings due within one year	10,831,118,753.95	11,914,443,681.37
Long-term payables due within one year	1,370,026,633.34	315,000,000.00
Bonds payable due within one year	14,296,966,933.33	17,983,284,099.75
Interests payable due within one year	38,643,367.57	41,571,650.73
Total	26,536,755,688.19	30,254,299,431.85

(2) Details of long-term borrowings due within one year

Condition	Closing balance	Opening balance
Credit loan	305,000,000.00	545,000,000.00
Mortgage loan	665,084,040.91	527,975,678.48
Pledge loan	1,237,100,000.00	982,100,000.00
Guaranteed loan	7,525,655,000.00	8,495,800,808.00
Mortgage guaranteed loan	962,509,713.04	1,229,027,194.89
Pledge guaranteed loan	135,770,000.00	134,540,000.00
Total	10,831,118,753.95	11,914,443,681.37

(3) Long-term borrowings due within one year classified by conditions of loans

Condition	Closing balance
Credit loans of the Company and its subsidiaries	305,000,000.00
Jointly guaranteed by Shaoxing Kebei New Countryside Construction Investment Development Co., Ltd. and Shaoxing Keqiao District Haitu Agricultural Development Co., Ltd.	40,000,000.00
Guaranteed by Shaoxing Kebei New Countryside Construction Investment Development Co., Ltd.	60,000,000.00
Guaranteed by Shaoxing Keqiao Water Supply Co., Ltd.	1,350,000.00
Jointly guaranteed by Shaoxing Keqiao Water Supply Co., Ltd. and Shaoxing Keqiao District Pingshui Fucheng Construction Investment Development Co., Ltd.	2,000,000.00
Guaranteed by Shaoxing Keqiao Economic Development Zone Development Investment Co., Ltd.	925,000,000.00
Jointly guaranteed by Shaoxing Keqiao Drain Co., Ltd., Shaoxing Public Utility Group Co., Ltd. and Shaoxing Keqiao District Development and Management Group Co., Ltd.	40,000,000.00
Guaranteed by Shaoxing Keqiao Drain Co., Ltd.	2,500,000.00
Guaranteed by Shaoxing Keqiao Water Group Co., Ltd.	20,000,000.00
Guaranteed by Shaoxing Keyan City Construction Investment Co., Ltd.	343,000,000.00
Guaranteed by Shaoxing Keyan Construction Investment Co., Ltd.	1,934,020,000.00
Guaranteed by Shaoxing Public Utility Group Co., Ltd.	40,000,000.00
Guaranteed by Shaoxing Keqiao District Binhai City Construction Development Investment Co., Ltd.	650,000,000.00
Guaranteed by Shaoxing Keqiao District Chengbei Development Investment Co., Ltd.	125,000,000.00
Guaranteed by Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd.	1,263,450,000.00

Condition	Closing balance
Guaranteed by Shaoxing Keqiao District City Construction Investment Development Co., Ltd.	2,000,000.00
Guaranteed by Keqiao District Construction Group Co., Ltd.	55,285,000.00
Guaranteed by Shaoxing Keqiao District Transportation Investment Construction Group Co., Ltd.	901,780,000.00
Guaranteed by Shaoxing Keqiao District Development and Management Group Co., Ltd.	301,000,000.00
Jointly guaranteed by Shaoxing Keqiao District Development and Management Group Co., Ltd. and Shaoxing Keqiao Water Group Co., Ltd.	30,000,000.00
Jointly guaranteed by Shaoxing Keqiao District Development and Management Group Co., Ltd. and Shaoxing Keqiao Drain Co., Ltd.	40,000,000.00
Jointly guaranteed by Shaoxing Keqiao District Tourism Development Group Co., Ltd. and Shaoxing Keqiao District Luzhen Tourism Development Co., Ltd.	3,500,000.00
Guaranteed by Shaoxing Keqiao District Tourism Development Group Co., Ltd.	8,620,000.00
Guaranteed by Shaoxing Keqiao District Shicheng Development Investment Co., Ltd.	80,000,000.00
Guaranteed by Shaoxing Keqiao District Central City Construction Investment Development Co., Ltd.	652,150,000.00
Jointly guaranteed by Zhejiang Keyan Beauty Spot Development Co., Ltd. and Shaoxing Keqiao Water Group Co., Ltd.	5,000,000.00
Mortgaged with the real estates and land use rights as follows: Property certificate No.: Zhe (2017) Shaoxing Keqiao District Property Certificate No. 0059217 (Real estate & Land); Real estate certificate No.: Shao Real Estate Certificate Keqiao Zi No. f00008319; Land certificate No.: Keqiao District State Use (2015) No. 05128; Property certificate No.: Zhe (2018) Shaoxing Keqiao District Property Certificate No. 0022795 (Real estate & Land); Property certificate No.: Zhe (2018) Shaoxing Keqiao District Property Certificate No. 0022801; Land certificate No.: Zhe (2019) Shaoxing Keqiao District Property Certificate No. 0001072	4,000,000.00
Mortgaged with the real estates and land use rights as follows: Real estate & Land: Block No. 1, Keyan Village, Keyan Street, Keqiao District (Property certificate No.: Zhe (2017) Shaoxing Keqiao District Property Certificate No. 0059217); Real estate & Land: Block No. 2, Keyan Village, Keyan Street, Keqiao District (Real estate certificate No.: Shao Real Estate Certificate Keqiao Zi No. f00008319; Land certificate No.: Keqiao District State Use (2015) No. 05128); Real estate & Land: Block No. 3, Keyan Village, Keyan Street, Keqiao District (Real estate certificate No.: Shao Real Estate Certificate Keqiao Zi No. f00008320; Land certificate No.: Keqiao District State Use (2015) No. 05129); Real estate & Land: Block No. 4, Keyan Village, Keyan Street, Keqiao District (Real estate certificate No.: Shao Real Estate Certificate Keqiao Zi No. f00008321; Land certificate No.: Keqiao District State Use (2015) No.	4,650,000.00

Condition	Closing balance
05127)	
Pledged with accounts receivable of Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd.	198,000,000.00
Mortgaged with land use rights and real estates of Shaoxing County State Use (2004) No. 12-44 and Shao Real Estate Certificate Qixian Zi No. 03288-03294	10,000,000.00
Mortgaged with real estates and land use rights of Shaoxing China Light & Textile Industrial City Business Headquarters Park Investment Development Management Co., Ltd. (Collateral: No. 1 Eucalyptus Podium Building - No. 5 Building)	30,500,000.00
Mortgaged with real estates and land use rights of Shaoxing China Light & Textile Industrial City Business Headquarters Park Investment Development Management Co., Ltd. (No. 7 Building & 21 <sup>st</sup> and 22 <sup>nd</sup> Floors of Block B)	2,000,000.00
Pledged with accounts receivable and margin accounts of Shaoxing Keyan Construction Investment Co., Ltd.	250,000,000.00
Pledged with accounts receivable of Shaoxing Keyan Construction Investment Co., Ltd.	450,000,000.00
Pledged with accounts receivable under the Government Purchase Service Contract of Keyan Hongqi Yongjin Project of Shaoxing Keyan Construction Investment Co., Ltd.	189,100,000.00
Pledged with accounts receivable of Shaoxing Keqiao Economic Development Zone Development Investment Co., Ltd.	150,000,000.00
Guaranteed by Shaoxing Keqiao Water Group Co., Ltd., and mortgaged with land use rights (Keqiao District State Use (2014) No. 11413 and No. 11416) of Shaoxing Pingshui Ruoyexi Water System Integrated Improvement and Development Co., Ltd.	10,000,000.00
Jointly guaranteed by Shaoxing Keqiao District Binhai City Construction Development Investment Co., Ltd. and Shaoxing Keyan City Construction Investment Co., Ltd., and mortgaged with their land use rights	105,000,000.00
Guaranteed by Shaoxing Keqiao District Binhai City Construction Development Investment Co., Ltd., and mortgaged with real estates of Shaoxing Keqiao District Binhai City Construction Development Investment Co., Ltd. as follows: Room 0301, Zhongqing Building, Keqiao District, Shao Real Estate Certificate Keqiao Zi No. f00028950; Room 0301, Zhongqing Building, Keqiao District, Keqiao District State Use (2016) No. 02009	1,000,000.00
Guaranteed by Shaoxing Keqiao District Transportation Investment Co., Ltd., and mortgaged with 250 sets of hotel apartments in Block No. 1 of Fashion Center (Block A of No. 1 Building) of Shaoxing China Light & Textile Industrial City Business Headquarters Park Investment Development Management Co., Ltd.	11,500,000.00
Guaranteed by Shaoxing Keqiao District Keyuan Construction Investment Co., Ltd., and pledged with its accounts receivable	91,000,000.00

Condition	Closing balance
Guaranteed by Shaoxing Keqiao District Tourism Development Group Co., Ltd., and pledged with the right to charge for the second phase of Daxianglin Scenic Area in the next 20 years	8,770,000.00
Guaranteed by Shaoxing Keqiao District Tourism Development Group Co., Ltd., and pledged with the rights to charge for tickets and ferry tickets for Keyan Scenic Area (Shao County Price (2009) No. 83 and Shao County Price (2007) No. 26)	30,000,000.00
Guaranteed by Shaoxing Keqiao District China Light & Textile Industrial City Lianghu Development Construction Co., Ltd., and mortgaged with the property (Zhe (2019) Shaoxing Keqiao District Property Certificate No. 0033931) of Shaoxing Keqiao District New Countryside Construction Investment Development Co., Ltd.	90,000,000.00
Guaranteed by Shaoxing Keqiao District Central City Construction Investment Development Co., Ltd., and mortgaged with the property (Zhe (2019) Shaoxing Keqiao District Property Certificate No. 0033931) of Shaoxing Keqiao District China Light & Textile Industrial City Lianghu Development Construction Co., Ltd.	70,000,000.00
Pledged by Shaoxing Keqiao District Hangqu Expressway Connection Line Co., Ltd., and guaranteed by Shaoxing Keqiao District Transportation Investment Co., Ltd.	6,000,000.00
<b>Finance lease borrowings:</b>	
Mortgaged with road assets of Phase I of the Section from Keqiao to Paojiang of Qian (Qing) Tao (Yan) Highway (Note 1)	17,149,648.01
Mortgaged with assets and ancillary equipment and facilities of Sewage Centralized Pretreatment Phase II in Shaoxing Binhai Printing and Dyeing Industrial Agglomeration Zone of Shaoxing Keqiao Jiangbin Water Treatment Co., Ltd., and guaranteed by Shaoxing Keqiao Water Group Co., Ltd. (Note 2)	101,871,394.36
Mortgaged with Qianbin Line Project, and jointly guaranteed by Shaoxing Keqiao District Tourism Development Group Co., Ltd. and Shaoxing Keqiao Water Group Co., Ltd. (Note 3)	40,000,000.00
Mortgaged with Water Plant's equipment and ancillary facilities and equipment of Shaoxing Keqiao Jiangbin Water Treatment Co., Ltd., and guaranteed by Shaoxing Public Utility Group Co., Ltd. (Note 4)	40,000,000.00
Mortgaged with enhanced denitrification engineering machinery equipment and ancillary facilities, advanced sewage treatment equipment and ancillary facilities of Shaoxing Keqiao Jiangbin Water Treatment Co., Ltd., and jointly guaranteed by Shaoxing Keqiao District Development and Management Group Co., Ltd. and Shaoxing Public Utility Group Co., Ltd. (Note 5)	50,000,000.00
Mortgaged with the passenger transportation center and supporting facilities of Shaoxing Keqiao Passenger Transportation Center Co., Ltd., and guaranteed by Shaoxing Keqiao District Development and Management Group Co., Ltd. (Note 6)	59,399,017.62
Mortgaged with the part of the facilities of Sewage Centralized	25,000,000.00

Condition	Closing balance
Pretreatment Project (Phase I) of Shaoxing Keqiao Jiangbin Water Treatment Co., Ltd., and jointly guaranteed by Keqiao District Development and Management Group Co., Ltd., Shaoxing Keqiao Water Supply Co., Ltd. and Shaoxing Keqiao Water Group Co., Ltd. (Note 7)	
Mortgaged with highway assets of Shaoxing Keqiao District Hangqu Expressway Connection Line Co., Ltd., and jointly guaranteed by Shaoxing Keqiao District Transportation Investment Co., Ltd. and Shaoxing Keqiao District Transportation Investment Construction Group Co., Ltd. (Note 8)	4,500,000.00
Mortgaged with road assets of Phase II of the Section from Keqiao to Paojiang of Qian (Qing) Tao (Yan) Highway, and guaranteed by Shaoxing Keqiao District Transportation Investment Construction Group Co., Ltd. (Note 9)	1,000,000.00
Mortgaged with physical assets and machinery equipment of Shaoxing Keqiao District Central City Construction Investment Development Co., Ltd., and guaranteed by Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd. (Note 10)	25,798,226.31
Mortgaged with stadium and other facilities and other ancillary facilities of Shaoxing Keqiao District Sports Center Investment Development and Management Co., Ltd. (Note 11)	2,000,000.00
Mortgaged with Sports Center parking lot equipment and auxiliary facilities of Shaoxing Keqiao District Sports Center Investment Development and Management Co., Ltd. (Note 12)	25,257,142.86
Mortgaged with stadium system equipment of Shaoxing Keqiao District Sports Center Investment Development and Management Co., Ltd. (Note 13)	43,371,428.57
Mortgaged with water supply and drainage pipe network and power distribution facilities of China Textile CBD Business Center, and guaranteed by Shaoxing Keqiao District Transportation Investment Co., Ltd. (Note 14)	28,500,000.00
Mortgaged with the curtain wall of China Textile CBD Business Center (the curtain walls of No. 1 to No. 7 Buildings and sunken plaza of Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd.), the part of aboveground and underground facilities and ancillary equipment of China Textile CBD Business Center. (Note 15)	21,500,000.00
Mortgaged with the assets held by Shaoxing Public Transport Group Keqiao Co., Ltd. (Note 16)	100,000,000.00
Mortgaged with drainage pipe network and pumping station in Binhai Industrial Zone and staff apartment curtain wall, water supply and drainage, electrical appliances, lighting, weak power and other facilities in Printing and Dyeing Industrial Agglomeration Zone of Shaoxing Keqiao District Binhai City Construction Development Investment Co., Ltd., and guaranteed by Shaoxing Keyan Construction Investment Co., Ltd. (Note 17)	58,922,898.09
Mortgaged with sewage pipe network and auxiliary supporting facilities of Qianbin Line of Shaoxing Keqiao District Keyuan Construction	40,169,492.68

Condition	Closing balance
Investment Co., Ltd., and guaranteed by Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd. (Note 18)	
Mortgaged with rainwater pipes and sewage pipe networks in Kebei Avenue, Anhua North Road, Xiada Line and Qunxian Road of Shaoxing Keqiao Economic Development Zone Development Investment Co., Ltd., and guaranteed by Shaoxing Keqiao District Binhai City Construction Development Investment Co., Ltd. (Note 19)	60,004,100.00
Mortgaged with pavement assets and ancillary facilities (except subordinate pipe network) in North 11 <sup>th</sup> Road, North 8 <sup>th</sup> Road, Phase II of Xingbin Road and North 10 <sup>th</sup> Road, Binhai Industrial Zone of Shaoxing Keqiao Economic Development Zone Development Investment Co., Ltd. (Note 20)	2,500,687.50
Mortgaged with engineering assets of Hangzhou-Shaoxing Intercity Railway Xiangzhang Road Station (excluded) to Yaqian Station (included) shield tunnel section and engineering facilities of Hangzhou-Shaoxing Intercity Railway Yaqian Station (excluded) to Yangxunqiao Station (included) shield tunnel section of Shaoxing Keqiao District Hangshao Intercity Rail Transit Construction Investment Co., Ltd. (Note 21)	162,155,133.97
Mortgaged with engineering assets of Hangzhou-Shaoxing Intercity Railway Jishan Road Station project and engineering facilities of Hangzhou-Shaoxing Intercity Railway Jishan Road Station (excluded) to Kehua Road Station (excluded) section of Shaoxing Keqiao District Hangshao Intercity Rail Transit Construction Investment Co., Ltd., and guaranteed by Shaoxing Keqiao Rail Transit Group Co., Ltd. (Note 22)	99,844,583.98
Mortgaged with strong power, fire-fighting facilities and ancillary facilities of Xihuqiao Large-scale Talent Apartment Residential Zone (Phase I) of Shaoxing Keqiao District Pingshui Fucheng New Countryside Construction Investment Co., Ltd., and guaranteed by Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd. (Note 23)	19,400,000.00
Mortgaged with weak power, drainage facilities, underground parking and ancillary facilities of Xihuqiao Large-scale Talent Apartment Residential Zone of Shaoxing Keqiao District Pingshui Fucheng New Countryside Construction Investment Co., Ltd., and guaranteed by Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd. (Note 24)	20,600,000.00
Mortgaged with sewage pipeline facilities in the middle section of North 6 <sup>th</sup> Road and North 4 <sup>th</sup> Road of Shaoxing Keqiao District Shicheng Development Investment Co., Ltd. (Note 25)	135,000,000.00
Mortgaged with sewage pipeline facilities at the intersection of Xiaoshaotang Road and East 2 <sup>nd</sup> Road and Phase II of Binbei Road of Shaoxing Keqiao District Shicheng Development Investment Co., Ltd. (Note 26)	105,000,000.00
Total	10,831,118,753.95

Notes to finance lease borrowings:

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Note 1: In 2018, Shaoxing Keqiao District Transportation Investment Co., Ltd. mortgaged the road assets and ancillary facilities of Phase I of the Section from Keqiao to Paojiang of Qian (Qing) Tao (Yan) Highway to Ping An International Financial Leasing (Tianjin) Co., Ltd., and borrowed RMB 190 million from Ping An International Financial Leasing (Tianjin) Co., Ltd. with the loan term from 20 June 2018 to 20 June 2023. As of 30 June 2021, the loan balance was RMB 35.19 million.

Note 2: In 2018, Shaoxing Keqiao Jiangbin Water Treatment Co., Ltd. mortgaged the assets and ancillary equipment and facilities of Sewage Centralized Pretreatment Phase II in Shaoxing Binhai Printing and Dyeing Industrial Agglomeration Zone to Zhejiang Bank Financial Leasing Co., Ltd., and borrowed RMB 500 million from Zhejiang Bank Financial Leasing Co., Ltd. with the loan term from 20 November 2018 to 20 November 2023, which was guaranteed by Shaoxing Keqiao Water Group Co., Ltd. As of 30 June 2021, the loan balance was RMB 262.63 million.

Note 3: In 2017, Shaoxing Keqiao District Transportation Investment Co., Ltd. mortgaged the Qianbin Line project to Bank of Communications Financial Leasing Co., Ltd., and borrowed RMB 200 million from Bank of Communications Financial Leasing Co., Ltd. with the loan term from 29 December 2017 to 15 December 2022, which was jointly guaranteed by Shaoxing Keqiao District Tourism Development Group Co., Ltd. and Shaoxing Keqiao Water Group Co., Ltd. As of 30 June 2021, the loan balance was RMB 60 million.

Note 4: In 2020, Shaoxing Keqiao Jiangbin Water Treatment Co., Ltd. mortgaged the Water Plant's equipment and ancillary facilities and equipment to CMB Financial Leasing Co., Ltd., and borrowed RMB 200 million from CMB Financial Leasing Co., Ltd. with the loan term from 22 January 2020 to 21 January 2025, which was guaranteed by Shaoxing Public Utility Group Co., Ltd. As of 30 June 2021, the loan balance was RMB 160 million.

Note 5: In 2020, Shaoxing Keqiao Jiangbin Water Treatment Co., Ltd. mortgaged the enhanced denitrification engineering machinery equipment and ancillary facilities, advanced sewage treatment equipment and ancillary facilities to Industrial Bank Financial Leasing Co., Ltd., and borrowed RMB 200 million from Industrial Bank Financial Leasing Co., Ltd. with the loan term from 16 November 2020 to 20 January 2026, which was jointly guaranteed by Shaoxing Keqiao District Development and Management Group Co., Ltd. and Shaoxing Public Utility Group Co., Ltd. As of 30 June 2021, the loan balance was RMB 180 million.

In January to June 2021, Shaoxing Keqiao Jiangbin Water Treatment Co., Ltd. mortgaged the

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enhanced denitrification engineering machinery equipment and ancillary facilities, advanced sewage treatment equipment and ancillary facilities to Industrial Bank Financial Leasing Co., Ltd., and borrowed RMB 100 million from Industrial Bank Financial Leasing Co., Ltd. with the loan term from 25 January 2021 to 25 January 2026, which was jointly guaranteed by the Company and Shaoxing Public Utility Group Co., Ltd. As of 30 June 2021, the loan balance was RMB 95 million.

Note 6: In 2018, Shaoxing Keqiao District Transportation Investment Co., Ltd. mortgaged the passenger transportation center and supporting facilities held by Shaoxing Keqiao Passenger Transportation Center Co., Ltd. to CASIC Financial Leasing Co., Ltd., and borrowed RMB 200 million from CASIC Financial Leasing Co., Ltd. with the loan term from 15 August 2018 to 15 August 2023, which was guaranteed by Shaoxing Keqiao District Development and Management Group Co., Ltd. As of 30 June 2021, the loan balance was RMB 98.74 million.

Note 7: In 2018, Shaoxing Keqiao Jiangbin Water Treatment Co., Ltd. mortgaged the part of the facilities of Sewage Centralized Pretreatment Project (Phase I) to Bank of Communications Financial Leasing Co., Ltd., and borrowed RMB 100 million from Bank of Communications Financial Leasing Co., Ltd. with the loan term from 29 November 2018 to 15 November 2022, which was jointly guaranteed by Shaoxing Keqiao District Development and Management Group Co., Ltd., Shaoxing Keqiao Water Supply Co., Ltd. and Shaoxing Keqiao Water Group Co., Ltd. As of 30 June 2021, the loan balance was RMB 37.50 million.

Note 8: In 2017, Shaoxing Keqiao District Hangqu Expressway Connection Line Co., Ltd. mortgaged the highway assets to CMB Financial Leasing Co., Ltd., and borrowed RMB 45 million from CMB Financial Leasing Co., Ltd. with the loan term from 7 July 2017 to 7 July 2022, which was jointly guaranteed by Shaoxing Keqiao District Transportation Investment Co., Ltd. and Shaoxing Keqiao District Transportation Investment Construction Group Co., Ltd. As of 30 June 2021, the loan balance was RMB 9 million.

Note 9: In 2016, Shaoxing Keqiao District Transportation Investment Co., Ltd. mortgaged the highway assets of Phase II of the Section from Keqiao to Paojiang of Qian (Qing) Tao (Yan) Highway to Maxwealth Financial Leasing Co., Ltd., and borrowed RMB 10 million from Maxwealth Financial Leasing Co., Ltd. with the loan term from 9 December 2016 to 9 December 2021, which was guaranteed by Shaoxing Keqiao District Transportation Investment Construction Group Co., Ltd. As of 30 June 2021, the loan balance was RMB 1 million.

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Note 10: In 2019, Shaoxing Keqiao District Central City Construction Investment Development Co., Ltd. mortgaged the physical assets and machinery equipment to Ping An International Financial Leasing (Tianjin) Co., Ltd., and borrowed RMB 500 million from Ping An International Financial Leasing (Tianjin) Co., Ltd. with the loan term from 30 August 2019 to 30 September 2024, which was guaranteed by Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd. As of 30 June 2021, the loan balance was RMB 88.56 million.

Note 11: In 2015, Shaoxing Keqiao District Sports Center Investment Development and Management Co., Ltd. mortgaged the water, electricity, fire-fighting facilities, cold and heat source system, water treatment system and other ancillary facilities of swimming and diving gymnasium, water, electricity, fire-fighting facilities, cold and heat source system and other ancillary facilities of gymnasium, water, electricity, fire-fighting facilities of stadium, building floodlighting system and other ancillary facilities to Maxwealth Financial Leasing Co., Ltd., and borrowed RMB 250 million from Maxwealth Financial Leasing Co., Ltd. with the loan term from 30 September 2015 to 30 September 2021. As of 30 June 2021, the loan balance was RMB 2 million.

Note 12: In 2018, Shaoxing Keqiao District Sports Center Investment Development and Management Co., Ltd. mortgaged the sports center parking lot equipment and ancillary facilities, seats and supporting facilities, sound reinforcement equipment and other facilities, stadium electronic display screens, underground garage equipment and ancillary facilities, diving pool and diving platform facilities of swimming and diving gymnasium, warm-up pool and supporting facilities, swimming pool tiles and cushion facilities to China Merchants Commerce Financial Leasing (Tianjin) Co., Ltd., and borrowed RMB 130 million from China Merchants Commerce Financial Leasing (Tianjin) Co., Ltd. with the loan term from 10 December 2018 to 10 December 2023. As of 30 June 2021, the loan balance was RMB 60.54 million.

Note 13: In 2019, Shaoxing Keqiao District Sports Center Investment Development and Management Co., Ltd. mortgaged the stadium roof opening and closing system equipment, mobile telescopic stand equipment, sports center power machine room equipment, security communication equipment, fitness equipment, and guidance system equipment to China Merchants Commerce Financial Leasing (Tianjin) Co., Ltd., and borrowed RMB 220 million from China Merchants Commerce Financial Leasing (Tianjin) Co., Ltd. with the loan term from 8 January 2019 to 8 January 2024. As of 30 June 2021, the loan balance was RMB 113.46 million.

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Note 14: In 2019, Shaoxing China Light & Textile Industrial City Business Headquarters Park Investment Development Management Co., Ltd. mortgaged the outdoor ancillary facilities of China Textile CBD Business Center (including outdoor water supply and drainage pipe network, landscape lighting, bridges and square sculptures, etc.), weak power and intelligent, special electric power lines, transformation and distribution facilities, elevator facilities of China Textile CBD Business Center to Maxwealth Financial Leasing Co., Ltd., and borrowed RMB 130 million from Maxwealth Financial Leasing Co., Ltd. with the loan term from 18 January 2019 to 18 January 2022, which was guaranteed by Shaoxing Keqiao District Transportation Investment Co., Ltd. As of 30 June 2021, the loan balance was RMB 28.50 million.

Note 15: In 2018, Shaoxing China Light & Textile Industrial City Business Headquarters Park Investment Development Management Co., Ltd. mortgaged the curtain walls of No. 1 to No.7 Buildings and sunken plaza of China Textile CBD Business Center, the part of water supply and drainage, electrical, heating and ventilation, fire-fighting and other equipment for the aboveground of China Textile CBD Business Center, and the part of water supply and drainage, electrical, heating and ventilation, fire-fighting, underground pipe gallery and other facilities for the underground of China Textile CBD Business Center to Maxwealth Financial Leasing Co., Ltd., and borrowed RMB 170 million from Maxwealth Financial Leasing Co., Ltd. with the loan term from 24 December 2018 to 24 December 2021. As of 30 June 2021, the loan balance was RMB 21.50 million.

Note 16: In January to June 2021, Shaoxing Public Transport Group Keqiao Co., Ltd. mortgaged the assets to Far East International Financial Leasing Co., Ltd., and borrowed RMB 300 million from Far East International Financial Leasing Co., Ltd. with the loan term from 21 April 2021 to 23 April 2024, which was guaranteed by Keqiao District Construction Group Co., Ltd. As of 30 June 2021, the loan balance was RMB 278.28 million.

Note 17: In 2018, Shaoxing Keqiao District Binhai City Construction Development Investment Co., Ltd. mortgaged the drainage pipe network and pumping station in Binhai Industrial Zone and staff apartment curtain wall, water supply and drainage, electrical appliances, lighting, weak power and other facilities in Printing and Dyeing Industrial Agglomeration Zone to Maxwealth Financial Leasing Co., Ltd., and borrowed RMB 300 million from Maxwealth Financial Leasing Co., Ltd. with the loan term from 30 September 2018 to 30 September 2023, which was guaranteed by Shaoxing Keyan Construction Investment Co., Ltd. As of 30 June 2021, the loan balance was RMB 118.37 million.

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Note 18: In 2019, Shaoxing Keqiao District Keyuan Construction Investment Co., Ltd. mortgaged the sewage pipe network and auxiliary supporting facilities of Qianbin Line to Maxwealth Financial Leasing Co., Ltd., and borrowed RMB 250 million from Maxwealth Financial Leasing Co., Ltd. with the loan term from 5 July 2019 to 5 July 2022, which was guaranteed by Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd. As of 30 June 2021, the loan balance was RMB 79.26 million.

Note 19: In 2020, Shaoxing Keqiao Economic Development Zone Development Investment Co., Ltd. mortgaged the rainwater pipes and sewage pipe networks in Kebei Avenue, Anhua North Road, Xiada Line and Qunxian Road to Wanjiang Financial Leasing Co., Ltd., and borrowed RMB 200 million from Wanjiang Financial Leasing Co., Ltd. with the loan term from 24 June 2020 to 20 June 2023, which was guaranteed by Shaoxing Keqiao District Binhai City Construction Development Investment Co., Ltd. As of 30 June 2021, the loan balance was RMB 100 million.

Note 20: In 2018, Shaoxing Keqiao Economic Development Zone Development Investment Co., Ltd. mortgaged the pavement assets and ancillary facilities (except subordinate pipe network) between Binhai Avenue and Xingbin Road of North 11<sup>th</sup> Road in Binhai Industrial Zone of Shaoxing, the pavement assets and ancillary facilities (except subordinate pipe network) of North 8<sup>th</sup> Road and between Jiangbin Road and Binhai Avenue of North 10<sup>th</sup> Road in Binhai Industrial Zone of Shaoxing, and the pavement assets and ancillary facilities (except subordinate pipe network) between North 6<sup>th</sup> Road and North 11<sup>th</sup> Road of Phase II of Xingbin Road in Binhai Industrial Zone of Shaoxing to Ping An International Financial Leasing Co., Ltd., and borrowed RMB 150 million from Ping An International Financial Leasing Co., Ltd. with the loan term from 21 December 2018 to 21 December 2021. As of 30 June 2021, the loan balance was RMB 2.50 million.

Note 21: In 2018, Shaoxing Keqiao District Hangshao Intercity Rail Transit Construction Investment Co., Ltd. mortgaged the engineering assets of Hangzhou-Shaoxing Intercity Railway Xiangzhang Road Station (excluded) to Yaqian Station (included) shield tunnel section and engineering facilities of Hangzhou-Shaoxing Intercity Railway Yaqian Station (excluded) to Yangxunqiao Station (included) shield tunnel section to Huarong Financial Leasing Co., Ltd., and borrowed RMB 800 million from Huarong Financial Leasing Co., Ltd. with the loan term from 31 August 2018 to 15 June 2023. As of 30 June 2021, the loan balance was RMB 439.12 million.

Note 22: In 2018, Shaoxing Keqiao District Hangshao Intercity Rail Transit Construction Investment

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Co., Ltd. mortgaged the engineering assets of Hangzhou-Shaoxing Intercity Railway Jishan Road Station project and engineering facilities of Hangzhou-Shaoxing Intercity Railway Jishan Road Station (excluded) to Kehua Road Station (excluded) section to Zhejiang Bank Financial Leasing Co., Ltd., and borrowed RMB 500 million from Zhejiang Bank Financial Leasing Co., Ltd. with the loan term from 2 November 2018 to 25 November 2023, which was guaranteed by Shaoxing Keqiao Rail Transit Group Co., Ltd. As of 30 June 2021, the loan balance was RMB 298.48 million.

Note 23: In 2019, Shaoxing Keqiao District Pingshui Fucheng New Countryside Construction Investment Co., Ltd. mortgaged the strong power, fire-fighting facilities and ancillary facilities of Xihuqiao Large-scale Talent Apartment Residential Zone (Phase I) to Maxwealth Financial Leasing Co., Ltd., and borrowed RMB 97 million from Maxwealth Financial Leasing Co., Ltd. with the loan term from 11 December 2019 to 11 December 2024, which was guaranteed by Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd. As of 30 June 2021, the loan balance was RMB 67.90 million.

Note 24: In 2019, Shaoxing Keqiao District Pingshui Fucheng New Countryside Construction Investment Co., Ltd. mortgaged the weak power, drainage facilities, underground parking and ancillary facilities of Xihuqiao Large-scale Talent Apartment Residential Zone to Maxwealth Financial Leasing Co., Ltd., and borrowed RMB 103 million from Maxwealth Financial Leasing Co., Ltd. with the loan term from 11 December 2019 to 11 December 2024, which was guaranteed by Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd. As of 30 June 2021, the loan balance was RMB 72.10 million.

Note 25: In January to June 2021, Shaoxing Keqiao District Shicheng Development Investment Co., Ltd. mortgaged the sewage pipeline facilities in the middle section of North 6<sup>th</sup> Road and North 4<sup>th</sup> Road to Zhejiang Qide Financial Leasing Co., Ltd., and borrowed RMB 135 million from Zhejiang Qide Financial Leasing Co., Ltd. with the loan term from 10 June 2021 to 9 June 2022. As of 30 June 2021, the loan balance was RMB 135 million.

Note 26: In January to June 2021, Shaoxing Keqiao District Shicheng Development Investment Co., Ltd. mortgaged the sewage pipeline facilities at the intersection of Xiaoshaotang Road and East 2<sup>nd</sup> Road and Phase II of Binbei Road to Zhejiang Qide Financial Leasing Co., Ltd., and borrowed RMB 105 million from Zhejiang Qide Financial Leasing Co., Ltd. with the loan term from 10 June 2021 to 9 June 2022. As of 30 June 2021, the loan balance was RMB 105 million.

27. Other current liabilities

Item	Closing balance	Opening balance
Unearned premium reserve	212,459.80	212,459.80
Guaranteed compensation reserve	28,658,800.00	28,658,800.00
Pending changeover output VAT	49,783,381.48	29,657,325.27
Total	78,654,641.28	58,528,585.07

28. Long-term borrowings

(1) Long-term borrowings disclosed by category

Condition	Closing balance	Opening balance
Credit loan	1,967,000,000.00	1,650,000,000.00
Mortgage loan	2,589,167,316.48	2,058,395,688.16
Pledge loan	8,690,200,000.00	9,362,337,500.00
Guaranteed loan	25,764,694,205.56	17,465,080,930.00
Mortgage guaranteed loan	5,014,463,956.56	4,945,079,649.60
Pledge guaranteed loan	8,106,820,000.00	4,920,920,000.00
Interests payable loan	70,955,450.31	71,421,304.40
Total	52,203,300,928.91	40,473,235,072.16

(2) Long-term borrowings classified by conditions of loans

Condition	Closing balance
Credit loans of the Company and its subsidiaries	1,967,000,000.00
Jointly guaranteed by Shaoxing Keqiao District Development and Management Group Co., Ltd. and Shaoxing Keqiao Drain Co., Ltd.	222,140,000.00
Jointly guaranteed by Shaoxing Kebei New Countryside Construction Investment Development Co., Ltd. and Shaoxing Keqiao District Haitu Agricultural Development Co., Ltd.	20,000,000.00
Guaranteed by Shaoxing Kebei New Countryside Construction Investment Development Co., Ltd.	155,000,000.00
Guaranteed by Shaoxing Keqiao Water Supply Co., Ltd.	16,416,672.88
Jointly guaranteed by Shaoxing Keqiao Water Supply Co., Ltd. and Shaoxing Keqiao District Pingshui Fucheng Construction Investment Development Co., Ltd.	110,000,000.00

Condition	Closing balance
Guaranteed by Shaoxing Keqiao Economic Development Zone Development Investment Co., Ltd.	4,694,500,000.00
Jointly guaranteed by Shaoxing Keqiao Drain Co., Ltd., Shaoxing Public Utility Group Co., Ltd. and Shaoxing Keqiao District Development and Management Group Co., Ltd.	25,000,000.00
Guaranteed by Shaoxing Keqiao Drain Co., Ltd.	18,320,376.60
Jointly guaranteed by Shaoxing Keqiao Water Group Co., Ltd. and Shaoxing Keqiao District Development and Management Group Co., Ltd.	37,500,000.00
Guaranteed by Shaoxing Keqiao Water Group Co., Ltd.	694,000,000.00
Guaranteed by Shaoxing Keyan City Construction Investment Co., Ltd.	163,000,000.00
Guaranteed by Shaoxing Keyan Construction Investment Co., Ltd.	6,998,430,000.00
Guaranteed by Shaoxing Lanting Cultural Tourism Development Co., Ltd.	278,000,000.00
Guaranteed by Shaoxing Public Utility Group Co., Ltd.	110,000,000.00
Jointly guaranteed by Shaoxing Public Utility Group Co., Ltd. and Shaoxing Keqiao District Development and Management Group Co., Ltd.	120,000,000.00
Jointly guaranteed by Shaoxing Public Utility Group Co., Ltd. and Shaoxing Keqiao Water Group Co., Ltd.	124,500,000.00
Guaranteed by Shaoxing Keqiao District Binhai City Construction Development Investment Co., Ltd.	876,000,000.00
Jointly guaranteed by Shaoxing Keqiao District Binhai City Construction Development Investment Co., Ltd. and Shaoxing Keqiao Haitu Water Conservancy Development Co., Ltd.	150,000,000.00
Guaranteed by Shaoxing Keqiao District Binhai Industrial Zone Development Investment Co., Ltd.	41,000,000.00
Guaranteed by Shaoxing Keqiao District Chengbei Development Investment Co., Ltd.	70,000,000.00
Guaranteed by Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd.	1,438,597,933.86
Guaranteed by the Company	1,920,000,000.00
Guaranteed by Shaoxing Keqiao District Haitu Agricultural Development Co., Ltd.	20,000,000.00
Guaranteed by Keqiao District Construction Group Co., Ltd.	1,315,215,000.00
Guaranteed by Shaoxing Keqiao District Transportation Investment Construction Group Co., Ltd.	1,253,144,222.22
Guaranteed by Shaoxing Keqiao District Development and	414,500,000.00

Condition	Closing balance
Management Group Co., Ltd.	
Jointly guaranteed by Shaoxing Keqiao District Tourism Development Group Co., Ltd. and Shaoxing Keqiao District Luzhen Tourism Development Co., Ltd.	143,000,000.00
Guaranteed by Shaoxing Keqiao District Tourism Development Group Co., Ltd.	550,830,000.00
Guaranteed by Shaoxing Keqiao District Pingshui Fucheng Construction Investment Development Co., Ltd.	368,000,000.00
Guaranteed by Shaoxing Keqiao District Shicheng Development Investment Co., Ltd.	43,000,000.00
Jointly guaranteed by Shaoxing Keqiao District China Light & Textile Industrial City Lianghu Development Construction Co., Ltd. and Shaoxing Keqiao District City Construction Investment Development Co., Ltd.	600,000,000.00
Guaranteed by Shaoxing Keqiao District Central City Construction Investment Development Co., Ltd.	1,185,600,000.00
Jointly guaranteed by Zhejiang Keyan Beauty Spot Development Co., Ltd. and Shaoxing Keqiao Water Group Co., Ltd.	38,000,000.00
Guaranteed by Shaoxing Keqiao Rail Transit Group Co., Ltd.	1,551,000,000.00
Mortgaged with the real estates and land use rights as follows: Property certificate No.: Zhe (2017) Shaoxing Keqiao District Property Certificate No. 0059217 (Real estate & Land); Real estate certificate No.: Shao Real Estate Certificate Keqiao Zi No. r00008319; Land certificate No.: Keqiao District State Use (2015) No. 05128; Property certificate No.: Zhe (2018) Shaoxing Keqiao District Property Certificate No. 0022795 (Real estate & Land); Property certificate No.: Zhe (2018) Shaoxing Keqiao District Property Certificate No. 0022801; Land certificate No.: Zhe (2019) Shaoxing Keqiao District Property Certificate No. 0001072	26,000,000.00
Mortgaged with the real estates and land use rights as follows: Real estate & Land: Block No. 1, Keyan Village, Keyan Street, Keqiao District (Property certificate No.: Zhe (2017) Shaoxing Keqiao District Property Certificate No. 0059217); Real estate & Land: Block No. 2, Keyan Village, Keyan Street, Keqiao District (Real estate certificate No.: Shao Real Estate Certificate Keqiao Zi No. f00008319; Land certificate No.: Keqiao District State Use (2015) No. 05128); Real estate & Land: Block No. 3, Keyan Village, Keyan Street, Keqiao District (Real estate certificate No.: Shao Real Estate Certificate Keqiao Zi No. f00008320; Land certificate No.: Keqiao District State Use (2015) No. 05129); Real estate & Land: Block No. 4, Keyan Village, Keyan Street, Keqiao District (Real estate certificate No.: Shao Real Estate Certificate Keqiao Zi No. f00008321; Land certificate No.: Keqiao District State Use (2015) No. 05127)	247,650,000.00
Pledged with accounts receivable of Shaoxing Keqiao Economic Development Zone Development Investment Co., Ltd.	631,250,000.00

Condition	Closing balance
Pledged with accounts receivable under the Government Purchase Service Contract of Keyan Hongqi Yongjin Project of Shaoxing Keyan Construction Investment Co., Ltd.	323,450,000.00
Mortgaged with land use rights of Shaoxing Keyan Construction Investment Co., Ltd.	500,000,000.00
Pledged with accounts receivable and margin accounts of Shaoxing Keyan Construction Investment Co., Ltd.	3,548,000,000.00
Pledged with accounts receivable of Shaoxing Keyan Construction Investment Co., Ltd.	2,475,000,000.00
Mortgaged with Block No. 1 of Qianqing United International Trade Center	111,000,000.00
Pledged with accounts receivable of Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd.	1,357,000,000.00
Pledged with accounts receivable of Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd.	355,500,000.00
Mortgaged with No. 6 Building of Shaoxing Keqiao District China Textile Innovation Investment Development Co., Ltd.	18,000,000.00
Mortgaged with real estates and land use rights of Shaoxing China Light & Textile Industrial City Business Headquarters Park Investment Development Management Co., Ltd. (Collateral: No. 1 Eucalyptus Podium Building - No. 5 Building)	414,211,966.57
Mortgaged with real estates and land use rights of Shaoxing China Light & Textile Industrial City Business Headquarters Park Investment Development Management Co., Ltd. (No. 7 Building & 21 <sup>st</sup> and 22 <sup>nd</sup> Floors of Block B)	93,655,772.24
Mortgaged with the land use rights of Shaoxing County State Use (2002) Zi No. 3-76 and No. 3-79 (mortgaged and guaranteed by Zhejiang Keyan Beauty Spot Development Co., Ltd.), and Zhe (2020) Shaoxing Keqiao District Property Certificate No. 0005904 (mortgaged and guaranteed by Shaoxing Keqiao District Luzhen Tourism Development Co., Ltd.)	100,000,000.00
Guaranteed by Shaoxing Keqiao Water Group Co., Ltd., and mortgaged with land use rights (Keqiao District State Use (2014) No. 11413 and No. 11416) of Shaoxing Pingshui Ruoyexi Water System Integrated Improvement and Development Co., Ltd.	140,000,000.00
Jointly guaranteed by Shaoxing Keqiao District Binhai City Construction Development Investment Co., Ltd. and Shaoxing Keyan City Construction Investment Co., Ltd., and mortgaged with their land use rights	345,000,000.00
Guaranteed by Shaoxing Keqiao District Binhai City Construction Development Investment Co., Ltd., and mortgaged with real estates of Shaoxing Keqiao District Binhai City Construction Development Investment Co., Ltd. as follows: Room 0301, Zhongqing Building, Keqiao District, Shao Real Estate Certificate Keqiao Zi No. f00028950; Room 0301, Zhongqing Building, Keqiao District, Keqiao	228,180,000.00

Condition	Closing balance
District State Use (2016) No. 02009	
Guaranteed by Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd., and mortgaged with the land use right (Zhe (2019) Shaoxing Keqiao District Property Certificate No. 0036030) of Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd.	480,000,000.00
Guaranteed by Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd., and mortgaged with the land use right of Zhe (2019) Shaoxing Keqiao District Property Certificate No. 0007768	600,000,000.00
Guaranteed by the Company, and pledged with the right to charge for the Hangzhou-Shaoxing intercity railway project (including cost regulation subsidy funds)	6,600,000,000.00
Guaranteed by Shaoxing Keqiao District Haitu Agricultural Development Co., Ltd., and mortgaged with the state-owned construction land use rights	710,000,000.00
Guaranteed by Shaoxing Keqiao District Transportation Investment Co., Ltd., and mortgaged with 250 sets of hotel apartments in Block No. 1 of Fashion Center (Block A of No. 1 Building) of Shaoxing China Light & Textile Industrial City Business Headquarters Park Investment Development Management Co., Ltd.	119,257,876.28
Guaranteed and mortgaged by Shaoxing Keqiao Economic Development Zone Development Investment Co., Ltd.	220,000,000.00
Guaranteed by Shaoxing Keqiao District Keyuan Construction Investment Co., Ltd., and pledged with accounts receivable of Shaoxing Keyan Construction Investment Co., Ltd.	755,500,000.00
Guaranteed by Shaoxing Keqiao District Tourism Development Group Co., Ltd., and pledged with the right to charge for the second phase of Daxianglin Scenic Area in the next 20 years	490,920,000.00
Guaranteed by Shaoxing Keqiao District Tourism Development Group Co., Ltd., and pledged with the rights to charge for tickets and ferry tickets for Keyan Scenic Area (Shao County Price (2009) No. 83 and Shao County Price (2007) No. 26)	245,000,000.00
Guaranteed by Shaoxing Keqiao District China Light & Textile Industrial City Lianghu Development Construction Co., Ltd., and mortgaged with the property (Zhe (2019) Shaoxing Keqiao District Property Certificate No. 0033931) of Shaoxing Keqiao District New Countryside Construction Investment Development Co., Ltd.	360,000,000.00
Guaranteed by Shaoxing Keqiao District Central City Construction Investment Development Co., Ltd., and mortgaged with the property (Zhe (2019) Shaoxing Keqiao District Property Certificate No. 0033931) of Shaoxing Keqiao District China Light & Textile Industrial City Lianghu Development Construction Co., Ltd.	250,000,000.00
Guaranteed by Shaoxing Keqiao District Central City Construction Investment Development Co., Ltd., and mortgaged with the property (Zhe (2019) Shaoxing Keqiao District Property Certificate No.	180,000,000.00

Condition	Closing balance
0033931) of Shaoxing Keqiao District New Countryside Construction Investment Development Co., Ltd.	
Pledged by Shaoxing Keqiao District Hangqu Expressway Connection Line Co., Ltd., and guaranteed by Shaoxing Keqiao District Transportation Investment Co., Ltd.	15,400,000.00
<b>Finance lease borrowings:</b>	
Mortgaged with enhanced denitrification engineering machinery equipment and ancillary facilities, advanced sewage treatment equipment and ancillary facilities of Shaoxing Keqiao Jiangbin Water Treatment Co., Ltd., and jointly guaranteed by Shaoxing Keqiao District Development and Management Group Co., Ltd. and Shaoxing Public Utility Group Co., Ltd. (Note VI 26. Note 5)	225,000,000.00
Mortgaged with Water Plant's equipment and ancillary facilities and equipment of Shaoxing Keqiao Jiangbin Water Treatment Co., Ltd., and guaranteed by Shaoxing Public Utility Group Co., Ltd. (Note VI 26. Note 4)	120,000,000.00
Mortgaged with road assets of Phase I of the Section from Keqiao to Paojiang of Qian (Qing) Tao (Yan) Highway (Note VI 26. Note 1)	18,038,265.17
Mortgaged with the passenger transportation center and supporting facilities of Shaoxing Keqiao Passenger Transportation Center Co., Ltd., and guaranteed by Shaoxing Keqiao District Development and Management Group Co., Ltd. (Note VI 26. Note 6)	39,340,209.99
Mortgaged with the part of the facilities of Sewage Centralized Pretreatment Project (Phase I) of Shaoxing Keqiao Jiangbin Water Treatment Co., Ltd., and jointly guaranteed by Keqiao District Development and Management Group Co., Ltd., Shaoxing Keqiao Water Supply Co., Ltd. and Shaoxing Keqiao Water Group Co., Ltd. (Note VI 26. Note 7)	12,500,000.00
Mortgaged with assets and ancillary equipment and facilities of Sewage Centralized Pretreatment Phase II in Shaoxing Binhai Printing and Dyeing Industrial Agglomeration Zone of Shaoxing Keqiao Jiangbin Water Treatment Co., Ltd., and guaranteed by Shaoxing Keqiao Water Group Co., Ltd. (Note VI 26. Note 2)	160,755,813.78
Mortgaged with Qianbin Line Project, and jointly guaranteed by Shaoxing Keqiao District Tourism Development Group Co., Ltd. and Shaoxing Keqiao Water Group Co., Ltd. (Note VI 26. Note 3)	20,000,000.00
Mortgaged with highway assets of Shaoxing Keqiao District Hangqu Expressway Connection Line Co., Ltd., and jointly guaranteed by Shaoxing Keqiao District Transportation Investment Co., Ltd. and Shaoxing Keqiao District Transportation Investment Construction Group Co., Ltd. (Note VI 26. Note 8)	4,500,000.00
Mortgaged with physical assets and machinery equipment of Shaoxing Keqiao District Central City Construction Investment Development Co., Ltd., and guaranteed by Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd. (Note VI 26. Note 10)	62,758,248.10

Condition	Closing balance
Mortgaged with Sports Center parking lot equipment and auxiliary facilities of Shaoxing Keqiao District Sports Center Investment Development and Management Co., Ltd. (Note VI 26. Note 12)	35,285,714.30
Mortgaged with stadium system equipment of Shaoxing Keqiao District Sports Center Investment Development and Management Co., Ltd. (Note VI 26. Note 13)	70,085,714.27
Mortgaged with the assets held by Shaoxing Public Transport Group Keqiao Co., Ltd. (Note VI 26. Note 16)	178,277,777.78
Mortgaged with drainage pipe network and pumping station in Binhai Industrial Zone and staff apartment curtain wall, water supply and drainage, electrical appliances, lighting, weak power and other facilities in Printing and Dyeing Industrial Agglomeration Zone of Shaoxing Keqiao District Binhai City Construction Development Investment Co., Ltd., and guaranteed by Shaoxing Keyan Construction Investment Co., Ltd. (Note VI 26. Note 17)	59,449,198.31
Mortgaged with sewage pipe network and auxiliary supporting facilities of Qianbin Line of Shaoxing Keqiao District Keyuan Construction Investment Co., Ltd., and guaranteed by Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd. (Note VI 26. Note 18)	39,095,383.39
Mortgaged with rainwater pipes and sewage pipe networks in Kebei Avenue, Anhua North Road, Xiada Line and Qunxian Road of Shaoxing Keqiao Economic Development Zone Development Investment Co., Ltd., and guaranteed by Shaoxing Keqiao District Binhai City Construction Development Investment Co., Ltd. (Note VI 26. Note 19)	39,995,900.00
Mortgaged with engineering facilities of Kehua Road Station and Diyang Road Station (SG-3) of Hangzhou-Shaoxing Intercity Railway of Shaoxing Keqiao District Hangshao Intercity Rail Transit Construction Investment Co., Ltd., and jointly guaranteed by the Company and Shaoxing Keqiao Rail Transit Group Co., Ltd. (Note 1)	300,000,000.00
Mortgaged with engineering facilities of Hangzhou-Shaoxing Intercity Railway Tunnel Test Section Engineering (SG-1) Section, Hangzhou-Shaoxing Intercity Railway Niutuoshan No. 2 Tunnel (excluded) to Qianqing Station (included) (SG-2) and Hangzhou-Shaoxing Intercity Railway Qianqing Station (excluded) to Jishan Road Station (excluded) elevated section and station civil construction (SG-7) projects of Shaoxing Keqiao District Hangshao Intercity Rail Transit Construction Investment Co., Ltd. (Note 2)	500,000,000.00
Mortgaged with engineering assets of Hangzhou-Shaoxing Intercity Railway Xiangzhang Road Station (excluded) to Yaqian Station (included) shield tunnel section and engineering facilities of Hangzhou-Shaoxing Intercity Railway Yaqian Station (excluded) to Yangxunqiao Station (included) shield tunnel section of Shaoxing Keqiao District Hangshao Intercity Rail Transit Construction Investment Co., Ltd. (Note VI 26. Note 21)	276,962,106.15
Mortgaged with engineering assets of Hangzhou-Shaoxing Intercity Railway Jishan Road Station project and engineering facilities of	198,631,326.71

Condition	Closing balance
Hangzhou-Shaoxing Intercity Railway Jishan Road Station (excluded) to Kehua Road Station (excluded) section of Shaoxing Keqiao District Hangshao Intercity Rail Transit Construction Investment Co., Ltd., and guaranteed by Shaoxing Keqiao Rail Transit Group Co., Ltd. (Note VI 26. Note 22)	
Mortgaged with strong power, fire-fighting facilities and ancillary facilities of Xihuqiao Large-scale Talent Apartment Residential Zone (Phase I) of Shaoxing Keqiao District Pingshui Fucheng New Countryside Construction Investment Co., Ltd., and guaranteed by Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd. (Note VI 26. Note 23)	48,500,000.00
Mortgaged with weak power, drainage facilities, underground parking and ancillary facilities of Xihuqiao Large-scale Talent Apartment Residential Zone of Shaoxing Keqiao District Pingshui Fucheng New Countryside Construction Investment Co., Ltd., and guaranteed by Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd. (Note VI 26. Note 24)	51,500,000.00
Total	52,132,345,478.60

Note 1: In 2021, Shaoxing Keqiao District Hangshao Intercity Rail Transit Construction Investment Co., Ltd. mortgaged the engineering facilities of Kehua Road Station and Diyang Road Station (SG-3) of Hangzhou-Shaoxing Intercity Railway to China National Foreign Trade Financial Leasing Co., Ltd., and borrowed RMB 300 million from China National Foreign Trade Financial Leasing Co., Ltd. with the loan term from 2 February 2021 to 9 February 2024, which was jointly guaranteed by the Company and Shaoxing Keqiao Rail Transit Group Co., Ltd. As of 30 June 2021, the loan balance was RMB 300 million.

Note 2: In 2021, Shaoxing Keqiao District Hangshao Intercity Rail Transit Construction Investment Co., Ltd. mortgaged the engineering facilities of Hangzhou-Shaoxing Intercity Railway Tunnel Test Section Engineering (SG-1) bid section, Hangzhou-Shaoxing Intercity Railway Niutuoshan No. 2 Tunnel (excluded) to Qianqing Station (included) (SG-2) and Hangzhou-Shaoxing Intercity Railway Qianqing Station (excluded) to Jishan Road Station (excluded) elevated section and station civil construction (SG-7) projects to China National Foreign Trade Financial Leasing Co., Ltd., and borrowed RMB 500 million from China National Foreign Trade Financial Leasing Co., Ltd. with the loan term from 2 February 2021 to 2 February 2024. As of 30 June 2021, the loan balance was RMB 500 million.

Note 3: Finance lease borrowings due within one year were reclassified to non-current liabilities due within one year, and details of guarantees for finance lease borrowings refer to Note VI 26 and 28.

29. Bonds payable

(1) Details of bonds payable:

Name	Issue date	Duration	Issue amount (RMB'100 million)	Closing balance	Opening balance
16 Shaoke 01 (Note 1)	2016	5 years	10		6,938,100.00
16 Kecheng 01 (Note 2)	2016	7 years	10	416,993,315.07	404,108,712.33
16 Kejian 01 (Note 3)	2016	5 years	10		
16 Kechengtou Bond 02 (Note 4)	2017	7 years	11	705,668,383.56	675,464,975.34
18 Kejian 01	2018	5 years	2	200,834,246.58	208,208,219.18
18 Kejian 02	2018	5 years	3	307,503,287.67	316,109,589.04
18 Kejian 03	2018	5 years	5	504,680,821.92	517,535,616.44
18 Kejian 04	2018	5 years	10	1,012,647,397.26	1,047,380,547.95
18 Zhe Keqiao Chengtuo ZR003 (Note 5)	2018	3 years	5		
19 Zhe Keqiao Chengtuo ZR001 (Note 6)	2019	2 years	5		
19 Shaokecheng 01 (Note 7)	2019	2 years	5.40		
19 Kejian 01	2019	5 years	20	2,088,000,000.00	2,033,452,054.79
19 Kejian 02	2019	5 years	20	2,055,121,095.89	2,005,730,410.96
20 Keqiao Construction Investment MTN001	2020	5 years	10	1,007,788,219.18	1,025,843,561.64
20 Keqiao Construction Investment MTN002	2020	5 years	5.9	590,339,398.17	603,103,765.30
20 Keqiao Construction Investment PPN001	2020	2 years	4	412,977,789.95	402,462,228.31

Name	Issue date	Duration	Issue amount (RMB'100 million)	Closing balance	Opening balance
21 Kejian 01	2021	5 years	21	2,633,460,027.40	
21 Zhe Keqiao Chengtou ZR001 (Note 8)	2021	1 year	1		
No. (2021) A0638003 (WHFAE Products Targeted Debt Investment of Bank of Hangzhou)	2021	2 years	2	205,123,611.11	
21 Kecheng 01	2021	3+2 years	20	2,011,991,719.91	
20 Kecheng 01	2020	3+2 years	20	2,053,154,607.18	2,004,338,651.80
20 Keqiao Construction 01 (Note 9)	2020	2 years	5		518,176,666.67
20 Zhe Keqiao Construction ZR001	2020	3 years	5	508,113,500.76	501,925,479.45
21 Zhe Keqiao Construction ZR001 (Note 10)	2021	2 years	5		
21 Zhe Keqiao Construction ZR002 (Note 11)	2021	2 years	5		
14 Shao Transportation Investment Bond (Note 12)	2014	7 years	6		
16 Keqiao Light & Textile PPN002 (Note 13)	2016	5 years	10		
18 Keqiao Light & Textile MTN001	2018	5 years	8	841,004,497.28	821,004,704.06
18 Keqiao Light & Textile MTN002	2018	5 years	9	936,878,664.25	914,834,596.02
18 Keqiao Light & Textile MTN003 (Note 14)	2018	3 years	8		
19 Light & Textile	2019	5 years	3	310,745,520.82	303,959,658.83

Name	Issue date	Duration	Issue amount (RMB*100 million)	Closing balance	Opening balance
01					
19 Light & Textile 02	2019	3 years	8	824,289,687.26	808,840,734.04
20 Light & Textile 01	2020	3 years	10	1,034,348,307.06	1,015,864,202.63
20 Light & Textile 02	2020	3 years	5	512,200,943.39	502,013,556.47
21 Kekai 01	2021	3 years	8	801,191,090.25	
21 Keqiao Development SCP002 (Note 15)	2021	270 days	6		
21 Keqiao Development SCP003 (Note 16)	2021	140 days	4		
20 Zhe Keqiao Transportation Investment ZR001	2020	3 years	6	616,501,760.41	607,159,314.54
15 Keyan Bond (Note 17)	2015	7 years	8	2,372,256.28	175,027,772.3
18 Keyan Bond (Note 18)	2018	7 years	12	993,575,765.38	956,636,724.49
19 Keyan 01	2019	3 years	18.5	1,906,349,873.67	1,852,156,053.57
20 Keyan 01	2020	5 years	11.5	1,153,340,596.06	1,178,340,931.67
20 Shaoxing Keyan Special Bond 01	2020	7 years	6	613,223,995.50	595,589,708.01
20 Keyan Construction PPN001	2020	3 years	3	307,966,078.65	299,385,203.72
20 Zhe Keyan Construction ZR001	2020	2 years	2	206,372,916.66	201,357,708.30
21 Shaoxing Keyan Special Bond 01	2021	7 years	6	601,635,808.59	
2014 Shaoxing Economic Development Zone Development Investment Co., Ltd. Bond (Note 19)	2014	7 years	8		1,368,888.89

Name	Issue date	Duration	Issue amount (RMB'100 million)	Closing balance	Opening balance
Minsheng Bank 20 Keqiao Economic Development PPN001	2020	3 years	3	317,009,913.46	309,964,629.28
Huatai United Securities Co., Ltd. 20 Kekai 01 Non-public Project Income Bond	2020	3 years	10	1,040,210,230.69	1,015,353,410.23
Zheshang Securities Economic Development Investment 2020 Non-public Issuance of Corporate Bonds	2020	3 years	13.3	1,374,669,880.92	1,340,211,323.90
2020 Phase II Minsheng Bank PPN	2020	3 years	3	307,564,629.29	300,432,925.86
Zheshang Securities Economic Development Investment 2021 Non-public Issuance of Corporate Bonds Phase II	2021	3 years	4.7	469,077,718.72	
2021 Phase III Minsheng Bank PPN	2021	3 years	4	405,417,856.30	
16 Non-public Bond Phase I	2016	6 years	19		73,772,777.78
16 Non-public Bond Phase II (Note 20)	2016	5 years	25		26,591,785.37
19 Non-public Bond Phase I	2019	3 years	5	508,982,222.22	511,462,777.78
19 Keqiao Guotou Bond 01	2019	15 years	10	1,011,680,000.00	1,034,066,666.67
19 Keqiao Guotou Bond 02	2019	15 years	27	2,704,221,000.00	2,768,943,000.00
16-MTN001	2016	7 years	20	2,077,361,666.67	2,037,240,000.00
17-MTN001	2017	5 years	15	1,555,930,000.00	1,513,395,000.00
17-MTN002	2017	5 years	15	1,547,175,000.00	1,500,000,000.00

Name	Issue date	Duration	Issue amount (RMB'100 million)	Closing balance	Opening balance
18 Keqiao State-owned Assets PPN001	2018	3 years	5.9		27,733,933.33
18 Keqiao State-owned Assets PPN002 (Note 21)	2018	3 years	8		2,174,444.44
19 Keqiao State-owned Assets PPN001	2019	3 years	6.1	617,565,694.44	632,219,250.00
19 Keqiao State-owned Assets ABN001 Priority A2	2019	17 months	1.85		478,800.00
19 Keqiao State-owned Assets ABN001 Priority A3 (Note 22)	2019	29 months	1.97	19,000,000.00	58,913,088.89
19 Keqiao State-owned Assets ABN001 Priority A4	2019	41 months	2.09	216,012,530.56	211,073,744.44
19 Keqiao State-owned Assets ABN001 Priority A5	2019	53 months	2.24	231,515,822.22	226,222,577.78
19 Keqiao State-owned Assets ABN001 Priority A6	2019	66 months	2.4	248,052,666.67	242,381,333.33
19 Keqiao State-owned Assets ABN001 Priority A7	2019	78 months	2.58	267,577,533.33	260,832,266.67
19 Keqiao State-owned Assets ABN001 Priority A8	2019	90 months	2.72	282,097,244.44	274,985,955.56
19 Keqiao State-owned Assets ABN001 Priority A9	2019	102 months	2.89	299,728,322.22	292,172,577.78
19 Keqiao State-owned Assets	2019	114 months	3.06	317,359,400.00	309,359,200.00

Name	Issue date	Duration	Issue amount (RMB'100 million)	Closing balance	Opening balance
ABN001 Priority A10					
20 Kezi D1	2020	1 year	10		17,792,222.22
20 Kezi 01	2020	3 years	15	1,509,854,166.67	1,544,970,833.33
20 Kezi D2 (Note 23)	2020	1 year	14.1		18,604,166.67
20 Kezi D3 (Note 24)	2020	1 year	9.7		9,751,194.44
20 Kezi 02	2020	3 years	10	1,034,883,333.33	1,011,755,555.56
21 Kezi 01	2021	3 years	19	1,936,423,000.00	
21 Kezi D1	2021	2 years	16.2	1,646,902,800.00	
21 Kezi PPN001	2021	3 years	5.9	597,891,250.00	
21 Kezi MTN001	2021	3 years	10.9	1,102,462,333.33	
21 Kezi PPN002	2021	3 years	10	1,008,940,555.56	
21 Kezi 02	2021	3 years	14.1	1,415,851,024.23	
Lanting Cultural Tourism Non-public Project Income Bond (Phase 1)	2021	9 years	6	600,000,000.00	
Total				55,047,812,978.39	40,077,173,778.05

Note 1: "16 Shaoke 01" has a total face value of RMB 1,000 million. At the end of the reporting period, the remaining face value of RMB 810 million was reclassified as non-current liabilities due within one year according to the maturity time of less than one year.

Note 2: "16 Kecheng 01" has a total face value of RMB 1,000 million. At the end of the reporting period, the remaining face value of RMB 200 million was reclassified as non-current liabilities due within one year according to the maturity time of less than one year.

Note 3: "16 Kejian 01" has a total face value of RMB 1,000 million. At the end of the reporting period, the remaining face value of RMB 467 million was reclassified as non-current liabilities due within one year according to the maturity time of less than one year.

Note 4: "16 Kechengtou Bond 02" has a total face value of RMB 1,100 million. At the end of the reporting period, the remaining face value of RMB 220 million was reclassified as non-current

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liabilities due within one year according to the maturity time of less than one year.

Note 5: "18 Zhe Keqiao Chengtou ZR003" has a total face value of RMB 500 million. At the end of the reporting period, the remaining face value of RMB 517 million was reclassified as non-current liabilities due within one year according to the maturity time of less than one year.

Note 6: "19 Zhe Keqiao Chengtou ZR001" has a total face value of RMB 500 million. At the end of the reporting period, the remaining face value of RMB 204 million was reclassified as non-current liabilities due within one year according to the maturity time of less than one year.

Note 7: "19 Shaokecheng 01" has a total face value of RMB 540 million. At the end of the reporting period, the remaining face value of RMB 542 million was reclassified as non-current liabilities due within one year according to the maturity time of less than one year.

Note 8: "21 Zhe Keqiao Chengtou ZR001" has a total face value of RMB 100 million. At the end of the reporting period, the remaining face value of RMB 111 million was reclassified as non-current liabilities due within one year according to the maturity time of less than one year.

Note 9: "20 Keqiao Construction 01" has a total face value of RMB 500 million. At the end of the reporting period, the remaining face value of RMB 500 million was reclassified as non-current liabilities due within one year according to the maturity time of less than one year.

Note 10: "21 Zhe Keqiao Construction ZR001" has a total face value of RMB 500 million. At the end of the reporting period, the remaining face value of RMB 500 million was reclassified as non-current liabilities due within one year according to the maturity time of less than one year.

Note 11: "21 Zhe Keqiao Construction ZR002" has a total face value of RMB 500 million. At the end of the reporting period, the remaining face value of RMB 500 million was reclassified as non-current liabilities due within one year according to the maturity time of less than one year.

Note 12: "14 Shao Transportation Investment Bond" has a total face value of RMB 600 million. At the end of the reporting period, the remaining face value of RMB 300 million was reclassified as non-current liabilities due within one year according to the maturity time of less than one year.

Note 13: "16 Keqiao Light & Textile PPN002" has a total face value of RMB 1,000 million. At the end of the reporting period, the remaining face value of RMB 1,000 million was reclassified as non-current liabilities due within one year according to the maturity time of less than one year.

Note 14: "18 Keqiao Light & Textile MTN003" has a total face value of RMB 800 million. At the end of the reporting period, the remaining face value of RMB 800 million was reclassified as non-current

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liabilities due within one year according to the maturity time of less than one year.

Note 15: "21 Keqiao Development SCP002" has a total face value of RMB 600 million. At the end of the reporting period, the remaining face value of RMB 600 million was reclassified as non-current liabilities due within one year according to the maturity time of less than one year.

Note 16: "21 Keqiao Development SCP003" has a total face value of RMB 400 million. At the end of the reporting period, the remaining face value of RMB 400 million was reclassified as non-current liabilities due within one year according to the maturity time of less than one year.

Note 17: "15 Keyan Bond" has a total face value of RMB 800 million. At the end of the reporting period, the remaining face value of RMB 160 million was reclassified as non-current liabilities due within one year according to the maturity time of less than one year.

Note 18: "18 Keyan Bond" has a total face value of RMB 1,200 million. At the end of the reporting period, the remaining face value of RMB 240 million was reclassified as non-current liabilities due within one year according to the maturity time of less than one year.

Note 19: "2014 Shaoxing Economic Development Zone Development Investment Co., Ltd. Bond" has a total face value of RMB 800 million. At the end of the reporting period, the remaining face value of RMB 167 million was reclassified as non-current liabilities due within one year according to the maturity time of less than one year.

Note 20: "16 Non-public Bond Phase II" has a total face value of RMB 2,500 million. At the end of the reporting period, the remaining face value of RMB 2,575 million was reclassified as non-current liabilities due within one year according to the maturity time of less than one year.

Note 21: "18 Keqiao State-owned Assets PPN002" has a total face value of RMB 800 million. At the end of the reporting period, the remaining face value of RMB 821 million was reclassified as non-current liabilities due within one year according to the maturity time of less than one year.

Note 22: "19 Keqiao State-owned Assets ABN001 Priority A3" has a total face value of RMB 197 million. At the end of the reporting period, the remaining face value of RMB 145 million was reclassified as non-current liabilities due within one year according to the maturity time of less than one year.

Note 23: "20 Kezi D2" has a total face value of RMB 1,410 million. At the end of the reporting period, the remaining face value of RMB 1,455 million was reclassified as non-current liabilities due within one year according to the maturity time of less than one year.

Note 24: "20 Kezi D3" has a total face value of RMB 970 million. At the end of the reporting period, the remaining face value of RMB 999 million was reclassified as non-current liabilities due within one year according to the maturity time of less than one year.

### 30. Long-term payables

Item	Closing balance	Opening balance
Long-term payables	5,724,761,266.66	5,847,787,900.00
Special payables	5,581,457,583.51	7,021,304,096.12
Interests payable	122,732,938.44	182,648,334.08
Total	11,428,951,788.61	13,051,740,330.20

#### (1) Long-term payables disclosed by nature

Item	Closing balance	Opening balance
Non-financial institution borrowings	1,749,973,366.66	2,300,000,000.00
Local government bonds	3,974,787,900.00	3,547,787,900.00
Total	5,724,761,266.66	5,847,787,900.00

#### (2) Details of special payables

Item	Closing balance	Opening balance
Special purpose allocation from the state	396,787,258.77	393,333,525.37
Reconstruction of Keqiao Section of State Highway No. 104	306,370,000.00	298,370,000.00
Special fund for resettlement housing construction project of Shaoxing Section of Qianjiang Channel and Connection	42,905,619.00	42,905,619.00
DY12-01a in urban area of Keqiao	29,275,307.00	29,275,307.00
Contribution for water supply and drainage project in Keyan Resort	73,005,900.00	73,005,900.00
Contribution for water supply and drainage project of Keqiao Development Committee	33,274,108.42	33,274,108.42
Road supporting works of Keyan Street	2,000,000.00	2,000,000.00
Channel Construction Headquarters of Shaoxing City Section of Hangzhou-Ningbo Canal	9,082,199.00	9,082,199.00
Sewage treatment fee (allocation amount)	4,793,153.31	17,461,608.14
DY12-01b in urban area of Keqiao	4,885,199.00	4,885,199.00

Item	Closing balance	Opening balance
Hutang Sub-district Office	4,010,000.00	104,698.00
Contribution for water supply and drainage project in Fuquan Town	4,202,716.00	4,202,716.00
Contribution for water supply and drainage project of Pingshui Fucheng Construction Management Committee	2,000,000.00	2,000,000.00
Payment for domestic sewage collection and treatment project	120,572,000.00	120,572,000.00
Upgrading of Greening in Shaoxing City Section of Hangzhou-Ningbo Canal	4,530,000.00	4,530,000.00
Relocation project funds for water supply and drainage pipes	2,770,000.00	2,770,000.00
Wastewater drainage project of Dawuxiang Landfill Site	10,924,400.00	10,924,400.00
Contribution for water supply and drainage project in Ma'an Town	161,842.00	161,842.00
Contribution for water supply and drainage project in Anchang Town	7,936,400.00	7,936,400.00
Contribution for water supply and drainage works of Sunduan Water Plant	237,883.00	237,883.00
Contribution for water supply and drainage works of Hutang Water Plant	104,698.00	4,010,000.00
Pingshui Fucheng Construction Management Committee	195,000,000.00	195,000,000.00
Infrastructure allocation	588,655,972.80	724,553,906.79
Project funds allocated by Finance Bureau of Keqiao District	262,201,608.06	262,201,608.06
Financial allocation	540,973,617.45	1,675,485,493.34
Small town environmental comprehensive improvement project	23,307,823.51	23,307,823.51
Tourism Distribution Center		3,602,432.80
Tourism traffic sign system	1,636,332.00	1,881,310.00
Tourism publicity and marketing funds	2,465,935.00	2,465,935.00
City Tourism Smart Center	349,869.23	570,519.20
Global Smart Tourism Phase I Construction project	296,728.49	
Infrastructure funds allocated by Finance		543,430,448.23

Item	Closing balance	Opening balance
Financial allocation (land transfer business expenditure)	50,000,000.00	50,000,000.00
Funds transferred by Narada Grand	5,000,000.00	5,000,000.00
Construction funds for upgrading and reconstruction of county and township roads from 2013 to 2014	26,907,300.00	26,907,300.00
Reconstruction and maintenance of Yangxunqiao Interchange Connecting Line (Ramp F) of Hangzhou-Jinzhou-Quzhou Expressway		8,720,000.00
Sanjiang-Tongjiata Highway construction project of Zhejiang Provincial Department of Finance		2,380,000.00
Lanting to Pingshui Section project of Provincial Highway No. 32 of Zhejiang Provincial Department of Finance	77,053,539.00	77,053,539.00
Hangzhou-Jinzhou-Quzhou Expressway to Hangzhou-Shaoxing-Taiwan Expressway Link project	415,330,000.00	1,800,000.00
Viaduct reconstruction project of Keqiao Section in Hangzhou Central	590,800,000.00	358,982,139.00
Project construction funds	531,482,139.00	440,158,332.87
Sanjiang-Tongjiata Highway	342,658,332.87	4,330,000.00
Subsidy for provincial projects of Passenger Transport Center in 2015	20,000,000.00	20,000,000.00
Compensation for greening and landscape works of Rail Office	2,082,000.00	2,082,000.00
Co-construction fee of pipe network	195,614,508.61	195,614,508.61
Anchang Ancient Town Scenic Spot Provincial-level Tourism Town	13,926,006.45	13,926,006.45
Special funds for maintenance of public bicycles	2,509,674.24	983,760.03
Bridge pier reinforcement project of Qinwang Interchange and Jinkeqiao Interchange	4,909,442.26	490,9442.26
Special subsidy for resettlement housing	253,000,000.00	251,423,076.80
Keqiao Central City Comprehensive Service Center, Keqiao District, Shaoxing City	91,000,000.00	5,000,000.00
Exhibition Center Phase I	209,488,141.00	209,488,141.00
Yinda Line reconstruction project (Kehai Line to Drainage River Section)	15,351,063.00	5,000,000.00
"Carrying out cleansing, greening, and beautifying actions in areas such as highways,	4,502,968.24	4,502,968.24

Item	Closing balance	Opening balance
railways, rivers, and mountains" greening renovation project of Kehai Line		
Beautiful Highway Phase II project of Kuaijishan National Forest Park (Longchen Highway reconstruction project)	4,000,000.00	4,000,000.00
Widening and reconstruction project of Xingyue Road (Jingshui Road to Jinkeqiao Avenue)	5,500,000.00	5,500,000.00
Financial support project funds of the Management Committee of Economic Development Zone for Climbing Base of Asian Games		830,000,000.00
Humen urban village reconstruction project	2,030,000.00	
Appropriation of Shaoxing Keqiao District Rail Transit Construction Command Center	4,359,000.00	
2021 Provincial Marine Economic Development Fund	2,970,000.00	
Contributions for the agent construction of road supporting projects in 2020	10,814,400.00	
Receiving subsidies for the improvement and upgrading project of one river and two banks	7,836,738.00	
Greening and upgrading on both sides of Kehai Line	2,030,000.00	
Middle greening and upgrading project of Kepao Line (Phase I)	7,000,000.00	
Greening project of Hangjinqi Expressway Connecting Line Channel	1,720,000.00	
Urban greening and upgrading project of Kepao Line (Phase II)	6,765,760.80	
Greening works on both sides of Shaoxing County Section of Shaozhu Expressway	100,000.00	
<b>Total</b>	<b>5,581,457,583.51</b>	<b>7,021,304,096.12</b>

### 31. Deferred income

#### (1) Classification of deferred income

Item	Opening balance	Increase	Decrease	Other transfer out	Closing balance
Government grants	369,402,720.79		53,115,744.42		316,286,976.37
<b>Total</b>	<b>369,402,720.79</b>		<b>53,115,744.42</b>		<b>316,286,976.37</b>

## (2) Deferred income from government grants

Item	Opening balance	Increase	Recorded into the current profit and loss	Other transfer out	Closing balance	Related to asset or income
Qiantang River Project funds	107,795,324.52		49,866,943.68		57,928,380.84	Asset
Project subsidy for the section from Wangtan to Wangcheng of Provincial Highway No. 32	44,600,000.00				44,600,000.00	Asset
Special funds for sewage treatment projects	41,288,582.35		1,347,667.98		39,940,914.37	Asset
Project subsidy for the north extension of Provincial Highway No. 31 (the section from Keqiao District to Xiaoshan)	42,000,000.00				42,000,000.00	Asset
Central subsidy for recycling transformation (in-depth treatment project)	9,728,500.00		706,800.00		9,021,700.00	Asset
Subsidy fund for guarantee business of small and medium sized enterprises (specially used for compensatory expenditure)	10,750,000.00				10,750,000.00	Income
Funds for key transportation projects	8,166,666.43		1,000,000.02		7,166,666.41	Asset
Subsidy for Qianbin Line project	89,740,000.00				89,740,000.00	Asset
2016 Provincial Development and Reform Special Fund	5,310,810.82		88,021.69		5,222,789.13	Asset
Special funds for market construction	1,955,238.23		77,031.78		1,878,206.45	Asset
Subsidy fund for water supply reconstruction project	5,000,000.00				5,000,000.00	Asset
Policy subsidy funds of the Transportation Bureau	1,782,312.96		20,270.27		1,762,042.69	Asset
Risk compensation fund of guarantee companies	1,000,000.00				1,000,000.00	Income
Discount for the key market construction	285,285.48		9,009.00		276,276.48	Asset
<b>Total</b>	<b>369,402,720.79</b>		<b>53,115,744.42</b>		<b>316,286,976.37</b>	

### 32. Other non-current liabilities

Item	Closing balance	Opening balance
Special reserve materials allocated by the state	490,000.00	490,000.00
Total	490,000.00	490,000.00

### 33. Paid-in capital

Name of shareholders	Opening balance	Increase	Decrease	Closing balance
Finance Bureau of Keqiao District, Shaoxing City	72,000,000.00			72,000,000.00
Zhejiang Financial Development Co., Ltd.	8,000,000.00			8,000,000.00
Total	80,000,000.00			80,000,000.00

### 34. Other equity instruments

Item	Opening balance	Increase	Decrease	Closing balance
20 Keqiao State-owned Assets (Epidemic Prevention and Control Bond) MTN001	1,000,000,000.00			1,000,000,000.00
Total	1,000,000,000.00			1,000,000,000.00

Note: In March 2020, the Company issued the first phase of 2020 medium-term notes (epidemic prevention and control bonds) (registered amount of RMB 4 billion, first issuance of RMB 1 billion, with a term of 3+N), and recognized the above medium-term notes as an equity instrument at the initial recognition. Shaoxing Zhongjing Certified Public Accountants Co., Ltd. issued a special advisory opinion on the above accounting treatment, and considered that the above recognition meets the relevant regulations on the classification of financial instruments.

### 35. Capital reserve

Item	Opening balance	Increase	Decrease	Closing balance
Capital premium	73,933,218.33			73,933,218.33
Other capital reserve	6,872,522,705.64	1,673,430,448.23	5,360,036.23	8,540,593,117.64
Financial allocation	37,294,215,286.33	1,236,565,196.58		38,530,780,482.91

Item	Opening balance	Increase	Decrease	Closing balance
Total	44,240,671,210.30	2,909,995,644.81	5,360,036.23	47,145,306,818.88

Note 1: Reasons for increases of other capital reserve during the reporting period are as follows:

In the current period, the amount of RMB 1,673,430,448.23 in special payables was transferred to the capital reserve due to the completion of projects.

Note 2: Reasons for decreases of other capital reserve during the reporting period are as follows:

1) For other changes in owners' equity other than net profit and loss, other comprehensive income and profit distribution of associates accounted by the equity method of Shaoxing Keqiao Water Group Co., Ltd. in the current period, the Company reduced the capital reserve (other capital reserve) of RMB 5,429,160.83 according to the shareholding ratio;

2) For other changes in owners' equity other than net profit and loss, other comprehensive income and profit distribution of associates accounted by the equity method of Zhejiang China Light & Textile Industrial City Group Co., Ltd. in the current period, the Company reduced the capital reserve (other capital reserve) of RMB -69,124.60 according to the shareholding ratio.

(3) The increase of financial allocation was due to the increase of capital reserve by RMB 1,236,565,196.58 in allocations from shareholders and government departments.

#### 36. Other comprehensive income

Item	Opening balance	Changes in the current period	
		Amount before income tax	Less: Income tax expenses
1. Other comprehensive income that will not be reclassified subsequently into profit and loss	1,263,515,602.82	825,691,230.45	-2,512,108.05
Including: 1) Changes in fair value of other equity instrument investments	1,029,555,151.88	825,691,230.45	-2,512,108.05
2) Other comprehensive income that will not be reclassified subsequently into profit or loss under equity method	233,960,450.94		
Total	1,263,515,602.82	825,691,230.45	-2,512,108.05

(Continued)

Item	Changes in the current period		Closing balance
	Attributable to the parent company after tax	Attributable to minority shareholders after tax	
1. Other comprehensive income that will not be reclassified subsequently into profit and loss	832,894,563.65	-4,691,225.15	2,096,410,166.47
Including: 1) Changes in fair value of other equity instrument investments	832,894,563.65	-4,691,225.15	1,862,449,715.53
2) Other comprehensive income that will not be reclassified subsequently into profit or loss under equity method			233,960,450.94
Total	832,894,563.65	-4,691,225.15	2,096,410,166.47

### 37. Surplus reserve

Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	36,115,476.16			36,115,476.16
Total	36,115,476.16			36,115,476.16

### 38. Retained earnings

Item	Amount	Proportion of accrual or distribution
Closing balance of retained earnings of the previous year before adjustments	10,836,029,666.94	
Add: Total amount of adjustments for opening balance of retained earnings (increase as "+", decrease as "-")		
Opening balance of retained earnings after adjustments	10,836,029,666.94	
Add: Net profit for the current period attributable to owners of the parent company	310,099,074.19	
Less: i. Accrual of statutory surplus reserve		
ii. Dividends payable of ordinary shares		
Closing balance of retained earnings	11,146,128,741.13	

39. Operating revenues & Operating costs

(1) Details of operating revenues and operating costs

Item	Jan. - Jun. 2021		Jan. - Jun. 2020	
	Revenue	Cost	Revenue	Cost
Main business	2,569,029,659.87	2,171,445,766.35	2,069,353,189.70	1,850,833,621.92
Other business	184,556,161.83	66,989,034.81	139,319,014.68	78,955,844.00
Total	2,753,585,821.70	2,238,434,801.16	2,208,672,204.38	1,929,789,465.92

(2) Operating revenues and operating costs disclosed by category of products

Category	Jan. - Jun. 2021	
	Revenue	Cost
Market management	380,574,810.07	201,633,827.26
Water sector	619,694,863.84	644,526,787.89
Land development	246,001,360.29	206,641,142.64
Transportation	21,656,848.83	27,874,992.74
Real estate development	369,025,486.31	301,154,534.80
Infrastructure construction	751,630,794.28	671,375,536.84
Other business	180,445,496.25	118,238,944.18
Total	2,569,029,659.87	2,171,445,766.35

40. Financial costs

Item	Jan. - Jun. 2021	Jan. - Jun. 2020
Interest expenses	674,244,241.75	593,503,691.83
Less: Interest income	112,973,587.17	71,273,831.08
Service charges and others	7,332,657.91	17,124,653.71
Total	568,603,312.49	539,354,514.46

41. Other income

(1) Details of other income

Item	Jan. - Jun. 2021	Jan. - Jun. 2020
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Item	Jan. - Jun. 2021	Jan. - Jun. 2020
Government grants	688,549,031.90	727,782,309.01
Other	156,881.31	4,887.13
<b>Total</b>	<b>688,705,913.21</b>	<b>727,787,196.14</b>

(2) Government grants recorded into the current profit and loss

Item	Jan. - Jun. 2021	Related to asset or income
Special fund subsidy	506,206,960.00	Income
Special operation subsidy for sewage treatment	46,497,486.57	Income
Appropriation funds from Finance Bureau of Keqiao District	46,000,000.00	Income
Reward subsidy for emission reduction of printing and dyeing agglomeration enterprises	22,852,202.00	Income
Special funds for the exhibition economy	2,300,000.00	Income
Special fund incentives for the 2020 Exhibition Economy in Keqiao District, Shaoxing City	2,300,000.00	Income
Working expenses	2,050,000.00	Income
Incentive fund of the power consumption for enterprises to retain workers and stable increase	488,424.70	Income
Operation subsidy	150,000.00	Income
Qiantang River Project funds	49,866,943.68	Asset
Special funds for sewage treatment projects	1,347,667.98	Asset
Funds for key transportation projects	1,000,000.02	Asset
Central subsidy for recycling transformation (in-depth treatment project)	706,800.00	Asset
2016 Provincial Development and Reform Special Fund	88,021.69	Asset
Special funds for market construction	77,031.78	Asset
Policy subsidy funds of the Transportation Bureau	20,270.27	Asset
Discount for the key market construction	9,009.00	Asset
Other	6,588,214.21	Income
<b>Total</b>	<b>688,549,031.90</b>	

#### 42. Investment income

##### (1) Details of investment income

Item	Jan. - Jun. 2021	Jan. - Jun. 2020
Investment income from long-term equity investments under equity method	25,271,721.88	31,274,879.05
Interest income from funds lending		33,953,564.07
Investment income from other equity instrument investments during the holding period	212,219,944.55	130,232,569.08
Investment income from financial products	14,271,132.55	9,559,512.87
<b>Total</b>	<b>251,762,798.98</b>	<b>205,020,525.07</b>

##### (2) Investment income from long-term equity investments under equity method

Name of investee	Jan. - Jun. 2021
Kuaijishan Shaoxing Rice Wine Co., Ltd.	18,085,794.50
Shaoxing Cao'e River Sluice Investment and Development Co., Ltd.	1,047,995.88
Shaoxing Tangpu Reservoir Co., Ltd.	3,523,332.15
Shaoxing Financing Guarantee Co., Ltd.	2,336,722.09
Shaoxing Water Production Co., Ltd.	-3,000,879.44
Shaoxing Natural Gas Investment Co., Ltd.	-5,723,570.23
Shaoxing Keqiao District Sinopec Transportation Oil and Gas Station Construction Development Co., Ltd.	1,650,472.15
Shaoxing China Light & Textile Industrial City Qianqing Textile Raw Materials Market Development Co., Ltd.	-52,597.48
Shaoxing Keqiao District China Light & Textile Industrial City South Market Management Co., Ltd.	-164,948.55
Shaoxing PetroChina Kunlun Gas Co., Ltd.	7,214,265.77
Shaoxing Keqiao District China Light & Textile Industrial City Textile Creative Industry Service Co., Ltd.	796,222.74
Shaoxing Keqiao Zhejiang University of Technology Innovation Research Institute Development Co., Ltd.	157,306.19
Shaoxing Future Community Development Construction Co., Ltd.	-8,831.23
Shaoxing Keqiao District Zhejiang Petroleum Integrated Energy Sales Co., Ltd.	-1,618,293.48

Name of investee	Jan. - Jun. 2021
Zhejiang Textile City Advanced Printing and Dyeing Innovation Co., Ltd.	1,022,378.30
Shaoxing Keqiao District Textile City Dafu Testing Technology Service Co., Ltd.	6,352.52
Total	25,271,721.88

(3) Investment income from other equity instrument investments during the holding period

Name of investee	Jan. - Jun. 2021
Shanghai Pudong Development Bank Co., Ltd.	4,222,458.24
China Zheshang Bank Co., Ltd.	122,490,440.91
Shaoxing Sequoia Huiyuan Equity Investment Partnership (Limited Partnership)	3,007,045.40
Shaoxing Keqiao Cool Play Oriental Investment Center (Limited Partnership)	82,500,000.00
Total	212,219,944.55

43. Credit impairment loss

Item	Jan. - Jun. 2021	Jan. - Jun. 2020
Bad debt loss	1,143,126.16	-29,797,968.28
Total	1,143,126.16	-29,797,968.28

Note: In the above table, "-" means loss, and "+" means gain.

44. Impairment loss on assets

Item	Jan. - Jun. 2021	Jan. - Jun. 2020
Impairment loss on inventories	3,216.80	
Total	3,216.80	

Note: In the above table, "-" means loss, and "+" means gain.

45. Gains from disposal of assets

Item	Jan. - Jun. 2021	Jan. - Jun. 2020
Gains from disposal of non-current assets (Loss: "-")	5,460,964.96	145,137.22

Item	Jan. - Jun. 2021	Jan. - Jun. 2020
Total	5,460,964.96	145,137.22

#### 46. Non-operating income

##### (1) Classification of non-operating income

Item	Jan. - Jun. 2021	Jan. - Jun. 2020
Gains from damage and retirement of fixed assets	465,917.65	262,593.63
Gains from penalties	1,236,969.15	141,787.30
Amount received for enterprise cancellation	8,602,606.79	
Income from demolition compensation	6,719,975.93	
Government grants not related to the daily activities of the Company	1,648,067.20	
Other	1,769,738.16	2,226,397.25
Total	20,443,274.88	2,630,778.18

#### 47. Non-operating expenses

Item	Jan. - Jun. 2021	Jan. - Jun. 2020
Losses from damage and retirement of non-current assets	364,776.61	1,660,276.86
Donation expenditure	9,539,199.91	1,041,295.00
Special fund for water conservancy construction		30,702.14
Compensation and penalty expenses	171,427.06	869,784.91
Tax overdue fine	99,004.94	1,212,496.96
Other	672,817.90	5,085,312.99
Total	10,847,226.42	9,899,868.86

#### 48. Income tax expenses

Item	Jan. - Jun. 2021	Jan. - Jun. 2020
Current income tax expenses	74,439,388.64	83,842,056.67
Deferred income tax expenses	-153,491.77	17,954,370.53
Total	74,285,896.87	101,796,427.20

49. Other comprehensive income after tax

Details refer to Note VI 36.

50. Supplemental information of the consolidated statement of cash flows

(1) Supplemental information of the consolidated statement of cash flows

Supplemental information	Jan. - Jun. 2021	Jan. - Jun. 2020
<b>1. Reconciliation between net profit and net cash flows generated from operating activities:</b>		
Net profit	392,590,849.36	77,380,336.68
Add: Credit impairment loss	-1,143,123.16	29,797,968.28
Impairment provision on assets	-3,216.80	
Depreciation of fixed assets, depletion of oil & gas assets and depreciation of productive biological assets and investment properties	426,865,719.62	360,431,469.73
Amortization of intangible assets	20,674,678.30	16,459,950.32
Amortization of long-term deferred expense	10,475,063.90	7,490,973.12
Loss from disposals of fixed assets, intangible assets and other long-term assets (gain: "-")	-5,460,964.96	-145,137.22
Loss from scrapping of fixed assets (gain: "-")	-101,141.04	1,397,683.23
Loss from changes in fair value (gain: "-")		
Financial cost (income: "-")	674,244,241.75	593,503,691.83
Investment loss (income: "-")	-251,762,798.98	-205,020,525.07
Decrease in deferred tax assets (increase: "-")	-153,491.77	17,954,370.53
Increase in deferred tax liabilities (decrease: "-")		
Decrease in inventory (increase: "-")	-8,613,067,397.72	-3,536,151,385.41
Decrease in receivables from operating activities (increase: "-")	-9,648,337,671.72	-4,504,889,808.08
Increase in payables from operating activities (decrease: "-")	6,056,685,756.11	6,049,537,318.66
Other		
Net cash flows generated from operating activities	-10,938,493,497.11	-1,092,253,093.40
<b>2. Significant investing and financing activities without involvement of cash receipts and payments</b>		

Supplemental information	Jan. - Jun. 2021	Jan. - Jun. 2020
Debts converted to capital		
Convertible corporate bonds due within one year		
Fixed assets acquired under finance leases		
3. Change of cash and cash equivalent:		
Closing balance of cash	28,111,209,422.90	18,561,686,053.99
Less: Opening balance of cash	16,940,366,485.21	12,909,948,482.42
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
The net increase in cash and cash equivalents	11,170,842,937.69	5,651,737,571.57

(2) Composition of cash and cash equivalents

Item	Closing balance	30 Jun. 2020
I. Cash	28,111,209,422.90	18,561,686,053.99
Including: Cash on hand	1,039,887.40	1,104,913.84
Bank deposits available for immediate payments	28,110,169,535.50	18,558,392,778.07
Other monetary funds available for immediate payments		2,188,362.08
Deposits with central bank that can be used for payment		
Due from placements with banks and other financial institutions		
Call loan to banks		
II. Cash equivalents		
Including: Bond investment due within three months		
III. Closing balance of cash and cash equivalents	28,111,209,422.90	18,561,686,053.99
Including: Restricted cash and cash equivalents from the parent company or subsidiaries within the Group		

Note: The closing balance of cash and cash equivalents includes the restricted cash and cash equivalents with an amount of RMB 606,024,546.20.

**VII Changes in the scope of consolidation**

I. Business combination not under common control

Name of acquiree	Cost of equity acquisition	Fair value of identifiable net assets	Goodwill	Purchase date
Shaoxing Keqiao Media Group Co., Ltd.	88,995,069.86	68,346,750.89	20,648,318.97	2021-1-8

(Continued)

Name of acquiree	Basis for determining purchase date	Acquiree's revenue from purchase date to the end of the reporting period	Acquiree's net profit from purchase date to the end of the reporting period
Shaoxing Keqiao Media Group Co., Ltd.	Transfer of control	39,352,602.41	15,303,321.31

## 2. Other changes in the scope of consolidation

### (1) The increase of subsidiaries in the current period

Name	Closing balance of net assets	Net Profit from the consolidated date to the end of the reporting period
Shaoxing Keqiao Media Group Co., Ltd.	42,110,229.94	15,303,321.31
Shaoxing Keqiao Diyang Exhibition Operation Co., Ltd.	0.00	0.00
Shaoxing Keqiao Diyang Smart City Construction Co., Ltd.	0.00	0.00
Shaoxing Keqiao Diyang Media Communication Co., Ltd.	0.00	0.00
Shaoxing Keqiao Diyang Cultural and Creative Development Co., Ltd.	0.00	0.00

## VIII Equity in other entities

### 1. Equity in subsidiaries

#### (1) Composition of the Group

No.	Name	Type	Main operation address	Registration address	Business nature	Shareholding ratio (%)		Voting right ratio (%)
						Direct	Indirect	
1	Keqiao District Construction Group Co., Ltd.	Tier I	Shaoxing	Shaoxing	Urban infrastructure development and construction	100.00		100.00

No.	Name	Type	Main operation address	Registration address	Business nature	Shareholding ratio (%)		Voting right ratio (%)
						Direct	Indirect	
2	Shaoxing Yuezhou Urban Planning and Design Institute Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Garden and municipal design		100.00	100.00
3	Shaoxing Keqiao District Sports Center Investment Development and Management Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Sports Center investment		100.00	100.00
4	Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Urban construction and development, etc.		100.00	100.00
5	Shaoxing Keqiao District China Light & Textile Industrial City Lianghu Development Construction Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Resettlement housing construction and demolition		100.00	100.00
6	Shaoxing Keqiao District Affordable Housing Development Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Affordable housing construction		100.00	100.00
7	Shaoxing Keqiao District Central City Construction Investment Development Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Resettlement housing construction and demolition		100.00	100.00
8	Shaoxing Keqiao District New Countryside Construction Investment Development Co., Ltd.	Tier 4	Shaoxing	Shaoxing	Resettlement housing construction and demolition		100.00	100.00
9	Shaoxing Keqiao District Libeng New Material Co., Ltd.	Tier 3	Shaoxing	Shaoxing	New material technology service		100.00	100.00
10	Shaoxing Keqiao Tu'an Architectural Design Consulting Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Construction technology consulting service		100.00	100.00
11	Shaoxing Keqiao District Transportation Investment Construction Group Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Investment and construction of traffic road engineering		100.00	100.00
12	Shaoxing Keqiao Passenger Transportation Center Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Passenger terminal operation		100.00	100.00
13	Shaoxing Keqiao District Tiansheng Investment Management Co., Ltd.	Tier 3	Shaoxing	Shaoxing	External investment		100.00	100.00
14	Shaoxing Keqiao District Vehicle Inspection Center Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Vehicle inspection		100.00	100.00
15	Shaoxing Keqiao District	Tier 3	Shaoxing	Shaoxing	Bus station		100.00	100.00

No.	Name	Type	Main operation address	Registration address	Business nature	Shareholding ratio (%)		Voting right ratio (%)
						Direct	Indirect	
	Urban and Rural Bus Station Construction Management Co., Ltd.				management			
16	Shaoxing Keqiao District Traffic Advertising Co., Ltd.	Tier 4	Shaoxing	Shaoxing	Advertising services		100.00	100.00
17	Shaoxing Keqiao District Public Vehicle Service Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Vehicle rental service		100.00	100.00
18	Shaoxing Public Transport Group Keqiao Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Road transport industry		100.00	100.00
19	Shaoxing Keqiao District Public Transport Co., Ltd.	Tier 4	Shaoxing	Shaoxing	Road transport industry		80.68	80.68
20	Shaoxing Keqiao Jeda Car Rental Co., Ltd.	Tier 5	Shaoxing	Shaoxing	Road transport industry		58.09	58.09
21	Shaoxing Keqiao District Limin Highway Maintenance Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Highway maintenance		100.00	100.00
22	Shaoxing Keqiao District Transportation Construction Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Public infrastructure development and construction		100.00	100.00
23	Shaoxing Keqiao District Fuquan Future Community Development and Construction Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Project management service		100.00	100.00
24	Shaoxing China Light & Textile Industrial City Business Headquarters Park Investment Development Management Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Public welfare project construction investment		100.00	100.00
25	Shaoxing Keqiao District China Textile Innovation Investment Development Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Industrial investment		100.00	100.00
26	Shaoxing Keqiao District China Textile Yueshang Asset Management Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Asset management		100.00	100.00
27	Shaoxing Keqiao District Tourism Development Group Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Tourism investment and development	100.00		100.00
28	Shaoxing Keqiao District Daxianglin Scenic Area Management Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Tourism investment and development		100.00	100.00

No.	Name	Type	Main operation address	Registration address	Business nature	Shareholding ratio (%)		Voting right ratio (%)
						Direct	Indirect	
29	Shaoxing Keqiao District Daxianglin Construction Investment Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Tourism investment and development		100.00	100.00
30	Shaoxing Keqiao District Kuaijishan Tusita Pure Land Development Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Tourism investment and development		100.00	100.00
31	Shaoxing Keqiao District Tusita Scenic Area Management Co., Ltd.	Tier 4	Shaoxing	Shaoxing	Tourism investment and development		100.00	100.00
32	Shaoxing Keqiao District Tiangong Life Marketing Management Co., Ltd.	Tier 4	Shaoxing	Shaoxing	Tourism investment and development		100.00	100.00
33	Shaoxing Keqiao District Keqiao Ancient Town Protection and Utilization Investment Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Tourism investment and development		100.00	100.00
34	Zhejiang Keyan Beauty Spot Development Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Tourism investment and development		100.00	100.00
35	Shaoxing Jianhu Hotel Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Tourism investment and development		100.00	100.00
36	Shaoxing Keqiao District Water Tour Bus Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Tourism investment and development		100.00	100.00
37	Shaoxing Keqiao District Tourism Distribution Service Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Tourism investment and development		100.00	100.00
38	Shaoxing Keqiao District Daxianglin Agricultural Development Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Tourism investment and development		100.00	100.00
39	Shaoxing Keqiao District Tourism Development Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Tourism investment and development		100.00	100.00
40	Zhejiang Shaoxing Jinkeqiao Cultural Tourism Service Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Tourism investment and development		100.00	100.00
41	Shaoxing Keqiao District Luzhen Tourism Development Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Development, construction and management of Luzhen		100.00	100.00
42	Shaoxing Luzhen Performing Arts Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Comprehensive theatrical performance		100.00	100.00
43	Shaoxing Keqiao District Luzhen Water Cruise Co., Ltd.	Tier 4	Shaoxing	Shaoxing	Tourism investment and development		100.00	100.00

No.	Name	Type	Main operation address	Registration address	Business nature	Shareholding ratio (%)		Voting right ratio (%)
						Direct	Indirect	
44	Shaoxing Keqiao Lujia Town Catering Co., Ltd.	Tier 4	Shaoxing	Shaoxing	Tourism investment and development		100.00	100.00
45	Shaoxing Keqiao District Jishan Jianshui Tourist Sightseeing Bus Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Travel business		100.00	100.00
46	Shaoxing Keqiao District State-owned Collective Assets Management Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Daily necessities sales, etc.		100.00	100.00
47	Shaoxing Keqiao District State-owned Property Management Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Property management		100.00	100.00
48	Shaoxing Wenxin Property Management Co., Ltd.	Tier 4	Shaoxing	Shaoxing	Property management		100.00	100.00
49	Shaoxing Keqiao District Tourism Investment Development Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Tourism investment		100.00	100.00
50	Shaoxing Jishan Forestry Investigation Planning Design Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Forestry investigation, planning and design	100.00		100.00
51	Shaoxing Keqiao District China Light & Textile Industrial City United Consignment Market Development Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Freight forwarder	100.00		100.00
52	Shaoxing Keqiao District Development and Management Group Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Market development management	100.00		100.00
53	Shaoxing Jinkeqiao Real Estate Development Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Real estate development and management		100.00	100.00
54	Shaoxing Keqiao District Jinke Property Management Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Property management		100.00	100.00
55	Shaoxing Keqiao District Jinteng Property Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Real estate development and management		100.00	100.00
56	Shaoxing Keqiao Hengcheng Real Estate Development Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Real estate development and management		100.00	100.00
57	Shaoxing Keqiao Hefeng Real Estate Development	Tier 3	Shaoxing	Shaoxing	Real estate development		100.00	100.00

No.	Name	Type	Main operation address	Registration address	Business nature	Shareholding ratio (%)		Voting right ratio (%)
						Direct	Indirect	
	Co., Ltd.				and management			
58	Shaoxing Keqiao Jufeng Real Estate Development Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Real estate development and management		100.00	100.00
59	Shaoxing Keqiao District Transportation Investment Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Traffic road investment		70.97	70.97
60	Shaoxing Keqiao District Hangqu Expressway Connection Line Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Urban infrastructure construction		70.97	100.00
61	Shaoxing Keqiao District City Construction Investment Development Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Urban infrastructure construction		100.00	100.00
62	Shaoxing Keqiao District Guazhuhu Integrated Development Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Greening maintenance		86.40	86.40
63	Shaoxing Keqiao Water Group Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Industrial investment, urban drinking water source development		100.00	100.00
64	Shaoxing Keqiao Lanyin Technology Group Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Manufacturing and sales of environmental protection equipment, etc.		100.00	100.00
65	Shaoxing Keqiao Xingbin Water Quality Inspection Co., Ltd.	Tier 4	Shaoxing	Shaoxing	Water quality testing		100.00	100.00
66	Shaoxing Keqiao Lanyin Property Management Co., Ltd.	Tier 4	Shaoxing	Shaoxing	Property management		100.00	100.00
67	Shaoxing Keqiao Lanyin Environmental Protection Technology Co., Ltd.	Tier 4	Shaoxing	Shaoxing	Technological development of environmental protection technology		100.00	100.00
68	Shaoxing Keqiao Lanyin Information Consulting Co., Ltd.	Tier 4	Shaoxing	Shaoxing	Information consulting		100.00	100.00
69	Shaoxing Keqiao Water Supply Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Water supply project construction and operation management		100.00	100.00

No.	Name	Type	Main operation address	Registration address	Business nature	Shareholding ratio (%)		Voting right ratio (%)
						Direct	Indirect	
70	Shaoxing Keqiao Urban and Rural Water Quality Inspection Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Water quality testing		100.00	100.00
71	Shaoxing Keqiao Drain Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Drainage project construction		100.00	100.00
72	Zhejiang Water Conservator Environmental Service Co., Ltd.	Tier 4	Shaoxing	Shaoxing	Drainage facility operation service		51.00	51.00
73	Shaoxing Keqiao Water Conservator Vocational Training School Co., Ltd.	Tier 5	Shaoxing	Shaoxing	Skills training		51.00	51.00
74	Shaoxing Keqiao Kangping Material Management Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Distribution of environmental protection engineering equipment and spare parts, etc.		100.00	100.00
75	Shaoxing Keqiao Binhai Water Supply Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Tap water, etc.		100.00	100.00
76	Shaoxing Keqiao Jiangbin Water Treatment Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Sewage treatment project construction		60.00	60.00
77	Shaoxing Keqiao Hengtong Water Construction Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Engineering design, construction and distribution of spare parts		100.00	100.00
78	Shaoxing Keqiao District China Light & Textile Industrial City West Market Development and Management Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Market operation management, house leasing		100.00	100.00
79	Shaoxing Keqiao District China Light & Textile Industrial City West Market Industrial Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Market operation management		65.00	65.00
80	Shaoxing Keqiao District China Light & Textile Industrial City Market Business Property Transfer and Sublease Transaction Service Center Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Intermediary service		32.95	78.61
81	Shaoxing China Light & Textile Industrial City West Market Property Management Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Property management		60.00	60.00

No.	Name	Type	Main operation address	Registration address	Business nature	Shareholding ratio (%)		Voting right ratio (%)
						Direct	Indirect	
82	Shaoxing Keqiao District China Light & Textile Industrial City Dongsheng Road Market Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Market operation management		100.00	100.00
83	Shaoxing Keqiao District China Light & Textile Industrial City Apparel Market Development and Management Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Market operation management		100.00	100.00
84	Shaoxing Keqiao District China Light & Textile Industrial City Grey Fabric Market Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Grey fabric market construction and operation		68.12	100.00
85	Shaoxing Keqiao District China Light & Textile Industrial City Exhibition Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Exhibition service		100.00	100.00
86	Shaoxing Keqiao China Textile Index Information Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Textile data collection, information consulting services		100.00	100.00
87	Shaoxing Keqiao District China Light & Textile Industrial City Exhibition Center Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Exhibition service		100.00	100.00
88	Zhejiang China Light & Textile Industrial City Group Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Market leasing, warehousing and transportation services and textile production, etc.		37.75	37.75
89	Zhejiang China Light & Textile Industrial City CICC Market Investment Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Investment		19.25	51.00
90	Shaoxing Keqiao China Light & Textile Industrial City New East Market Development Co., Ltd.	Tier 4	Shaoxing	Shaoxing	Industrial investment		9.82	37.75
91	Shaoxing Zhonglian Market Property Management Co., Ltd.	Tier 5	Shaoxing	Shaoxing	Property management		9.82	37.75
92	Shaoxing Zhongqing Property Management Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Property management		22.65	60.00
93	Zhejiang China Light & Textile Industrial City E-commerce Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Market service		37.75	37.75

No.	Name	Type	Main operation address	Registration address	Business nature	Shareholding ratio (%)		Voting right ratio (%)
						Direct	Indirect	
94	Shaoxing China Light & Textile Industrial City International Logistics Center Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Investment		37.75	37.75
95	Zhejiang Shaoxing China Light & Textile Industrial City Garment Market Co., Ltd.	Tier 4	Shaoxing	Shaoxing	Market operation management		37.75	37.75
96	Shaoxing China Light & Textile Industrial City International Logistics Center Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Transportation		37.75	37.75
97	Shaoxing China Light & Textile Industrial City Logistics Center Development and Management Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Transportation		37.75	37.75
98	Zhejiang China Light & Textile Industrial City Network Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Information service		36.56	37.75
99	Shaoxing Yifang Exhibition Co., Ltd.	Tier 4	Shaoxing	Shaoxing	Exhibition service		36.56	37.75
100	Dongguan Yifang Supply Chain Management Co., Ltd.	Tier 4	Shaoxing	Shaoxing	Supply chain management		21.94	37.75
101	Shaoxing Keqiao District China Light & Textile Industrial City Online Business Service Co., Ltd.	Tier 4	Shaoxing	Shaoxing	Information service		36.56	37.75
102	Shaoxing China Light & Textile Industrial City Financial Holdings Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Investment		37.75	37.75
103	Shaoxing Keyan Construction Investment Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Urban infrastructure development and construction	100.00		100.00
104	Shaoxing Keyan City Construction Investment Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Urban infrastructure development and construction	100.00		100.00
105	Shaoxing Keqiao Economic Development Zone Development Investment Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Municipal public facilities, etc.	100.00		100.00
106	Shaoxing Keqiao District Binhai City Construction Development Investment Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Urban development and construction investment		100.00	100.00

No.	Name	Type	Main operation address	Registration address	Business nature	Shareholding ratio (%)		Voting right ratio (%)
						Direct	Indirect	
107	Shaoxing Keqiao District Keyuan Construction Investment Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Drainage and sewage pipe network construction investment		100.00	100.00
108	Shaoxing Kebei New Countryside Construction Investment Development Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Resettlement housing construction	100.00		100.00
109	Shaoxing Keqiao District Shicheng Development Investment Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Urban construction and development	100.00		100.00
110	Shaoxing Keqiao District Pingshui Fucheng Construction Investment Development Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Rural infrastructure construction	100.00		100.00
111	Shaoxing Keqiao District Pingshui Fucheng New Countryside Construction Investment Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Rural infrastructure construction	100.00		100.00
112	Shaoxing Lanting Cultural Tourism Development Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Development and construction of cultural tourism projects	100.00		100.00
113	Shaoxing Lite Integrated Development and Management Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Development and construction of cultural tourism projects		100.00	100.00
114	Shaoxing Pingshui Ruoyexi Water System Integrated Improvement and Development Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Investment and development of water conservancy infrastructure		100.00	100.00
115	Shaoxing Lanting Guyue Guoxue Culture Development Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Real estate development and management		100.00	100.00
116	Shaoxing Jinkeqiao Science and Technology City Development Construction Investment Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Science and Technology City development and construction	100.00		100.00
117	Shaoxing Jinkeqiao Science and Technology City Management Service Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Business consulting management		100.00	100.00
118	Shaoxing Keqiao District Venture Capital Management Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Investment	100.00		100.00
119	Shaoxing Keqiao China	Tier 1	Shaoxing	Shaoxing	Labor dispatch	100.00		100.00

No.	Name	Type	Main operation address	Registration address	Business nature	Shareholding ratio (%)		Voting right ratio (%)
						Direct	Indirect	
120	Light & Textile Industrial City Talent Market Co., Ltd. Shaoxing Jinkeqiao Technical Service Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Skills training for technicians		100.00	100.00
121	Shaoxing Keqiao District Textile Industry Design Management Service Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Asset management, corporate brand management, corporate planning	100.00		100.00
122	Shaoxing Keqiao District Education Investment Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Education investment	100.00		100.00
123	Shaoxing Xuri Education Development Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Education investment		100.00	100.00
124	Shaoxing Keqiao District Yangxunqiao Town Development Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Urban infrastructure construction	100.00		100.00
125	Shaoxing Keqiao Ancient Town Anchang Protection Development Construction Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Development and construction of ancient towns	100.00		100.00
126	Shaoxing Keqiao District Anchang New Countryside Construction Investment Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Rural infrastructure construction	100.00		100.00
127	Shaoxing Qianqing Textile Raw Material City Construction Investment Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Investment and development of textile raw material market	100.00		100.00
128	Shaoxing Keqiao District Rice Wine Industry Base Development and Construction Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Development of rice wine industry base	100.00		100.00
129	Shaoxing Keqiao District Water Conservancy Investment Development Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Investment and construction of water conservancy projects	100.00		100.00
130	Shaoxing Keqiao District Public Bicycle Service Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Public bicycle operation service	100.00		100.00
131	Shaoxing Construction Engineering By-product Recycling Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Construction waste disposal and utilization	100.00		100.00
132	Shaoxing Keqiao District Energy Investment Co.,	Tier 1	Shaoxing	Shaoxing	Energy industrial investment and	100.00		100.00

No.	Name	Type	Main operation address	Registration address	Business nature	Shareholding ratio (%)		Voting right ratio (%)
						Direct	Indirect	
	Ltd.				services			
133	Shaoxing Keqiao District Yuezhou Gas Co., Ltd.	Tier 2	Shaoxing	Shaoxing	City natural gas operation, retail		100.00	100.00
134	Shaoxing Keqiao District Sports Center Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Public infrastructure development and construction	100.00		100.00
135	Shaoxing Keqiao Historical and Cultural District Development and Utilization Investment Construction Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Investment and development of historical and cultural districts	100.00		100.00
136	Shaoxing Keqiao District Cultural Development Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Cultural industry investment and development	100.00		100.00
137	Shaoxing Keqiao Rail Transit Group Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Rail transit investment and construction	100.00		100.00
138	Shaoxing Keqiao District Hangshao Intercity Rail Transit Construction Investment Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Hangzhou to Shaoxing intercity rail transit investment and construction		100.00	100.00
139	Shaoxing Keqiao District Rail Transit Property Development and Management Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Land integrated development and utilization		100.00	100.00
140	Shaoxing Keqiao District Forestry Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Development and management of forest farms and forest resources	100.00		100.00
141	Shaoxing Keqiao District Chengbei Development Investment Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Urban construction and development investment	100.00		100.00
142	Shaoxing Keqiao District Tiantian Breeding Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Aquaculture		100.00	100.00
143	Shaoxing Keqiao Jinghai Anju Construction Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Resettlement housing construction		100.00	100.00
144	Shaoxing Keqiao District Haitu Agricultural Development Co., Ltd.	Tier 4	Shaoxing	Shaoxing	Aquaculture		100.00	100.00
145	Shaoxing Keqiao Haitu Water Conservancy	Tier 5	Shaoxing	Shaoxing	Aquaculture		100.00	100.00

No.	Name	Type	Main operation address	Registration address	Business nature	Shareholding ratio (%)		Voting right ratio (%)
						Direct	Indirect	
	Development Co., Ltd.							
146	Shaoxing Jinkeqiao Green Fiber Technology Co., Ltd.	Tier 6	Shaoxing	Shaoxing	Chemical fiber development		100.00	100.00
147	Shaoxing Keqiao Economic Development Zone Guotou Property Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Property management		100.00	100.00
148	Shaoxing Keqiao District Property Rights Exchange Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Property rights transaction service consulting	100.00		100.00
149	Shaoxing Keqiao District Land Surveying and Mapping Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Land survey	100.00		100.00
150	Shaoxing Jishan Jianshui Film and Television Culture Media Co., Ltd.	Tier 2	Shaoxing	Shaoxing	TV series distribution and production		51.33	70.00
151	Zhejiang Jinkeqiao Film and Television Culture Co., Ltd.	Tier 3	Shaoxing	Shaoxing	TV series distribution and production		83.33	83.33
152	Zhejiang Zhongqing Financing Guarantee Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Industrial investment		100.00	100.00
153	Shaoxing Keqiao Media Group Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Information service	100.00		100.00
154	Shaoxing Keqiao Diyang Exhibition Operation Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Conference and exhibition services		100.00	100.00
155	Shaoxing Keqiao Diyang Smart City Construction Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Software service		100.00	100.00
156	Shaoxing Keqiao Diyang Media Communication Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Advertisement release		100.00	100.00
157	Shaoxing Keqiao Diyang Cultural and Creative Development Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Culture and art services		100.00	100.00

(2) Explanation of the reasons why subsidiaries that have half or less of their voting rights included in the scope of consolidated financial statements

As of 30 June 2021, Shaoxing Keqiao District Development and Management Group Co., Ltd., a subsidiary of the Company, holds 553,362,600 shares of Zhejiang China Light & Textile Industrial City Group Co., Ltd., with a shareholding ratio of 37.75%, which is the largest shareholder of Zhejiang

China Light & Textile Industrial City Group Co., Ltd. It substantively controls the financial and operating policies of Zhejiang China Light & Textile Industrial City Group Co., Ltd., and has substantial control over Zhejiang China Light & Textile Industrial City Group Co., Ltd. Therefore, Zhejiang China Light & Textile Industrial City Group Co., Ltd. and its subsidiaries shall be included in the scope of consolidated financial statements.

## 2. Equity in joint ventures and associates

### (1) Basic information of significant joint ventures and associates

Name	Main operation address	Registration address	Business nature	Shareholding ratio		Accounting method
				Direct	Indirect	
Shaoxing Cao'e River Sluice Investment and Development Co., Ltd.	Shaoxing	Shaoxing	Investment, development and construction of Cao'e River Sluice	33%		Equity method
Shaoxing Chuanrong Color Printing Co., Ltd.	Shaoxing	Shaoxing	Publications, other printed matter printing	27.12%		Equity method
Shaoxing China Light & Textile Industrial City Qianqing Textile Raw Materials Market Development Co., Ltd.	Shaoxing	Shaoxing	Market development	20.40%		Equity method
Shaoxing PetroChina Kunlun Gas Co., Ltd.	Shaoxing	Shaoxing	Sales of transportation, warehouse, compressed natural gas, and liquefied petroleum	25.01%		Equity method
Jiangshan Lianxing Development Co., Ltd. (Note 1)	Jiangshan	Jiangshan	New countryside construction	50.00%		Equity method
Shaoxing Natural Gas Investment Co., Ltd.	Shaoxing	Shaoxing	Planning, construction and investment of natural gas utilization projects	40.00%		Equity method
Shaoxing Keqiao Zhejiang University of Technology Innovation Research Institute Development Co., Ltd.	Shaoxing	Shaoxing	Scientific research	30.00%		Equity method
Shaoxing Tangpu Reservoir Co., Ltd.	Shaoxing	Shaoxing	Reservoir and supporting project management		29.70%	Equity method
Shaoxing Water Production Co., Ltd.	Shaoxing	Shaoxing	Centralized water supply		45.74%	Equity method
Shaoxing Qingyuan Investment Co., Ltd.	Shaoxing	Shaoxing	Industrial investment		40.00%	Equity method

Name	Main operation address	Registration address	Business nature	Shareholding ratio		Accounting method
				Direct	Indirect	
Shaoxing Hangyong Expressway Wires Co., Ltd.	Shaoxing	Shaoxing	Public transportation service		40.00%	Equity method
Shaoxing Keqiao District Sinopec Transportation Oil and Gas Station Construction Development Co., Ltd.	Shaoxing	Shaoxing	Sales of transportation, warehouse, compressed natural gas, and liquefied petroleum		50.00%	Equity method
Shaoxing Keqiao District China Light & Textile Industrial City Textile Creative Industry Service Co., Ltd.	Shaoxing	Shaoxing	Textile information analysis and consulting services		49.00%	Equity method
Shaoxing Keqiao District China Light & Textile Industrial City South Market Management Co., Ltd.	Shaoxing	Shaoxing	Market operation management		35.00%	Equity method
Shaoxing Financing Guarantee Co., Ltd.	Shaoxing	Shaoxing	Re-guarantee business		15.00%	Equity method
Kuaijishan Shaoxing Rice Wine Co., Ltd.	Shaoxing	Shaoxing	Production and sales of rice wine		7.74%	Equity method
Zhejiang Textile City Advanced Printing and Dyeing Innovation Co., Ltd.	Shaoxing	Shaoxing	Advanced printing and dyeing technology research and development		9.44%	Equity method
Shaoxing Keqiao District Guoyi Asset Management Co., Ltd.	Shaoxing	Shaoxing	State-owned collective asset management		37.50%	Equity method
Shaoxing Binhai Engineering Quality Inspection Co., Ltd.	Shaoxing	Shaoxing	Construction engineering inspection		20.00%	Equity method
Zhejiang Shaojin Expressway Co., Ltd.	Shaoxing	Shaoxing	Investment and construction of Shaojin Section of Hangzhou to Shaoxing to Taiwan Expressway and related facilities		29.24%	Equity method
Shaoxing Style Tourism Shinkansen Construction Co., Ltd.	Shaoxing	Shaoxing	Intercity train station yard and equipment construction and operation		33.00%	Equity method
Shaoxing Environmental Industry Co., Ltd.	Shaoxing	Shaoxing	Investment in urban environmental sanitation projects		49.00%	Equity method
Shaoxing Shaoneng Electric Power Investment Co., Ltd.	Shaoxing	Shaoxing	Power construction investment		22.00%	Equity method

Name	Main operation address	Registration address	Business nature	Shareholding ratio		Accounting method
				Direct	Indirect	
Shaoxing Water Treatment Development Co., Ltd. (Note 2)	Shaoxing	Shaoxing	Sewage treatment		60.00%	Equity method
Shaoxing Keqiao Huaxiang Lizhu Pastoral Complex Development Co., Ltd.	Shaoxing	Shaoxing	Pastoral complex development		22.50%	Equity method
Shaoxing Future Community Development Construction Co., Ltd.	Shaoxing	Shaoxing	Construction		20.00%	Equity method
Shaoxing Keqiao District Zhejiang Petroleum Integrated Energy Sales Co., Ltd.	Shaoxing	Shaoxing	Refined oil sales		49.00%	Equity method
Shaoxing Public Transport Information Technology Co., Ltd.	Shaoxing	Shaoxing	Bus system maintenance		20.00%	Equity method
Shaoxing Keqiao District Textile City Dafu Testing Technology Service Co., Ltd.	Shaoxing	Shaoxing	Inspection and testing services		40.00%	Equity method
Shaoxing Keqiao Hangjinqi Connection Line Expressway Co., Ltd.	Shaoxing	Shaoxing	Highway management and maintenance		48.95%	Equity method

Note 1: Jiangshan Lianxing Development Co., Ltd. was jointly controlled by the Company and Jiangshan Municipal State-owned Assets Supervision and Administration Office, Shaoxing Keqiao District Sinopec Transportation Oil and Gas Station Construction Development Co., Ltd. was jointly controlled by the Company and Sinopec Sales Co., Ltd., which shall not be included in the scope of consolidation.

Note 2: Shaoxing Keqiao Water Group Co., Ltd., a subsidiary of the Company, holds 60% equity of Shaoxing Water Treatment Development Co., Ltd. According to the Government Document No. 286 issued by the Office of Shaoxing Municipal People's Government on 30 August 2007, Shaoxing Keqiao Water Group Co., Ltd. entrusted 11% of the 60% equity of Shaoxing Water Treatment Development Co., Ltd. to Shaoxing Water Group Co., Ltd. for management. Therefore, it shall not be included in the scope of consolidated financial statements.

## IX Related party relationships and transactions

### 1. The parent company of the Company

Name of the parent company	Registration address	The parent company's shareholding (%)	The parent company's voting right (%)
Finance Bureau of Keqiao District, Shaoxing City	Shaoxing	90.00	90.00

### 2. Information of subsidiaries of the Company

Information of subsidiaries of the Company refers to Note VIII 1.

### 3. Joint ventures and associates of the Group

Information of joint ventures and associates of the Group refers to Note VIII 2 "Equity in joint ventures or associates". Other joint ventures or joint ventures that have related party transactions with the Group in the current period or formed a balance due to related party transactions with the Group in the previous periods are as follows:

Name of joint venture or associate	Relationship with the Company
Shaoxing Water Treatment Development Co., Ltd.	Shareholding company
Shaoxing Water Production Co., Ltd.	Shareholding company
Zhejiang Textile City Advanced Printing and Dyeing Innovation Co., Ltd.	Shareholding company
Shaoxing Keqiao District China Light & Textile Industrial City South Market Management Co., Ltd.	Shareholding company
Zhejiang Shaojin Expressway Co., Ltd.	Shareholding company
Shaoxing Qingneng Environmental Protection Co., Ltd.	Shareholding company
Shaoxing Style Tourism Shinkansen Construction Co., Ltd.	Shareholding company
Shaoxing Keqiao China Textile Cross-border E-commerce Service Co., Ltd.	Shareholding company

### 4. Related party transactions

(1) Goods and labor service between the Company and related parties

① Purchase of goods and acceptance of labor service

Name of related party	Contents of transactions	Jan. - Jun. 2021
Shaoxing Water Treatment Development Co., Ltd.	Sewage treatment	128,117,668.85
Shaoxing Water Production Co., Ltd.	Purchase of water	82,012,914.72
Total		210,130,583.57

② Sale of goods and rendering of labor service

Name of related party	Contents of transactions	Jan. - Jun. 2021
Shaoxing Water Treatment Development Co., Ltd.	Sewage pretreatment	231,435.65
Zhejiang Textile City Advanced Printing and Dyeing Innovation Co., Ltd.	Printing and dyeing service	4,716.98
Shaoxing Keqiao China Textile Cross-border E-commerce Service Co., Ltd.	Consulting service	23,082.21
Total		259,234.84

(2) Related party guarantees

As of 30 June 2021, details of guarantees for related parties provided by the Group are as follows:

Guarantor	Secured party	Guarantee amount (RMB'0,000)	Expiry date	Whether the guarantee has been fulfilled
Shaoxing Keqiao District Transportation Investment Construction Group Co., Ltd.	Shaoxing Style Tourism Shinkansen Construction Co., Ltd.	19,000.00	2030/02/11	No
Shaoxing Keqiao Water Supply Co., Ltd. (Note 1)	Shaoxing Water Production Co., Ltd.	6,861.00	2021/8/2	No
Shaoxing Keqiao Water Supply Co., Ltd. (Note 1)	Shaoxing Qingneng Environmental Protection Co., Ltd.	7,600.00	2021/09/29	No
Shaoxing Keqiao Water Supply Co., Ltd. (Note 1)	Shaoxing Qingneng Environmental Protection Co., Ltd.	8,000.00	2033/9/25	No
Shaoxing Keqiao Water Supply Co., Ltd. (Note 1)	Shaoxing Qingneng Environmental Protection Co., Ltd.	4,000.00	2034/12/31	No
Shaoxing Keqiao Water Supply Co., Ltd. (Note 1)	Shaoxing Qingneng Environmental Protection Co., Ltd.	4,000.00	2022/4/16	No
Shaoxing Keqiao Water Supply Co., Ltd. (Note 1)	Shaoxing Qingneng Environmental	4,000.00	2022/6/9	No

Guarantor	Secured party	Guarantee amount (RMB'0,000)	Expiry date	Whether the guarantee has been fulfilled
	Protection Co., Ltd.			
Shaoxing Keqiao Water Supply Co., Ltd. (Note 1)	Shaoxing Qingneng Environmental Protection Co., Ltd.	3,600.00	2022/4/29	No
Shaoxing Keqiao Water Supply Co., Ltd. (Note 1)	Shaoxing Qingneng Environmental Protection Co., Ltd.	2,000.00	2034/12/31	No
Shaoxing Keqiao Water Supply Co., Ltd. (Note 1)	Shaoxing Qingneng Environmental Protection Co., Ltd.	3,200.00	2036/11/24	No
Shaoxing Keqiao Water Supply Co., Ltd. (Note 1)	Shaoxing Qingneng Environmental Protection Co., Ltd.	2,400.00	2036/1/27	No
Shaoxing Keqiao Water Supply Co., Ltd. (Note 1)	Shaoxing Qingneng Environmental Protection Co., Ltd.	3,200.00	2024/2/3	No
Shaoxing Keqiao Water Supply Co., Ltd. (Note 1)	Shaoxing Qingneng Environmental Protection Co., Ltd.	8,000.00	2022/3/24	No
Shaoxing Keqiao Drain Co., Ltd.	Shaoxing Water Treatment Development Co., Ltd.	5,550.00	2022/1/15	No
Shaoxing Keqiao Drain Co., Ltd.	Shaoxing Water Treatment Development Co., Ltd.	6,000.00	2023/5/28	No
Shaoxing Keqiao Drain Co., Ltd.	Shaoxing Water Treatment Development Co., Ltd.	9,600.00	2021/10/10	No
Shaoxing Keqiao Drain Co., Ltd. (Note 1)	Shaoxing Water Treatment Development Co., Ltd.	12,000.00	2021/11/19	No
Shaoxing Keqiao Binhai Water Supply Co., Ltd. (Note 1)	Shaoxing Water Treatment Development Co., Ltd.	7,800.00	2029/12/10	No
Shaoxing Keqiao Water Group Co., Ltd.	Shaoxing Water Treatment Development Co., Ltd.	4,800.00	2022/3/20	No
Shaoxing Keqiao Water Group Co., Ltd.	Shaoxing Water Treatment Development Co., Ltd.	6,000.00	2022/3/7	No
Shaoxing Keqiao Water Group Co., Ltd. (Note 1)	Shaoxing Water Treatment	900.00	2023/12/10	No

Guarantor	Secured party	Guarantee amount (RMB'0,000)	Expiry date	Whether the guarantee has been fulfilled
Shaoxing Keqiao Water Group Co., Ltd. (Note 1)	Development Co., Ltd. Shaoxing Water Treatment Development Co., Ltd.	15,780.00	2026/12/20	No
Shaoxing Keqiao Water Group Co., Ltd. (Note 1)	Shaoxing Water Treatment Development Co., Ltd.	5,400.00	2024/12/12	No
Shaoxing Keqiao Water Group Co., Ltd. (Note 1)	Shaoxing Water Treatment Development Co., Ltd.	3,600.00	2023/8/20	No
Shaoxing Keqiao Water Group Co., Ltd. (Note 1)	Shaoxing Water Treatment Development Co., Ltd.	9,000.00	2021/11/18	No
Shaoxing Keqiao Water Group Co., Ltd. (Note 1)	Shaoxing Water Treatment Development Co., Ltd.	10,800.00	2023/12/21	No
Shaoxing Keqiao Water Group Co., Ltd. (Note 1)	Shaoxing Water Production Co., Ltd.	10,000.00	2027/12/30	No
Shaoxing Keqiao Water Group Co., Ltd. (Note 1)	Shaoxing Water Production Co., Ltd.	7,000.00	2022/6/28	No
Shaoxing Keqiao Water Group Co., Ltd. (Note 1)	Shaoxing Water Production Co., Ltd.	8,000.00	2034/12/20	No
Shaoxing Keqiao District Transportation Investment Co., Ltd.	Shaoxing Water Treatment Development Co., Ltd.	6,000.00	2022/3/10	No
Shaoxing Keqiao District Development and Management Group Co., Ltd.	Shaoxing Keqiao District China Light & Textile Industrial City South Market Management Co., Ltd.	17,500.00	2030/4/29	No
Shaoxing Keqiao Water Supply Co., Ltd.	Shaoxing Water Treatment Development Co., Ltd.	6,000.00	2021/12/20	No
Shaoxing Keqiao District Transportation Investment Co., Ltd.	Zhejiang Shaojin Expressway Co., Ltd.	100,000.00	2040/07/10	No
Total		327,591.00		

Note 1: The borrowings were also guaranteed by Shaoxing Public Utility Group Co., Ltd.

(3) Funds lending

1) Funds borrowed from others

The Company has paid for the transfer of the capital use right of Shaoxing Keqiao District China Light & Textile Industrial City South Market Management Co., Ltd. for RMB 47,647,341.00, and the capital use fees for the current period was settled with RMB 1,371,407.42.

5. Amount due from / to related parties

(1) Amounts due from related parties

Item	Related party	Closing balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Prepayment	Shaoxing Water Treatment Development Co., Ltd.	26,061,958.81		36,083,628.70	
Other receivables	Shaoxing Keqiao District Scenery Tourism Investment Co., Ltd.	133,695,926.00		133,695,926.00	
	Shaoxing Water Treatment Development Co., Ltd.	163,135,000.00		160,507,986.11	
	Shaoxing Keqiao District China Light & Textile Industrial City South Market Management Co., Ltd.			40,878.85	
	Shaoxing Hangyong Expressway Wires Co., Ltd.	60,000,000.00	56,719,496.33	60,000,000.00	56,719,496.33
	Shaoxing Tangpu Reservoir Co., Ltd.			21,000.00	
Total		382,892,884.81	56,719,496.33	390,349,419.66	56,719,496.33

(2) Amounts due to related parties

Item	Related party	Closing balance	Opening balance
Accounts payable	Shaoxing Water Production Co., Ltd.	15,284,380.32	13,982,919.84
	Shaoxing Water Treatment Development Co., Ltd.	52,835,863.80	109,069,663.00
Other payables	Shaoxing Keqiao District China Light & Textile Industrial City South Market Management Co., Ltd.	104,437,110.69	109,110,203.27
	Finance Bureau of Keqiao District, Shaoxing City	210,000,000.00	210,000,000.00

Item	Related party	Closing balance	Opening balance
Long-term payables	Finance Bureau of Keqiao District, Shaoxing City	3,974,787,900.00	3,547,787,900.00
Total		4,357,345,254.81	3,989,950,686.11

## X Commitments and contingencies

### 1. Contingencies

(1) As of 30 June 2021, guarantees provided by subsidiaries of the Company to entities other than related parties are as follows:

Guarantor	Secured party	Guarantee amount (RMB'0,000)	Expiry date	Whether the guarantee has been fulfilled
Shaoxing Keqiao District Development and Management Group Co., Ltd.	Shaoxing Keqiao District China Light & Textile Industrial City Network Investment Co., Ltd.	7,000.00	2022/3/25	No
Shaoxing Keqiao District Development and Management Group Co., Ltd.	Shaoxing Keqiao District China Light & Textile Industrial City Network Investment Co., Ltd.	3,000.00	2023/5/8	No
Shaoxing Keqiao District Development and Management Group Co., Ltd.	Shaoxing Keqiao District China Light & Textile Industrial City Network Investment Co., Ltd.	5,500.00	2022/6/27	No
Shaoxing Keqiao District Transportation Investment Construction Group Co., Ltd.	Shaoxing Public Transport Group Co., Ltd.	6,610.34	2022/11/15	No
		22,110.34		

(2) As of 30 June 2021, external guarantees provided by Zhejiang Zhongqing Financing Guarantee Co., Ltd., a subsidiary of Zhejiang China Light & Textile Industrial City Group Co., Ltd., are as follows:

Zhejiang Zhongqing Financing Guarantee Co., Ltd. signed cooperation agreements with Hua Xia Bank Co., Ltd. Shaoxing Branch, Postal Savings Bank of China Co., Ltd. Zhejiang Branch, Zhejiang Shaoxing Ruifeng Rural Commercial Bank Co., Ltd., China Zheshang Bank Co., Ltd. Shaoxing Branch, Bank of Beijing Co., Ltd. Shaoxing Sub-branch and Bank of China Co., Ltd. Shaoxing Textile City North Trading Zone Sub-branch respectively to provide guarantee services for loans obtained by

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small and medium-sized enterprises and individuals. As of 30 June 2021, Zhejiang Zhongqing Financing Guarantee Co., Ltd. has deposited a deposit of RMB 9.65 million to provide guarantees for its customers' short-term loans of RMB 40.60 million from the aforementioned banks or small loan companies, and assumes the joint and several liability guarantee for the loans of these lenders. The loan period of these lenders is from 16 July 2020 to 29 June 2022.

(3) As of 30 June 2021, except for the above contingencies, the Company has no other significant contingencies that need to be disclosed.

## 2. Commitments

(1) The details of restricted assets of the Company for borrowings refer to Note VI 18, 26 and 28.

(2) As of 30 June 2021, except for the above commitments, the Company has no other significant commitments that need to be disclosed.

## XI Events after the balance sheet date

As of the approval date of the financial statements, the Company has no other significant events after the balance sheet date that need to be disclosed.

## XII Other significant events

1. Performance of settlement commitment of horizontal competition and relevant profit commitment and compensation

Zhejiang China Light & Textile Industrial City Group Co., Ltd., a subsidiary of the Company, held the 21<sup>st</sup> meeting of the 8<sup>th</sup> session of the Board of Directors on 28 June 2017, reviewed and passed the "Proposal on the Change of the Company's Controlling Shareholders' Commitments to Resolve Horizontal Competition". Due to some reasons, the assets of Markets could not solve the problem of horizontal competition before the expiration of the commitment (16 July 2017), and it is proposed to continue to solve the problem of horizontal competition by changing the commitment. The main contents of the changed commitment are as follows: 1. Within six months after the expiration of the original commitment period, the Company will promote the assets of the Grey Fabric Market and Apparel Market to be injected into Zhejiang China Light & Textile Industrial City Group Co., Ltd. after meeting certain conditions; 2. Within three years after the expiration of the original commitment

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period, the Company will actively solve the problems of asset ownership defects and profit distribution irregularities of Dongmen Market and Kedong Warehouse, and inject them into Zhejiang China Light & Textile Industrial City Group Co., Ltd. after meeting certain conditions; 3. Within three years after the completion of the construction of New West Market, when the resettlement and the investment promotion work of the original West Market operators have been completed, the actual effect has been achieved and the good profit prospect has been obtained, they will be injected into Zhejiang China Light & Textile Industrial City Group Co., Ltd.

At the end of November 2019, the Company transferred its equity of Shaoxing Keqiao District China Light & Textile Industrial City Dongmen Textile Market Co., Ltd., Shaoxing Keqiao Agricultural Reclamation Industrial Co., Ltd. and Shaoxing Keqiao District China Light & Textile Industrial City Kedong Warehouse Co., Ltd. to Shaoxing Keqiao District China Light & Textile Industrial City Network Investment Co., Ltd. The Company solved the problem of horizontal competition with Zhejiang China Light & Textile Industrial City Group Co., Ltd. through the way of equity transfer.

By the end of 2019, the main project of China Light & Textile Industrial City International Fabric Purchasing Center, which is the New West Market, had been basically completed. The resettlement of the original West Market operators had been completed, and the investment promotion had been completed and put into operation in 2020.

2. Application for judicial reorganization by the controlling shareholder of Kuaijishan Shaoxing Rice Wine Co., Ltd.

The opinion type of the 2020 auditor's report of Kuaijishan Shaoxing Rice Wine Co., Ltd. is an unqualified opinion with emphasized item paragraphs. The content of the emphasized item paragraphs in the auditor's report is "We remind users of financial statements to pay attention, as described in Note XII 2 (2) to the financial statements, Jinggong Group Co., Ltd. holds 164 million shares of Kuaijishan Company (accounting for 32.97% of the total share capital of the company, and accounting for 100% of the company's shares held by it), which has been subject to judicial freezing and waiting for freezing. Jinggong Group Co., Ltd. has applied to the People's Court of Keqiao District, Shaoxing City to enter the reorganization procedure according to the law". As of 30 June 2021, there is still a major uncertainty about whether Jinggong Group Co., Ltd. will succeed in bankruptcy and reorganization.

**XIII Notes to the financial statements of the Company**

1. Other receivables

Item	Closing balance	Opening balance
Interests receivable	590,658,378.62	437,107,567.51
Dividends receivable		
Other receivables	101,402,637.03	63,069,716.78
<b>Total</b>	<b>692,061,015.65</b>	<b>500,177,284.29</b>

(1) Interests receivable

Item	Closing balance	Opening balance
Interests from the loans to subsidiaries	590,404,955.56	436,854,144.45
Time deposits	253,423.06	253,423.06
<b>Total</b>	<b>590,658,378.62</b>	<b>437,107,567.51</b>

(2) Other receivables disclosed by category

Category	Closing balance				Book value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables with single provision for bad debts					
Other receivables with provision for bad debts based on portfolio					
Portfolio 1: Receivables from government, state-owned enterprises and related parties	98,402,637.03	97.04			98,402,637.03
Portfolio 2: Deposit and margin	3,000,000.00	2.96			3,000,000.00
Portfolio 3: Aging portfolio					
Sub-total	101,402,637.03	100.00			101,402,637.03
<b>Total</b>	<b>101,402,637.03</b>	<b>100.00</b>			<b>101,402,637.03</b>

(Continued)

Category	Opening balance				Book value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables with single provision for bad debts					
Other receivables with provision for bad debts based on portfolio					
Portfolio 1: Receivables from government, state-owned enterprises and related parties	60,069,716.78	95.24			60,069,716.78
Portfolio 2: Deposit and margin	3,000,000.00	4.76			3,000,000.00
Portfolio 3: Aging portfolio					
Sub-total	63,069,716.78	100.00			63,069,716.78
Total	63,069,716.78	100.00			63,069,716.78

(3) The top five other receivables based on the closing balance

Name	Aging	Closing balance	Proportion in closing balance of other receivables (%)
Shaoxing Keqiao District Haitu Agricultural Development Co., Ltd.	Within 1 year	80,000,000.00	78.89
Zhejiang Keyan Beauty Spot Development Co., Ltd.	Over 3 years	15,576,475.00	15.36
Hwabao Trust Co., Ltd.	1-2 years	3,000,000.00	2.96
Financing service charges	Within 1 year	2,661,754.72	2.62
Prepaid social security	Within 1 year	150,000.00	0.15
Total		101,388,229.72	99.98

2. Long-term equity investment

(1) Classification of long-term equity investment

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investments in subsidiaries	3,425,335,069.86		3,425,335,069.86	3,351,640,000.00		3,351,640,000.00
Investments in associates and joint ventures	1,067,859,812.83		1,067,859,812.83	1,122,187,432.64		1,122,187,432.64
Total	4,493,194,882.69		4,493,194,882.69	4,473,827,432.64		4,473,827,432.64

(2) Investment in subsidiaries

Name of investee	Opening balance		Increase		Decrease		Closing balance
	Opening balance		Increase		Decrease		
Shaoxing Keqiao District China Light & Textile Industrial City United Consignment Market Development Co., Ltd.	2,000,000.00						2,000,000.00
Shaoxing Keyan Construction Investment Co., Ltd.	230,000,000.00						230,000,000.00
Shaoxing Keqiao District Development and Management Group Co., Ltd.	426,600,000.00						426,600,000.00
Shaoxing Keqiao District Energy Investment Co., Ltd.	130,600,000.00						130,600,000.00
Shaoxing Keqiao China Light & Textile Industrial City Talent Market Co., Ltd.	1,300,000.00						1,300,000.00
Shaoxing Keqiao District Pingshui Fucheng Construction Investment Development Co., Ltd.	100,000,000.00						100,000,000.00

Name of investee	Opening balance	Increase	Decrease	Closing balance
Shaoxing Qianqing Textile Raw Material City Construction Investment Co., Ltd.	50,000,000.00			50,000,000.00
Shaoxing Keqiao District Rice Wine Industry Base Development and Construction Co., Ltd.	30,000,000.00			30,000,000.00
Shaoxing Keqiao District Yangxunqiao Town Development Co., Ltd.	50,000,000.00			50,000,000.00
Shaoxing Keyan City Construction Investment Co., Ltd.	100,000,000.00			100,000,000.00
Shaoxing Keqiao District Education Investment Co., Ltd.	50,000,000.00			50,000,000.00
Shaoxing Keqiao District Tourism Investment Development Co., Ltd.	12,800,000.00			12,800,000.00
Shaoxing Keqiao Economic Development Zone Development Investment Co., Ltd.	104,520,000.00			104,520,000.00
Shaoxing Keqiao District Tourism Development Group Co., Ltd.	462,320,000.00			462,320,000.00
Shaoxing Keqiao Ancient Town Anchang Protection Development Construction Co., Ltd.	100,000,000.00			100,000,000.00
Shaoxing Keqiao District Pingshui Fucheng New Countryside Construction Investment Co., Ltd.	50,000,000.00			50,000,000.00
Shaoxing Kebei New Countryside Construction Investment Development Co., Ltd.	100,000,000.00			100,000,000.00
Shaoxing Keqiao District Anchang New Countryside Construction Investment Co., Ltd.	50,000,000.00			50,000,000.00
Shaoxing Keqiao District Venture Capital Management Co., Ltd.	45,000,000.00			45,000,000.00

Name of investee	Opening balance	Increase	Decrease	Closing balance
Shaoxing Keqiao District Textile Industry Design Management Service Co., Ltd.	10,000,000.00			10,000,000.00
Shaoxing Construction Engineering By-product Recycling Co., Ltd.	500,000.00			500,000.00
Shaoxing Keqiao District Water Conservancy Investment Development Co., Ltd.	50,000,000.00			50,000,000.00
Shaoxing Keqiao District Public Bicycle Service Co., Ltd.	2,000,000.00			2,000,000.00
Shaoxing Keqiao District Shicheng Development Investment Co., Ltd.	100,000,000.00			100,000,000.00
Shaoxing Pingshui Ruoyexi Water System Integrated Improvement and Development Co., Ltd.	30,000,000.00		30,000,000.00	
Shaoxing Keqiao District Sports Center Co., Ltd.	2,000,000.00			2,000,000.00
Shaoxing Keqiao Historical and Cultural District Development and Utilization Investment Construction Co., Ltd.	300,000,000.00			300,000,000.00
Shaoxing Keqiao District Cultural Development Co., Ltd.	30,000,000.00			30,000,000.00
Shaoxing Keqiao Rail Transit Group Co., Ltd.	300,000,000.00			300,000,000.00
Shaoxing Keqiao District Forestry Co., Ltd.	500,000.00			500,000.00
Shaoxing Keqiao District Chengbei Development Investment Co., Ltd.	100,000,000.00			100,000,000.00
Shaoxing Jinkeqiao Science and Technology City Development Construction Investment Co., Ltd.	170,000,000.00			170,000,000.00
Shaoxing Jishan Forestry Investigation Planning Design Co., Ltd.	500,000.00			500,000.00



Name of investee	Closing balance		Opening balance	
	Book balance	Impairment provision	Book value	Book balance
Shaoxing PetroChina Kunlun Gas Co., Ltd.	7,826,397.24		7,826,397.24	10,322,878.64
Jiangshan Lianxing Development Co., Ltd.	225,028,920.00		225,028,920.00	225,028,920.00
Shaoxing Natural Gas Investment Co., Ltd.	139,657,325.07		139,657,325.07	145,380,895.31
Shaoxing Kejiao Zhejiang University of Technology Innovation Research Institute Development Co., Ltd.	1,868,932.38		1,868,932.38	1,711,626.19
Zhejiang Zhongqing Financing Guarantee Co., Ltd.	41,457,208.70		41,457,208.70	41,262,253.86
Total	1,067,859,812.83		1,067,859,812.83	1,122,187,432.64

(Continued)

Name of investee	Changes in the current period			
	Increase of investments	Decrease of investments	Investment income under equity method	Adjustments of other comprehensive income
Shaoxing Cao'e River Sluice Investment and Development Co., Ltd.			1,047,995.87	
				Other changes in equity

Name of investee	Changes in the current period				
	Increase of investments	Decrease of investments	Investment income under equity method	Adjustments of other comprehensive income	Other changes in equity
Shaoxing Chuanrong Color Printing Co., Ltd.					
Shaoxing Keqiao Media Group Co., Ltd.		47,455,227.60			
Shaoxing China Light & Textile Industrial City Qianqing Textile Raw Materials Market Development Co., Ltd.			-52,597.47		
Shaoxing PetroChina Kunlun Gas Co., Ltd.		9,710,747.18	7,214,265.78		
Jiangshan Lianxing Development Co., Ltd.					
Shaoxing Natural Gas Investment Co., Ltd.			-5,723,570.24		
Shaoxing Keqiao Zhejiang University of Technology Innovation Research Institute Development Co., Ltd.			157,306.19		
Zhejiang Zhongqing Financing Guarantee Co., Ltd.			194,954.84		
Total		57,165,974.78	2,838,354.97		

3. Investment income

(1) Details of investment income

Item	Jan. - Jun. 2021	Jan. - Jun. 2020
Investment income from long-term equity investments under equity method	2,838,354.97	
Investment income from long-term equity investments under cost method	41,539,842.26	
Total	44,378,197.23	

(2) Investment income from long-term equity investments under equity method

Name of investee	Jan. - Jun. 2021
Shaoxing Cao'e River Sluice Investment and Development Co., Ltd.	1,047,995.87
Shaoxing China Light & Textile Industrial City Qianqing Textile Raw Materials Market Development Co., Ltd.	-52,597.47
Shaoxing Natural Gas Investment Co., Ltd.	-5,723,570.24
Shaoxing Keqiao Zhejiang University of Technology Innovation Research Institute Development Co., Ltd.	157,306.19
Zhejiang Zhongqing Financing Guarantee Co., Ltd.	194,954.84
Shaoxing PetroChina Kunlun Gas Co., Ltd.	7,214,265.78
Total	2,838,354.97

Legal Representative:

Chief Financial Officer:

Chief Accountant:



## AUDITOR'S REPORT

ZHSZ [2021] No. 0300073

**To the Board of Directors of Shaoxing Keqiao District State-owned Assets Investment and Management Group Co., Ltd.:**

### Opinion

We have audited the accompanying financial statements of Shaoxing Keqiao District State-owned Assets Investment and Management Group Co., Ltd. (hereinafter referred to "the Company"), which comprise the consolidated and the Company's balance sheets as at 31 December 2020, and the consolidated and the Company's income statements, the consolidated and the Company's statements of cash flows and changes in owners' equity for the year then ended, and notes to the financial statements.

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

### Basis of Opinion

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

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

The management of the Company (hereinafter referred to as "the Management") is responsible for the preparation and fair presentation of the financial statements in accordance with Accounting Standards for Business Enterprises, and designing, implementing and maintaining internal control which is

necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing 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 the Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 to expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- 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 concluded that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair representation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Mazars Certified Public Accountants LLP



Wuhan, China

Certified Public Accountant



Certified Public Accountant



29 April 2021



## Consolidated Balance Sheet (Assets)

Consol. No. 1

Prepared by Shaoxing Kejiao District State-owned Assets Investment and Management Group Co., Ltd.

RMB

Assets	Note	31 Dec. 2020	1 Jan. 2020	31 Dec. 2019
<b>Current assets:</b>				
Cash and cash equivalents	VI 1	17,386,390,994.23	12,971,426,778.59	12,971,426,778.59
Trading financial assets				
Derivative financial assets				
Notes receivable				
Accounts receivable	VI 2	4,589,665,733.74	4,098,325,729.24	4,098,325,729.24
Receivables financing				
Prepayment	VI 3	2,992,831,773.67	20,114,500,529.59	20,114,500,529.59
Other receivables	VI 4	17,282,054,925.33	15,629,602,513.60	15,629,602,513.60
Inventory	VI 5	101,971,572,114.86	72,376,694,150.09	72,376,694,150.09
Contract assets				
Held-for-sale assets				
Non-current assets due within one year				
Other current assets	VI 6	2,386,371,199.92	3,206,844,153.54	3,206,844,153.54
Total current assets		146,608,886,741.75	128,397,393,854.65	128,397,393,854.65
<b>Non-current assets:</b>				
Debt investment				
Other debt investments				
Long-term receivables	VI 7	127,000,000.00	127,000,000.00	127,000,000.00
Long-term equity investment	VI 8	5,402,924,199.14	4,287,812,274.05	4,287,812,274.05
Other equity instrument investments	VI 9	9,319,547,342.35	9,433,160,955.28	9,433,160,955.28
Other non-current financial assets				
Investment property	VI 10	7,223,600,226.54	6,824,635,490.48	6,824,635,490.48
Fixed assets	VI 11	9,442,242,188.29	9,392,051,473.78	9,392,051,473.78
Construction in progress	VI 12	21,601,974,616.03	19,524,151,798.72	19,524,151,798.72
Productive biological assets				
Oil and gas assets				
Intangible assets	VI 13	1,289,190,658.61	1,221,605,271.96	1,221,605,271.96
Development expenditure				
Goodwill	VI 14	207,418,178.23	207,418,178.23	207,418,178.23
Long-term deferred expenses	VI 15	62,824,558.99	91,076,601.71	91,076,601.71
Deferred tax assets	VI 16	30,761,358.07	108,286,276.83	108,286,276.83
Other non-current assets	VI 17	3,839,743,831.94	7,402,177,597.78	7,402,177,597.78
Total non-current assets		58,547,227,158.19	58,619,375,918.82	58,619,375,918.82
Total assets		205,156,113,899.94	187,016,769,773.47	187,016,769,773.47

Legal Representative:

Chief Financial Officer:

Chief Accountant:





## Consolidated Balance Sheet (Liabilities and Owners' Equity)

Consol. No. 1  
RMB

Prepared by Shandong Keqiao District State-owned Assets Investment and Management Group Co., Ltd.

Liabilities and owners' equity	Note	31 Dec. 2020	1 Jan. 2020	31 Dec. 2019
Current liabilities:				
Short-term borrowings	VI 18	5,320,589,850.59	4,077,050,000.00	4,077,050,000.00
Trading financial liabilities				
Derivative financial liabilities				
Notes payable	VI 19	50,000,000.00	50,000,000.00	50,000,000.00
Accounts payable	VI 20	808,471,141.78	987,999,686.72	987,999,686.72
Advance from customers	VI 21	3,182,588,099.79	3,771,883,495.40	4,361,617,047.91
Contract liabilities	VI 22	589,132,494.28	562,450,236.27	
Payroll payable	VI 23	73,479,545.93	69,221,380.58	69,221,380.58
Taxes and surcharges payable	VI 24	2,570,668,566.42	2,261,833,780.48	2,261,833,780.48
Other payables	VI 25	4,471,650,186.12	5,722,818,820.13	5,722,818,820.13
Held-for-sale liabilities	VI 26		1,000,000.00	1,000,000.00
Non-current liabilities due within one year	VI 27	30,254,299,431.85	20,699,929,931.82	20,699,929,931.82
Other current liabilities	VI 28	58,528,585.07	56,443,290.99	29,159,974.75
Total current liabilities		47,379,407,901.83	38,260,630,622.39	38,260,630,622.39
Non-current liabilities:				
Long-term borrowings	VI 29	40,473,235,072.16	37,380,241,480.04	37,380,241,480.04
Bonds payable	VI 30	40,077,173,778.05	38,457,391,767.82	38,457,391,767.82
Including: Preferred shares				
Perpetual bonds				
Lease liabilities				
Long-term payables	VI 31	13,051,740,330.20	15,964,579,828.35	15,964,579,828.35
Long-term payroll payable				
Accrued liabilities				
Deferred income	VI 32	369,402,720.79	271,131,096.34	271,131,096.34
Deferred tax liabilities	VI 16	332,365,124.05	418,040,717.93	418,040,717.93
Other non-current liabilities	VI 33	490,000.00	490,000.00	490,000.00
Total non-current liabilities		94,304,407,025.25	92,491,874,890.48	92,491,874,890.48
Total liabilities		141,683,814,927.08	130,752,505,512.87	130,752,505,512.87
Owners' equity:				
Paid-in capital	VI 34	80,000,000.00	80,000,000.00	80,000,000.00
Other equity instruments	VI 35	1,000,000,000.00		
Including: Preferred shares				
Perpetual bonds		1,000,000,000.00		
Capital reserve	VI 36	44,240,671,210.30	38,799,380,997.12	38,799,380,997.12
Less: Treasury shares				
Other comprehensive income	VI 37	1,263,515,602.82	1,571,974,277.86	1,571,974,277.86
Special reserve				
Surplus reserve	VI 38	36,115,476.16	33,537,500.85	33,537,500.85
Retained earnings	VI 39	10,836,029,666.94	10,387,383,400.90	10,387,383,400.90
Total equity attributable to shareholders of the parent company		57,456,331,956.22	50,872,276,176.73	50,872,276,176.73
Minority interests		6,015,967,016.64	5,391,988,083.87	5,391,988,083.87
Total owners' equity		63,472,298,972.86	56,264,264,260.60	56,264,264,260.60
Total liabilities & owners' equity		205,156,113,899.94	187,016,769,773.47	187,016,769,773.47

Legal Representative:



Chief Financial Officer:



Chief Accountant:





## Consolidated Income Statement

Consol. No. 2

Prepared by Shaoxing Keqiao District State-owned Assets Investment and Management Group Co., Ltd.

RMB

Item	Note	2020	2019
I. Total operating revenues		6,157,854,978.78	6,409,642,051.85
Including: Operating revenues	VI 40	6,157,854,978.78	6,409,642,051.85
II. Total operating costs		7,420,450,303.30	7,001,231,929.04
Including: Operating costs	VI 40	5,127,077,114.22	5,165,038,564.35
Taxes and surcharges		504,784,725.62	284,917,487.79
Selling expenses		112,665,333.36	102,910,202.14
Administrative expenses		495,720,071.86	501,451,345.77
R&D expenses		4,928,955.02	5,239,155.78
Financial costs	VI 41	1,175,274,103.22	941,675,173.21
Including: Interest expenses		1,398,576,027.04	1,052,095,767.47
Interest income		234,465,533.92	121,715,475.45
Add: Other income	VI 42	1,727,776,886.41	1,013,844,601.85
Investment income ("-" means loss)	VI 43	304,223,977.37	194,195,717.66
Including: Income from investment in associates and joint ventures		13,407,685.33	-112,640,150.08
Derecognized income of financial assets measured at amortized cost			
Net exposure hedging income ("-" means loss)			
Gains from changes in fair value ("-" means loss)			
Credit impairment loss ("-" means loss)	VI 44	178,147,152.36	112,498,985.63
Impairment loss on assets ("-" means loss)	VI 45	-8,002.43	
Gains from disposal of assets ("-" means loss)	VI 46	1,030,060.08	2,375,165.51
III. Operating profit ("-" means loss)		948,574,749.27	731,324,593.46
Add: Non-operating income	VI 47	4,459,545.64	17,125,547.00
Less: Non-operating expenses	VI 48	9,696,578.66	37,338,643.27
IV. Total profit ("-" means loss)		943,337,716.25	711,111,497.19
Less: Income tax expenses	VI 49	380,280,099.81	358,261,082.88
V. Net profit ("-" means net loss)		563,057,616.44	352,850,414.31
(I) Classification in accordance with going concern			
1. Net profit from continuing operations ("-" means net loss)		563,057,616.44	352,850,414.31
2. Net profit from discontinued operations ("-" means net loss)			
(II) Classification in accordance with attribution			
1. Attributable to owners of the parent company ("-" means net loss)		458,934,641.35	215,415,511.36
2. Minority interest ("-" means net loss)		104,122,975.09	137,434,902.95
VI. Other comprehensive income after tax		-469,122,104.24	609,987,284.56
(I) Attributable to owners of the parent company		-308,458,675.04	394,294,640.66
A. Not reclassified subsequently to profit or loss		-308,458,675.04	394,294,640.66
Including: 1. Changes in net liabilities or assets by remeasurement of defined benefit plans			
2. Not reclassified subsequently to profit or loss under equity method			-178,500,000.00
3. Changes in fair value of other equity instrument investments		-308,458,675.04	572,794,640.66
4. Changes in fair value of the Company's own credit risks			
5. Other			
B. Reclassified subsequently to profit or loss			
Including: 1. Reclassified subsequently to profit or loss under equity method			
2. Changes in fair value of other debt investments			
3. The amount of financial assets reclassified to other comprehensive income			
4. Credit impairment provisions for other debt investments			
5. Cash flow hedging reserves			
6. Translation difference from foreign currency financial statements			
7. Other			
(II) Attributable to minority shareholders		-160,663,429.20	215,692,643.90
VII. Total comprehensive income		93,935,512.20	962,837,698.87
(I) Attributable to owners of the parent company		150,475,966.31	609,710,152.02
(II) Attributable to minority shareholders		-56,540,454.11	353,127,546.85

Legal Representative:



Chief Financial Officer:



Chief Accountant:





## Consolidated Statement of Cash Flows

Consol. No. 3

Prepared by Shaoxing Keqiao District State-owned Assets Investment and Management Group Co., Ltd.

RMB

Item	Note	2020	2019
<b>I. Cash flows from operating activities:</b>			
Cash received from sales and services		4,941,220,747.28	5,479,101,130.59
Tax refunds		123,389,149.32	2,526,791.35
Other cash receipts relating to operating activities		8,203,112,538.79	4,729,212,991.41
Sub-total cash inflows from operating activities		13,267,722,435.39	10,210,840,913.35
Cash paid for goods and services		10,507,169,187.23	9,232,016,374.54
Cash paid to and on behalf of employees		562,354,138.44	527,293,506.62
Payment of taxes and surcharges		573,524,887.17	1,030,114,004.47
Other cash payments relating to operating activities		9,545,150,826.66	3,618,059,912.74
Sub-total cash outflows from operating activities		21,188,199,039.50	14,407,483,798.37
Net cash flows from operating activities		-7,920,476,604.11	-4,196,642,885.02
<b>II. Cash flows from investing activities:</b>			
Cash receipts from withdraw of investments		367,631,500.00	82,044,223.50
Cash received from investment income		322,399,368.97	98,933,193.67
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		97,347,900.53	7,095,914.60
Net cash received from disposal of subsidiaries and other business units			20,611.44
Other cash receipts relating to investing activities		7,132,671,988.39	6,107,360,611.21
Sub-total cash inflows from investing activities		7,920,050,757.89	6,295,454,554.42
Cash paid for fixed assets, intangible assets and other long-term assets		3,707,352,788.00	4,686,818,739.70
Cash paid for investments		1,970,488,591.55	3,623,844,140.67
Net cash paid for acquiring subsidiaries and other business units		88,921,219.88	48,960,300.00
Other cash payments relating to investing activities		5,849,654,233.06	5,578,095,163.39
Sub-total cash outflows from investing activities		11,616,416,832.49	13,937,718,343.76
Net cash flows from investing activities		-3,696,366,074.60	-7,642,263,789.34
<b>III. Cash flows from financing activities:</b>			
Cash proceeds from investments by others		316,602,415.40	295,154,983.24
Including: Cash received by subsidiaries from minority shareholders' investments		7,320,000.00	5,900,000.00
Cash received from borrowings		49,224,894,547.49	38,012,182,439.49
Other cash receipts relating to financing activities		5,813,499,630.56	3,441,207,697.49
Sub-total cash inflows from financing activities		55,354,996,593.45	41,748,545,120.22
Cash repayments for debts		31,242,018,270.67	21,617,139,286.29
Cash payments for distribution of dividends, profit and interest expenses		6,009,278,461.47	4,916,224,681.35
Including: Dividends or profit paid by subsidiaries to minority shareholders		193,937,090.40	169,485,090.40
Other cash payments relating to financing activities		2,456,411,223.64	3,364,151,640.14
Sub-total cash outflows from financing activities		39,707,707,955.78	29,897,515,607.78
Net cash flows from financing activities		15,647,288,637.67	11,851,029,512.44
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>		-27,956.17	30,435.83
<b>V. Net increase in cash and cash equivalents</b>		4,030,418,002.79	12,153,273.91
Add: Opening balance of cash and cash equivalents		12,909,948,482.42	12,897,795,208.51
<b>VI. Closing balance of cash and cash equivalents</b>		16,940,366,485.21	12,909,948,482.42

Legal Representative:



Chief Financial Officer:



Chief Accountant:



## Consolidated Statement of Changes in Owners' Equity

Consolid. No. 4  
RMB

Prepared by Shenyang Keyuan District State-owned Assets Investment and Management Group Co., Ltd.

2020

Item	Equity attributable to the parent company										Total owners' equity
	Paid-in capital	Other equity instruments	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Sub-total	Minority interests	
I. Balance at the end of the previous year	80,000,000.00	Perpetual bonds 1,000,000,000.00	38,799,380,997.12		1,571,974,277.86		33,537,500.85	10,387,383,400.90	50,872,276,176.73	5,391,988,083.87	56,264,264,260.60
Add: Changes in accounting policies Differences in combinations under common control Other											
II. Increase / decrease during the current year ("+" means increase)	80,000,000.00	1,000,000,000.00	38,799,380,997.12		1,571,974,277.86		33,537,500.85	10,387,383,400.90	50,872,276,176.73	5,391,988,083.87	56,264,264,260.60
(I) Total comprehensive income											
(II) Contribution and decrease of capital											
1. Capital contributed by owners		1,000,000,000.00	5,441,290,213.18		-308,458,675.04		2,577,975.31	448,646,266.04	6,584,055,779.49	623,978,932.77	7,208,034,712.26
2. Capital paid as by holders of other equity instruments		1,000,000,000.00	5,441,290,213.18		-308,458,675.04			458,934,641.35	150,475,066.31	-56,540,454.11	83,935,512.20
3. Share-based payment			1,049,502,415.40						6,441,290,213.18	680,519,386.88	7,121,809,600.06
4. Other									1,049,502,415.40	7,320,000.00	1,056,822,415.40
(III) Profit distribution											
1. Surplus reserve accrued			4,391,787,797.78				2,577,975.31	-10,288,375.31	5,391,787,797.78	673,199,386.88	6,064,987,184.66
2. Distribution to owners							2,577,975.31	-7,710,400.00	-7,710,400.00		-7,710,400.00
3. Other											
(IV) Transfer within owners' equity											
1. Capital reserve transferred to capital											
2. Surplus reserve transferred to capital											
3. Surplus reserve offsetting losses											
4. Retained earnings carried forward from changes in defined benefits plan											
5. Retained earnings carried forward from other comprehensive income											
6. Other											
(V) Special reserve											
1. Accrual for the current year											
2. Use for the current year											
(VI) Other											
IV. Balance at the end of the current year	80,000,000.00	1,000,000,000.00	44,240,671,210.30		1,263,515,602.82		36,115,476.16	10,830,039,666.94	57,450,331,956.22	6,015,967,016.64	63,472,298,972.86

Legal Representative:

Chief Financial Officer:

Chief Accountant:

**强盛印信**

**梅博印信**

**徐佳印信**



### Consolidated Statement of Changes in Owners' Equity

2019  
 Prepared by: Shaoxing Keqiao Deyang State-owned Assets Investment and Management Group Co., Ltd. Compt. No. 4  
RMB

Item	Equity attributable to the parent company										Total owners' equity
	Paid-in capital	Other equity instruments Perpetual bonds	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Sub-total	Minority interests	
I. Balance at the end of the previous year	80,000,000.00		35,435,942,313.41		1,177,679,617.20		29,048,836.74	10,176,456,353.65	46,899,127,341.00	5,520,126,629.73	52,419,253,970.73
ADD: Changes in accounting policies											
Correction of previous accounting errors											
Business combination under common control											
Other											
II. Balance at the beginning of the current year	80,000,000.00		35,435,942,313.41		1,177,679,617.20		29,048,836.74	10,176,456,353.65	46,899,127,341.00	5,520,126,629.73	52,419,253,970.73
III. Increase / decrease during the current year (* means decrease)											
(I) Total comprehensive income					394,204,046.66		4,488,664.11	216,926,847.25	3,973,148,835.73	-128,138,545.86	3,845,010,289.87
(II) Contributions and decrease of capital											
1. Capital contributed by owners											
2. Capital paid in by holders of other equity instruments											
3. Share-based payment											
4. Other											
(III) Profit distribution											
1. Surplus reserve accrual											
2. Distribution to owners											
3. Other											
(IV) Transfer within owners' equity											
1. Capital reserve transferred to capital											
2. Surplus reserve transferred to capital											
3. Surplus reserve offsetting losses											
4. Retained earnings carried forward from changes in defined benefit plan											
5. Retained earnings carried forward from other comprehensive income											
6. Other											
(V) Special reserve											
1. Accrual for the current year											
2. Use for the current year											
(VI) Other											
IV. Balance at the end of the current year	80,000,000.00		38,799,380,997.12		1,571,934,277.86		33,537,500.85	10,387,383,406.90	50,872,276,176.73	5,391,988,081.87	56,264,264,258.60

Legal Representative: 
  
 Chief Financial Officer: 
  
 Chief Accountant:

## Balance Sheet (Assets)

No. 1

Prepared by Shaoxing Keqiao District State-owned Assets Investment and Management Group Co., Ltd.

RMB

Assets	Note	31 Dec. 2020	1 Jan. 2020	31 Dec. 2019
<b>Current assets:</b>				
Cash and cash equivalents		524,242,263.35	251,527,161.35	251,527,161.35
Trading financial assets				
Derivative financial assets				
Notes receivable				
Accounts receivable				
Receivables financing				
Prepayment				
Other receivables	XIII 1	500,177,284.29	454,167,466.16	454,167,466.16
Inventory				
Contract assets				
Held-for-sale assets				
Non-current assets due within one year				
Other current assets		5,957,392.54	5,972,731.70	5,972,731.70
Total current assets		1,030,376,940.18	711,667,359.21	711,667,359.21
<b>Non-current assets:</b>				
Debt investment				
Other debt investments				
Long-term receivables		24,775,000,000.00	23,401,202,705.00	23,401,202,705.00
Long-term equity investment	XIII 2	4,473,827,432.64	4,628,562,215.16	4,628,562,215.16
Other equity instrument investments		750,964,036.90	588,729,445.71	588,729,445.71
Other non-current financial assets				
Investment property				
Fixed assets		3,966,143.53	3,874,813.98	3,874,813.98
Construction in progress				
Productive biological assets				
Oil and gas assets				
Intangible assets				
Development expenditure				
Goodwill				
Long-term deferred expenses				
Deferred tax assets			2,889.24	2,889.24
Other non-current assets				
Total non-current assets		30,003,757,613.07	28,622,372,069.09	28,622,372,069.09
Total assets		31,034,134,553.25	29,334,039,428.30	29,334,039,428.30

Legal Representative:



Chief Financial Officer:



Chief Accountant:





## Balance Sheet (Liabilities and Owners' Equity)

No. 1  
RMB

Prepared by Shaoying Keqiao District State-owned Assets Investment and Management Group Co., Ltd

Liabilities and owners' equity	Note	31 Dec. 2020	1 Jan. 2020	31 Dec. 2019
<b>Current liabilities:</b>				
Short-term borrowings			500,000,000.00	500,000,000.00
Trading financial liabilities				
Derivative financial liabilities				
Notes payable				
Accounts payable				
Advance from customers				
Contract liabilities				
Payroll payable		394,112.62	510,745.35	510,745.35
Taxes and surcharges payable		3,521,237.10	1,030,570.54	1,030,570.54
Other payables		397,837,974.19	752,692,771.82	752,692,771.82
Held-for-sale liabilities				
Non-current liabilities due within one year		9,664,504,166.67	4,941,372,455.00	4,941,372,455.00
Other current liabilities				
Total current liabilities		10,066,257,490.58	6,195,606,542.71	6,195,606,542.71
<b>Non-current liabilities:</b>				
Long-term borrowings			300,000,000.00	300,000,000.00
Bonds payable		14,606,893,152.00	17,781,752,919.22	17,781,752,919.22
Including: Preferred shares				
Perpetual bonds				
Lease liabilities				
Long-term payables				
Long-term payroll payable				
Accrued liabilities				
Deferred income				
Deferred tax liabilities		50,751,430.90	50,393,231.90	50,393,231.90
Other non-current liabilities				
Total non-current liabilities		14,657,644,582.90	18,132,146,151.12	18,132,146,151.12
Total liabilities		24,723,902,073.48	24,327,752,693.83	24,327,752,693.83
<b>Owners' equity:</b>				
Paid-in capital		80,000,000.00	80,000,000.00	80,000,000.00
Other equity instruments		1,000,000,000.00		
Including: Preferred shares				
Perpetual bonds		1,000,000,000.00		
Capital reserve		4,432,843,559.19	4,148,041,763.99	4,148,041,763.99
Less: Treasury shares				
Other comprehensive income		386,214,743.64	385,140,146.64	385,140,146.64
Special reserve				
Surplus reserve		36,115,476.16	33,537,500.85	33,537,500.85
Retained earnings		375,058,700.78	359,567,322.99	359,567,322.99
Total owners' equity		6,310,232,479.77	5,006,286,734.47	5,006,286,734.47
Total liabilities & owners' equity		31,034,134,553.25	29,334,039,428.30	29,334,039,428.30

Legal Representative:



Chief Financial Officer:



Chief Accountant:





## Income Statement

No. 2

RMB

Prepared by Shaoxing Kejiao District State-owned Assets Investment and Management Group Co., Ltd.

Item	Note	2020	2019
I. Total operating revenues		255,790.00	104,313.00
Including: Operating revenues		255,790.00	104,313.00
II. Total operating costs		-6,106,876.20	-3,020,955.24
Including: Operating costs			
Taxes and surcharges		1,554,816.48	311,083.83
Selling expenses			
Administrative expenses		2,197,987.26	3,122,696.18
R&D expenses			
Financial costs		-9,859,679.94	-6,454,735.25
Including: Interest expenses		481,358.40	569,443.01
Interest income		10,346,841.03	7,091,439.92
Add: Other income			2,247.87
Investment income ("-" means loss)	XIII 3	20,383,931.08	42,529,294.32
Including: Income from investment in associates and joint ventures		18,188,593.46	41,541,392.39
Derecognized income of financial assets measured at amortized cost			
Net exposure hedging income ("-" means loss)			
Gains from changes in fair value ("-" means loss)			
Credit impairment loss ("-" means loss)		11,556.96	-11,556.96
Impairment loss on assets ("-" means loss)			
Gains from disposal of assets ("-" means loss)			
III. Operating profit ("-" means loss)		26,758,154.24	45,645,253.47
Add: Non-operating income		0.03	27,169.92
Less: Non-operating expenses			
IV. Total profit ("-" means loss)		26,758,154.27	45,672,423.39
Less: Income tax expenses		978,401.17	785,782.27
V. Net profit ("-" means net loss)		25,779,753.10	44,886,641.12
1. Net profit from continuing operations ("-" means net loss)		25,779,753.10	44,886,641.12
2. Net profit from discontinued operations ("-" means net loss)			
VI. Other comprehensive income after tax		1,074,597.00	-27,320,304.30
A. Not reclassified subsequently to profit or loss		1,074,597.00	-27,320,304.30
Including: 1. Changes in net liabilities or assets by remeasurement of defined benefit plans			
2. Not reclassified subsequently to profit or loss under equity method			-178,500,000.00
3. Changes in fair value of other equity instrument investments		1,074,597.00	151,179,695.70
4. Changes in fair value of the Company's own credit risks			
5. Other			
B. Reclassified subsequently to profit or loss			
Including: 1. Reclassified subsequently to profit or loss under equity method			
2. Changes in fair value of other debt investments			
3. The amount of financial assets reclassified to other comprehensive income			
4. Credit impairment provisions for other debt investments			
5. Cash flow hedging reserves			
6. Translation difference from foreign currency financial statements			
7. Other			
VII. Total comprehensive income		26,854,350.10	17,566,336.82

Legal Representative:

Chief Financial Officer:

Chief Accountant:



## Statement of Cash Flows

Prepared by Shaoxing Kejiao District State-owned Assets Investment and Management Group Co., Ltd.

No. 3  
RMB

Item	Note	2020	2019
<b>I. Cash flows from operating activities:</b>			
Cash received from sales and services			
Tax refunds			
Other cash receipts relating to operating activities		90,377,742.97	7,225,170.71
Sub-total cash inflows from operating activities		90,377,742.97	7,225,170.71
Cash paid for goods and services			33,089.56
Cash paid to and on behalf of employees		1,590,972.34	1,490,400.54
Payment of taxes and surcharges		105,801.69	277,994.27
Other cash payments relating to operating activities		44,859,995.69	8,184,296.01
Sub-total cash outflows from operating activities		46,556,769.72	9,985,780.38
Net cash flows from operating activities		43,820,973.25	-2,760,609.67
<b>II. Cash flows from investing activities:</b>			
Cash receipts from withdraw of investments			
Cash received from investment income		2,195,337.63	17,732,918.69
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			
Net cash received from disposal of subsidiaries and other business units			
Other cash receipts relating to investing activities		2,408,930,769.20	2,852,871,197.99
Sub-total cash inflows from investing activities		2,411,126,106.83	2,870,604,116.68
Cash paid for fixed assets, intangible assets and other long-term assets		331,090.00	1,950.00
Cash paid for investments		141,201,795.19	200,000,000.00
Net cash paid for acquiring subsidiaries and other business units		132,334,909.54	
Other cash payments relating to investing activities		1,324,325,113.40	6,490,254,805.00
Sub-total cash outflows from investing activities		1,598,192,908.13	6,690,256,755.00
Net cash flows from investing activities		812,933,198.70	-3,819,652,638.32
<b>III. Cash flows from financing activities:</b>			
Cash proceeds from investments by others		301,602,415.40	133,254,983.24
Cash received from borrowings		5,396,588,312.49	8,073,000,000.00
Other cash receipts relating to financing activities			
Sub-total cash inflows from financing activities		5,698,190,727.89	8,206,254,983.24
Cash repayments for debts		5,085,170,512.49	3,315,971,647.34
Cash payments for distribution of dividends, profit and interest expenses		1,197,059,285.35	948,843,223.41
Other cash payments relating to financing activities			
Sub-total cash outflows from financing activities		6,282,229,797.84	4,264,814,870.75
Net cash flows from financing activities		-584,039,069.95	3,941,440,112.49
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>			
<b>V. Net increase in cash and cash equivalents</b>			
Add: Opening balance of cash and cash equivalents		272,715,102.00	119,026,864.50
<b>VI. Closing balance of cash and cash equivalents</b>			
		251,527,161.35	132,500,296.85
		524,242,263.35	251,527,161.35

Legal Representative:



Chief Financial Officer:



Chief Accountant:



## Statement of Changes in Owners' Equity

No. 4  
RMB

2020

Item	Paid-in capital	Other equity instruments		Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total owners' equity
		Perpetual bonds	Other equity instruments							
1. Balance at the end of the previous year	80,000,000.00			4,148,041,763.99		385,140,146.64		33,537,500.85	359,567,322.99	5,006,266,734.47
Add: Changes in accounting policies										
Correction of previous accounting errors										
Other										
(I) Balance at the beginning of the current year	80,000,000.00			4,148,041,763.99		385,140,146.64		33,537,500.85	359,567,322.99	5,006,266,734.47
(II) Increase / decrease during the current year ("-" means decrease)		1,000,000,000.00		284,801,795.20		1,074,597.00		-2,577,975.31	15,491,377.79	1,303,945,745.30
(1) Total comprehensive income		1,000,000,000.00		284,801,795.20		1,074,597.00		-2,577,975.31	25,779,753.10	26,854,350.10
(II) Contribution and decrease of capital		1,000,000,000.00		284,801,795.20						1,284,801,795.20
1. Capital contributed by owners				301,602,415.40						301,602,415.40
2. Capital paid in by holders of other equity instruments										
3. Share-based payment				-16,800,620.20					-10,288,375.31	983,199,379.80
4. Other									-2,577,975.31	-7,710,400.00
(III) Profit distribution									-7,710,400.00	-7,710,400.00
1. Surplus reserve accrued										
2. Distribution to owners										
3. Other										
(IV) Transfer within owners' equity										
1. Capital reserve transferred to capital										
2. Surplus reserve transferred to capital										
3. Surplus reserve offsetting losses										
4. Retained earnings carried forward from changes in defined benefit plans										
5. Retained earnings carried forward from other comprehensive income										
6. Other										
(V) Special reserve										
1. Accrued for the current year										
2. Use for the current year										
(VI) Other										
1. Balance at the end of the current year	80,000,000.00	1,000,000,000.00		4,432,843,559.19		386,214,743.64		36,115,476.16	375,058,700.78	6,310,232,479.77

Chief Financial Officer:

Chief Accountant:

Legal Representative:

梅博印红

强虞印伟

印徐

## Statement of Changes in Owners' Equity

Prepared by Shanghai Keqiao District State-owned Assets Investment and Management Group Co., Ltd.

No. 4  
RMB

Item	2019						Total owners' equity		
	Paid-in capital	Other equity instruments Perpetual bonds	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve		Surplus reserve	Retained earnings
I. Balance at the end of the previous year	80,000,000.00		4,922,586,780.75		412,460,450.94		29,048,836.74	319,169,345.98	5,763,265,414.41
Add: Change in accounting policies									
Correction of previous accounting errors									
Other									
II. Balance at the beginning of the current year	80,000,000.00		4,922,586,780.75		412,460,450.94		29,048,836.74	319,169,345.98	5,763,265,414.41
III. Increase/ decrease during the current year ("+" means increase)			-774,545,016.76		-27,320,304.30		-4,488,664.11	-40,397,977.01	-756,678,979.94
(I) Total comprehensive income					-27,320,304.30			44,886,641.12	17,566,336.82
(II) Contribution and decrease of capital									
1. Capital contributed by owners									
2. Capital paid in by holders of other equity instruments									
3. Share-based payment									
4. Other									
(III) Profit distribution									
1. Surplus reserve accrued									
2. Distribution to owners									
3. Other									
(IV) Transfer within owners' equity									
1. Capital reserve transferred to capital									
2. Surplus reserve transferred to capital									
3. Surplus reserve offsetting losses									
4. Retained earnings carried forward from changes in defined benefit plans									
5. Retained earnings carried forward from other comprehensive income									
6. Other									
(V) Special reserve									
1. Accrual for the current year									
2. Use for the current year									
(VI) Other									
IV. Balance at the end of the current year	80,000,000.00		4,148,041,763.99		385,140,146.64		33,537,500.85	359,567,322.09	5,006,286,734.47

Chief Accountant:  




Chief Financial Officer:





# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

(All amounts in RMB unless otherwise stated)

## Important Notes:

This report is prepared in Chinese and English. In the event of any discrepancy between two versions, the Chinese version shall prevail.

### 1 Company profile

Shaoxing Keqiao District State-owned Assets Investment and Management Group Co., Ltd. (hereinafter referred to as "the Company") was officially established on 21 August 1997 with the approval of Market supervision and Administration Bureau of Keqiao District, Shaoxing City and obtained the enterprise legal person business license with the unified social credit code of 91330621704498695D.

As of 31 December 2020, the Company's registered capital was RMB 80 million and paid-in capital was RMB 80 million. Details of paid-in capital refer to Note VI 34.

#### 1. Registration address, type of organization and headquarters address of the Company

Type of organization of the Company: Limited liability company (solely state-owned).

Registration address of the Company: 18<sup>th</sup> Floor, Public Service Building of Keqiao District, No. 1066, Huaqi Road, Keqiao District, Shaoxing City, Zhejiang Province.

Headquarters address of the Company: 18<sup>th</sup> Floor, Public Service Building of Keqiao District, No. 1066, Huaqi Road, Keqiao District, Shaoxing City, Zhejiang Province.

#### 2. The nature of the business and the main business activities of the Company

The main business activities of the Company and its subsidiaries (hereinafter collectively referred to as "the Group") include urban infrastructure construction and development, resettlement housing construction and demolition, market operation and management, transportation management, land development and consolidation, etc.

#### 3. The parent company and the ultimate controller of the Company

The parent company and the ultimate controller of the Company is Finance Bureau of Keqiao District, Shaoxing City.

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4. As of 31 December 2020, there were 153 subsidiaries of the Group included in the scope of consolidation, and details refer to Note VIII "Equity in other entities".

## **II Basis of preparation**

According to the actual events and transactions, the financial statements for the Group have been prepared on the basis of going concern and in accordance with the Accounting Standards for Business Enterprises - Basic Standard issued by the Ministry of Finance (issued by No. 33 Order from the Ministry of Finance and revised by No. 76 Order from the Ministry of Finance), 42 specific accounting standards, the guidelines for the application of enterprise accounting standards, the interpretation of enterprise accounting standards and other relevant regulations promulgated and amended on and after 15 February 2006 (hereinafter collectively referred to as "Accounting Standards for Business Enterprises"), as well as the disclosure provisions of "Rules for the Preparation and Reporting of Information Disclosure of Companies Offering Securities to the Public No. 15 - General Provisions on Financial Reporting" (Revised in 2014) issued by China Securities Regulatory Commission.

According to the relevant provisions of the Accounting Standards for Business Enterprises, the Group's accounting is carried out on the accrual basis. Except for some financial instruments, the financial statements are measured on the basis of historical cost. If the asset is impaired, the corresponding impairment provision shall be made in accordance with the relevant regulations.

## **III Statement of compliance with the Accounting Standards for Business Enterprises**

The financial statements are in accordance with the requirements of the Accounting Standards for Business Enterprises, which have truly and completely presented the financial position of the Company and the Group as at 31 December 2020, and their financial performance and cash flows for the year then ended and other relevant information.

## **IV Significant accounting policies and accounting estimates**

According to the characteristics of actual production and operation and the provisions of relevant Accounting Standards for Business Enterprises, the Group has formulated a number of specific accounting policies and accounting estimates for bad debt provisions of receivables, depreciation of

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fixed assets, amortization of intangible assets, revenue recognition, and other transactions and events, and details refer to Note IV 9 "Financial instruments", Note IV 17 "Fixed assets", Note IV 20 "Intangible assets", Note IV 28 "Revenue" and other descriptions. The details of the significant accounting judgments and estimates made by the Management refer to Note IV 35 "Significant accounting judgments and estimates".

#### 1. Accounting period

The accounting period of the Group is divided into annual period and interim period. Interim accounting period refers to the reporting period shorter than a complete accounting year. The Group's accounting year adopts the Gregorian calendar year which begins on 1 January and ends on 31 December every year.

#### 2. Operating cycle

The normal operating cycle starts from the purchase of the assets used for processing to the realization of the cash and cash equivalents. The Group takes 12 months as an operating cycle and uses it as the standard for dividing the liquidity of assets and liabilities.

#### 3. Functional currency

Renminbi (RMB) is the currency used in the main economic environment in which the Group and its domestic subsidiaries operate. The Group and its domestic subsidiaries adopt RMB as the functional currency for accounting. The currency used by the Group in preparing the financial statements is RMB.

#### 4. Business combinations

Business combination refers to a transaction or event in which two or more separate enterprises are combined to form a reporting entity. Business combinations are divided into business combinations under common control and business combinations not under common control.

##### (1) Business combination under common control

A business combination under common control is a business combination in which the enterprises involved in the combination are ultimately controlled by the same party or parties before and after the combination, and the control is not temporary. For business combination under common control, the

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party that obtains control over the other enterprises in the combination on the combination date is the combining party, and the other enterprises in the combination are the combined party. Combination date refers to the date on which the combining party obtains control over the combined party.

The assets and liabilities that acquired by the combining party in a business combination shall be measured at their book value in the combined party on the combination date. The difference between the book value of net assets acquired by the combining party and the book value of the consideration paid for the combination (or total face value of the shares issued) shall be adjusted to capital reserve. If the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

The business combination costs that are directly attributable to the combination are recorded into the current profit and loss when they occur.

(2) Business combination not under common control

A business combination not under common control means that the enterprises involved in the combination are not ultimately controlled by the same party or parties before and after the combination. For business combination not under common control, the party that obtains control over the other enterprises in the combination on the acquisition date is the acquirer, and the other enterprises in the combination are the acquiree. Acquisition date refers to the date on which the acquirer obtains control over the acquiree.

For business combination not under common control, the cost of business combination is the aggregate of the fair value, on the acquisition date, of assets given, liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree. The audit fees, valuation and consulting fees, legal service fees and other administrative expenses incurred in the business combination shall be recognized in the current profit or loss when they occur. Commissions and other expenses incurred in the business combination for the issuance of equity or debt securities shall be included in the initial recognition amounts of equity or debt securities. Any contingent consideration involved shall be included in the combination cost according to its fair value on the acquisition date. If there is new or further evidence on the existing situation on the acquisition date emerging within 12 months after the acquisition date, the contingent consideration needs to be adjusted and the combination goodwill shall be adjusted accordingly. The combination cost incurred by the acquirer and the identifiable net assets obtained in the combination shall be measured at the fair value on the

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acquisition date. The difference of the combination costs higher than the fair value of the identifiable net assets obtained from the acquiree on the acquisition date shall be recognized as goodwill. If the combination costs are lower than the fair value of the identifiable net assets obtained from the acquiree, the acquirer shall review the measurement of the fair value of the identifiable assets, liabilities and contingent liabilities acquired as well as the combination costs; and if the combination cost is still lower than the fair value of the identifiable net assets of the acquiree obtained in the combination after the review, the difference shall be recorded into the current profit and loss.

For the deductible temporary difference of the acquiree that is being acquired and is not recognized on the acquisition date because the conditions for recognizing deferred tax assets are not met, it shall be recognized as the relevant deferred tax assets when the following conditions are met: (1) New or further evidence is obtained within 12 months after the acquisition date indicating that the relevant situation on the acquisition date already exists; (2) The economic benefits brought by the deductible temporary difference of the acquiree on the acquisition date are expected to be realized. In the meanwhile, the goodwill shall be reduced. If the goodwill is insufficient to be offset, the difference shall be recognized as the current profit and loss. In addition to the aforementioned situations, the deferred tax assets related to the business combination that are recognized shall be recorded into the current profit and loss.

For the business combination not under common control realized step by step through multiple transactions, it shall be determined whether the multiple transactions are identified as "package deal" in accordance with the "Notice on Issuing Interpretation of Accounting Standards for Enterprises No. 5 from the Ministry of Finance" (Cai Kuai [2012] No. 19) and the judgement criteria of "package deal" in the Article 51 of the "Accounting Standards for Business Enterprises No. 33 - Consolidated Financial Statements" (refers to Note IV 5 (2) "Preparation of consolidated financial statements"). If the multiple transactions are identified as "package deal", the accounting treatment refers to the previous paragraphs of this part and Note IV 15 "Long-term equity investment". If the multiple transactions are not identified as "package deal", accounting treatment shall be carried out differently in individual and consolidated financial statements:

① In individual financial statements, the sum of the book value of equity investment in the acquiree held by the acquirer before the acquisition date and the increase in the cost of equity investment shall be recognized as the initial investment cost. If the equity investment in the acquiree before the

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acquisition date involves the other comprehensive income, when disposing the investment, the other comprehensive income related to the investment shall be accounted for on the same basis as that of the acquiree's direct disposal of the relevant assets or liabilities (i.e., except for the corresponding share in the changes caused by the remeasurement of the net liabilities or net assets of the defined benefit plan by the acquiree in accordance with the equity method, the rest shall be transferred into the current investment income).

② In consolidated financial statements, equity investment in the acquiree held by the acquirer before the acquisition date shall be revalued at fair value on the acquisition date, and the difference between the fair value and the book value shall be recorded into the current investment income. If equity investment in the acquiree before the acquisition date involves other comprehensive income, the other comprehensive income related to the investment shall be accounted for on the same basis as that of the acquiree's direct disposal of the relevant assets or liabilities.

## 5. Preparation of consolidated financial statements

### (1) The scope of consolidated financial statements

The scope of consolidated financial statements shall be determined on the basis of control. Control exists when the Group has all the following: power over the investee; exposure, or rights to variable returns from its involvement in the investee; and the ability to use its power over the investee to affect the amount of the investment returns. The scope of consolidation includes the Group and all subsidiaries. A subsidiary is an entity that is controlled by the Group.

The Group will reassess the relevant elements of the above-mentioned definition of control as a result of changes in relevant facts and circumstances.

### (2) Preparation of consolidated financial statements

From the date of acquiring the subsidiary's net assets and actual control of production and operation decisions, the Group begins to include it in the scope of consolidation and exclude it from the scope of consolidation from the date of loss of actual control. For the disposed subsidiaries, the operating results and cash flows before the disposal date have been appropriately included in the consolidated income statement and consolidated statement of cash flows; for the subsidiaries disposed in the current period, the opening balance of the consolidated balance sheet shall not be adjusted. The operating results and cash flows of subsidiaries increased by business combinations not under common control after the

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acquisition date have been appropriately included in the consolidated income statement and consolidated statement of cash flows, and the opening balance and comparative amounts of the consolidated financial statements shall not be adjusted. The operating results and cash flows of subsidiaries increased by business combinations under common control from the beginning of the current period of combination to the date of combination have been appropriately included in the consolidated income statement and consolidated statement of cash flows, and the comparative amounts of the consolidated financial statements shall be adjusted at the same time.

For any difference in accounting policies and accounting periods between the Group and its subsidiaries, necessary adjustments shall be made based on accounting policies and periods of the Group when consolidated financial statements are prepared. Financial statements of subsidiaries acquired not under common control shall be adjusted based on the fair value of identifiable net assets defined on the acquisition date.

All significant transaction balances, transactions and unrealized profits within the Group are offset in the preparation of the consolidated financial statements.

The portion of a subsidiary's equity and net profit and loss that is not attributable to the Group are treated as minority interests and presented separately under the equity item and net profit item in the consolidated financial statements. The portion of net profit or loss of subsidiaries for the period attributable to minority interests shall be presented in the consolidated income statement below the net profit line item as minority interests. When the amount of loss for the current period attributable to the minority shareholders' portion exceeds the opening balance of owner's equity of the subsidiary attributable to the minority shareholders' portion, the excess shall be allocated against the minority interests in the consolidated financial statements.

When the Group loses control over a former subsidiary due to disposal of partial equity investment or other reasons, the remaining part of the equity investment shall be re-measured at fair value on the date when the control over the investee is lost. The sum of consideration received from disposal of the equity investment and the fair value of the remaining equity investment, deducting the net assets proportion of the former subsidiary calculated by original share percentage since the acquisition date shall be recorded into the investment income for the period when losing control. When the control is lost, the other comprehensive income related to the equity investment in former subsidiaries shall be accounted for on the same basis as that of the subsidiary's direct disposal of the relevant assets or

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liabilities. Subsequently, the remaining equity shall be measured in accordance with the "Accounting Standards for Business Enterprises No. 2 - Long-term Equity Investment" or "Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments", and details refer to Note IV 15 "Long-term equity investment" or Note IV 9 "Financial instruments".

If the Group disposes the equity investment in subsidiaries step by step through multiple transactions until losing the control, it is necessary to distinguish whether the transactions of disposing the equity investment in subsidiaries until losing the control is a package deal. When the parent company disposes the equity investment of its subsidiary and the trade terms, conditions and economic impact satisfy one or more of the following conditions, multiple transactions shall be accounted for as a package deal: a) These deals are concluded at the same time or under the conditions of considering the impact on each other; b) These transactions shall be bundled as a whole to achieve a complete business result; c) The occurrence of a deal depends on at least one of the other transactions; d) A deal is not economically feasible on its own but becomes economically feasible when combined with other deals.

If the transactions are not a package deal, the accounting treatment for each transaction shall be carried out in accordance with the above-mentioned accounting policies for "Partial disposal of long-term equity investment in subsidiary without losing control over the subsidiary" (details refer to Note IV 15 "Long-term equity investment") and "The loss of control of the subsidiary resulted from the disposal of partial equity investment in subsidiary or other reasons" (details refer to the previous paragraph) respectively. When various transactions to dispose the equity investment of a subsidiary by the parent company till losing control over the subsidiary are a package deal, they shall be accounted for as one transaction for disposal of the equity investment which results in the loss of control. However, before the control is lost, the difference between each disposal income and the corresponding share of net assets of the subsidiary shall be recognized into other comprehensive income in the consolidated financial statement, and then the difference shall be transferred into the current profit and loss when the control is lost.

#### 6. Classification of joint arrangement and accounting treatment for the joint operation

A joint arrangement is an arrangement in which two or more parties have joint control. Based on the rights enjoyed and obligations assumed by the Group in the joint arrangement, the Group classifies joint arrangements into joint operations and joint ventures. A joint operation refers to a joint

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arrangement in which the Group enjoys the assets related to the arrangement and assumes the liabilities related to the arrangement. A joint venture refers to a joint arrangement in which the Group only has rights to the net assets of the arrangement.

The investment in the joint venture shall be measured under the equity method in accordance with the relevant accounting policies described in the Note IV 15 (2) b) "Long-term equity investment under equity method".

As a joint operator to the joint arrangement, the Group recognizes (a) its solely-held assets and solely-assumed liabilities, and its share of the jointly-held assets and jointly-assumed liabilities; (b) the revenue from the sale of its share of the joint operation outputs; (c) its share of the revenue from the sale of the joint operation outputs; and (d) its solely-incurred expenses and its share of expenses incurred jointly.

When the Group enters a transaction with a joint operation as a joint operator, such as a sale or contribution of assets (which does not constitute a business, the same below) or a purchase of assets, the Group recognizes gains and losses resulting from such a transaction only to the extent of the other parties' interests in the joint operation before the assets are sold to a third party. If the assets incurred any impairment losses in accordance with the regulations of "Accounting Standard for Business Enterprises No. 8 - Asset Impairment", the Group shall recognize the loss in full in case that the Group contributes or sells the assets to the joint operation; and the Group shall recognize the loss in proportion to its share in case that the Group purchases the assets from the joint operation.

#### 7. Recognition of cash and cash equivalents

Cash and cash equivalents consist of cash on hand and deposits that can be readily drawn on demand, and the short-term (normally matured within three months after purchase date), highly-liquid investment which is readily convertible into known amounts of cash, subject to an insignificant risk of fluctuation in value.

#### 8. Foreign currency transactions and translation

(1) The Group's any foreign currency transaction is converted into the reporting currency according to the approximate exchange rate of the spot exchange rate on the transaction date. However, the foreign currency exchange business or transactions involving foreign currency exchange incurred in the Group

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shall be converted into the amount of the functional currency according to the exchange rate adopted.

(2) Translation method for foreign currency monetary items and foreign currency non-monetary items

On balance sheet date, the monetary items denominated in foreign currencies are translated at the spot exchange rates on the balance sheet date. Foreign exchange gains and losses arising from the difference are recognized in current profit and loss, except that: ① The exchange differences arising from the special foreign currency borrowings related to the acquisition and construction of assets eligible for capitalization shall be treated in accordance with the principle of capitalization of borrowing costs; ② The exchange difference arising from the changes in other book balances except for amortized cost of the available-for-sale foreign currency monetary items shall be included in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates on the transaction dates. Non-monetary items denominated in foreign currencies that are stated at fair value are translated using the spot exchange rate on the date when the fair value is determined, the difference between the amount of functional currency after translation and the original amount of functional currency is treated as part of change in fair value (including change in exchange rate) and recognized in current profit and loss or other comprehensive income.

(3) Translations of financial statements in foreign currencies

The Group translates the financial statements of its foreign operation in accordance with the following methods: The asset and liability items in the balance sheets shall be translated at a spot exchange rate on the balance sheet date. Among the owner's equity items, except "retained earnings", others shall be translated at the spot exchange rate at the time when they occur; The income and expense items in the income statements shall be translated at the spot exchange rate on the transaction date; The opening balance of retained earnings for the current year shall be the closing balance of retained earnings for the prior year after the translation; The closing balance of retained earnings for the current year shall be calculated and listed according to the items of profit distribution after the translation; The difference between the asset items and the sum of the liability items and the owners' equity items after the translation, as a translation difference in foreign currency financial statements, shall be recognized as other comprehensive income. In case of disposal of overseas operation and loss of control, the translation difference in foreign currency financial statements listed in the owners' equity items in the

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balance sheet, which is related to the overseas operation, shall be transferred into the current profit and loss in full or in proportion to the disposal of the overseas operation.

Foreign currency cash flow shall be translated at the spot exchange rate on the date of cash flow incurred. The impact of exchange rate changes on cash is used as a reconciliation item and shall be separately presented in the statement of cash flows.

The amount at the beginning of the year and the actual amount of the prior year shall be presented in accordance with the translated amount of the financial statements for the prior year.

When disposing all the owners' equity of the Group's overseas operation or losing the control over the overseas operation due to the disposal of part of the equity investment or other reasons, the translation difference in foreign currency financial statements listed in the owners' equity items in the balance sheet, which is attributable to the owners' equity of the parent company related to the overseas operation, shall be transferred into the current profit and loss of disposal in full.

When the proportion of overseas operating interests is reduced but the control over the overseas operation is not lost due to the disposal of part of equity investment or other reasons, the translation difference of foreign currency financial statements related to the disposal part of overseas operation shall be attributed to minority interests and shall not be transferred into the current profit and loss.

When disposing part of the equity of an overseas operation as an associate or joint venture, the translation difference of foreign currency financial statements related to the overseas operation shall be transferred into the current profit and loss of disposal according to the disposal proportion of the overseas operation.

If there is a foreign currency monetary item that substantially constitutes a net investment in overseas operations, in the consolidated financial statements, the exchange difference arising from the change in the exchange rate shall be regarded as "Translation difference of foreign currency financial statements" to be recognized as other comprehensive income; when disposing of overseas operations, it shall be recorded into the current profit and loss of disposal.

## 9. Financial instruments

The Group recognizes a financial asset or financial liability on its balance sheet when the Group becomes a contractual party of financial instrument.

### (1) Classification, recognition and measurement of financial assets

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According to the business model of financial assets managed by the Group and the contractual cash flow characteristics of financial assets, the financial assets of the Group are classified into financial assets measured at amortized cost, and financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss.

Financial assets are measured at fair value at the time of initial recognition. For financial assets at fair value through profit or loss, the relevant transaction costs are directly included in the current profit and loss, and the relevant transaction costs of other categories of financial assets are included in their initial recognition amount. For accounts receivable or notes receivable arising from the sale of goods or the rendering of services do not contain significant financing components, the amount of consideration expected to be entitled to receive shall be treated as the initial recognition amount.

i. Financial assets measured at amortized cost

The business model of the Group's Management of financial assets is to collect contractual cash flows, and the contractual cash flow characteristics of this kind of financial assets are consistent with the basic lending arrangement, that is, the cash flow generated on a specific date is only the payment of the principal and the interest based on the outstanding principal amount. For such financial assets, the Group shall use the effective interest rate method to carry out subsequent measurement according to the amortized cost, and the gains or losses arising from amortization or impairment shall be included in the current profit and loss.

ii. Financial assets at fair value through other comprehensive income

The business model of the Group's Management of financial assets is to collect contractual cash flows and sell of financial assets, and the contractual cash flow characteristics of this kind of financial assets are consistent with the basic lending arrangement. Such financial assets are measured at fair value by the Group and their changes in fair value are included in other comprehensive income, but impairment losses or gains, exchange gains and losses and interest income calculated according to the effective interest rate method shall be included in the current profit and loss.

In addition, some non-tradable equity instrument investments are designated as financial assets at fair value through other comprehensive income by the Group. The Group shall record the relevant dividend income of such financial assets into the current profit and loss, and the changes of fair value into other comprehensive income. When the financial asset is derecognized, the accumulated gains or losses previously included in other comprehensive income will be transferred from other comprehensive

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income to retained earnings which shall not be included in the current profit and loss.

iii. Financial assets at fair value through profit or loss

Except for the above financial assets measured at amortized cost and financial assets at fair value through other comprehensive income, other financial assets are classified as financial assets at fair value through profit or loss. In addition, at initial recognition, in order to eliminate or significantly reduce accounting mismatches, some financial assets are designated as financial assets at fair value through profit or loss. For such financial assets, fair value shall be used for subsequent measurement, and all changes in fair value shall be included in the current profit and loss.

(2) Classification, recognition and measurement of financial liabilities

The Group's financial liabilities are classified as financial liabilities at fair value through profit or loss and other financial liabilities when they are initially recognized. For financial liabilities at fair value through profit or loss, relevant transaction costs are directly recorded into the current profit and loss. For the other financial liabilities, relevant transaction costs are included in the initial recognition amounts.

i. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include trading financial liabilities (including derivatives belonging to the financial liabilities) and financial liabilities designated by the Group as measured at fair value through profit or loss for the initial recognition.

Trading financial liabilities (including derivatives belonging to the financial liabilities) shall be subsequently measured at fair value, and except related to the hedge accounting, the gains or losses arising from changes in fair value of derivatives are directly included in the current profit and loss.

For financial liabilities designated to be measured at fair value through profit or loss, the changes in fair value caused by changes in credit risk of companies are included in other comprehensive income. When such financial liabilities are derecognized, the accumulated changes in fair value caused by changes in credit risk of companies are transferred to retained earnings. Other changes in fair value are included in the current profit and loss. If the treatment of effects of changes in the financial liabilities' own credit risks in the above manner causes or expands the accounting mismatch in the profit or loss, the Group shall record all the gains or losses of such financial liabilities (including the impact amount of the change in the credit risk of the enterprise itself) into the current profit and loss.

ii. Other financial liabilities

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Except for the financial liabilities formed by the transfer of financial assets that do not meet the conditions for derecognition or continue to be involved in the transferred financial assets and financing guarantee contracts, other financial liabilities are classified as financial liabilities measured at amortized cost which shall be subsequently measured at amortized cost, and the gains or losses arising from derecognition or amortization shall be included in the current profit and loss.

(3) Determination and measurement of transfer of financial assets

The Group derecognizes financial assets when it meets one of the following conditions:

- ① The contractual right to receive the cash flow of the financial asset is terminated;
- 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; and
- 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 the control over the financial asset.

If the Group has neither transferred nor retained almost all risks and rewards of the ownership of the financial assets, and the Group has not given up the control over the financial assets, the relevant financial assets shall be recognized according to the degree of continuous involvement in the transferred financial assets, and the relevant liabilities shall be recognized accordingly. The degree of continuous involvement in the transferred financial assets refers to the risk level faced by the enterprise due to the change of the value of the financial assets.

If the overall transfer of financial assets meets the conditions for derecognition, the difference between the book value of the transferred financial assets and the sum of the consideration received due to the transfer and the accumulated changes in fair value originally included in other comprehensive income shall be included in the current profit and loss.

If the partial transfer of financial assets meets the conditions for derecognition, the book value of the transferred financial assets shall be apportioned according to its relative fair value between the derecognized part and the non-derecognized part, and the difference between the aforesaid book value apportioned and the sum of the consideration received due to the transfer and the accumulated changes in fair value originally included in other comprehensive income that should be apportioned to the derecognized part shall be included in the current profit and loss.

The Group needs to determine whether almost all risks and rewards on the ownership of the financial

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assets have been transferred when it sells the financial assets with recourse or transfers the financial assets held by endorsement. If almost all the risks and rewards in the ownership of the financial asset have been transferred to the transferee, the financial asset shall be derecognized; if almost all the risks and rewards in the ownership of the financial asset have been retained, the financial asset shall not be derecognized; if almost all the risks and rewards in the ownership of the financial asset have not been transferred nor retained, it shall continue to judge whether the enterprise retains the control of the asset and the accounting treatment shall be performed in accordance with the principles described in the preceding paragraphs.

#### (4) Derecognition of financial liabilities

Only when the prevailing obligations of a financial liability are relieved in all or in part, the recognition of the financial liability can be terminated in all or partly. Where the Group enters into an agreement with a creditor so as to substitute the existing financial liabilities by assuming a new financial liability, and if the contractual stipulations regarding the new financial liability is substantially different from that of the existing financial liability, it shall terminate the recognition of the existing financial liability and recognize the new financial liability at the same time.

Where the recognition of a financial liability is totally or partially terminated, the Group shall record the difference between the book value which has been terminated from recognition and the consideration which has been paid (including the non-cash asset which has been transferred out and the new financial liability which has been assumed) into the current profit and loss.

#### (5) Offsetting of financial assets and financial liabilities

When the Group has legal rights to offset the recognized financial assets and financial liabilities, and this kind of legal rights is currently executable, and the Group plans to settle in net amount, or realize the financial assets and settle the financial liabilities at the same time, financial assets and financial liabilities are presented in the balance sheet at the amount after offsetting each other. Otherwise, financial assets and financial liabilities are presented separately in the balance sheet, not offsetting each other.

#### (6) Methods for determining the fair value of financial assets and financial liabilities

Fair value is the price that would be received for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. If there is an active market for a financial instrument, the Group uses the quoted price in the active market to determine its fair

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value. The quoted price in the active market refers to the price that can be easily obtained from exchanges, brokers, industry associations, pricing service agencies, etc. on a regular basis, and represents the price of market transactions that occur in fair transactions. If there is no active market for a financial instrument, the Group uses valuation techniques to determine its fair value. Valuation techniques include reference to the prices used in recent market transactions by parties familiar with the situation and voluntary transactions, reference to the current fair value of other financial instruments that are substantially the same, discounted cash flow method, and option pricing models, etc. At the time of valuation, the Group adopts valuation techniques that are applicable under the current circumstances and are supported by sufficient available data and other information, selects input values consistent with the characteristics of the assets or liabilities considered by market participants in the transactions of relevant assets or liabilities, and uses relevant observable input values as much as possible. When the relevant observable input value cannot be obtained or is not feasible to be obtained, the non-input value shall be used.

(7) Equity instrument

Equity instruments refer to contracts that can prove the remaining equity of the Group's assets after deducting all liabilities. The Group's issuance (including refinancing), repurchases, sale or cancellation of equity instruments shall be treated as changes in equity. Transaction costs related to equity transactions are deducted from equity. The Group does not recognize changes in fair value of equity instruments.

The distribution of dividends (including the "Interests" generated by the instruments classified as equity instruments) during the period of existence of the Group's equity instruments shall be treated as profit distribution.

10. Impairment of financial assets

The financial assets that the Group needs to recognize the impairment loss are financial assets measured at amortized cost, debt instrument investments measured at fair value through other comprehensive income, and lease receivables, mainly including notes receivable, accounts receivable, other receivables, debt investments, other debt investments, long-term receivables, etc. In addition, for some financing guarantee contracts, the provision for impairment and the recognition of credit impairment loss are also made according to the accounting policies mentioned in this section.

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(1) The recognition method of impairment provision

Based on the expected credit loss, the Group accrues the impairment provision and recognizes the credit impairment loss according to the applicable expected credit loss measurement method (general method or simplified method) for each of the above items.

Credit loss refers to the difference between all contractual cash flows receivable and all cash flows expected to be collected which are both discounted by the Group at the original effective interest rate, that is, the present value of all cash shortages. Among them, for the financial assets purchased or generated by the Group with credit impairment, they shall be discounted according to the effective interest rate adjusted by credit.

The general method for the measurement of expected credit loss refers to the Group's assessment on each balance sheet date of whether the credit risk of financial assets (including other applicable items such as contract assets, the same below) has increased significantly since the initial recognition. If the credit risk has increased significantly since the initial recognition, the Group measures the loss provision based on the amount equivalent to the expected credit loss during the entire duration. If the credit risk has not increased significantly since the initial recognition, the Group measures the loss provision based on the amount equivalent to the expected credit loss within the next 12 months. When assessing the expected credit loss, the Group considers reasonable and reliable information including forward-looking information.

For the financial instrument with lower credit risk on the balance sheet date, the Group assumes that its credit risk has not increased significantly since the initial recognition, and chooses to measure the loss provision based on the expected credit loss within the next 12 months.

(2) Criteria for judging whether credit risk has increased significantly since the initial recognition

If the default probability of a financial asset in the expected duration determined on the balance sheet date is significantly higher than that in the expected duration determined at the initial recognition, it indicates that the financial asset's credit risk has increased significantly. Except for special circumstances, the Group adopts the change in default risk that occurs within the next 12 months as a reasonable estimate of the change in default risk that occurs in the whole duration to determine whether the credit risk has increased significantly since the initial recognition.

(3) Portfolio method for assessing expected credit risk based on portfolio

The Group separately evaluates credit risk for financial assets with significantly different credit risks,

such as: receivables from related parties; receivables in dispute with the other party or involving litigation and arbitration; receivables with obvious signs indicating that the debtor is likely to be unable to fulfill the repayment obligation, etc.

In addition to the financial assets that individually evaluate credit risk, the Group divides financial assets into different groups based on common risk characteristics and assesses the credit risk on a portfolio basis.

(4) Accounting treatment for impairment of financial assets

At the end of the reporting period, the Group calculates the estimated credit loss of various financial assets. If the estimated credit loss is greater than the current book value of the impairment provision, the difference shall be recognized as an impairment loss; if it is less than the current book value of the impairment provision, the difference shall be recognized as an impairment gain.

(5) Methods for determining credit losses of various financial assets

① Notes receivable

The Group measures the loss provision based on the amount equivalent to the expected credit loss amount within the entire duration for notes receivable. Notes receivables are divided into different portfolios based on their credit risk characteristics:

Item	Basis for determining portfolio
Bank acceptance bills	The acceptor is a bank with less credit risks.
Commercial acceptance bills	Divided into different portfolios based on credit risk characteristics of acceptors, which is the same as that of "Accounts receivable".

② Accounts receivable

For accounts receivable without significant financing components, the Group measures the loss provision based on the amount equivalent to the expected credit loss amount within the entire duration. For accounts receivable and leases receivable with significant financing components, the Group chooses to always measure the loss provision based on the amount equivalent to the expected credit loss amount within the duration.

Except accounts receivable with individual credit risk assessment, others are divided into different portfolios based on their credit risk characteristics:

Item	Basis for determining portfolio
Portfolio 1: Receivables from government,	Accounts receivable from government, related parties

Item	Basis for determining portfolio
state-owned enterprises and related parties	and state-owned enterprises
Portfolio 2: Aging portfolio	Other accounts receivable except receivables in the portfolio 1, which takes the aging of receivables as the credit risk characteristic

③ Other receivables

Based on whether the credit risk of other receivables has increased significantly since the initial recognition, the Group adopts the amount equivalent to the expected credit loss within the next 12 months or the entire duration to measure the impairment loss. Except other receivables with individual credit risk assessment, others are divided into different portfolios based on their credit risk characteristics:

Item	Basis for determining portfolio
Portfolio 1: Receivables from government, state-owned enterprises and related parties	Receivable from government, related parties and state-owned enterprises
Portfolio 2: Deposit and margin	Deposit and margin
Portfolio 3: Aging portfolio	Other receivables except receivables in the portfolio 1 and portfolio 2

11. Receivables financing

Notes receivable and accounts receivable classified as those measured at fair value through other comprehensive income are listed as receivables financing for the part with a period of less than one year (including one year) from the date of acquisition; those with a period of more than one year from the date of acquisition are listed as other debt investments. Relevant accounting policies refer to Note IV 9 "Financial instruments" and Note IV 10 "Impairment of financial assets".

12. Inventory

(1) Classification of inventory

The Group's inventories include finished goods or products that are held-for-sale in the ordinary course of business, products in progress, and materials that will be used or consumed in the production of goods or rendering of service. They are specifically divided into land development costs, land to be developed, infrastructure projects, resettlement housing projects, goods in stock, agent construction and development costs, other construction projects, etc.

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(2) Pricing method for inventories acquired and delivered

The inventories acquired by the Group are initially measured at costs, which include purchase costs, conversion costs and other costs. The actual cost of inventories received and delivered is determined by the weighted average method.

Determination of net realizable value and method of provision for impairment of inventories

The net realizable value refers to the amount of the estimated selling price of the inventory minus the estimated cost to be incurred at the time of completion, the estimated selling expenses and the relevant taxes in daily activities. When determining the net realizable value of the inventory, it shall be based on the conclusive evidence obtained, taking into account the purpose of holding the inventory and the impact of events after the balance sheet date.

On the balance sheet date, the inventory is measured at the lower of cost and net realizable value. When the net realizable value is lower than the cost, the impairment provision on the inventory shall be made. The impairment provision on the inventory is usually made according to the difference between the cost of a single inventory item and its net realizable value.

After making the impairment provision on the inventory, if the factors that previously written down the value of the inventory have disappeared, resulting in the net realizable value of inventory higher than its book value, it shall be reversed within the amount of the original impairment provision on the inventory, and the reversed amount shall be included in the current profit and loss.

(3) The Group adopts perpetual inventory system for its inventory taking.

(4) Amortization method for low-value consumables and packages

Low-value consumables and packages are amortized by the one-off amortization method according to the actual situation when they are used.

13. Contract assets

The Group shall list the rights as contract assets in the balance sheet when the following conditions are satisfied: 1) the customer has not paid the contract consideration; 2) but the Group has fulfilled its performance obligations in accordance with the contract; 3) and it is not unconditional (that is, only depending on the passage of time) right to collect payments from the customer. The contract assets and liabilities under the same contract are presented in net amount, and the contract assets and liabilities under different contracts are not offset.

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The details of the determination method and accounting treatment method of expected credit loss of contract assets refer to Note IV 10 "Impairment of financial assets".

#### 14. Held-for-sale assets and asset groups

The Group mainly classifies a non-current asset or disposal group whose book value is recovered by selling (including non-monetary assets exchange with commercial substance, the same below) instead of being used continuously into a held-for-sale category. A non-current asset or disposal group is recognized as a held-for-sale category when all the following requirements are satisfied: 1) Based on the practice of selling such an asset or a disposal group in a similar transaction, it can be sold immediately under current conditions; 2) A sale is probable to happen, that is, the Group has already made a resolution on a sale plan and obtained a certain purchase commitment, and 3) it is expected that the sale will be completed within one year. Among them, a disposal group refers to a group of assets that are disposed of together as a whole through sale or other ways in a transaction, and the liabilities directly related to these assets transferred in the transaction. Where the asset group or portfolio of asset groups, which a disposal group belongs to, apportions the goodwill acquired in a business combination in accordance with the "Accounting Standards for Business Enterprises No. 8 - Asset Impairment", the disposal group shall include the goodwill allocated to the disposal group.

When the Group initially measures or re-measures a held-for-sale non-current asset or a held-for-sale disposal group on the balance sheet date, if the book value is higher than the net amount of fair value minus selling expenses, the book value shall be written down to the net amount of fair value minus selling expenses, and the written down amount shall be recognized as impairment loss on assets and included in the current profit and loss, meanwhile, the impairment provision of held-for-sale assets shall be made. For the amount of impairment loss on assets recognized for a held-for-sale disposal group, firstly, it shall be offset against the book value of the goodwill in the disposal group, and then offset against the book value of non-current assets in proportion according to the proportion of the book value of each non-current asset in the disposal group that is applicable to the measurement requirements of the "Accounting Standard for Business Enterprises No. 42 - Held-for-sale Non-current Assets, Disposal Group and Derecognition" (hereinafter referred to as "Held-for-sale Standards"). If the net amount of the fair value of the held-for-sale disposal groups minus the selling expenses increases on the subsequent balance sheet date, the amount previously written down shall be recovered

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and reversed within the amount of the impairment loss on assets recognized by the non-current assets applicable to the measurement requirements of Held-for-sale Standards after being classified as held for sale, and the reversed amount shall be recognized in the current profit and loss, which shall be increased in proportion according to the proportion of the book value of each non-current asset applicable to the measurement requirements of Held-for-sale Standards except for goodwill in the disposal group. The book value of goodwill that has been offset and the impairment loss on non-current assets that are applicable to the measurement requirements of Held-for-sale Standards before being classified as held for sale shall not be reversed.

Held-for-sale non-current assets or non-current assets in disposal groups are not subject to depreciation or amortization. Interests and other expenses related to the liabilities in the held-for-sale disposal groups continue to be recognized.

When non-current assets or disposal groups no longer meet the recognition conditions of held-for-sale category, the Group shall not continue to classify them as held for sale or shall remove non-current assets from held-for-sale disposal groups, and measure them according to the lower amount of the followings: (1) the book value before being classified as held for sale adjusted by the depreciation, amortization, or impairment that should have been recognized under the assumption that it is not classified as held for sale; (2) the recoverable amount.

#### 15. Long-term equity investment

Long-term equity investment refers to the long-term equity investment that the Group has control, joint control or significant influence on the investee. The long-term equity investment that the Group does not have control, joint control or significant influence on the investee shall be accounted for as a financial asset at fair value through profit or loss. If it is non trading, the Group can choose to designate it as a financial asset at fair value through other comprehensive income at the initial recognition. The details of its accounting policy refer to Note IV 9 "Financial instruments".

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

##### (1) Initial measurement

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If the long-term equity investment is obtained in business combination under common control, the initial cost of the investment is the book value of the share of the acquiree's equity in the consolidated financial statements of the ultimate controller at the acquisition date. The difference between cash paid, the book value of the non-monetary asset exchanged and the acquiree's liabilities assumed and the initial cost of the long-term equity investment should be adjusted to capital reserve. If the capital reserve is not sufficient for adjustment, retained earnings are adjusted respectively. If the acquirer issues equity securities as consideration, the initial cost is the book value of the share of the acquiree's equity in the consolidated financial statements of the ultimate controller at the acquisition date. Amount of share capital equal to the face value of the shares issued. The difference between initial cost of the long-term equity investment and the face value of shares issued shall be adjusted to capital reserve. If the capital reserve is not sufficient for adjustment, retained earnings are adjusted respectively. If the equity of the acquiree under common control is acquired step by step through multiple transactions, and the business combination under common control is ultimately formed, it shall be handled separately whether it is the "package deal": if it is the "package deal", each transaction shall be accounted for as a transaction obtaining the control; if it is not the "package deal", the share of the book value of the acquiree's equity in the consolidated financial statements of the ultimate controller on the date of combination shall be taken as the initial investment cost of the long-term equity investment. The difference between the initial investment cost of the long-term equity investment and the sum of the book value of the long-term equity investment before the combination plus the book value of the newly paid consideration for the shares on the combination date shall be adjusted to the capital reserve; if the capital reserve is insufficient to offset, the retained earnings shall be adjusted. For the equity investment held before the combination date, other comprehensive income accounted under equity method or recognized from available-for-sale financial assets shall not be accounted for temporarily.

For the long-term equity investment obtained from the business combination not under common control, the initial investment cost of the long-term equity investment shall be the combination cost on the acquisition date. The combination cost includes the sum of the assets paid by the acquirer, the liabilities incurred or undertaken, and the fair value of the issued equity securities. If the equity of the acquiree is acquired step by step through multiple transactions, and the business combination not under common control is ultimately formed, it shall be handled separately whether it is the "package deal": if

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it is the "package deal", each transaction shall be accounted as a transaction obtaining the control; if it is not the "package deal", the sum of the book value of the equity investment originally held by the acquiree plus the newly increased investment cost shall be taken as the initial investment cost of the long-term equity investment measured at cost. If the originally held equity is accounted for under equity method, the relevant other comprehensive income shall not be accounted for temporarily. If the originally held equity investment is an available-for-sale financial asset, the difference between its fair value and book value, as well as the accumulated changes in fair value originally included in other comprehensive income, shall be transferred into the current profit and loss.

The business combination costs that are directly attributable to the combination, such as audit fees, valuation fees, legal service fees and other administrative expenses are recognized in the current profit and loss when they occur.

For long-term equity investment obtained in any method other than business combination, other equity investment shall be initially measured at cost. The cost shall be determined respectively according to the actual cash purchase price paid by the Group, the fair value of equity securities issued by the Group, the value agreed in the investment contract or agreement, the fair value or original book value of assets exchanged in the exchange transaction of non-monetary assets, and the fair value of the long-term equity investment, etc. based on the different ways of obtaining the long-term equity investment. Expenses, taxes and other necessary expenses directly related to the acquisition of long-term equity investment are also included in the investment cost. If the additional investment can have a significant influence on the investee or implement joint control but does not constitute control, the cost of long-term equity investment shall be the sum of the fair value of the original equity investment determined in accordance with the "Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments" plus the cost of newly increased investment.

(2) Subsequent measurement

The equity method is used when the Group has joint control (except for joint operation) or significant influence over the investee enterprise. The cost method is used when the Group has control over the investee.

a) Long-term equity investment under cost method

The long-term equity investment under cost method shall be priced in accordance with the initial investment cost. Additional investment or recovered investment shall be adjusted to the cost of

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long-term equity investment. Unless the price or consideration actually paid of obtaining the investment includes cash dividends or profits that are declared but not yet paid, the current investment income shall be recognized according to the cash dividends or profits declared and paid by the investee

b) Long-term equity investment under equity method

For the long-term equity investment under equity method, when the initial cost of long-term equity investments exceeds the Group's interest in the fair value of identifiable net assets of the investee, the initial cost of the long-term equity investment shall not be adjusted; when the initial cost of long-term equity investments is less than the share of the fair value of identifiable net assets of the investee, the difference is charged to profit or loss for the current period and the cost of the long-term equity investment shall be adjusted accordingly.

After a long-term equity investment is acquired, the Group shall recognize its share of the investee's net profit or losses, as well as its share of the investee's other comprehensive income, as investment income or losses and other comprehensive income, and adjust the book value of the investment accordingly. The book value of long-term equity investment shall be reduced accordingly according to the profit or cash dividend declared to be distributed by the investee. If the investee's equity changes other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution, the book value of the long-term equity investment shall be adjusted accordingly and recorded into capital reserve. When confirming the share of the net profit and loss of the investee, the net profit of the investee shall be recognized after adjustment on the basis of the fair value of all identifiable assets of the investee at the time of investment. When the accounting policies adopted by the investee are different from those adopted by the Group, the financial statements of the investee shall be adjusted and the investment income and other comprehensive income shall be recognized according to the Group's accounting policies. For transactions between the Group, associates and joint ventures, if the assets invested or sold do not constitute a business, the unrealized internal transaction profit and loss shall be offset according to the proportion attributable to the Group, and the investment profit and loss shall be recognized accordingly. However, if the unrealized internal transaction losses between the Group and the investee is classified as impairment loss of transferred assets, the loss shall not be offset. If the assets invested by the Group to a joint venture or an associate constitute a business, and the investor obtains long-term equity investment but does not obtain the control right, the fair value of the invested business shall be taken as the initial investment cost of the new long-term equity

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investment, and the difference between the initial investment cost and the book value of the invested business shall be included in the current profit and loss in full. If the assets sold by the Group to a joint venture or an associate constitute a business, the difference between the consideration obtained and the book value of the business shall be included in the current profit and loss in full. If the assets purchased by the Group from joint ventures or associates constitute a business, the accounting treatment shall be carried out in accordance with the "Accounting Standards for Business Enterprises No. 20 - Business Combination", and the gains or losses related to the transaction shall be recognized in full.

The net loss incurred by the investee shall be recognized based on the book value of the long-term investment and other investments essentially constituting the long-term equity of the investee till the book value is reduced to zero. In addition, if the Group has the obligation to undertake extra losses for the investee, it should recognize the accrued liabilities according to the expected obligations and record them in the current investment loss. Once the investee realizes net profit in the subsequent period, the Group starts recognizing its share of profits after the share of previously unrealized losses has been recovered.

For long-term equity investments in associates and joint ventures that the Group has held prior to the first implementation of the new accounting standards on 1 January 2019, if there is any equity investment debit difference related to the investment, the amount of straight-line amortization in the original remaining period shall be included in the current profit and loss.

c) Purchase of minority interests

In the preparation of consolidated financial statements, the difference between the newly increased long-term equity investment which is due to the purchase of minority equity and the share of net assets of the subsidiary calculated continuously from the acquisition date (or combination date) according to the newly increased shareholding ratio shall be adjusted to the capital reserve. If the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

d) Disposal of long-term equity investment

In the consolidated financial statements, the parent company disposes part of the long-term equity investment in the subsidiary without losing the control, and the difference between the disposal price and the amount of long-term equity investment in relation to its share of net asset in the subsidiary shall be included in the owners' equity; if the parent company disposes part of the long-term equity

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investment in the subsidiary, resulting in the loss of the control, it shall be treated in accordance with the relevant accounting policies described in Note IV 5 (2) "Preparation of consolidated financial statements".

For the disposal of long-term equity investment under other circumstances, the difference between the book value of the disposed equity and the price obtained shall be included in the current profit and loss.

For long-term equity investment measured under equity method, if the remaining equity after disposal is still measured under equity method, the other comprehensive income originally included in the owners' equity shall be accounted on the same basis as the investee's direct disposal of relevant assets or liabilities according to the corresponding proportion. The owners' equity recognized due to changes in the owners' equity of the investee other than net profit and loss, other comprehensive income and profit distribution shall be carried forward to the current profit and loss in proportion.

For long-term equity investment measured under cost method, if the remaining equity is still measured under cost method after disposal, the other comprehensive income recognized by equity method or determined from the recognition and measurement standard of financial instrument before obtaining the control over the investee shall be accounted on the same basis as the investee's direct disposal of relevant assets or liabilities, and shall be carried forward to the current profit and loss in proportion; The owners' equity recognized due to changes in the owners' equity of the investee other than net profit and loss, other comprehensive income and profit distribution under equity method shall be carried forward to the current profit and loss in proportion.

If the Group loses control in a subsidiary due to partial disposal of equity investment but can still exercise joint control or exert significant influence on the investee, the measurement of long-term equity investment shall be changed from the cost method to the equity method in an individual financial statements, and the remaining equity shall be deemed to be adjusted by equity method when it is acquired. If the remaining equity after disposal cannot exercise joint control or exert significant influence on the investee, it shall be accounted according to the relevant provisions of recognition and measurement standards of financial instruments, and the difference between the fair value and book value on the date of loss of control shall be included in the current profit and loss. Before the Group obtains the control over the investee, the other comprehensive income recognized by equity method or determined from the recognition and measurement standard of financial instrument shall be accounted

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on the same basis as the investee's direct disposal of relevant assets or liabilities when the control over the investee is lost. The owners' equity recognized due to changes in the owners' equity of the investee other than net profit and loss, other comprehensive income and profit distribution shall be carried forward to the current profit and loss when the control over the investee is lost. Among them, if the remaining equity after disposal is accounted by equity method, other comprehensive income and other owners' equity shall be carried forward in proportion; if the remaining equity after disposal is changed to be accounted according to the recognition and measurement standards of financial instruments, the other comprehensive income and other owners' equity shall be carried forward in full.

If the Group loses joint control or significant influence on the investee due to the disposal of part of equity investment, the remaining equity after disposal shall be accounted according to the recognition and measurement standards of financial instruments, and the difference between the fair value and book value on the date of losing joint control or significant influence shall be included in the current profit and loss. Other comprehensive income of the original equity investment recognized by the equity method shall be accounted on the same basis as the investee's direct disposal of relevant assets or liabilities when the equity method is ceased to be used. The owners' equity recognized by the investee due to changes in the owners' equity other than net profit and loss, other comprehensive income and profit distribution shall be fully transferred into the current investment income when the equity method is ceased to be used.

The Group disposes the equity investment in subsidiaries step by step through multiple transactions until the control is lost. If the above transactions are a package deal, each transaction shall be treated as a transaction to dispose the equity investment in subsidiaries and lose the control for accounting treatment. Before the loss of control, the difference between the price of each disposal and the book value of the long-term equity investment corresponding to the disposed equity shall be first recognized as other comprehensive income, and then transferred to the current profit and loss when the control is lost.

#### 16. Investment property

Investment property refers to the properties held for generating rent and/or capital appreciation or both, including: a) A land use right that is leased out; b) A land use right held and ready to transfer after appreciation; c) A building that is leased out.

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In addition, for the vacant buildings held by the Group for operating lease, if the Board of Directors (or a similar institution) makes a written resolution to clearly indicate that they will be used for operating lease and the intention to hold will not change in the short term, they are also listed as investment property.

The initial measurement of the investment property shall be made at its cost. The subsequent expenditures related to the investment property shall be recognized as the cost when the following conditions are satisfied: a) It is probable that future economic benefits associated with the assets will flow into the Group; b) The cost of the assets can be measured reliably. Otherwise, they shall be recorded into the current profit and loss when they occur.

The Group shall use the cost model for subsequent measurement of the investment property, which shall be depreciated or amortized in the same way as houses and buildings or land use rights.

Details of the impairment test method and impairment provision method for investment property refer to Note IV 22 "Impairment of long-term assets".

When the Group has conclusive evidence that the use of property has changed either from self-use property or inventory to investment property or from investment property to self-use property, the book value before the conversion shall be the recording value of the property after the conversion.

When the purpose of investment property is changed to self-use, the investment property shall be converted into fixed assets or intangible assets from the date of change. When the purpose of the self-use property is changed to earn rent or capital appreciation, the fixed assets or intangible assets shall be converted into the investment property from the date of change. When a conversion occurs, if it is converted to the investment property measured by cost model, the book value before conversion shall be taken as the entry value after conversion; in case of conversion into the investment property measured by fair value model, the fair value on the conversion date shall be taken as the entry value after conversion.

When the investment property is disposed, or is permanently withdrawn from use, and it is expected that no economic benefits can be obtained from its disposal, the recognition of the investment property shall be terminated. The disposal income from the sale, transfer, scrap or damage of the investment property shall be included in the current profit and loss after deducting its book value and relevant taxes and surcharges.

## 17. Fixed assets

### (1) Recognition conditions of fixed assets

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others or for administrative purposes with useful life more than one year. A fixed asset shall be initially recognized at cost when the following conditions are satisfied: a) It is probable that future economic benefits associated with the assets will flow into the Group; b) The cost of the assets can be measured reliably. Fixed assets are initially measured at cost and taking into account the impact of estimated abandonment costs.

### (2) Depreciation method for fixed assets

The fixed assets shall be depreciated by using the straight-line method within the useful life from the next month when the fixed assets reach the expected usable state. The useful life, estimated net residual value and annual depreciation rate of fixed assets are shown as follows:

Category	Depreciation method	Useful life (year)	Residual value rate (%)	Annual depreciation rate (%)
Houses and buildings	Straight-line method	8-50	0-5	12.50-1.90
General equipment	Straight-line method	3-10	0-5	31.67-9.50
Special equipment	Straight-line method	5-10	3-5	19.40-9.50
Transportation	Straight-line method	4-12	0-5	25.00-7.92
Road assets	Straight-line method	0-30	0	0-3.33
Pipes	Straight-line method	10-20	3-5	9.70-4.75
Other	Straight-line method	3-10	3-5	32.33-9.50

The estimated net residual value refers to the amount obtained by the Group from the disposal of the fixed assets after deducting the estimated disposal expenses, assuming that the expected useful life of the fixed assets has been completed and is in the expected state at the end of the useful life.

### (3) Impairment test method and impairment provision method for fixed assets

Details of the impairment test method and impairment provision method for fixed assets refer to Note IV 22 "Impairment of long-term assets".

### (4) Fixed assets acquired under finance lease

The Group identifies a lease of asset as finance lease when substantially all the risks and rewards incidental to legal ownership of the asset are transferred, and its ownership may or may not be

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transferred eventually. The depreciation method of fixed assets acquired under finance lease is consistent with that for depreciable assets owned by the Group. If the Group can reasonably confirm that it will obtain the ownership of leased asset at the end of lease term, the leased asset shall be depreciated during the useful life of the leased asset. If the Group cannot reasonably confirm that it will obtain the ownership of leased asset at the end of lease term, the leased asset shall be depreciated over shorter of the useful life of the leased asset and the lease term.

(5) Other information

Subsequent expenditure relating to a fixed asset, if the economic benefits related to the fixed asset are probable to flow in and their costs can be reliably measured, shall be included in the cost of the fixed asset and the book value of the replaced part shall be derecognized. Other subsequent expenditures shall be included in the current profit and loss when they occur.

When a fixed asset is in a disposal state or it is expected to produce no economic benefits through use or disposal, the recognition of the fixed asset shall be terminated. The difference of the disposal income from the sale, transfer, scrap or damage of fixed assets after deducting the book value and relevant taxes shall be included in the current profit and loss.

The Group reviews the useful life, estimated residual value and depreciation method of a fixed asset at the end of each financial year. If there are changes in useful life, estimated residual value and depreciation method, they shall be treated as changes in accounting estimates.

18. Construction in progress

Construction in progress is recorded at actual costs incurred which include all project expenditures incurred during the construction period, capitalized borrowing costs before the project reaches the expected usable status and other related costs, etc. The Group transfers construction in progress to fixed assets when the project reaches the expected usable status.

Details of the impairment test method and impairment provision method for construction in progress refer to Note IV 22 "Impairment of long-term assets".

19. Borrowing costs

Borrowing costs include interest on borrowings, amortization of discounts or premiums, auxiliary costs and exchange differences arising from foreign currency borrowings, etc. When the borrowing costs

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incurred by the Group can be directly attributable to the acquisition and construction or production of assets which are eligible for capitalization, it shall be capitalized and recorded into the costs of relevant assets when the following requirements are simultaneously met: a) The asset disbursements have already incurred; b) The borrowing costs have already incurred; c) The acquisition and construction or production activities which are necessary to prepare the asset for its intended use or sale have already started. When the qualified asset under acquisition and construction or production is ready for the intended use or sale, the capitalization of the borrowing costs shall be ceased. Other borrowing costs shall be recorded into the current profit and loss when they occur.

The amount of interest expenses actually incurred in the current period of a special borrowing after deducting the interest income from unused borrowing funds deposited in the bank or the investment income from temporary investment shall be capitalized. The capitalization amount of a general borrowing is the capitalization rate of the general borrowing used multiplied by the portion of the weighted average asset disbursement, which is calculated by deducting the special loan from the accumulative asset disbursements. The capitalization rate shall be calculated and determined based on the weighted average interest rate of the general borrowing.

During the period of capitalization, the foreign exchange differences on foreign currency specific borrowings shall be capitalized; exchange differences on foreign currency general borrowings shall be recorded into the current profit and loss.

Assets eligible for capitalization refer to assets such as fixed assets, investment property, inventories and other assets which need to go through the acquisition and construction or production activities for quite a long time to reach the intended use or status for sale.

Where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended, till the acquisition and construction or production of the asset restarts.

## 20. Intangible assets

### (1) Recognition and pricing of intangible assets

Intangible assets are identifiable non-monetary asset that are owned or controlled by the Group and are without physical substance.

An intangible asset is initially measured at its cost. Subsequent expenditure relating to an intangible

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asset, if the economic benefits related to the intangible asset are probable to flow in and their costs can be reliably measured, shall be included in the cost of the intangible asset. Other subsequent expenditures shall be included in the current profit and loss when they occur.

The acquired land use right is usually accounted for as an intangible asset. For self-development and construction of buildings such as factories, etc., the related land use right expenditures and building construction costs are accounted for as intangible assets and fixed assets respectively. For houses and buildings purchased, the relevant price shall be allocated between the land use rights and the buildings. If it is difficult to allocate them reasonably, all of them are treated as fixed assets.

Intangible assets with limited useful life shall be averagely amortized by the straight-line method within the expected useful life of the original value minus the estimated net residual value and the accumulated amount of the impairment provision accrued from the time they are available for use.

Intangible assets with uncertain useful life shall not be amortized.

At the end of the reporting period, for an intangible asset with limited useful life, the useful life and amortization method shall be reviewed, if there is any change incurred, it shall be treated as an accounting estimation change. In addition, for an intangible asset with uncertain useful life, the useful life shall be reviewed, if there is any evidence indicated that the duration of bringing economic benefits to the Group from an intangible asset is foreseeable, then estimate its useful life and amortize it in accordance with the amortization policy of intangible assets with limited useful life.

#### (2) Research and development expenses

The expenditure from the internal research and development project of the Group shall be classified as the expenditure in research stage and in development stage.

The expenditures in research stage shall be recorded into the current profit and loss when they occur.

The expenditures in development stage shall be recognized as intangible assets that should meet all the conditions as follows, otherwise shall be recorded into the current profit and loss:

- ① It is technically feasible to finish intangible assets for use or sale;
- ② It is intended to finish and use or sell the intangible assets;
- ③ The usefulness of methods for intangible assets to generate economic benefits shall be proved, including being able to prove that there is a potential market for the products manufactured by applying the intangible assets or there is a potential market for the intangible assets itself or the intangible assets will be used internally;

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④ It is able to finish the development of the intangible assets, and able to use or sell the intangible assets, with the support of sufficient technologies, financial resources and other resources;

⑤ The development expenditures of the intangible assets can be reliably measured.

If it is impossible to distinguish the expenditure from the research stage or development stage, all the R&D expenditures incurred shall be recorded into the current profit and loss.

(3) Impairment test method and impairment provision method for intangible assets

Details of the impairment test method and impairment provision method for intangible assets refer to Note IV 22 "Impairment of long-term assets".

#### 21. Long-term deferred expenses

Long-term deferred expenses are defined as expenses incurred which should be recorded in the current period and subsequent periods with an amortization period of more than one year. The long-term deferred expenses shall be amortized using the straight-line method within the expected benefit period.

#### 22. Impairment of long-term assets

The Group assesses fixed assets, constructions in progress and intangible assets with limited useful life, investment property measured at cost model, long-term equity investment in subsidiaries, joint ventures and associates and other non-current non-financial assets for impairment at the balance sheet date. If there is any indication that an asset may be impaired, the Group should assess the asset for impairment and estimate the recoverable amount of the impaired asset. The Group shall conduct impairment tests each year on goodwill, intangible assets with uncertain useful life and intangible assets that not reach the usable status yet no matter whether indication that an asset may be impaired exists or not.

If the result of impairment test indicates that the book value of an asset is higher than its recoverable amount, impairment provision should be made and recorded into the impairment loss based on the difference. Recoverable amount is measured as the higher of an asset's fair value less disposal costs and the present value of estimated future cash flows. The fair value of the asset is determined according to the sales agreement price in the fair transaction; if there is no sales agreement but there is an active market for the asset, the fair value is determined according to the buyer's bid for the asset; if there is no sales agreement and an active market for the asset, the fair value of the asset is estimated

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based on the best information available. Disposal costs include legal expenses, relevant taxes and handling expenses related to the disposal of assets and direct expenses incurred to make the assets reach a saleable state. The present value of the expected future cash flow of the asset shall be determined according to the expected future cash flow generated in the process of continuous use and final disposal of the asset, and the appropriate discount rate shall be selected to discount the amount. If there is any indication that an asset may be impaired, the Group usually estimates its recoverable amount on an individual item basis. However, if it's not possible to estimate recoverable amount of the individual asset, the Group should determine the recoverable amount of the asset group which the asset belongs to. An asset group is the smallest group of assets that can independently generates cash inflows.

For the goodwill separately listed in the financial statements, during the impairment test, the book value of goodwill shall be allocated to the asset group or combination of asset groups expected to benefit from the synergistic effect of business combination. If the test results show that the recoverable amount of the asset group or asset group combination containing the allocated goodwill is lower than its book value, the corresponding impairment loss shall be recognized. The amount of impairment loss shall first offset the book value of goodwill allocated to the asset group or combination of asset groups, and then offset the book value of other assets in proportion according to the proportion of the book value of assets other than goodwill in the asset group or combination of asset groups.

Once impairment loss is recognized, it cannot be reversed in the subsequent financial periods.

### 23. Contract liabilities

Contract liabilities refer to the obligation of the Group to transfer goods to customers for the consideration received or receivable from customers. If the customer has paid the contract consideration or the Group has obtained the unconditional right to receive payment before the Group transfers the goods to the customer, the Group shall, at the earlier point in time between the actual payment by the customer and the payment due, present the receipt or receivable as a contract liability. The contract assets and liabilities under the same contract are presented in net amount, and the contract assets and liabilities under different contracts are not offset.

### 24. Employee benefits

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Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

Short-term employee benefits include salary, bonus, allowance & subsidy, employee welfare, medical insurance, work-related injury insurance, maternity insurance, housing fund, union funds & employee education expenses and non-monetary welfares, etc. The actual short-term employee benefits shall be recognized as the debt during the accounting period when the employees provide service and included in the current profit and loss or the cost of relevant assets, and the non-monetary welfare shall be measured at fair value.

Post-employment benefits include basic endowment insurance and unemployment insurance, etc. Post-employment benefits plans include defined contribution plans and defined benefit plans. The corresponding payable amount of the defined contribution plans shall be included in the relevant asset cost or current profit and loss when it occurs.

To terminate the labor relationship with the employee before the expiration of the labor contract, or to propose compensation to encourage employees to voluntarily accept the layoff, the employees' compensation liabilities arising from the termination benefits are recognized and charged into the current profit and loss at the earlier date of the two following situations: (1) the Group is unable to unilaterally withdraw the termination benefits provided by terminating the labor relationships plans or the layoff proposals; (2) the Group recognizes the costs or expenses in connection with the reorganization involving the termination benefits. However, if the termination benefits are not expected to be fully paid within 12 months after the end of the annual report period, they shall be treated as other long-term employee benefits.

Employee internal retirement plans shall be handled according to the same principles as above for termination benefits. The salaries and social insurance premiums to be paid to the early retired employees from the date when the employees stop providing services to the normal retirement date, when they meet the conditions for the recognition of accrued liabilities, shall be included in the current profit and loss (termination benefits).

If the other long-term employee benefits provided by the Group to employees are in accordance with the defined contribution plan, the accounting treatment shall be carried out in accordance with the defined contribution plan, otherwise, it shall be accounted for in accordance with the defined benefit plan.

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## 25. Accrued liabilities

An obligation related to a contingency is recognized as the accrued liability when all the following conditions are satisfied:

- a) The obligation is a present obligation of the Group;
- b) It is probable that an outflow of economic benefits from the Group will be required to settle the obligation;
- c) The amount of the obligation can be measured reliably.

On the balance sheet date, considering the factors such as risks, uncertainties and time value of money, etc. related to the contingency, accrued liabilities are measured at the best estimate of the payment required to perform the relevant present obligations.

Where some or all the expenditures are expected to be reimbursed by a third party, the reimbursement should be separately recognized as an asset only when it is virtually received. The amount of the reimbursement should not exceed the book value of the liability recognized.

### (1) Onerous contract

An onerous contract is a contract in which the inevitable cost of performing a contract obligation exceeds the expected economic benefits. If the contract to be executed becomes an onerous contract, and the obligations arising from the onerous contract meet the above-mentioned recognition conditions of accrued liabilities, the part of the estimated contract losses exceeding the recognized impairment losses (if any) of the contract target assets shall be recognized as the accrued liabilities.

### (2) Restructuring obligations

For a detailed, formal, and publicly announced restructuring plan, when the aforementioned recognition conditions of accrued liabilities are met, the amount of an accrued liability shall be determined based on the direct expenditures related to the restructuring. Regarding the restructuring obligation to sell part of the business, only when the Group commits to sell part of the business (that is, when a binding sale agreement is signed), the obligation related to the restructuring shall be recognized.

## 26. Share-based payment

### (1) Accounting treatment for share-based payment

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Share-based payment is a transaction in which equity instruments are granted or liabilities determined on the basis of equity instruments are assumed for the purpose of obtaining services provided by employees or other parties. Share-based payments of the Group consist of share-based payments settled by equity and by cash.

1) Equity-settled share-based payments.

Equity-settled share-based payments in exchange of service provided by employees shall be measured at the fair value of the equity instruments granted to the employees on the grant date. If the right cannot be exercised until the services are completed or the prescribed performance conditions are satisfied during the vesting period, based on the best estimate of the number of vested equity instruments during the vesting period, it shall be accounted for as the relevant costs or expenses by using straight-line method; if the right can be exercised immediately after the grant, it shall be accounted for as the relevant costs or expenses on the grant date, and the capital reserve shall be increased accordingly.

On each balance sheet date within the vesting period, the Group shall make the best estimate based on the latest information such as the change of the number of employees with exercisable rights and revise the number of equity instruments with exercisable rights. The impact of the above estimates shall be included in the relevant costs or expenses of the current period, and the capital reserve shall be adjusted accordingly.

For equity-settled share-based payment in exchange for services provided by other parties, if the fair value of services provided by other parties can be reliably measured, it shall be measured at the fair value of services provided by other parties on the acquisition date; if the fair value of services provided by other parties cannot be reliably measured, but the fair value of equity instruments can be reliably measured, it shall be measured at the fair value of equity instruments on the acquisition date of services and recorded into the relevant costs or expenses and the owners' equity shall be increased accordingly.

2) Cash-settled share-based payments.

The cash-settled share-based payments shall be measured at the fair value of liabilities calculated and confirmed on the basis of the shares or other equity instruments undertaken by the Group. If the right can be exercised immediately after the grant, it shall be accounted for as the relevant costs or expenses on the grant date, and the liability shall be increased accordingly; if the right cannot be exercised until

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the services are completed or the prescribed performance conditions are satisfied during the vesting period, on each balance sheet date during the vesting period, based on the best estimate of the number of vested equity instruments, it shall be accounted for as the relevant costs or expenses according to the fair value of the liabilities undertaken by the Group on the grant date, and the liability shall be increased accordingly.

On each balance sheet date and settlement date before the settlement of the relevant liabilities, the fair value of the liabilities shall be remeasured, and the changes shall be included in the current profit and loss.

(2) Accounting treatment for amendment and termination of the share-based payment plan

If the amendment increases the fair value of the equity instruments granted, the Group shall recognize the increase in service acquired according to the increase in the fair value of the equity instruments. The increase in the fair value of equity instruments refers to the difference between the fair value of equity instruments before and after amendment on the amendment date. If the amendment decreases the total fair value of the equity instruments granted or adopts other methods that are not conducive to the employees, the accounting treatment for the acquired services shall be continued, regardless of the change as mentioned-above, unless the Group cancels part of or all the granted equity instruments.

During the vesting period, if the equity instruments granted are cancelled, the Group shall treat the cancellation of the granted equity instrument as an accelerated exercise, and the amount that should be recognized in the remaining vesting period shall be immediately included in the current profit and loss, and the capital reserve shall be recognized at the same time. If the employee or other party can choose to meet the conditions of non-exercise rights but is not met within the vesting period, the Group shall treat it as a cancellation of the granted equity instruments.

(3) Accounting treatment involving share-based payment transactions between the Group and its shareholders or actual controllers

For the share-based payment transactions involving the Group and its shareholders or actual controllers, if one of the settlement enterprises and the service receiving enterprises is within the Group and the other is outside the Group, the accounting treatment shall be carried out in the consolidated financial statements of the Group in accordance with the following provisions:

① If a settlement enterprise settles its own equity instruments, the share-based payment transaction shall be treated as the equity-settled share-based payment; in addition, it shall be treated as the

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cash-settled share-based payment.

If the settlement enterprise is an investor of the service receiving enterprise, it shall be recognized as a long-term equity investment in the service receiving enterprise according to the fair value of the equity instrument or the fair value of the liability to be assumed on the grant date, and at the same time, the capital reserve (other capital reserve) or liability shall be recognized.

② If the service receiving enterprise has no settlement obligation or the employees of the enterprise are granted its own equity instruments, the share-based payment transaction shall be treated as the equity-settled share-based payment; if the service receiving enterprise has settlement obligation and the employees of the enterprise are not granted its own equity instruments, the share-based payment transaction shall be treated as the cash-settled share-based payment.

For the share-based payment transactions between enterprises within the Group, if the receiving service enterprise and the settlement enterprise are not the same enterprise, the recognition and measurement of the share-based payment transactions in the individual financial statements of the receiving service enterprise and the settlement enterprise shall be handled according to the above principles.

27. Other financial instruments such as preferred shares, perpetual bonds, etc.

(1) Distinction between perpetual debts and preferred shares

The Group classifies the financial instruments issued such as perpetual debts and preferred shares, etc. as equity instruments when the following conditions are met at the same time:

① The financial instrument shall not include the contractual obligations to deliver cash or other financial assets to other parties, or to exchange financial assets or financial liabilities with other parties under potentially adverse conditions;

② For the financial instrument issued by the Group that requires or can be settled by the enterprise's own equity instruments in the future, if it is a non-derivative instrument, it shall not include the contractual obligation to deliver a variable number of its own equity instruments for settlement; if it is a derivative instrument, the Group may settle the financial instrument only by exchanging a fixed amount of its own equity instruments for cash or other financial assets.

Except for financial instruments that can be classified as equity instruments according to the above conditions, other financial instruments issued by the Group should be classified as financial liabilities.

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If the financial instrument issued by the Group is a compound financial instrument, it shall be recognized as a liability according to the fair value of the liability component. The amount after deducting the fair value of the liability component from the amount received shall be recognized as "Other equity instrument". The transaction costs incurred in the issuance of compound financial instruments shall be apportioned between the liability component and the equity component according to their respective proportions of the total issuance price.

(2) Accounting treatment of perpetual debts and preferred shares

The interest, dividend (or stock dividend), gain or loss, as well as the gain or loss arising from redemption or refinancing related to the financial instruments such as perpetual debts and preferred shares, etc., which are classified as financial liabilities, shall be included in the current profit and loss, except for the borrowing costs meeting the capitalization conditions (details refer to Note IV 19 "Borrowing costs").

For the financial instruments such as perpetual bonds and preferred shares, etc. classified as equity instruments, when they are issued (including refinancing), repurchased, sold or written off, the Group shall treat them as changes in equity, and the relevant transaction costs shall be deducted from the equity. The Group's distribution to the holders of equity instruments shall be treated as the profit distribution.

The Group does not recognize the changes in fair value of equity instruments.

28. Revenue

Revenue refers to the total inflows of economic benefits that are formed in the daily activities of the Group that will increase the equity of shareholders and have nothing to do with the capital invested by shareholders. When the contract between the Group and the customer meets the following conditions at the same time, the revenue shall be recognized when the customer obtains the control of the relevant goods (including labour services, the same below): 1) all parties to the contract have approved the contract and promised to perform their respective obligations; 2) the contract specifies the rights and obligations of the parties related to the transferred goods or the rendering of labour services; 3) the contract has clear payment terms related to the transferred goods; 4) the contract has commercial substance, that is, the performance of the contract will change the risk, time distribution or amount of the future cash flow of the Group; and 5) the consideration that the Group is entitled to obtain due to

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the transfer of goods to customers is likely to be recovered. Among them, obtaining the control of related goods means being able to dominate the use of the goods and obtain almost all economic benefits from them.

On the start date of the contract, the Group identifies the individual performance obligations in the contract, and apportions the transaction price to each individual performance obligation in accordance with the relative proportion of the stand-alone selling price of the goods promised by each individual performance obligation. When determining the transaction price, the factors such as variable consideration, major financing components in the contract, non-cash consideration, and consideration payable to customers are considered.

For each individual performance obligation in the contract, if one of the following conditions is met, the Group shall recognize the transaction price apportioned to the individual performance obligation as revenue according to the performance progress during the relevant performance period: 1) the customer obtains and consumes the economic benefits brought by the Group's performance at the same time as the Group's performance; 2) customers can control the goods under construction during the performance of the Group; and 3) the goods produced during the performance of the Group have irreplaceable uses, and the Group has the right to collect the payment for the part of the contract that has been completed so far. The performance progress is determined by the input method or the output method according to the nature of the transferred goods. When the performance progress cannot be reasonably determined, if the cost incurred by the Group is expected to be compensated, the revenue shall be recognized based on the amount of the cost incurred until the performance progress can be reasonably determined.

If one of the above conditions is not met, the Group shall recognize the revenue based on the transaction price apportioned to the individual performance obligation at the time when the customer obtains the control of the relevant good. When judging whether the customer has obtained the control of the good, the Group shall consider the following signs: 1) the enterprise has the current right to collect the payment for the good, that is, the customer has the current payment obligation for the good; 2) the enterprise has transferred the legal ownership of the good to the customer, that is, the customer already has the legal ownership of the good; 3) the enterprise has transferred the good to the customer in kind, that is, the customer has physically taken possession of the good; 4) the enterprise has transferred the major risks and rewards of the ownership of the good to the customer, that is, the

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customer has obtained the major risks and rewards of the ownership of the good; 5) the customer has accepted the good; and 6) other signs that the customer has obtained the control of the good.

#### 29. Contract costs

If the cost incurred for the performance of the contract is not within the scope of other accounting standards for business enterprises other than the "Accounting Standards for Business Enterprises No. 14 - Revenue (Revised in 2017)", it shall be recognized as an asset as the contract performance cost when all the following conditions have been satisfied: ① The cost is directly related to a current or expected contract, including direct labor, direct materials, manufacturing expenses (or similar expenses), costs clearly borne by the customer, and other costs incurred only due to the contract; ② The cost increases the Group's resources for fulfilling the performance obligations in the future; and ③ The cost is expected to be recovered.

The asset related to contract costs shall be amortized on the same basis as the recognition of goods revenue related to the asset, which shall be included in the current profit and loss.

#### 30. Government grants

Government grant refers to the monetary assets and non-monetary assets obtained by the Group from the government free of charge, excluding the capital invested by the government as an investor to gain the corresponding owners' equity. Government grant is comprised of government grants related to income and government grants related to an asset. A government grant related to an asset is a grant obtained by the Group used for purchase or construction, or forming the long-term assets by other ways. Otherwise, the government grant is treated as a government grant related to income. If the government document does not specify the grantee, the subsidy is divided into government grants related to income and government grants related to assets in the following ways: (1) If the government document specifies the specific project targeted by the subsidy, it shall be divided according to the relative proportion of the expenditure amount of the assets formed in the budget of the specific project and the expenditure amount included in the expenses, and the division proportion shall be reviewed on each balance sheet date, and it can be changed if necessary; (2) The purpose of the subsidy in the government document is only a general statement, and there is no specific project, it shall be treated as the government grants related to income. If the government grants are monetary assets, they shall be

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measured according to the amount received or receivable. If the government grants are non-monetary assets, they shall be measured at fair value; if the fair value cannot be obtained reliably, they shall be measured at nominal amount. The government grants measured according to the nominal amount shall be directly included in the current profit and loss.

The Group usually recognizes and measures the government grants according to the actual amount received when they are received. However, if there is conclusive evidence at the end of the period that the relevant conditions specified in the financial support policy can be met and the financial support fund is expected to be received, it shall be measured according to the amount receivable. The government grants measured according to the receivable amount shall meet the following conditions at the same time: (1) the amount of the receivable subsidies has been confirmed by the authorized government department, or can be calculated reasonably according to the relevant provisions of the officially issued financial fund management measures, and it is expected that there is no significant uncertainty in the amount; (2) it is based on the financial support projects and financial fund management measures officially released by the local financial department and proactively disclosed in accordance with the "Regulations on Government Information Disclosure", and those management measures shall be inclusive (any enterprise that meets the specified conditions can apply for it), rather than specially formulated for specific enterprises; (3) the relevant grant approval documents have clearly committed to the appropriation period, and the appropriation of the funds has the corresponding financial budget as the guarantee that it can be received within the specified period; (4) other relevant conditions (if any) to be met according to the specific situation of the Group and the subsidy.

The government grants pertinent to assets shall be recognized as deferred income and included in the current profit and loss within the useful lives of the relevant assets in a reasonable and systematic way or shall offset the book value of the related assets. The government grants pertinent to incomes shall be treated respectively in accordance with the circumstances as follows: 1) Those subsidies used for compensating the related future expenses or losses shall be recognized as deferred income and shall be included in the current profit and loss or offset the relevant costs during the period when the relevant costs or losses are recognized; 2) Those subsidies used for compensating the related expenses or losses incurred shall be directly included in the current profit and loss or offset the relevant costs.

The different parts of government grants that include both asset-related and income-related subsidies shall be distinguished for different accounting treatments. If the different parts of the government

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grants are difficult to distinguish, they should be classified as income-related government grants as a whole.

The government grant which is related to daily activities of the Group shall be recognized as other income or offset the related costs according to the substance of the economic business; otherwise, it shall be recorded into non-operating income.

If it is necessary to refund any government grant which has been recognized, it shall be treated respectively in accordance with the circumstances as follows. If there is the deferred income concerned, the book balance of the deferred income shall be offset against, and the excessive part shall be included in the current profit and loss. In other cases, it shall be directly included in the current profit and loss.

### 31. Deferred tax asset and deferred tax liability

#### (1) Current income tax

On the balance sheet date, the current income tax liabilities (or assets) formed in the current period 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 taxable income on which the current income tax expenses are calculated shall be calculated after the adjustments of the pre-tax accounting profit of the current year according to the relevant tax law.

#### (2) Deferred tax asset and deferred tax liability

The difference between the book value of certain assets and liabilities and their tax bases, and the temporary difference caused by the difference between the book value of the items that are not recognized as assets and liabilities but whose tax bases can be determined according to the tax law and their tax bases, shall be recognized as deferred tax assets and deferred tax liabilities by using the balance sheet liability method.

The deferred tax liabilities shall not be recognized for the taxable temporary differences related to the initial recognition of goodwill and the initial recognition of assets or liabilities arising from transactions that are neither business combination nor affect the accounting profit and taxable income (or deductible loss) when they occur. In addition, for the taxable temporary differences related to the investments in subsidiaries, associates and joint ventures, if the Group can control the time when the temporary differences are reversed, and the temporary differences are unlikely to be reversed in the

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foreseeable future, the relevant deferred tax liabilities shall not be recognized. Except for the above exceptions, the Group recognizes all other deferred tax liabilities arising from taxable temporary differences.

The deferred tax assets shall not be recognized for the deductible temporary differences related to the initial recognition of assets or liabilities arising from transactions that are neither business combination nor affect the accounting profit and taxable income (or deductible loss) when they occur. In addition, for the deductible temporary differences related to the investments in subsidiaries, associates and joint ventures, if the temporary differences are unlikely to be reversed in the foreseeable future, or it is unlikely to obtain taxable income that can be used to offset temporary differences in the future, the relevant deferred tax assets shall not be recognized. Except for the above exceptions, the Group recognizes all other deferred tax assets arising from deductible temporary differences to the extent of the taxable income, which is probable to be obtained by the Group to offset the deductible temporary differences.

For the deductible losses and tax deductions that can be carried forward in subsequent years, the corresponding deferred tax assets shall be recognized to the extent of the future taxable income, which is probable to be obtained and used to offset the deductible losses and tax deductions.

On the balance sheet date, the deferred tax assets and deferred tax liabilities shall be measured according to the applicable tax rate during the period when the relevant assets are expected to be recovered or the relevant liabilities are expected to be paid off in accordance with the tax law.

On the balance sheet date, the book value of the deferred tax assets shall be reviewed. If it is probable that sufficient taxable income will not be obtained in the future to offset the benefits of the deferred tax assets, the book value of the deferred tax assets shall be written down. When it is probable to obtain sufficient taxable income, the amount written down shall be reversed.

### (3) Income tax expense

Income tax expense includes current income tax and deferred income tax.

Except that the current income tax and deferred income tax related to the transactions and events recognized as other comprehensive income or directly included in the owners' equity are included in other comprehensive income or owner' equity, and the book value of goodwill is adjusted by the deferred income tax arising from the business combination, the remaining current income tax and deferred income tax expenses or income shall be included in the current profit and loss.

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#### (4) Offset of income tax

When the Group has the legal right to settle at a net amount and intends to settle at a net amount or acquire assets and pay off liabilities at the same time, the Group's current income tax assets and current income tax liabilities are presented at the net amount after offset.

When the Group has the legal right to settle the current income tax assets and current income tax liabilities on a net basis, and the deferred tax assets and deferred tax liabilities are related to the income tax levied by the same tax collection and management department on the same taxpayer or different taxpayers, but in the future, during each period when the significant deferred tax assets and liabilities are reversed, the taxpayer involved intends to settle the current income tax assets and liabilities on a net basis or obtain assets and pay off liabilities at the same time, the Group's deferred tax assets and deferred tax liabilities are presented at the net amount after offset.

#### 32. Lease

A finance lease is a lease that substantially transfers all risks and rewards related to the ownership of assets. The ownership may or may not be transferred eventually. Leases other than finance leases are operating leases.

##### (1) Operating leases

The Group as the lessee in an operating lease shall treat the lease payment under an operating lease as a relevant asset cost or the current profit and loss on a straight-line basis over the lease term. The initial direct costs incurred shall be recognized as the current profit and loss. Contingent rents shall be recorded into the current profit and loss when they occur.

The Group as the lessor in an operating lease shall treat the lease income from operating leases as the current profit and loss on a straight-line basis over the lease term; initial direct costs with larger amounts shall be capitalized when they occur, and shall be included in the current profit and loss in installments according to the same basis as the confirmed lease income during the whole lease period; other initial direct costs with smaller amounts shall be included in the current profit and loss when they occur. Contingent rents shall be recorded into the current profit and loss when they occur.

##### (2) Finance leases

For the Group as the lessee, since the inception of lease, the entry value of the leased asset shall be valued at the lower of the fair value of the asset and the present value of the minimum lease payments.

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the minimum lease payments shall be treated as the entry value for long-term payables, and its difference shall be treated as unrecognized financial expenses. In addition, the initial direct costs incurred during the lease negotiation and signing of the lease contract that can be attributed to the leased item shall be also included in the value of the leased assets. The balance of the minimum lease payments after deducting the unrealized financial expenses shall be listed as long-term liabilities and long-term liabilities due within one year respectively.

The unrealized financial expense shall adopt the effective interest rate method to calculate and confirm the current financial expenses during the lease period. Contingent rents shall be recorded into the current profit and loss when they occur.

For the Group as the lessor, since the inception of lease, the entry value of the finance lease receivables shall be recorded as the sum of the minimum lease receipts and initial direct costs, and the unguaranteed residual value shall also be recorded. The difference between the sum of minimum lease receipts, initial direct costs and unguaranteed residual value and the sum of their present value shall be recognized as the unrealized financial income. The balance of finance lease receivables after deducting the unrealized financial income shall be listed as long-term claims and long-term claims due within one year respectively.

The unrealized financial income shall adopt the effective interest rate method to calculate and confirm the financial income during the current period. Contingent rents shall be recorded into the current profit and loss when they occur.

### 33. Other significant accounting policies and accounting estimates

#### (1) Termination of operation

Termination of operation, refers to the following components within the Group which have been disposed or classified as held-for-sale assets and can be separated in the operation and the preparation of the financial statements by the Group, meeting one of the following conditions: (i) the component represents an independent major business or a main business area; (ii) the component is a part of the proposed disposal plans for an independent major business or a main business area; (iii) the component is the subsidiary acquired only for resale.

The accounting treatment method of termination of operation refers to Note IV 14 "Held-for-sale assets and asset groups".

### 34. Changes in significant accounting policies and accounting estimates

#### (1) Changes in accounting policies

According to the "Accounting Standards for Business Enterprises No. 14 - Revenue (Revised in 2017)" (Cai Kuai [2017] No. 22) (hereinafter referred to as "new revenue standards") issued by the Ministry of Finance on 5 July 2017, the Group shall start to implement the aforementioned new revenue standards from 1 January 2020.

The new revenue standard establishes a new revenue recognition model for regulating the revenue generated from contracts with customers. In order to implement the new revenue standards, the Group reassessed the recognition and measurement, accounting and presentation of major contracts revenues. According to the provisions of the new revenue standards, the Group chose to only adjust the cumulative impacts of contracts that have not been completed on 1 January 2020. The cumulative impacts of the first implementation adjusted the amount of retained earnings and other related items in the financial statements at the beginning of the first implementation period (i.e., 1 January 2020), but did not adjust the information of the comparable period.

The main changes and impacts of the implementation of the new revenue standards are as follows:

#### A. Impacts on the financial statements as at 1 January 2020

Item	31 December 2019 (Before change)		1 January 2020 (After change)	
	Consolidated financial statements	Company's financial statements	Consolidated financial statements	Company's financial statements
Advance from customers	4,361,617,047.91		3,771,883,495.40	
Contract liabilities			562,450,236.27	
Other current liabilities	29,159,974.75		56,443,290.99	

#### B. Impacts on consolidated financial statements as at 31 December 2020 and for 2020

Compared the items in the consolidated and Company's balance sheets as at 31 December 2020 and the items in the consolidated and Company's income statements for 2020 prepared by adopting the accounting policies after changes with those items prepared by adopting the accounting policies before changes, the comparison of the affected items is as follows:

Item	31 December 2020 (Under new revenue standards)		31 December 2020 (Under old revenue standards)	
	Consolidated financial statements	Company's financial statements	Consolidated financial statements	Company's financial statements
Advance from customers	3,182,588,099.79		3,800,153,018.84	
Contract liabilities	589,132,494.28			
Other current liabilities	58,528,585.07		30,096,160.30	

### 35. Significant accounting judgments and estimates

In the process of applying accounting policies, due to the inherent uncertainty of the operating activities, the Group needs to make judgments, estimates and assumptions on the book value of the statement items that cannot be accurately measured. These judgments, estimates and assumptions are based on the historical experience of the Group's Management and other relevant factors. These judgments, estimates and assumptions will affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities on the balance sheet date. However, the actual results caused by the uncertainty of these estimates may be different from the current estimates of the Group's Management, which may cause significant adjustments to the book value of assets or liabilities affected in the future.

The Group reviews the aforesaid judgments, estimates and assumptions on a regular basis on the basis of going concern. If the change of accounting estimates only affects the current period of change, the number of impacts shall be recognized in the current period of change; if the change affects both the current period of change and the subsequent periods, the number of impacts shall be recognized in the current period of change and the subsequent periods.

On the balance sheet date, the Group needs to judge, estimate and assume the amount of financial statement items in the following important areas:

#### (1) Impairment of financial assets

The Group adopts the expected credit loss model to evaluate the impairment of financial instruments. The application of the expected credit loss model requires significant judgments and estimates. All reasonable and reliable information, including forward-looking information, should be considered. In making these judgments and estimates, the Group infers the expected changes in the credit risk of the

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debtor based on historical data, combined with economic policies, macroeconomic indicators, industry risks, external market environment, changes in customer conditions and other factors.

(2) Impairment provision on the inventory

According to the accounting policy of inventory, the Group measures at the lower of the cost and net realizable value, and accrues the impairment provision on the inventory whose cost is higher than the net realizable value and which is obsolete and unsalable. The impairment of inventory to net realizable value is based on the assessment of the marketability of the inventory and its net realizable value. The appraisal of inventory impairment requires the Management of the Group to make judgment and estimation on the basis of obtaining conclusive evidence, considering the purpose of holding inventory, the impact of events after the balance sheet date and other factors. The difference between the actual result and the original estimate will affect the book value of the inventory and the accrual or reversal of the impairment provision on the inventory during the period when the estimate is changed.

(3) Impairment provision on long-term assets

At the balance sheet date, the Group judges whether there are signs of impairment on non-current assets other than financial assets. For an intangible asset with uncertain useful life, in addition to the annual impairment test, when there are signs of impairment, an impairment test is also conducted. For other non-current assets other than financial assets, when there is an indication that the book value is not recoverable, an impairment test shall be conducted.

When the book value of an asset or asset group is higher than the recoverable amount, that is, the higher of the net amount of fair value minus the disposal expenses and the present value of the estimated future cash flows, it indicates that an impairment has occurred.

The net amount of fair value minus the disposal expenses shall be determined with reference to the price of similar assets agreed in the sales contract or the observable market price minus 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 a significant judgment on the output, sales price, related operating costs and the discount rate used in the calculation of the present value of the asset (or asset group). When estimating the recoverable amount, the Group will use all available relevant information, including forecasts of production, sales price and related operating costs based on reasonable and supportable assumptions.

The Group tests whether goodwill is impaired at least annually. This requires estimating the present

value of the future cash flows of the asset group or portfolio of asset groups to which goodwill is allocated. When estimating the present value of future cash flows, the Group needs to forecast the cash flows generated by the future asset group or portfolio of asset groups, and at the same time choose an appropriate discount rate to determine the present value of future cash flows.

(4) Depreciation and amortization

After considering the residual value of investment property, fixed assets and intangible assets, the Group accrues depreciation and amortization according to the straight-line method within the useful life. The Group reviews the useful life regularly to determine the amount of depreciation and amortization expenses to be included in each reporting period. The useful life is determined by the Group based on the experience of similar assets and the expected technology update. If there is a significant change in previous estimates, the depreciation and amortization expenses will be adjusted in the future.

(5) Deferred tax assets

To the extent that there is probable to be sufficient taxable profits to offset losses, the Group recognizes deferred tax assets for all unused tax losses. This requires the Management of the Group to use a lot of judgments to estimate the time and amount of future taxable profits, combined with tax planning strategies, to determine the amount of deferred tax assets that should be recognized.

(6) Income tax

In the normal operating activities of the Group, there are certain uncertainties in the final tax treatment and calculation of some transactions. Whether some items can be paid before the tax requires the approval of the tax authorities. If the final recognition result of these tax matters is different from the initially estimated amount, the difference will affect the current income tax and deferred income tax during the final recognition period.

**V Taxation**

I. Main tax categories and tax rates

Tax categories	Tax rates
Value-added tax	The output tax shall be calculated at tax rate of 3%, 5%, 6%, 9% or 13% of taxable income respectively, and the value-added tax shall be accrued and paid according to the difference after deducting the input tax allowed to be deducted in the current period.

Tax categories	Tax rates
Property tax	1.2% of the residual value after deducting 30% of the original value of the property at one time; If it is levied from rent, it shall be accrued and paid at 12% of the rental income.
Urban maintenance & construction tax	Accrued and paid at 5% or 7% of the turnover tax actually paid.
Educational surcharge	Accrued and paid at 3% of the turnover tax actually paid.
Local educational surcharge	Accrued and paid at 2% of the turnover tax actually paid.
Corporate income tax	Accrued and paid at 15%, 20% or 25% of taxable income.

Note 1: The taxable income rate of Shaoxing Keqiao Kangping Material Management Co., Ltd., a subsidiary of the Company, is 5% of the operating revenue; The taxable income rate of Shaoxing Keqiao District City Construction Investment Development Co., Ltd. and Shaoxing Keqiao District Guazhuhu Integrated Development Co., Ltd., subsidiaries of the Company, is 10% of the operating revenue.

## 2. Tax preference

### (1) Value-added tax

According to the Cai Shui (2015) No. 78 Document issued by the Ministry of Finance and the State Administration of Taxation, since 1 July 2015, taxpayers who sell self-produced resource comprehensive utilization products and provide comprehensive resource utilization services can enjoy the value-added tax refund upon collection policy. Among them, the sewage fee income obtained by Shaoxing Keqiao Drain Co., Ltd. and Shaoxing Keqiao Jiangbin Water Treatment Co., Ltd. belongs to sewage treatment services, and can enjoy 70% of value-added tax refund.

### (2) Corporate income tax

1) According to the "High-tech Enterprise Certificate" (GR201833002851) jointly issued by the Science and Technology Department of Zhejiang Province, Zhejiang Provincial Department of Finance, Zhejiang Provincial State Taxation Bureau and Zhejiang Provincial Local Taxation Bureau, Zhejiang China Light & Textile Industrial City Network Co., Ltd., a subsidiary of Zhejiang China Light & Textile Industrial City Group Co., Ltd., a subsidiary of the Company, was recognized as a high-tech enterprise and shall enjoy preferential tax policies for high-tech enterprises from 2018 to 2020. In 2020, the corporate income tax was accrued and paid at a tax rate of 15%.

2) According to the 2<sup>nd</sup> and 6<sup>th</sup> Provisions of “Notice on Implementation of the Inclusive Tax Preferential Policy for Small and Micro-Profit Enterprises” jointly issued by the Ministry of Finance and the State Administration of Taxation (Cai Shui [2019] No. 13), from 1 January 2019 to 31 December 2021, the part of the annual taxable income for small and micro-profit enterprises that not exceeding RMB 1 million shall be included in the taxable income by 25%, and the corporate income tax shall be paid at a tax rate of 20%; the part of the annual taxable income that exceeding RMB 1 million but no more than RMB 3 million shall be included in the taxable income by 50%, and the corporate income tax shall be paid at a tax rate of 20%. Shaoxing Keqiao Urban and Rural Water Quality Inspection Co., Ltd., Shaoxing Keqiao Lanyin Technology Group Co., Ltd. and Shaoxing Keqiao Water Conservator Vocational Training School Co., Ltd., subsidiaries of the Company, and Zhejiang China Light & Textile Industrial City E-commerce Co., Ltd., Shaoxing Zhonglian Market Property Management Co., Ltd., Shaoxing Keqiao District China Light & Textile Industrial City Market Business Property Transfer and Sublease Transaction Service Center Co., Ltd., Shaoxing Keqiao District China Light & Textile Industrial City Online Business Service Co., Ltd., Shaoxing Yifang Exhibition Co., Ltd. and Dongguan Yifang Supply Chain Management Co., Ltd., subsidiaries of Zhejiang China Light & Textile Industrial City Group Co., Ltd., meets the qualifications for small and micro-profit enterprises. Therefore, the income of above subsidiaries shall be included in the taxable income by 25%, and the corporate income tax shall be accrued and paid at a tax rate of 20%.

## VI Notes to the consolidated financial statements

(With respect to the following data disclosed in the consolidated financial statements, unless otherwise stated, “Closing balance” refers to the balance on 31 December 2020; “Opening balance” refers to the balance on 1 January 2020; All amounts are denominated in RMB unless otherwise stated.)

### 1. Cash and cash equivalents

Item	Closing balance	Opening balance
Cash on hand	1,001,274.31	1,059,246.24
Bank deposits	16,939,365,210.90	12,908,889,236.18
Other cash and cash equivalents	446,024,509.02	61,478,296.17
<b>Total</b>	<b>17,386,390,994.23</b>	<b>12,971,426,778.59</b>

Note: The amount of restricted cash and cash equivalents at the end of the reporting period was RMB

446,024,509.02.

2. Accounts receivable

(1) Accounts receivable disclosed by category

Category	Closing balance				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable with single provision for bad debts					
Accounts receivable with provision for bad debts based on the portfolio					
Portfolio 1: Receivables from government, state-owned enterprises and related parties	4,481,479,892.88	97.24			4,481,479,892.88
Portfolio 2: Aging portfolio	127,345,785.09	2.76	19,159,944.23	15.05	108,185,840.86
Sub-total	4,608,825,677.97	100.00	19,159,944.23	0.42	4,589,665,733.74
Total	4,608,825,677.97	100.00	19,159,944.23	0.42	4,589,665,733.74

(Continued)

Category	Opening balance				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable with single provision for bad debts					
Accounts receivable with provision for bad debts based on the					

Category	Opening balance				Book value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Proportion (%)	
portfolio					
Portfolio 1: Receivables from government, state-owned enterprises and related parties	3,817,518,742.05	89.30			3,817,518,742.05
Portfolio 2: Aging portfolio	457,614,110.89	10.70	176,807,123.70	38.64	280,806,987.19
Sub-total	4,275,132,852.94	100.00	176,807,123.70	4.14	4,098,325,729.24
Total	4,275,132,852.94	100.00	176,807,123.70	4.14	4,098,325,729.24

1) In portfolio 1, the details of accounts receivable are as follows:

Name	Closing balance			Reason
	Book balance	Bad debt provision	Proportion (%)	
Management Committee of Jianhu Resort, Keqiao District, Shaoxing City, Zhejiang Province	4,473,760,652.87			Receivables from government departments, which can be fully collected
Other	7,719,240.01			Receivables from government departments, which can be fully collected
Total	4,481,479,892.88			

2) In portfolio 2, accounts receivable adopting the aging analysis method to make bad debt provisions

Aging	Closing balance		
	Book balance	Bad debt provision	Proportion (%)
Within 1 year (including 1 year)	93,136,161.38	4,656,808.07	5.00
1-2 years (including 2 years)	4,900,981.93	490,098.20	10.00
2-3 years (including 3 years)	2,137,609.76	427,521.95	20.00
Over 3 years	27,171,032.02	13,585,516.01	50.00
Total	127,345,785.09	19,159,944.23	15.05

## (2) Details of bad debt provisions

Category	Opening balance	Changes during the reporting period				Closing balance
		Accrual	Recovery or reversal	Write-off	Other changes	
Bad debt provisions	176,807,123.70	-157,647,179.47				19,159,944.23
Total	176,807,123.70	-157,647,179.47				19,159,944.23

## (3) The top five accounts receivable based on the closing balance

Name	Nature	Closing balance	Proportion in closing balance of accounts receivable (%)	Closing balance of bad debt provision
Management Committee of Jianhu Resort, Keqiao District, Shaoxing City, Zhejiang Province	Non-related party	4,473,760,652.87	97.07	
Each household of Xinghua Community Residential Auction Houses	Non-related party	48,272,000.00	1.05	2,413,600.00
Shaoxing Keqiao District Keqiao Sub-district Office-Meichuan Community	Non-related party	22,583,197.11	0.49	10,644,370.80
E-09 Bridge Project in Xizhou Resettlement Community of Huashe Street	Non-related party	3,350,000.00	0.07	190,000.00
Each household of Wanjia Renli Residential Auction Houses	Non-related party	2,150,000.00	0.05	107,500.00
Total		4,550,115,849.98	98.73	13,355,470.80

(4) As of 31 December 2020, details of pledges of accounts receivable refer to Note VI 27 and 29.

## 3. Prepayment

## (1) Prepayment disclosed by aging

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year (including 1 year)	319,504,995.55	10.68	4,573,828,332.54	22.74
1-2 years (including 2 years)	904,055,116.24	30.20	4,347,168,787.80	21.61
2-3 years (including 3 years)	628,968,250.39	21.02	2,737,951,557.19	13.61
Over 3 years	1,140,303,411.49	38.10	8,455,551,852.06	42.04
Total	2,992,831,773.67	100.00	20,114,500,529.59	100.00

(2) The top five prepayments based on the closing balance

Name	Nature	Closing balance	Proportion in closing balance of prepayments (%)
Pingshui Fucheng Construction Management Committee	Demolition fund	1,670,059,894.88	55.80
Shaoxing Keqiao District Keqiao Sub-district Office	Demolition fund	897,100,000.00	29.97
Phase II land acquisition of Daxianglin Scenic Area	Demolition fund	85,072,904.50	2.84
Shaoxing Keqiao District Government Investment Project Construction Management Center	Demolition fund	54,000,000.00	1.80
State Grid Shaoxing Integrated Energy Service Co., Ltd.	Payment for goods	16,886,588.83	0.56
Total		2,723,119,388.21	90.97

(3) As of 31 December 2020, details of prepayments to related parties refer to Note IX 5.

4. Other receivables

Item	Closing balance	Opening balance
Interests receivable	253,423.06	928,292.36
Dividends receivable		
Other receivables	17,281,801,502.27	15,628,674,221.24
Total	17,282,054,925.33	15,629,602,513.60

(1) Interests receivable

Item	Closing balance	Opening balance
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Item	Closing balance	Opening balance
Time deposits	253,423.06	928,292.36
Total	253,423.06	928,292.36

(2) Other receivables disclosed by category

Category	Closing balance				Book value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables with single provision for bad debts	60,000,000.00	0.34	56,719,496.33	94.53	3,280,503.67
Other receivables with provision for bad debts based on portfolio					
Portfolio 1: Receivables from government, state-owned enterprises and related parties	16,893,926,906.90	96.77			16,893,926,906.90
Portfolio 2: Deposit and margin	109,785,055.94	0.63			109,785,055.94
Portfolio 3: Aging portfolio	395,388,894.02	2.26	120,579,858.26	30.50	274,809,035.76
Sub-total	17,399,100,856.86	99.66	120,579,858.26	0.69	17,278,520,998.60
Total	17,459,100,856.86	100.00	177,299,354.59	1.02	17,281,801,502.27

(Continued)

Category	Opening balance				Book value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Proportion (%)	

Category	Opening balance				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables with single provision for bad debts	66,264,711.68	0.42	53,950,879.59	81.42	12,313,832.09
Other receivables with provision for bad debts based on portfolio					
Portfolio 1: Receivables from government, state-owned enterprises and related parties	15,256,142,738.61	96.40			15,256,142,738.61
Portfolio 2: Deposit and margin	24,350,777.02	0.15			24,350,777.02
Portfolio 3: Aging portfolio	479,715,321.41	3.03	143,848,447.89	29.99	335,866,873.52
Sub-total	15,760,208,837.04	99.58	143,848,447.89	0.91	15,616,360,389.15
Total	15,826,473,548.72	100.00	197,799,327.48	1.25	15,628,674,221.24

1) Other receivables with single provision for bad debts

Name	Closing balance			
	Book balance	Bad debt provision	Proportion (%)	Reason
Shaoxing Hangyong Expressway Wires Co., Ltd.	60,000,000.00	56,719,496.33	94.53	Provision for bad debts for excess loss
Total	60,000,000.00	56,719,496.33	94.53	

2) In portfolio 1, details of significant other receivables are as follows:

Name	Closing balance	Proportion in closing balance of portfolio 1 (%)

Name	Closing balance	Proportion in closing balance of portfolio 1 (%)
Shaoxing Keqiao District Small Town Construction Investment Co., Ltd.	2,847,642,741.20	16.86
Management Committee of Binhai Industrial Zone, Keqiao District, Shaoxing City	2,311,048,896.18	13.68
Shaoxing Keqiao District Binhai Industrial Zone Development Investment Co., Ltd.	1,479,668,997.22	8.76
Shaoxing Qianqing Small City Construction Co., Ltd.	1,429,503,406.71	8.46
Shaoxing Keqiao District China Light & Textile Industrial City Network Investment Co., Ltd.	1,196,040,718.64	7.08
Management Committee of Economic Development Zone, Keqiao District, Shaoxing City	1,085,000,000.00	6.42
Shaoxing Keqiao District Huitai Investment Co., Ltd.	878,550,280.00	5.20
Transportation Bureau of Keqiao District, Shaoxing City	752,474,005.00	4.45
Shaoxing Keqiao District China Light & Textile Industrial City Transportation Industrial Corporation	600,000,000.00	3.55
Management Committee of Keqiao Economic Development Zone, Shaoxing City	535,580,000.00	3.17
Keqiao Central City Integrated Service Center, Keqiao District, Shaoxing City	354,358,332.87	2.10
Management Committee of Jianhu Resort, Keqiao District, Shaoxing City, Zhejiang Province	328,236,604.34	1.94
Shaoxing Qianqing Affordable Housing Construction Co., Ltd.	232,624,657.53	1.38
Management Committee of China Light & Textile Industrial City, Keqiao District, Shaoxing City	205,000,000.00	1.21
Fuquan Sub-district Town Construction Development Foundation-Yangshao Line	200,000,000.00	1.18
People's Government of Qianqing Town	200,000,000.00	1.18
Zhejiang Litie Group Co., Ltd.	200,000,000.00	1.18
Shaoxing Water Treatment Development Co., Ltd.	160,507,986.11	0.95
Shaoxing Keqiao District Scenery Tourism Investment Co., Ltd.	133,695,926.00	0.79

Name	Closing balance	Proportion in closing balance of portfolio 1 (%)
Highway Management Office of Keqiao District, Shaoxing City	105,594,253.46	0.63
Shaoxing Keqiao Keyan Xinggong Cleaning Co., Ltd.	100,000,000.00	0.59
Special account for relocation of Huashe Sub-district Office, Keqiao District, Shaoxing City	91,000,000.00	0.54
Other	1,467,400,101.64	8.70
<b>Total</b>	<b>16,893,926,906.90</b>	<b>100.00</b>

3) In portfolio 3, other receivables adopting the aging analysis method to make bad debt provisions

Aging	Closing balance		
	Book balance	Bad debt provision	Proportion (%)
Within 1 year (including 1 year)	151,426,642.00	7,571,332.10	5.00
1-2 years (including 2 years)	12,086,468.51	1,208,646.87	10.00
2-3 years (including 3 years)	13,793,374.96	2,758,675.00	20.00
Over 3 years	218,082,408.55	109,041,204.29	50.00
<b>Total</b>	<b>395,388,894.02</b>	<b>120,579,858.26</b>	<b>30.50</b>

4) Details of accrual of bad debt provision

Bad debt provision	The first stage	The second stage	The third stage	Total
	Expected credit loss in the next 12 months	Expected credit loss in the entire duration (no credit impairment)	Expected credit loss in the entire duration (credit impairment has occurred)	
Balance on 1 January 2020	197,799,327.48			197,799,327.48
Balance as of 1 January 2020 in the current year:				
-Transfer to the second stage				
-Transfer to the third stage				
-Reversal to the second stage				

Bad debt provision	The first stage	The second stage	The third stage	Total
	Expected credit loss in the next 12 months	Expected credit loss in the entire duration (no credit impairment)	Expected credit loss in the entire duration (credit impairment has occurred)	
-Reversal to the first stage				
Accrual in 2020	-20,499,972.89			-20,499,972.89
Reversal in 2020				
Write-off in 2020				
Cancellation after verification in 2020				
Other changes				
Balance on 31 December 2020	177,299,354.59			177,299,354.59

5) Details of bad debt provision

Category	Opening balance	Changes in the current period				Closing balance
		Accrual	Recovery or reversal	Write-off	Other changes	
Bad debt provisions	197,799,327.48	-20,499,972.89				177,299,354.59
Total	197,799,327.48	-20,499,972.89				177,299,354.59

6) The top five other receivables based on the closing balance

Name	Nature	Closing balance	Proportion in closing balance of other receivables (%)
Shaoxing Keqiao District Small Town Construction Investment Co., Ltd.	Current accounts	2,847,642,741.20	16.31
Management Committee of Binhai Industrial Zone, Keqiao District, Shaoxing City	Current accounts	2,311,048,896.18	13.24
Shaoxing Keqiao District Binhai Industrial Zone Development Investment Co., Ltd.	Current accounts	1,479,668,997.22	8.48
Shaoxing Qianqing Small City Construction Co., Ltd.	Current accounts	1,429,503,406.71	8.19

Name	Nature	Closing balance	Proportion in closing balance of other receivables (%)
Shaoxing Keqiao District China Light & Textile Industrial City Network Investment Co., Ltd.	Current accounts	1,196,040,718.64	6.85
Total		9,263,904,759.95	53.07

(3) As of 31 December 2020, details of other receivables from related parties refer to Note IX 5.

## 5. Inventory

### (1) Classification of inventory

Item	Closing balance		
	Book balance	Impairment provision	Book value
Land development costs	36,076,974,553.32		36,076,974,553.32
Land to be developed	5,024,313,041.00		5,024,313,041.00
Infrastructure projects	45,130,693,537.35		45,130,693,537.35
Resettlement housing projects	15,677,825,087.82		15,677,825,087.82
Goods in stock	8,076,173.26		8,076,173.26
Agent construction and development costs			
Raw materials	54,784,670.45	1,094,948.34	53,689,722.11
Total	101,972,667,063.20	1,094,948.34	101,971,572,114.86

(Continued)

Item	Opening balance		
	Book balance	Impairment provision	Book value
Land development costs	32,090,256,522.79		32,090,256,522.79
Land to be developed	5,533,934,205.20		5,533,934,205.20
Infrastructure projects	26,898,693,411.82		26,898,693,411.82
Resettlement housing projects	3,449,328,636.43		3,449,328,636.43
Goods in stock	3,694,660,611.71		3,694,660,611.71

Item	Opening balance		
	Book balance	Impairment provision	Book value
Agent construction and development costs	188,412,970.30	640,417.68	187,772,552.62
Raw materials	522,494,737.75	446,528.23	522,048,209.52
Total	72,377,781,096.00	1,086,945.91	72,376,694,150.09

(2) Impairment provision on inventories

Item	Opening balance	Increase			Decrease		Closing balance
		Accrual	Other	Reversal	Write-off	Other	
Agent construction and development costs	640,417.68					640,417.68	
Raw materials	446,528.23	8,002.43	640,417.68				1,094,948.34
Total	1,086,945.91	8,002.43	640,417.68			640,417.68	1,094,948.34

(2) As of 31 December 2020, details of mortgages of inventories refer to Note VI 27 and 29.

6. Other current assets

Item	Closing balance	Opening balance
Bank financial products	1,420,000,000.00	2,060,000,000.00
Prepaid taxes and surcharges	681,733,468.67	784,330,474.54
Guarantee deposit	9,505,000.00	12,620,000.00
Deferred insurance premiums		1,147,909.66
Input tax to be deducted	257,025,320.73	327,549,917.04
Deferred finance lease interests	14,910,839.62	20,588,142.63
Other	3,196,570.90	607,709.67
Total	2,386,371,199.92	3,206,844,153.54

7. Long-term receivables

Item	Closing balance		
	Book balance	Impairment provision	Book value

Item	Closing balance		
	Book balance	Impairment provision	Book value
Finance lease deposit	127,000,000.00		127,000,000.00
Including: Unrealized financing income			
Total	127,000,000.00		127,000,000.00

(Continued)

Item	Opening balance		
	Book balance	Impairment provision	Book value
Finance lease deposit	127,000,000.00		127,000,000.00
Including: Unrealized financing income			
Total	127,000,000.00		127,000,000.00

8. Long-term equity investment

Name of investee	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Zhejiang Shaojin Expressway Co., Ltd.	2,333,153,800.00		2,333,153,800.00	1,318,082,200.00		1,318,082,200.00
Kuaijishan Shaoxing Rice Wine Co., Ltd.	690,937,913.92		690,937,913.92	646,439,586.26		646,439,586.26
Shaoxing Cao'e River Sluice Investment and Development Co., Ltd.	630,707,212.05		630,707,212.05	636,117,095.35		636,117,095.35
Shaoxing Tangpu Reservoir Co., Ltd.	423,797,744.96		423,797,744.96	430,001,104.38		430,001,104.38
Jiangshan Lianxing Development Co., Ltd.	225,028,920.00		225,028,920.00	225,028,920.00		225,028,920.00
Shaoxing Financing Guarantee Co., Ltd.	152,509,846.46		152,509,846.46	150,395,199.62		150,395,199.62
Shaoxing Water Production Co., Ltd.	123,172,901.34		123,172,901.34	129,960,853.81		129,960,853.81
Shaoxing Natural Gas Investment Co., Ltd.	145,380,895.31		145,380,895.31	129,466,517.58		129,466,517.58
Shaoxing Environmental Industry Co., Ltd.	98,000,000.00		98,000,000.00	98,000,000.00		98,000,000.00
Shaoxing Style Tourism Shinkansen Construction Co., Ltd.	121,000,000.00		121,000,000.00	121,000,000.00		121,000,000.00
Shaoxing Keqiao District Sinopec Transportation Oil and Gas Station Construction Development Co., Ltd.	46,775,030.67		46,775,030.67	46,944,528.99		46,944,528.99
Shaoxing China Light & Textile Industrial City Qianqing Textile Raw Materials Market Development Co., Ltd.	19,610,897.93		19,610,897.93	32,517,380.44		32,517,380.44

Name of investee	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Shaoxing Shaoneng Electric Power Investment Co., Ltd.	36,147,427.54		36,147,427.54	32,381,202.65		32,381,202.65
Shaoxing Keqiao District China Light & Textile Industrial City South Market Management Co., Ltd.	46,357,543.89		46,357,543.89	31,501,283.27		31,501,283.27
Shaoxing PetroChina Kunlun Gas Co., Ltd.	10,322,878.64		10,322,878.64	20,754,338.62		20,754,338.62
Shaoxing Keqiao Huaxiang Lizhu Pastoral Complex Development Co., Ltd.	13,500,000.00		13,500,000.00	13,500,000.00		13,500,000.00
Shaoxing Keqiao District China Light & Textile Industrial City Textile Creative Industry Service Co., Ltd.	5,658,505.29		5,658,505.29	4,208,937.96		4,208,937.96
Shaoxing Binhai Engineering Quality Inspection Co., Ltd.	1,826,504.80		1,826,504.80	1,826,504.80		1,826,504.80
Shaoxing Keqiao Zhejiang University of Technology Innovation Research Institute Development Co., Ltd.	1,711,626.19		1,711,626.19	1,652,651.06		1,652,651.06
Shaoxing Keqiao District Guoyi Asset Management Co., Ltd.	1,428,844.78		1,428,844.78	1,428,844.78		1,428,844.78
Shaoxing Public Transit Information Technology Co., Ltd.				402,258.63		402,258.63
Shaoxing Chuanrong Color Printing Co., Ltd.	707,521.06		707,521.06	696,560.43		696,560.43
Shaoxing Qingyuan Investment Co., Ltd.				18,217,553.74		18,217,553.74

Name of investee	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Shaoxing Keqiao District Financing Guarantee Co., Ltd.				150,000,000.00		150,000,000.00
Shaoxing Future Community Development Construction Co., Ltd.	99,965,548.82		99,965,548.82			
Shaoxing Keqiao District Zhejiang Petroleum Integrated Energy Sales Co., Ltd.	115,981,706.52		115,981,706.52			
Zhejiang Textile City Advanced Printing and Dyeing Innovation Co., Ltd.	11,785,701.37		11,785,701.37			
Shaoxing Keqiao Media Group Co., Ltd.	47,455,227.60		47,455,227.60	47,288,751.68		47,288,751.68
Total	5,402,924,199.14		5,402,924,199.14	4,287,812,274.05		4,287,812,274.05

(Continued)

Name of investee	Changes in the current period				
	Increase of investments	Decrease of investments	Investment income under equity method	Adjustments of other comprehensive income	Other changes in equity
Zhejiang Shaojin Expressway Co., Ltd.	1,015,071,600.00				
Kuaijishan Shaoxing Rice Wine Co., Ltd.			59,265,735.33		-14,767,407.67
Shaoxing Cao'e River Sluice Investment and Development Co., Ltd.			-5,409,883.30		

Name of investee	Changes in the current period				
	Increase of investments	Decrease of investments	Investment income under equity method	Adjustments of other comprehensive income	Other changes in equity
Shaoxing Tangpu Reservoir Co., Ltd.			12,664,396.87		-18,867,756.29
Shaoxing Financing Guarantee Co., Ltd.			2,114,646.84		
Shaoxing Water Production Co., Ltd.			-6,787,952.47		
Shaoxing Natural Gas Investment Co., Ltd.			15,914,377.73		
Shaoxing Keqiao District Sinopec Transportation Oil and Gas Station Construction Development Co., Ltd.	46,775,030.67	46,944,528.99			
Shaoxing China Light & Textile Industrial City Qianqing Textile Raw Materials Market Development Co., Ltd.			-12,906,482.51		
Shaoxing Shaoneng Electric Power Investment Co., Ltd.	554,400.00		8,468,378.70		-5,256,553.81
Shaoxing Keqiao District China Light & Textile Industrial City South Market Management Co., Ltd.			14,856,260.62		
Shaoxing PetroChina Kunlun Gas Co., Ltd.			19,426,825.54		-29,858,285.52
Shaoxing Keqiao District China Light & Textile Industrial City Textile Creative Industry Service Co., Ltd.			1,449,567.33		
Shaoxing Keqiao Zhejiang University of Technology Innovation Research Institute Development Co., Ltd.			58,975.13		
Shaoxing Public Transit Information Technology Co.,		402,258.63			

Name of investee	Changes in the current period				
	Increase of investments	Decrease of investments	Investment income under equity method	Adjustments of other comprehensive income	Other changes in equity
Ltd.					
Shaoxing Chuanrong Color Printing Co., Ltd.			10,960.63		
Shaoxing Qingyuan Investment Co., Ltd.			-18,217,553.74		
Shaoxing Keqiao District Financing Guarantee Co., Ltd.		150,000,000.00			
Shaoxing Future Community Development Construction Co., Ltd.	100,000,000.00		-34,451.18		
Shaoxing Keqiao District Zhejiang Petroleum Integrated Energy Sales Co., Ltd.	117,600,000.00		-1,618,293.48		
Zhejiang Textile City Advanced Printing and Dyeing Innovation Co., Ltd.	12,500,000.00		-714,298.63		
Shaoxing Keqiao Media Group Co., Ltd.			166,475.92		14,580,000.00
Shaoxing Water Treatment Development Co., Ltd.	60,000,000.00		-74,580,000.00		
Shaoxing Keqiao China Textile Cross-border E-commerce Service Co., Ltd.	720,000.00		-720,000.00		
Total	1,353,221,030.67	197,346,787.62	13,407,685.33		-54,170,003.29

9. Other equity instrument investments

(1) Investment in other equity instruments

Item	Closing balance	Opening balance
Shaoxing Keqiao Cool Play Oriental Investment Center (Limited Partnership)	2,015,000,000.00	2,015,000,000.00
Hangzhou-Ningbo Railway Passenger Dedicated Line Co., Ltd.	553,277,900.00	553,277,900.00
Zhejiang Shaoxing Ruifeng Rural Commercial Bank Co., Ltd.	681,399,047.42	681,399,047.42
Tianjin Binhai Rural Commercial Bank Co., Ltd.	211,252,500.00	211,252,500.00
Bank of Shaoxing Co., Ltd.	415,718,703.40	274,716,288.00
Shaoxing Keqiao District China Light & Textile Industrial City Paradise Silicon Valley Equity Investment Partnership (Limited Partnership)	38,240,000.00	40,000,000.00
Hangzhou-Changsha Railway Passenger Dedicated Line (Municipal Railway Office)	36,870,000.00	36,870,000.00
Shaoxing Sequoia Huiyuan Equity Investment Partnership (Limited Partnership)	30,000,000.00	30,000,000.00
Xiaoyong Railway Co., Ltd.	18,449,000.00	18,449,000.00
China Cable Network Co., Ltd.	17,135,122.11	17,135,122.11
Zhejiang Zheneng Binhai Environmental Energy Co., Ltd.	32,000,000.00	32,000,000.00
Hangzhou Meizheng Antian Equity Investment Partnership (Limited Partnership)	7,559,984.00	7,559,984.00
Shaoxing Social Security Citizen Card Service Co., Ltd.	4,950,000.00	4,950,000.00
Zhejiang Hangshaoyong Expressway Co., Ltd.	31,124,900.00	19,919,900.00
Shaoxing Lantian Environmental Protection Development Co., Ltd.	3,000,000.00	3,000,000.00
Shaoxing County Guazhu Lake Aquatic Farm	1,073,800.00	1,073,800.00
China Pacific Insurance (Group) Co., Ltd.	38,400,000.00	37,840,000.00
Zhejiang Zhenyuan Share Co., Ltd.	10,560,831.60	9,688,035.60
Chinese Academy of Sciences Linkage Innovation Equity Investment Fund (Shaoxing) Partnership (Limited Partnership)	440,000,000.00	440,000,000.00

Item	Closing balance	Opening balance
China Zheshang Bank Co., Ltd.	3,096,690,976.19	3,629,258,110.59
Shanghai Pudong Development Bank Co., Ltd.	85,152,907.84	108,816,267.56
Shaoxing Binhai New City Development Group Co., Ltd.	264,000,000.00	244,400,000.00
Shaoxing Keqiao District Paradise Silicon Valley Intelligent Robot Industry Investment Partnership (Limited Partnership)		16,555,000.00
Keqiao Daily	199,379.79	
Huarong Financial Leasing Co., Ltd.	1,287,492,290.00	1,000,000,000.00
<b>Total</b>	<b>9,319,547,342.35</b>	<b>9,433,160,955.28</b>

(2) Details of non-trading equity instrument investments

Item	Dividend income recognized in the current period	Amount of other comprehensive income transferred to retained earnings	Reasons for transferring other comprehensive income into retained earnings
China Cable Network Co., Ltd.	2,195,337.63		
Shanghai Pudong Development Bank Co., Ltd.	5,278,072.80		
China Zheshang Bank Co., Ltd.	182,594,446.08		
Zhejiang Shaoxing Ruifeng Rural Commercial Bank Co., Ltd.	15,078,446.52		
Shaoxing Keqiao District Financing Guarantee Co., Ltd.	580,229.66		
Shaoxing Sequoia Huiyuan Equity Investment Partnership (limited Partnership)	2,395,651.80		
Shaoxing Keqiao Cool Play Oriental Investment Center (Limited Partnership)	67,100,000.00		
<b>Total</b>	<b>275,222,184.49</b>		

10. Investment property

(1) Investment property measured at cost

Item	House and building	Land use right	Construction in progress	Total

Item	House and building	Land use right	Construction in progress	Total
I. Original value				
1. Opening balance	6,955,058,282.02	1,872,426,947.18	647,783,460.98	9,475,268,690.18
2. Increase	422,693,575.64	208,717,470.00	93,554,804.89	724,965,850.53
3. Decrease				
4. Closing balance	7,377,751,857.66	2,081,144,417.18	741,338,265.87	10,200,234,540.71
II. Accumulated depreciation and amortization				
1. Opening balance	2,169,964,814.57	480,668,385.13		2,650,633,199.70
2. Increase	279,847,978.42	46,153,136.05		326,001,114.47
3. Decrease				
4. Closing balance	2,449,812,792.99	526,821,521.18		2,976,634,314.17
III. Impairment provision				
1. Opening balance				
2. Increase				
3. Decrease				
4. Closing balance				
IV. Book value				
1. Closing balance	4,927,939,064.67	1,554,322,896.00	741,338,265.87	7,223,600,226.54
2. Opening balance	4,785,093,467.45	1,391,758,562.05	647,783,460.98	6,824,635,490.48

(2) As of 31 December 2020, details of mortgages of investment properties refer to Note VI 18, 27 and 29.

#### 11. Fixed assets

Item	Closing balance	Opening balance
Fixed assets	9,442,242,188.29	9,392,051,473.78
Total	9,442,242,188.29	9,392,051,473.78

(1) Details of fixed assets

Item	Opening balance	Increase	Decrease	Closing balance
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Item	Opening balance	Increase	Decrease	Closing balance
I. Original cost	13,099,522,932.47	801,550,196.88	353,704,067.16	13,547,369,062.19
Including: Houses and buildings	4,629,260,749.44	228,576,431.91	326,990,441.99	4,530,846,739.36
General equipment	200,233,185.07	122,021,800.90		322,254,985.97
Special equipment	1,068,315,154.22	82,459,990.54	547,820.00	1,150,227,324.76
Transportation	164,061,547.58	19,128,315.34	10,582,088.36	172,607,014.56
Road assets	3,955,154,711.16	93,008,335.97		4,048,163,047.13
Pipes	2,868,731,510.74	256,261,182.16		3,124,992,692.90
Other	213,766,074.26	94,140.06	15,582,956.81	198,277,257.51
II. Accumulated depreciation	3,638,725,954.07	450,592,781.66	52,937,366.45	4,036,381,369.28
Including: Houses and buildings	819,650,513.22	144,203,105.64	30,536,046.87	933,317,571.99
General equipment	154,139,187.90	35,025,396.70		189,164,584.60
Special equipment	520,346,076.19	80,919,728.88	537,130.00	600,728,675.07
Transportation	125,186,152.95	6,128,229.84	10,206,582.82	121,107,799.97
Road assets	453,733,956.59	28,437,845.00		482,171,801.59
Pipes	1,493,757,796.75	144,864,296.04		1,638,622,092.79
Other	71,912,270.47	11,014,179.56	11,657,606.76	71,268,843.27
III. Impairment provision	68,745,504.62			68,745,504.62
Including: Houses and buildings	67,769,666.60			67,769,666.60
General equipment	191,981.81			191,981.81
Special equipment	50,973.16			50,973.16
Transportation	732,883.05			732,883.05
Road assets				
Pipes				
Other				
IV. Book value	9,392,051,473.78			9,442,242,188.29
Including: Houses and buildings	3,741,840,569.62			3,529,759,500.77

Item	Opening balance	Increase	Decrease	Closing balance
General equipment	45,902,015.36			132,898,419.56
Special equipment	547,918,104.87			549,447,676.53
Transportation	38,142,511.58			50,766,331.54
Road assets	3,501,420,754.57			3,565,991,245.54
Pipes	1,374,973,713.99			1,486,370,600.11
Other	141,853,803.79			127,008,414.24

(2) As of 31 December 2020, details of mortgages of fixed assets refer to Note VI 27 and 29.

## 12. Construction in progress

Item	Closing balance	Opening balance
Construction in progress	21,588,353,490.98	19,507,599,137.40
Engineering materials	13,621,125.05	16,552,661.32
Total	21,601,974,616.03	19,524,151,798.72

(1) Details for construction in progress

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Urban infrastructure	21,588,353,490.98		21,588,353,490.98	19,363,756,902.72		19,363,756,902.72
Resettlement housing projects				143,842,234.68		143,842,234.68
Total	21,588,353,490.98		21,588,353,490.98	19,507,599,137.40		19,507,599,137.40

(2) Changes in significant urban infrastructure projects

Name	Opening balance	Increase	Decrease	Closing balance
Sports Center and supporting facilities project	2,437,836,428.33	485,977,870.73		2,923,814,299.06
Sewage collection and drainage works	200,052,484.00	88,805,383.43	107,360,435.57	181,497,431.86
Water supply project	519,513,445.43	102,138,762.51	40,695,366.61	580,956,841.33
North extension of Provincial Highway No. 31 (the section from	920,848,241.19	241,646,929.22		1,162,495,170.41

Name	Opening balance	Increase	Decrease	Closing balance
Keqiao District to Xiaoshan) project				
Kebei Avenue project	618,823,871.72	55,474,642.86		674,298,514.58
Shaoxing Binhai Industrial Agglomeration Qianqing to Binhai Industrial Zone Highway	3,974,492,288.68	136,131,352.85		4,110,623,641.53
Hangzhou-Shaoxing Intercity Rail Transit Construction Project	3,537,081,963.35	2,054,848,017.76		5,591,929,981.11
Tusita Scenic Area and its ancillary works	778,996,324.16	70,366,615.45		849,362,939.61
Reconstruction of the section from Wangtan to Wangcheng of Provincial Highway No. 32, Keqiao District, Shaoxing City	220,330,056.82	48,603,641.98		268,933,698.80
Urban infrastructure project of Urban Construction Investment Company	1,215,139,715.05	115,409,715.65		1,330,549,430.70
South extension project of Jingshui Road	252,252,698.32	198,068,021.39		450,320,719.71
<b>Total</b>	<b>14,675,367,517.05</b>	<b>3,597,470,953.83</b>	<b>148,055,802.18</b>	<b>18,124,782,668.70</b>

(3) Engineering materials

Item	Closing balance	Opening balance
Special materials	13,621,125.05	16,552,661.32
<b>Total</b>	<b>13,621,125.05</b>	<b>16,552,661.32</b>

(4) As of 31 December 2020, details of mortgages of construction in progress refer to Note VI 27 and 29.

13. Intangible assets

Item	Land use right	Software usage fee	Other	Total
<b>I. Original value</b>				
1. Opening balance	1,405,155,271.52	34,118,582.77	26,500.00	1,439,300,354.29
2. Increase	105,711,327.59	14,778,205.07	4,763,748.93	125,253,281.59

Item	Land use right	Software usage fee	Other	Total
3. Decrease	15,929,357.00			15,929,357.00
4. Closing balance	1,494,937,242.11	48,896,787.84	4,790,248.93	1,548,624,278.88
<b>II. Accumulated amortization</b>				
1. Opening balance	191,400,699.83	26,267,882.50	26,500.00	217,695,082.33
2. Increase	36,546,518.09	6,363,837.92	104,344.20	43,014,700.21
3. Decrease	1,276,162.27			1,276,162.27
4. Closing balance	226,671,055.65	32,631,720.42	130,844.20	259,433,620.27
<b>III. Impairment provision</b>				
1. Opening balance				
2. Increase				
3. Decrease				
4. Closing balance				
<b>IV. Book value</b>				
1. Closing balance	1,268,266,186.46	16,265,067.42	4,659,404.73	1,289,190,658.61
2. Opening balance	1,213,754,571.69	7,850,700.27		1,221,605,271.96

#### 14. Goodwill

##### (1) Original book value of goodwill

Name of investee	Opening balance	Increase	Decrease	Closing balance
Zhejiang China Light & Textile Industrial City Group Co., Ltd.	144,932,137.90			144,932,137.90
Shaoxing Xuri Education Development Co., Ltd.	17,038,545.25			17,038,545.25
Zhejiang Keyan Beauty Spot Development Co., Ltd.	45,447,495.08			45,447,495.08
<b>Total</b>	<b>207,418,178.23</b>			<b>207,418,178.23</b>

Note: The Company conducted an impairment test on goodwill at the end of the reporting period, and the expected recoverable amount of the asset group at the end of the reporting period was greater than the book value of the asset group portfolio containing goodwill. Therefore, there was no sign of

impairment of the goodwill.

15. Long-term deferred expenses

Item	Opening balance	Increase	Amortization	Closing balance
Decoration fee	12,037,807.03	3,011,822.62	3,069,215.57	11,980,414.08
Decoration subsidy for the investment promotion	31,970,590.79		23,986,878.82	7,983,711.97
Domestic sewage collection and treatment system engineering	1,452,194.72		238,716.94	1,213,477.78
Deodorization project of Regulating Pool of Pumping Station	176,759.00		88,380.00	88,379.00
Landscape and greening reconstruction	38,322,131.88	10,666.04	9,891,227.39	28,441,570.53
Sewage treatment project of Qiantang River plot	5,896,468.29		2,144,170.44	3,752,297.85
Pumping station automation transformation project, training base terminal fittings project		9,833,935.78	469,228.00	9,364,707.78
Other	1,220,650.00		1,220,650.00	
Total	91,076,601.71	12,856,424.44	41,108,467.16	62,824,558.99

16. Deferred tax assets & Deferred tax liabilities

(1) Details of non-offset deferred tax assets

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Impairment provision on assets	45,458,704.95	11,374,680.65	355,156,380.80	88,789,095.20
Deferred income	8,728,692.12	2,178,370.93	9,101,110.30	2,275,277.58
Accrued expenses	68,833,225.96	17,208,306.49	68,887,616.25	17,221,904.05

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Total	123,020,623.03	30,761,358.07	433,145,107.35	108,286,276.83

(2) Details of non-offset deferred tax liabilities

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Changes in fair value of other equity instrument investments	1,329,460,496.20	332,365,124.05	1,672,162,871.70	418,040,717.93
Total	1,329,460,496.20	332,365,124.05	1,672,162,871.70	418,040,717.93

17. Other non-current assets

Item	Closing balance	Opening balance
Advance payment for projects	2,520,388,011.99	5,870,150,894.93
Special reserve materials allocated by the state	490,000.00	490,000.00
Project funds for non-self-use under construction-Zhejiang University of Technology Zhijiang College	783,104,661.00	783,104,661.00
Zhejiang Glass Third Section	535,761,158.95	567,764,538.45
Collective trust assets		48,890,000.00
Equity investment funds		50,000,000.00
Prepaid land value increment tax		81,777,503.40
Total	3,839,743,831.94	7,402,177,597.78

18. Short-term borrowings

(1) Category of short-term borrowings

Condition	Closing balance	Opening balance
Credit loan	160,000,000.00	685,600,000.00
Mortgage loan	90,000,000.00	125,000,000.00

Condition	Closing balance	Opening balance
Guaranteed loan	4,721,477,521.00	3,216,450,000.00
Pledge loan	285,000,000.00	
Discount of commercial acceptance bills	50,000,000.00	50,000,000.00
Interests payable	14,112,329.59	
<b>Total</b>	<b>5,320,589,850.59</b>	<b>4,077,050,000.00</b>

(2) Short-term borrowings classified by conditions of loans

Condition	Closing balance
Credit loans of the Company and its subsidiaries	160,000,000.00
Guaranteed by Shaoxing Keqiao Economic Development Zone Development Investment Co., Ltd.	30,000,000.00
Guaranteed by Shaoxing Keqiao Economic Development Zone Development Investment Co., Ltd.	832,750,000.00
Guaranteed by Shaoxing Keqiao Water Group Co., Ltd.	130,000,000.00
Guaranteed by Shaoxing Keyan Construction Investment Co., Ltd.	812,700,000.00
Guaranteed by Shaoxing Pingshui Ruoyexi Water System Integrated Improvement and Development Co., Ltd.	120,000,000.00
Guaranteed by Shaoxing Kebei New Countryside Construction Investment Development Co., Ltd.	300,000,000.00
Guaranteed by Shaoxing Keqiao District Binhai City Construction Development Investment Co., Ltd.	470,027,521.00
Guaranteed by Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd.	200,000,000.00
Guaranteed by Shaoxing Keqiao District City Construction Investment Development Co., Ltd.	80,000,000.00
Guaranteed by Shaoxing Keqiao District Haitu Agricultural Development Co., Ltd.	73,000,000.00
Guaranteed by Shaoxing Keqiao District Transportation Investment Co., Ltd.	280,000,000.00
Guaranteed by Shaoxing Keqiao District Development and Management Group Co., Ltd.	240,000,000.00
Guaranteed by Shaoxing Keqiao District Tourism Development Group Co., Ltd.	529,000,000.00
Jointly guaranteed by Shaoxing Keqiao District Tourism Development Group Co., Ltd. and Shaoxing Keqiao District Luzhen Tourism Development Co., Ltd.	90,000,000.00

Condition	Closing balance
Guaranteed by Shaoxing Keqiao District Central City Construction Investment Development Co., Ltd.	95,000,000.00
Guaranteed by Shaoxing Keqiao District Pingshui Fucheng Construction Investment Development Co., Ltd.	90,000,000.00
Pledged with the certificate of deposit of Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd.	285,000,000.00
Guaranteed by Shaoxing Keqiao Binhai Water Supply Co., Ltd.	119,000,000.00
Guaranteed by Shaoxing Keqiao Drain Co., Ltd.	100,000,000.00
Guaranteed by Shaoxing Keqiao Water Supply Co., Ltd.	90,000,000.00
Mortgaged with the real estates and land use rights of Shaoxing Keqiao District Development and Management Group Co., Ltd.	90,000,000.00
Guaranteed by Shaoxing Public Utility Group Co., Ltd.	40,000,000.00
Discounted loans of commercial acceptance bills guaranteed by Shaoxing Keqiao Water Supply Co., Ltd.	50,000,000.00
<b>Total</b>	<b>5,306,477,521.00</b>

#### 19. Notes payable

Category	Closing balance	Opening balance
Bank acceptance bill	50,000,000.00	50,000,000.00
<b>Total</b>	<b>50,000,000.00</b>	<b>50,000,000.00</b>

Note: As of 31 December 2020, there were no notes payable due but unpaid.

#### 20. Accounts payable

##### (1) Accounts payable disclosed by aging

Aging	Closing balance	Opening balance
Within 1 year (including 1 year)	701,090,527.24	938,042,133.52
1-2 years (including 2 years)	32,404,795.94	22,721,845.56
2-3 years (including 3 years)	6,415,132.55	1,608,105.03
Over 3 years	68,560,686.05	25,627,602.61
<b>Total</b>	<b>808,471,141.78</b>	<b>987,999,686.72</b>

(2) Details of significant accounts payable at the end of the reporting period

Name	Closing balance	Reason
Zhejiang Jinggong Steel Structure Group Co., Ltd.	120,856,322.00	The settlement period has not yet expired
Shaoxing Water Treatment Development Co., Ltd.	109,069,663.00	The settlement period has not yet expired
Unittec Co., Ltd.	56,408,828.00	The settlement period has not yet expired
Provisional estimate of the canal project	41,295,040.40	The settlement period has not yet expired
Zhejiang Supcon Information Technology Co., Ltd.	18,387,463.60	The settlement period has not yet expired
Total	346,017,317.00	

(3) As of 31 December 2020, details of accounts payable to related parties refer to Note IX 5.

21. Advance from customers

(1) Details of advance from customers

Item	Closing balance	Opening balance
Advance collection for rent	1,778,130,754.08	2,286,922,454.22
Advance collection for the transfer of long-term asset use rights	1,403,146,317.48	1,478,125,976.94
Other	1,311,028.23	6,835,064.24
Total	3,182,588,099.79	3,771,883,495.40

(2) Significant advance from customers with aging over one year

Item	Closing balance	Reason
Advance collection for the transfer of long-term asset use rights of business housing by Shaoxing Keqiao China Light & Textile Industrial City New East Market Development Co., Ltd.	849,475,656.39	It has not yet expired, so it has not been carried forward
Advance collection for the transfer of long-term asset use rights of housing by Shaoxing Keqiao District China Light & Textile Industrial City Grey Fabric Market Co., Ltd.	361,694,344.00	It has not yet expired, so it has not been carried forward
Advance collection for the transfer of long-term asset use rights of housing by Shaoxing China Light & Textile Industrial City International Logistics Center Co., Ltd. Logistics Branch	149,861,694.56	It has not yet expired, so it has not been carried forward

Item	Closing balance	Reason
Advance collection for the transfer of long-term asset use rights of business housing by Dongsheng Road Market Branch of the Company	42,114,622.53	It has not yet expired, so it has not been carried forward
Total	1,403,146,317.48	

## 22. Contract liabilities

Item	Closing balance	Opening balance
Advance collection for housing sales	564,052,540.74	528,607,171.59
Other	25,079,953.54	33,843,064.68
Total	589,132,494.28	562,450,236.27

## 23. Payroll payable

### (1) Classification of payroll payable

Item	Opening balance	Increase	Decrease	Closing balance
1. Short-term employee benefits	66,267,845.64	536,219,337.29	531,086,102.80	71,401,080.13
2. Post-employment benefits - defined contribution plans	2,953,534.94	30,412,212.70	31,287,281.84	2,078,465.80
Total	69,221,380.58	566,631,549.99	562,373,384.64	73,479,545.93

### (2) Disclosure of short-term employee benefits

Item	Opening balance	Increase	Decrease	Closing balance
1. Salary, bonus, allowance and subsidy	59,629,416.10	432,406,242.40	427,278,297.80	64,757,360.70
2. Employee welfare fees	79,233.60	37,702,507.77	37,680,905.77	100,835.60
3. Social insurance premiums	415,408.76	16,684,837.79	17,015,679.32	84,567.23
Including: 1) Medical insurance premiums	385,329.79	16,039,704.54	16,341,037.57	83,996.76
2) Work injury insurance premiums	8,362.18	429,579.99	437,674.86	267.31
3) Maternity insurance premiums	21,716.79	215,553.26	236,966.89	303.16

Item	Opening balance	Increase	Decrease	Closing balance
4. Housing fund	238,475.50	42,955,849.62	43,087,857.12	106,468.00
5. Union funds and employee education expenses	5,905,311.68	6,469,899.71	6,023,362.79	6,351,848.60
Total	66,267,845.64	536,219,337.29	531,086,102.80	71,401,080.13

(3) Disclosure of defined contribution plans

Item	Opening balance	Increase	Decrease	Closing balance
1. Basic endowment insurance premiums	2,896,222.81	17,788,085.97	18,642,022.67	2,042,286.11
2. Unemployment insurance premiums	46,995.72	493,670.86	519,515.29	21,151.29
3. Occupational pension contribution	10,316.41	12,130,455.87	12,125,743.88	15,028.40
Total	2,953,534.94	30,412,212.70	31,287,281.84	2,078,465.80

24. Taxes and surcharges payable

Item	Closing balance	Opening balance
Corporate income tax	1,799,984,408.95	1,675,549,889.06
Property tax	24,904,869.45	2,011,055.74
Land use tax	35,117,291.40	11,114,198.10
Urban maintenance & construction tax	35,617,416.89	29,037,201.68
Educational surcharge	24,398,572.05	20,927,516.86
Local educational surcharge	10,932,174.92	7,813,957.42
Stamp duty	3,227,411.00	1,358,922.98
Value-added tax	630,330,918.94	508,032,609.55
Individual income tax	1,271,859.89	1,252,613.69
Environmental protection tax	1,660,000.00	1,200,000.00
Land value increment tax	112,825.15	
Special funds for water conservancy construction	3,106,225.38	2,895,740.93
Other	4,592.40	640,074.47

Item	Closing balance	Opening balance
Total	2,570,668,566.42	2,261,833,780.48

#### 25. Other payables

Item	Closing balance	Opening balance
Interests payable		704,178,672.41
Other payables	4,471,650,186.12	5,018,640,147.72
Total	4,471,650,186.12	5,722,818,820.13

#### (1) Details of interests payable

Item	Closing balance	Opening balance
Interests payable for borrowings		124,462,859.26
Interests payable for bonds		579,715,813.15
Total		704,178,672.41

#### (2) Other payables disclosed by aging

Aging	Closing balance	Opening balance
Within 1 year (including 1 year)	897,827,112.17	1,956,735,527.07
1-2 years (including 2 years)	1,239,284,345.55	1,591,503,823.88
2-3 years (including 3 years)	1,509,674,053.11	811,973,489.87
Over 3 years	824,864,675.29	658,427,306.90
Total	4,471,650,186.12	5,018,640,147.72

#### (3) Details of significant other payables at the end of the reporting period

Name	Relationship with the Company	Closing balance	Proportion in closing balance of other payables (%)
Shaoxing City Construction Investment Group Co., Ltd.	Non-related party	600,000,000.00	13.42
Special accounts for demolition of Qixian Town, Keqiao District, Shaoxing City	Non-related party	515,000,000.00	11.52
Shaoxing South Cement Co., Ltd.	Non-related party	270,000,000.00	6.04
Finance Bureau of Keqiao District, Shaoxing City	Related party	210,000,000.00	4.70

Name	Relationship with the Company	Closing balance	Proportion in closing balance of other payables (%)
Shaoxing Rail Transit Group Co., Ltd.	Non-related party	204,732,602.00	4.58
Total		1,799,732,602.00	40.26

(4) As of 31 December 2020, details of other payables to related parties refer to Note IX 5.

#### 26. Held-for-sale liabilities

Item	Closing balance	Opening balance
Equity transfer funds		1,000,000.00
Total		1,000,000.00

#### 27. Non-current liabilities due within one year

##### (1) Details of non-current liabilities due within one year

Item	Closing balance	Opening balance
Long-term borrowings due within one year	11,914,443,681.37	11,767,151,811.31
Long-term payables due within one year	315,000,000.00	681,349,952.04
Bonds payable due within one year	17,983,284,099.75	8,251,428,168.47
Interests payable due within one year	41,571,650.73	
Total	30,254,299,431.85	20,699,929,931.82

##### (2) Details of long-term borrowings due within one year

Condition	Closing balance	Opening balance
Credit loan	545,000,000.00	288,275,000.00
Mortgage loan	527,975,678.48	834,802,887.11
Pledge loan	982,100,000.00	392,500,000.00
Guaranteed loan	8,495,800,808.00	9,230,098,990.00
Mortgage guaranteed loan	1,229,027,194.89	931,474,934.20
Pledge guaranteed loan	134,540,000.00	90,000,000.00
Total	11,914,443,681.37	11,767,151,811.31

##### (3) Long-term borrowings due within one year classified by conditions of loans

Condition	Closing balance
Credit loans of the Company and its subsidiaries	545,000,000.00
Guaranteed by Shaoxing Kebei New Countryside Construction Investment Development Co., Ltd.	3,000,000.00
Jointly guaranteed by Shaoxing Kebei New Countryside Construction Investment Development Co., Ltd. and Shaoxing Keqiao District Haitu Agricultural Development Co., Ltd.	40,000,000.00
Guaranteed by Shaoxing Keqiao Economic Development Zone Development Investment Co., Ltd.	779,000,000.00
Guaranteed by Shaoxing Keqiao Water Group Co., Ltd.	70,000,000.00
Guaranteed by Shaoxing Keyan City Construction Investment Co., Ltd.	751,750,000.00
Guaranteed by Shaoxing Keyan Construction Investment Co., Ltd.	3,039,200,000.00
Guaranteed by Shaoxing Keqiao District Binhai City Construction Development Investment Co., Ltd.	650,000,000.00
Guaranteed by Shaoxing Keqiao District Chengbei Development Investment Co., Ltd.	125,000,000.00
Guaranteed by Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd.	304,200,000.00
Guaranteed by Shaoxing Keqiao District City Construction Investment Development Co., Ltd.	2,000,000.00
Guaranteed by Keqiao District Construction Group Co., Ltd.	55,000,000.00
Guaranteed by Shaoxing Keqiao District Transportation Investment Construction Group Co., Ltd.	221,687,500.00
Guaranteed by Shaoxing Keqiao District Transportation Investment Co., Ltd.	1,327,863,308.00
Guaranteed by Shaoxing Keqiao District Development and Management Group Co., Ltd.	187,000,000.00
Guaranteed by Shaoxing Keqiao District Tourism Development Group Co., Ltd.	10,000,000.00
Jointly guaranteed by Shaoxing Keqiao District Tourism Development Group Co., Ltd. and Shaoxing Keqiao District Luzhen Tourism Development Co., Ltd.	7,000,000.00
Guaranteed by Shaoxing Keqiao District Shicheng Development Investment Co., Ltd.	80,000,000.00
Guaranteed by Shaoxing Keqiao District Development and Management Group Co., Ltd.	91,000,000.00
Guaranteed by Shaoxing Keqiao District Development and Management Group Co., Ltd.	30,000,000.00
Guaranteed by Shaoxing Keqiao District Central City Construction	545,100,000.00

Condition	Closing balance
Investment Development Co., Ltd.	
Mortgaged with real estates and land use rights of Shaoxing Jianhu Hotel Co., Ltd.	4,000,000.00
Mortgaged with real estates and land use rights of Shaoxing Jianhu Hotel Co., Ltd. located in Keyan Village, Keyan Street	4,650,000.00
Mortgaged with real estates and land use rights of Shaoxing Keqiao Economic Development Zone Development Investment Co., Ltd. in the 27 <sup>th</sup> Block of Kedi Garden and Keqiao Light Textile Building	6,000,000.00
Mortgaged with real estates and land use rights of Shaoxing Keqiao Economic Development Zone Development Investment Co., Ltd.	10,000,000.00
Mortgaged with real estates and land use rights of Shaoxing China Light & Textile Industrial City Business Headquarters Park Investment Development Management Co., Ltd.	30,000,000.00
Pledged with accounts receivable under the Government Purchase Service Contract of Keyan Hongqi Yongjin Project	188,100,000.00
Pledged with accounts receivable of Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd.	194,000,000.00
Pledged with accounts receivable of Shaoxing Keyan Construction Investment Co., Ltd.	450,000,000.00
Pledged with accounts receivable of Shaoxing Keqiao Economic Development Zone Development Investment Co., Ltd.	150,000,000.00
Mortgaged with real estates of Shaoxing Keqiao District China Light & Textile Industrial City Lianghu Development Construction Co., Ltd. and guaranteed by Shaoxing Keqiao District China Light & Textile Industrial City Lianghu Development Construction Co., Ltd.	180,000,000.00
Mortgaged with real estates of Shaoxing Keqiao District China Light & Textile Industrial City Lianghu Development Construction Co., Ltd. and guaranteed by Shaoxing Keqiao District Central City Construction Investment Development Co., Ltd.	70,000,000.00
Mortgaged with hotel apartments of Shaoxing China Light & Textile Industrial City Business Headquarters Park Investment Development Management Co., Ltd. and guaranteed by Shaoxing Keqiao District Transportation Investment Co., Ltd.	10,000,000.00
Mortgaged with land use rights of Shaoxing Keyan Construction Investment Co., Ltd. and jointly guaranteed by Shaoxing Keqiao District Binhai City Construction Development Investment Co., Ltd. and Shaoxing Keyan City Construction Investment Co., Ltd.	100,000,000.00
Mortgaged with land use rights of Guanhu Yanju and Kebeiju in Qixian Town, land use rights of Dongchang Village in Anchang Town, and real estates and land use rights in Keqiao District of Shaoxing Keqiao Economic Development Zone Development Investment Co., Ltd. and guaranteed by Shaoxing Keqiao District Binhai City Construction Development Investment Co., Ltd.	25,000,000.00

Condition	Closing balance
Mortgaged with land use rights of Shaoxing Pingshui Ruoyexi Water System Integrated Improvement and Development Co., Ltd. and guaranteed by Shaoxing Keqiao Water Group Co., Ltd.	10,000,000.00
Pledged with the right to charge for tickets and ferry tickets for Keyan Scenic Area and guaranteed by Shaoxing Keqiao District Tourism Development Group Co., Ltd.	30,000,000.00
Pledged with the right to charge for the second phase of Daxianglin Scenic Area in the next 20 years and guaranteed by Shaoxing Keqiao District Tourism Development Group Co., Ltd.	17,540,000.00
Pledged with accounts receivable of Shaoxing Keyan Construction Investment Co., Ltd. and guaranteed by Shaoxing Keqiao District Keyuan Construction Investment Co., Ltd.	81,000,000.00
Mortgaged with real estates of Shaoxing Keqiao District China Light & Textile Industrial City Kedong Warehouse Co., Ltd.	29,950,000.00
Jointly guaranteed by Shaoxing Keqiao District Development and Management Group Co., Ltd. and Shaoxing Keqiao Water Group Co., Ltd.	60,000,000.00
Guaranteed by Shaoxing Public Utility Group Co., Ltd.	40,000,000.00
Jointly guaranteed by Shaoxing Keqiao District Development and Management Group Co., Ltd. and Shaoxing Keqiao Drain Co., Ltd.	40,000,000.00
Jointly guaranteed by Shaoxing Keqiao Drain Co., Ltd., Shaoxing Keqiao Water Group Co., Ltd. and Shaoxing Keqiao District Development and Management Group Co., Ltd.	30,000,000.00
Jointly guaranteed by Shaoxing Keqiao Water Supply Co., Ltd. and Shaoxing Keqiao District Pingshui Fucheng Construction Investment Development Co., Ltd.	7,000,000.00
Pledged by Shaoxing Keqiao District Hangqu Expressway Connection Line Co., Ltd. and guaranteed by Shaoxing Keqiao District Transportation Investment Co., Ltd.	6,000,000.00
<b>Finance lease borrowings:</b>	
Mortgaged with road assets of Phase I of the Section from Keqiao to Paojiang of Qian (Qing) Tao (Yan) Highway (Note 1)	16,328,589.66
Mortgaged with assets and ancillary equipment and facilities of Sewage Centralized Pretreatment Phase II in Shaoxing Binhai Printing and Dyeing Industrial Agglomeration Zone of Shaoxing Keqiao Jiangbin Water Treatment Co., Ltd. and guaranteed by Shaoxing Keqiao Water Group Co., Ltd. (Note 2)	99,844,583.98
Mortgaged with Qianbin Line Project and jointly guaranteed by Shaoxing Keqiao District Tourism Development Group Co., Ltd. and Shaoxing Keqiao Water Group Co., Ltd. (Note 3)	40,000,000.00
Mortgaged with Water Plant's equipment and ancillary facilities and equipment of Shaoxing Keqiao Jiangbin Water Treatment Co., Ltd. and guaranteed by Shaoxing Public Utility Group Co., Ltd. (Note 4)	40,000,000.00

Condition	Closing balance
Mortgaged with enhanced denitrification engineering machinery equipment and ancillary facilities, advanced sewage treatment equipment and ancillary facilities of Shaoxing Keqiao Jiangbin Water Treatment Co., Ltd. and jointly guaranteed by Shaoxing Keqiao District Development and Management Group Co., Ltd. and Shaoxing Public Utility Group Co., Ltd. (Note 5)	30,000,000.00
Mortgaged with the passenger transportation center and supporting facilities of Shaoxing Keqiao Passenger Transportation Center Co., Ltd. and guaranteed by Shaoxing Keqiao District Development and Management Group Co., Ltd. (Note 6)	49,227,935.35
Mortgaged with the part of the facilities of Sewage Centralized Pretreatment Project (Phase I) of Shaoxing Keqiao Jiangbin Water Treatment Co., Ltd. and jointly guaranteed by Keqiao District Development and Management Group Co., Ltd., Shaoxing Keqiao Water Supply Co., Ltd. and Shaoxing Keqiao Water Group Co., Ltd. (Note 7)	25,000,000.00
Mortgaged with highway assets of Shaoxing Keqiao District Hangqu Expressway Connection Line Co., Ltd. and jointly guaranteed by Shaoxing Keqiao District Transportation Investment Co., Ltd. and Shaoxing Keqiao District Transportation Investment Construction Group Co., Ltd. (Note 8)	9,000,000.00
Mortgaged with road assets of Phase II of the Section from Keqiao to Paojiang of Qian (Qing) Tao (Yan) Highway and guaranteed by Shaoxing Keqiao District Transportation Investment Construction Group Co., Ltd. (Note 9)	2,000,000.00
Mortgaged with physical assets and machinery equipment of Shaoxing Keqiao District Central City Construction Investment Development Co., Ltd. and guaranteed by Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd. (Note 10)	84,031,598.55
Mortgaged with stadium and other facilities and other ancillary facilities of Shaoxing Keqiao District Sports Center Investment Development and Management Co., Ltd. (Note 11)	50,000,000.00
Mortgaged with Sports Center parking lot equipment and auxiliary facilities of Shaoxing Keqiao District Sports Center Investment Development and Management Co., Ltd. (Note 12)	26,000,000.00
Mortgaged with stadium system equipment of Shaoxing Keqiao District Sports Center Investment Development and Management Co., Ltd. (Note 13)	44,628,571.43
Mortgaged with water supply and drainage pipe network and power distribution facilities of China Textile CBD Business Center and guaranteed by Shaoxing Keqiao District Transportation Investment Co., Ltd. (Note 14)	21,666,666.67
Mortgaged with the curtain wall of China Textile CBD Business Center (the curtain walls of No. 1 to No.7 Buildings and sunken plaza of Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd.), the part of aboveground and underground facilities and ancillary equipment of China Textile CBD	42,113,642.24

Condition	Closing balance
Business Center. (Note 15)	
Mortgaged with drainage pipe network and pumping station in Binhai Industrial Zone and staff apartment curtain wall, water supply and drainage, electrical appliances, lighting, weak power and other facilities in Printing and Dyeing Industrial Agglomeration Zone of Shaoxing Keqiao District Binhai City Construction Development Investment Co., Ltd., and guaranteed by Shaoxing Keyan Construction Investment Co., Ltd. (Note 16)	58,631,859.40
Mortgaged with sewage pipe network and auxiliary supporting facilities of Qianbin Line of Shaoxing Keqiao District Keyuan Construction Investment Co., Ltd., and guaranteed by Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd. (Note 17)	75,000,000.00
Mortgaged with rainwater pipes and sewage pipe networks in Kebei Avenue, Anhua North Road, Xiada Line and Qunxian Road of Shaoxing Keqiao Economic Development Zone Development Investment Co., Ltd. and guaranteed by Shaoxing Keqiao District Binhai City Construction Development Investment Co., Ltd. (Note 18)	60,000,000.00
Mortgaged with engineering facilities of Kehua Road Station and Diyang Road Station (SG-3) of Hangzhou-Shaoxing Intercity Railway of Shaoxing Keqiao District Hangshao Intercity Rail Transit Construction Investment Co., Ltd. and jointly guaranteed by the Company and Shaoxing Keqiao Rail Transit Group Co., Ltd. (Note 19)	99,779,966.96
Mortgaged with engineering facilities of Hangzhou-Shaoxing Intercity Railway Tunnel Test Section Engineering (SG-1) Section, Hangzhou-Shaoxing Intercity Railway Niutuoshan No. 2 Tunnel (excluded) to Qianqing Station (included) (SG-2) and Hangzhou-Shaoxing Intercity Railway Qianqing Station (excluded) to Jishan Road Station (excluded) elevated section and station civil construction (SG-7) projects of Shaoxing Keqiao District Hangshao Intercity Rail Transit Construction Investment Co., Ltd. (Note 20)	102,149,741.18
Mortgaged with engineering assets of Hangzhou-Shaoxing Intercity Railway Xiangzhang Road Station (excluded) to Yaqian Station (included) shield tunnel section and engineering facilities of Hangzhou-Shaoxing Intercity Railway Yaqian Station (excluded) to Yangxunqiao Station (included) shield tunnel section of Shaoxing Keqiao District Hangshao Intercity Rail Transit Construction Investment Co., Ltd. (Note 21)	162,155,133.97
Mortgaged with engineering assets of Hangzhou-Shaoxing Intercity Railway Jishan Road Station project and engineering facilities of Hangzhou-Shaoxing Intercity Railway Jishan Road Station (excluded) to Kehua Road Station (excluded) section of Shaoxing Keqiao District Hangshao Intercity Rail Transit Construction Investment Co., Ltd. and guaranteed by Shaoxing Keqiao Rail Transit Group Co., Ltd. (Note 22)	99,844,583.98
Mortgaged with strong power, fire-fighting facilities and ancillary facilities of Xihuqiao Large-scale Talent Apartment Residential Zone (Phase I) of Shaoxing Keqiao District Pingshui Fucheng New Countryside Construction Investment Co., Ltd. and guaranteed by	19,400,000.00

Condition	Closing balance
Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd. (Note 23)	
Mortgaged with weak power, drainage facilities, underground parking and ancillary facilities of Xihuqiao Large-scale Talent Apartment Residential Zone of Shaoxing Keqiao District Pingshui Fucheng New Countryside Construction Investment Co., Ltd. and guaranteed by Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd. (Note 24)	20,600,000.00
Total	11,914,443,681.37

Notes to finance lease borrowings:

Note 1: In 2018, Shaoxing Keqiao District Transportation Investment Co., Ltd. mortgaged the road assets and ancillary facilities of Phase I of the Section from Keqiao to Paojiang of Qian (Qing) Tao (Yan) Highway to Ping An International Financial Leasing (Tianjin) Co., Ltd., and borrowed RMB 190 million from Ping An International Financial Leasing (Tianjin) Co., Ltd. with the loan term from 20 June 2018 to 20 June 2023. As of 31 December 2020, the loan balance was RMB 51.52 million (including RMB 16.33 million for long-term borrowings due within one year and RMB 35.19 million for long-term borrowings).

Note 2: In 2018, Shaoxing Keqiao Jiangbin Water Treatment Co., Ltd. mortgaged the assets and ancillary equipment and facilities of Sewage Centralized Pretreatment Phase II in Shaoxing Binhai Printing and Dyeing Industrial Agglomeration Zone to Zhejiang Bank Financial Leasing Co., Ltd., and borrowed RMB 500 million from Zhejiang Bank Financial Leasing Co., Ltd. with the loan term from 20 November 2018 to 20 November 2023, which was guaranteed by Shaoxing Keqiao Water Group Co., Ltd. As of 31 December 2020, the loan balance was RMB 312.09 million (including RMB 99.84 million for long-term borrowings due within one year and RMB 212.25 million for long-term borrowings).

Note 3: In 2017, Shaoxing Keqiao District Transportation Investment Co., Ltd. mortgaged the Qianbin Line project to Bank of Communications Financial Leasing Co., Ltd., and borrowed RMB 200 million from Bank of Communications Financial Leasing Co., Ltd. with the loan term from 29 December 2017 to 15 December 2022, which was jointly guaranteed by Shaoxing Keqiao District Tourism Development Group Co., Ltd. and Shaoxing Keqiao Water Group Co., Ltd. As of 31 December 2020, the loan balance was RMB 80 million (including RMB 40 million for long-term borrowings due within one year and RMB 40 million for long-term borrowings).

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Note 4: In 2020, Shaoxing Keqiao Jiangbin Water Treatment Co., Ltd. mortgaged the Water Plant's equipment and ancillary facilities and equipment to CMB Financial Leasing Co., Ltd., and borrowed RMB 200 million from CMB Financial Leasing Co., Ltd. with the loan term from 22 January 2020 to 21 January 2025, which was guaranteed by Shaoxing Public Utility Group Co., Ltd. As of 31 December 2020, the loan was repaid by RMB 20 million and the loan balance was RMB 180 million (including RMB 40 million for long-term borrowings due within one year and RMB 140 million for long-term borrowings).

Note 5: In 2020, Shaoxing Keqiao Jiangbin Water Treatment Co., Ltd. mortgaged the enhanced denitrification engineering machinery equipment and ancillary facilities, advanced sewage treatment equipment and ancillary facilities to Industrial Bank Financial Leasing Co., Ltd., and borrowed RMB 200 million from Industrial Bank Financial Leasing Co., Ltd. with the loan term from 16 November 2020 to 20 January 2026, which was jointly guaranteed by Shaoxing Keqiao District Development and Management Group Co., Ltd. and Shaoxing Public Utility Group Co., Ltd. As of 31 December 2020, the loan balance was RMB 200 million (including RMB 30 million for long-term borrowings due within one year and RMB 170 million for long-term borrowings).

Note 6: In 2018, Shaoxing Keqiao District Transportation Investment Co., Ltd. mortgaged the passenger transportation center and supporting facilities held by Shaoxing Keqiao Passenger Transportation Center Co., Ltd. to CASIC Financial Leasing Co., Ltd., and borrowed RMB 200 million from CASIC Financial Leasing Co., Ltd. with the loan term from 15 August 2018 to 15 August 2023, which was guaranteed by Shaoxing Keqiao District Development and Management Group Co., Ltd. As of 31 December 2020, the loan was repaid by RMB 81.67 million and the loan balance was RMB 118.33 million (including RMB 49.23 million for long-term borrowings due within one year and RMB 69.10 million for long-term borrowings).

Note 7: In 2018, Shaoxing Keqiao Jiangbin Water Treatment Co., Ltd. mortgaged the part of the facilities of Sewage Centralized Pretreatment Project (Phase I) to Bank of Communications Financial Leasing Co., Ltd., and borrowed RMB 100 million from Bank of Communications Financial Leasing Co., Ltd. with the loan term from 29 November 2018 to 15 November 2022, which was jointly guaranteed by Shaoxing Keqiao District Development and Management Group Co., Ltd., Shaoxing Keqiao Water Supply Co., Ltd. and Shaoxing Keqiao Water Group Co., Ltd. As of 31 December 2020, the loan balance was RMB 50 million (including RMB 25 million for long-term borrowings due within

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one year and RMB 25 million for long-term borrowings).

Note 8: In 2017, Shaoxing Keqiao District Hangqu Expressway Connection Line Co., Ltd. mortgaged the highway assets to CMB Financial Leasing Co., Ltd., and borrowed RMB 45 million from CMB Financial Leasing Co., Ltd. with the loan term from 7 July 2017 to 7 July 2022, which was jointly guaranteed by Shaoxing Keqiao District Transportation Investment Co., Ltd. and Shaoxing Keqiao District Transportation Investment Construction Group Co., Ltd. As of 31 December 2020, the loan balance was RMB 13.50 million (including RMB 9 million for long-term borrowings due within one year and RMB 4.50 million for long-term borrowings).

Note 9: In 2016, Shaoxing Keqiao District Transportation Investment Co., Ltd. mortgaged the highway assets of Phase II of the Section from Keqiao to Paojiang of Qian (Qing) Tao (Yan) Highway to Maxwealth Financial Leasing Co., Ltd., and borrowed RMB 10 million from Maxwealth Financial Leasing Co., Ltd. with the loan term from 9 December 2016 to 9 December 2021, which was guaranteed by Shaoxing Keqiao District Transportation Investment Construction Group Co., Ltd. As of 31 December 2020, the loan balance was RMB 2 million (including RMB 2 million for long-term borrowings due within one year).

Note 10: In 2019, Shaoxing Keqiao District Central City Construction Investment Development Co., Ltd. mortgaged the physical assets and machinery equipment to Ping An International Financial Leasing (Tianjin) Co., Ltd., and borrowed RMB 500 million from Ping An International Financial Leasing (Tianjin) Co., Ltd. with the loan term from 30 August 2019 to 30 September 2024, which was guaranteed by Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd. As of 31 December 2020, the loan balance was RMB 146.79 million (including RMB 84.03 million for long-term borrowings due within one year and RMB 62.76 million for long-term borrowings).

Note 11: In 2015, Shaoxing Keqiao District Sports Center Investment Development and Management Co., Ltd. mortgaged the water, electricity, fire-fighting facilities, cold and heat source system, water treatment system and other ancillary facilities of swimming and diving gymnasium, water, electricity, fire-fighting facilities, cold and heat source system and other ancillary facilities of gymnasium, water, electricity, fire-fighting facilities of stadium, building floodlighting system and other ancillary facilities to Maxwealth Financial Leasing Co., Ltd., and borrowed RMB 250 million from Maxwealth Financial Leasing Co., Ltd. with the loan term from 30 September 2015 to 30 September 2021. As of 31

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December 2020, the loan balance was RMB 50 million (including RMB 50 million for long-term borrowings due within one year).

Note 12: In 2018, Shaoxing Keqiao District Sports Center Investment Development and Management Co., Ltd. mortgaged the sports center parking lot equipment and ancillary facilities, seats and supporting facilities, sound reinforcement equipment and other facilities, stadium electronic display screens, underground garage equipment and ancillary facilities, diving pool and diving platform facilities of swimming and diving gymnasium, warm-up pool and supporting facilities, swimming pool tiles and cushion facilities to China Merchants Commerce Financial Leasing (Tianjin) Co., Ltd., and borrowed RMB 130 million from China Merchants Commerce Financial Leasing (Tianjin) Co., Ltd. with the loan term from 10 December 2018 to 10 December 2023. As of 31 December 2020, the loan balance was RMB 73.54 million (including RMB 26 million for long-term borrowings due within one year and RMB 47.54 million for long-term borrowings).

Note 13: In 2019, Shaoxing Keqiao District Sports Center Investment Development and Management Co., Ltd. mortgaged the stadium roof opening and closing system equipment, mobile telescopic stand equipment, sports center power machine room equipment, security communication equipment, fitness equipment, and guidance system equipment to China Merchants Commerce Financial Leasing (Tianjin) Co., Ltd., and borrowed RMB 220 million from China Merchants Commerce Financial Leasing (Tianjin) Co., Ltd. with the loan term from 8 January 2019 to 8 January 2024. As of 31 December 2020, the loan balance was RMB 136.09 million (including RMB 44.63 million for long-term borrowings due within one year and RMB 91.46 million for long-term borrowings).

Note 14: In 2019, Shaoxing China Light & Textile Industrial City Business Headquarters Park Investment Development Management Co., Ltd. mortgaged the outdoor ancillary facilities of China Textile CBD Business Center (including outdoor water supply and drainage pipe network, landscape lighting, bridges and square sculptures, etc.), weak power and intelligent, special electric power lines, transformation and distribution facilities, elevator facilities of China Textile CBD Business Center to Maxwealth Financial Leasing Co., Ltd., and borrowed RMB 130 million from Maxwealth Financial Leasing Co., Ltd. with the loan term from 18 January 2019 to 18 January 2022, which was guaranteed by Shaoxing Keqiao District Transportation Investment Co., Ltd. As of 31 December 2020, the loan balance was RMB 54.92 million (including RMB 21.66 million for long-term borrowings due within one year and RMB 33.26 million for long-term borrowings).

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Note 15: In 2018, Shaoxing China Light & Textile Industrial City Business Headquarters Park Investment Development Management Co., Ltd. mortgaged the curtain walls of No. 1 to No.7 Buildings and sunken plaza of China Textile CBD Business Center, the part of water supply and drainage, electrical, heating and ventilation, fire-fighting and other equipment for the aboveground of China Textile CBD Business Center, and the part of water supply and drainage, electrical, heating and ventilation, fire-fighting, underground pipe gallery and other facilities for the underground of China Textile CBD Business Center to Maxwealth Financial Leasing Co., Ltd., and borrowed RMB 170 million from Maxwealth Financial Leasing Co., Ltd. with the loan term from 24 December 2018 to 24 December 2021. As of 31 December 2020, the loan balance was RMB 42.11 million (including RMB 42.11 million for long-term borrowings due within one year).

Note 16: In 2018, Shaoxing Keqiao District Binhai City Construction Development Investment Co., Ltd. mortgaged the drainage pipe network and pumping station in Binhai Industrial Zone and staff apartment curtain wall, water supply and drainage, electrical appliances, lighting, weak power and other facilities in Printing and Dyeing Industrial Agglomeration Zone to Maxwealth Financial Leasing Co., Ltd., and borrowed RMB 300 million from Maxwealth Financial Leasing Co., Ltd. with the loan term from 30 September 2018 to 30 September 2023, which was guaranteed by Shaoxing Keyan Construction Investment Co., Ltd. As of 31 December 2020, the loan balance was RMB 153.22 million (including RMB 58.63 million for long-term borrowings due within one year and RMB 94.59 million for long-term borrowings).

Note 17: In 2019, Shaoxing Keqiao District Keyuan Construction Investment Co., Ltd. mortgaged the sewage pipe network and auxiliary supporting facilities of Qianbin Line to Maxwealth Financial Leasing Co., Ltd., and borrowed RMB 250 million from Maxwealth Financial Leasing Co., Ltd. with the loan term from 5 July 2019 to 5 July 2022, which was guaranteed by Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd. As of 31 December 2020, the loan balance was RMB 110.32 million (including RMB 75 million for long-term borrowings due within one year and RMB 35.32 million for long-term borrowings).

Note 18: In 2020, Shaoxing Keqiao Economic Development Zone Development Investment Co., Ltd. mortgaged the rainwater pipes and sewage pipe networks in Kebei Avenue, Anhua North Road, Xiada Line and Qunxian Road to Wanjiang Financial Leasing Co., Ltd., and borrowed RMB 200 million from Wanjiang Financial Leasing Co., Ltd. with the loan term from 24 June 2020 to 20 June 2023,

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which was guaranteed by Shaoxing Keqiao District Binhai City Construction Development Investment Co., Ltd. As of 31 December 2020, the loan balance was RMB 140 million (including RMB 60 million for long-term borrowings due within one year and RMB 80 million for long-term borrowings).

Note 19: In 2018, Shaoxing Keqiao District Hangshao Intercity Rail Transit Construction Investment Co., Ltd. mortgaged the engineering facilities of Kehua Road Station and Diyang Road Station (SG-3) of Hangzhou-Shaoxing Intercity Railway to China National Foreign Trade Financial Leasing Co., Ltd., and borrowed RMB 500 million from China National Foreign Trade Financial Leasing Co., Ltd. with the loan term from 6 June 2018 to 6 June 2023, which was jointly guaranteed by the Company and Shaoxing Keqiao Rail Transit Group Co., Ltd. As of 31 December 2020, the loan balance was RMB 257.32 million (including RMB 99.78 million for long-term borrowings due within one year and RMB 157.54 million for long-term borrowings).

Note 20: In 2018, Shaoxing Keqiao District Hangshao Intercity Rail Transit Construction Investment Co., Ltd. mortgaged the engineering facilities of Hangzhou-Shaoxing Intercity Railway Tunnel Test Section Engineering (SG-1) bid section, Hangzhou-Shaoxing Intercity Railway Niutuoshan No. 2 Tunnel (excluded) to Qianqing Station (included) (SG-2) and Hangzhou-Shaoxing Intercity Railway Qianqing Station (excluded) to Jishan Road Station (excluded) elevated section and station civil construction (SG-7) projects to China National Foreign Trade Financial Leasing Co., Ltd., and borrowed RMB 500 million from China National Foreign Trade Financial Leasing Co., Ltd. with the loan term from 6 November 2018 to 6 November 2023. As of 31 December 2020, the loan balance was RMB 306.05 million (including RMB 102.15 million for long-term borrowings due within one year and RMB 203.90 million for long-term borrowings).

Note 21: In 2018, Shaoxing Keqiao District Hangshao Intercity Rail Transit Construction Investment Co., Ltd. mortgaged the engineering assets of Hangzhou-Shaoxing Intercity Railway Xiangzhang Road Station (excluded) to Yaqian Station (included) shield tunnel section and engineering facilities of Hangzhou-Shaoxing Intercity Railway Yaqian Station (excluded) to Yangxunqiao Station (included) shield tunnel section to Huarong Financial Leasing Co., Ltd., and borrowed RMB 800 million from Huarong Financial Leasing Co., Ltd. with the loan term from 31 August 2018 to 15 June 2023. As of 31 December 2020, the loan balance was RMB 439.12 million (including RMB 162.16 million for long-term borrowings due within one year and RMB 276.96 million for long-term borrowings).

Note 22: In 2018, Shaoxing Keqiao District Hangshao Intercity Rail Transit Construction Investment

Co., Ltd. mortgaged the engineering assets of Hangzhou-Shaoxing Intercity Railway Jishan Road Station project and engineering facilities of Hangzhou-Shaoxing Intercity Railway Jishan Road Station (excluded) to Kehua Road Station (excluded) section to Zhejiang Bank Financial Leasing Co., Ltd., and borrowed RMB 500 million from Zhejiang Bank Financial Leasing Co., Ltd. with the loan term from 2 November 2018 to 25 November 2023, which was guaranteed by Shaoxing Keqiao Rail Transit Group Co., Ltd. As of 31 December 2020, the loan balance was RMB 298.48 million (including RMB 99.85 million for long-term borrowings due within one year and RMB 198.63 million for long-term borrowings).

Note 23: In 2019, Shaoxing Keqiao District Pingshui Fucheng New Countryside Construction Investment Co., Ltd. mortgaged the strong power, fire-fighting facilities and ancillary facilities of Xihuqiao Large-scale Talent Apartment Residential Zone (Phase I) to Maxwealth Financial Leasing Co., Ltd., and borrowed RMB 97 million from Maxwealth Financial Leasing Co., Ltd. with the loan term from 11 December 2019 to 11 December 2024, which was guaranteed by Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd. As of 31 December 2020, the loan balance was RMB 77.60 million (including RMB 19.40 million for long-term borrowings due within one year and RMB 58.20 million for long-term borrowings).

Note 24: In 2019, Shaoxing Keqiao District Pingshui Fucheng New Countryside Construction Investment Co., Ltd. mortgaged the weak power, drainage facilities, underground parking and ancillary facilities of Xihuqiao Large-scale Talent Apartment Residential Zone to Maxwealth Financial Leasing Co., Ltd., and borrowed RMB 103 million from Maxwealth Financial Leasing Co., Ltd. with the loan term from 11 December 2019 to 11 December 2024, which was guaranteed by Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd. As of 31 December 2020, the loan balance was RMB 82.40 million (including RMB 20.60 million for long-term borrowings due within one year and RMB 61.80 million for long-term borrowings).

#### 28. Other current liabilities

Item	Closing balance	Opening balance
Unearned premium reserve	212,459.80	501,174.75
Guaranteed compensation reserve	28,658,800.00	28,658,800.00
Pending changeover output VAT	29,657,325.27	27,283,316.24

Item	Closing balance	Opening balance
Total	58,528,585.07	56,443,290.99

## 29. Long-term borrowings

### (1) Long-term borrowings disclosed by category

Condition	Closing balance	Opening balance
Credit loan	1,650,000,000.00	2,278,275,000.00
Mortgage loan	2,058,395,688.16	2,472,379,219.84
Pledge loan	9,362,337,500.00	9,865,000,000.00
Guaranteed loan	17,465,080,930.00	16,465,726,695.00
Mortgage guaranteed loan	4,945,079,649.60	5,102,860,565.20
Pledge guaranteed loan	4,920,920,000.00	1,196,000,000.00
Interests payable loan	71,421,304.40	
Total	40,473,235,072.16	37,380,241,480.04

### (2) Long-term borrowings classified by conditions of loans

Condition	Closing balance
Credit loans of the Company and its subsidiaries	1,650,000,000.00
Guaranteed by Shaoxing Kebei New Countryside Construction Investment Development Co., Ltd.	250,000,000.00
Jointly guaranteed by Shaoxing Kebei New Countryside Construction Investment Development Co., Ltd. and Shaoxing Keqiao District Haitu Agricultural Development Co., Ltd.	40,000,000.00
Guaranteed by Shaoxing Keqiao Economic Development Zone Development Investment Co., Ltd.	1,606,000,000.00
Guaranteed by Shaoxing Keqiao District Transportation Investment Co., Ltd.	250,000,000.00
Guaranteed by Shaoxing Keqiao Water Group Co., Ltd.	694,000,000.00
Guaranteed by Shaoxing Public Utility Group Co., Ltd.	130,000,000.00
Jointly guaranteed by Shaoxing Keqiao Water Group Co., Ltd. and Shaoxing Keqiao District Development and Management Group Co., Ltd.	50,000,000.00
Guaranteed by Shaoxing Keyan City Construction Investment Co., Ltd.	164,000,000.00
Guaranteed by Shaoxing Keyan Construction Investment Co., Ltd.	3,256,500,000.00
Guaranteed by Shaoxing Keqiao District Binhai City Construction Development Investment Co., Ltd.	876,500,000.00

Condition	Closing balance
Jointly guaranteed by Shaoxing Keqiao District Binhai City Construction Development Investment Co., Ltd. and Shaoxing Keqiao Haitu Water Conservancy Development Co., Ltd.	100,000,000.00
Guaranteed by Shaoxing Keqiao District Binhai Industrial Zone Development Investment Co., Ltd.	42,000,000.00
Guaranteed by Shaoxing Keqiao District Chengbei Development Investment Co., Ltd.	72,500,000.00
Guaranteed by Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd.	1,858,800,000.00
Guaranteed by Shaoxing Keqiao District City Construction Investment Development Co., Ltd.	224,000,000.00
Guaranteed by the Company	1,750,000,000.00
Guaranteed by Keqiao District Construction Group Co., Ltd.	495,000,000.00
Guaranteed by Shaoxing Keqiao District Transportation Investment Construction Group Co., Ltd.	1,009,162,500.00
Guaranteed by Shaoxing Keqiao District Transportation Investment Co., Ltd.	809,000,000.00
Guaranteed by Shaoxing Keqiao District Development and Management Group Co., Ltd.	50,000,000.00
Guaranteed by Shaoxing Keqiao District Tourism Development Group Co., Ltd.	450,000,000.00
Jointly guaranteed by Shaoxing Keqiao District Tourism Development Group Co., Ltd. and Shaoxing Keqiao District Luzhen Tourism Development Co., Ltd.	142,000,000.00
Guaranteed by Shaoxing Keqiao District Pingshui Fucheng Construction Investment Development Co., Ltd.	300,000,000.00
Guaranteed by Shaoxing Keqiao District Shicheng Development Investment Co., Ltd.	83,000,000.00
Guaranteed by Shaoxing Keqiao District Development and Management Group Co., Ltd.	95,000,000.00
Guaranteed by Shaoxing Keqiao District Development and Management Group Co., Ltd.	60,000,000.00
Guaranteed by Shaoxing Keqiao District Central City Construction Investment Development Co., Ltd.	912,700,000.00
Guaranteed by Shaoxing Keqiao District Central City Construction Investment Development Co., Ltd.	400,000,000.00
Guaranteed by Shaoxing Keyan City Construction Investment Co., Ltd.	40,000,000.00
Jointly guaranteed by Shaoxing Keqiao District China Light & Textile Industrial City Lianghu Development Construction Co., Ltd. and Shaoxing Keqiao District City Construction Investment Development Co., Ltd.	600,000,000.00

Condition	Closing balance
Mortgaged with real estates and land use rights of Shaoxing Jianhu Hotel Co., Ltd.	26,000,000.00
Mortgaged with real estates and land use rights of Shaoxing Jianhu Hotel Co., Ltd. located in Keyan Village, Keyan Street	264,350,000.00
Mortgaged with 1 real estate in Qianqing United International Trade Center	114,000,000.00
Mortgaged with real estates of Shaoxing Keqiao District China Textile Innovation Investment Development Co., Ltd.	19,000,000.00
Mortgaged with real estates and land use rights of Shaoxing China Light & Textile Industrial City Business Headquarters Park Investment Development Management Co., Ltd.	474,500,000.00
Mortgaged with land use rights of Shaoxing Keyan Construction Investment Co., Ltd.	500,000,000.00
Pledged with accounts receivable under the Government Purchase Service Contract of Keyan Hongqi Yongjin Project	353,837,500.00
Pledged with accounts receivable of Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd.	1,783,500,000.00
Pledged with accounts receivable of Shaoxing Keqiao Economic Development Zone Development Investment Co., Ltd.	725,000,000.00
Pledged with accounts receivable and margin accounts of Shaoxing Keyan Construction Investment Co., Ltd.	3,800,000,000.00
Pledged with accounts receivable of Shaoxing Keyan Construction Investment Co., Ltd.	2,700,000,000.00
Mortgaged with land use rights of Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd. and guaranteed by Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd.	380,000,000.00
Mortgaged with land use rights of New Countryside Company and guaranteed by Shaoxing Keqiao District Central City Construction Investment Development Co., Ltd.	180,000,000.00
Mortgaged with real estates of Shaoxing Keqiao District China Light & Textile Industrial City Lianghu Development Construction Co., Ltd. and guaranteed by Shaoxing Keqiao District China Light & Textile Industrial City Lianghu Development Construction Co., Ltd.	360,000,000.00
Mortgaged with real estates of Shaoxing Keqiao District China Light & Textile Industrial City Lianghu Development Construction Co., Ltd. and guaranteed by Shaoxing Keqiao District Central City Construction Investment Development Co., Ltd.	250,000,000.00
Mortgaged with hotel apartments of Shaoxing China Light & Textile Industrial City Business Headquarters Park Investment Development Management Co., Ltd. and guaranteed by Shaoxing Keqiao District Transportation Investment Co., Ltd.	125,540,000.00
Mortgaged with real estates of Shaoxing Keqiao District Luzhen Tourism	100,000,000.00

Condition	Closing balance
Development Co., Ltd. and land use rights of Zhejiang Keyan Beauty Spot Development Co., Ltd., and guaranteed by Shaoxing Keqiao District Development and Management Group Co., Ltd.	
Mortgaged with state-owned construction land use rights and guaranteed by Shaoxing Keqiao District Haitu Agricultural Development Co., Ltd.	720,000,000.00
Mortgaged with land use rights of Shaoxing Keyan Construction Investment Co., Ltd. and jointly guaranteed by Shaoxing Keqiao District Binhai City Construction Development Investment Co., Ltd. and Shaoxing Keyan City Construction Investment Co., Ltd.	400,000,000.00
Mortgaged with land use rights in Keqiao District and guaranteed by Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd.	600,000,000.00
Mortgaged with land use rights of Guanhu Yanju and Kebeiju in Qixian Town, land use rights of Dongchang Village in Anchang Town, and real estates and land use rights in Keqiao District of Shaoxing Keqiao Economic Development Zone Development Investment Co., Ltd. and guaranteed by Shaoxing Keqiao District Binhai City Construction Development Investment Co., Ltd.	17,000,000.00
Mortgaged with real estates of Shaoxing Keqiao District Binhai City Construction Development Investment Co., Ltd. and guaranteed by Shaoxing Keqiao District Binhai City Construction Development Investment Co., Ltd.	229,590,000.00
Mortgaged with land use rights of Shaoxing Pingshui Ruoyexi Water System Integrated Improvement and Development Co., Ltd. and guaranteed by Shaoxing Keqiao Water Group Co., Ltd.	140,000,000.00
Pledged with the right to charge for tickets and ferry tickets for Keyan Scenic Area and guaranteed by Shaoxing Keqiao District Tourism Development Group Co., Ltd.	245,000,000.00
Pledged with the right to charge for the second phase of Daxianglin Scenic Area in the next 20 years and guaranteed by Shaoxing Keqiao District Tourism Development Group Co., Ltd.	490,920,000.00
Pledged with accounts receivable of Shaoxing Keyan Construction Investment Co., Ltd. and guaranteed by Shaoxing Keqiao District Keyuan Construction Investment Co., Ltd.	806,000,000.00
Pledged with toll rights for Hangzhou-Shaoxing Intercity Railway Project and guaranteed by the Company	3,361,000,000.00
Guaranteed by Shaoxing Keqiao Water Supply Co., Ltd.	240,000,000.00
Jointly guaranteed by Shaoxing Public Utility Group Co., Ltd. and Shaoxing Keqiao District Development and Management Group Co., Ltd.	120,000,000.00
Jointly guaranteed by Shaoxing Keqiao Water Supply Co., Ltd. and Shaoxing Keqiao District Pingshui Fucheng Construction Investment Development Co., Ltd.	106,000,000.00
Jointly guaranteed by Shaoxing Public Utility Group Co., Ltd. and Shaoxing Keqiao Water Group Co., Ltd.	80,000,000.00
Jointly guaranteed by Shaoxing Keqiao Drain Co., Ltd., Shaoxing Keqiao	50,000,000.00

Condition	Closing balance
Water Group Co., Ltd. and Shaoxing Keqiao District Development and Management Group Co., Ltd.	
Jointly guaranteed by Zhejiang Keyan Beauty Spot Development Co., Ltd. and Shaoxing Keqiao Water Group Co., Ltd.	45,500,000.00
Pledged by Shaoxing Keqiao District Hangqu Expressway Connection Line Co., Ltd. and guaranteed by Shaoxing Keqiao District Transportation Investment Co., Ltd.	18,000,000.00
Jointly guaranteed by Shaoxing Keqiao Drain Co., Ltd., Shaoxing Public Utility Group Co., Ltd. and Shaoxing Keqiao District Development and Management Group Co., Ltd.	13,418,430.00
<b>Finance lease borrowings:</b>	
Mortgaged with road assets of Phase I of the Section from Keqiao to Paojiang of Qian (Qing) Tao (Yan) Highway	35,187,913.19
Mortgaged with enhanced denitrification engineering machinery equipment and ancillary facilities, advanced sewage treatment equipment and ancillary facilities of Shaoxing Keqiao Jiangbin Water Treatment Co., Ltd. and jointly guaranteed by Shaoxing Keqiao District Development and Management Group Co., Ltd. and Shaoxing Public Utility Group Co., Ltd.	170,000,000.00
Mortgaged with Water Plant's equipment and ancillary facilities and equipment of Shaoxing Keqiao Jiangbin Water Treatment Co., Ltd. and guaranteed by Shaoxing Public Utility Group Co., Ltd.	140,000,000.00
Mortgaged with the passenger transportation center and supporting facilities of Shaoxing Keqiao Passenger Transportation Center Co., Ltd. and guaranteed by Shaoxing Keqiao District Development and Management Group Co., Ltd.	69,099,744.16
Mortgaged with the part of the facilities of Sewage Centralized Pretreatment Project (Phase I) of Shaoxing Keqiao Jiangbin Water Treatment Co., Ltd. and jointly guaranteed by Keqiao District Development and Management Group Co., Ltd., Shaoxing Keqiao Water Supply Co., Ltd. and Shaoxing Keqiao Water Group Co., Ltd.	25,000,000.00
Mortgaged with assets and ancillary equipment and facilities of Sewage Centralized Pretreatment Phase II in Shaoxing Binhai Printing and Dyeing Industrial Agglomeration Zone of Shaoxing Keqiao Jiangbin Water Treatment Co., Ltd. and guaranteed by Shaoxing Keqiao Water Group Co., Ltd.	212,247,042.45
Mortgaged with highway assets of Shaoxing Keqiao District Hangqu Expressway Connection Line Co., Ltd. and jointly guaranteed by Shaoxing Keqiao District Transportation Investment Co., Ltd. and Shaoxing Keqiao District Transportation Investment Construction Group Co., Ltd.	4,500,000.00
Mortgaged with Qianbin Line Project and jointly guaranteed by Shaoxing Keqiao District Tourism Development Group Co., Ltd. and Shaoxing Keqiao Water Group Co., Ltd.	40,000,000.00
Mortgaged with physical assets and machinery equipment of Shaoxing Keqiao District Central City Construction Investment Development Co., Ltd. and guaranteed by Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd.	62,758,248.10

Condition	Closing balance
Mortgaged with Sports Center parking lot equipment and auxiliary facilities of Shaoxing Keqiao District Sports Center Investment Development and Management Co., Ltd.	47,542,857.16
Mortgaged with stadium system equipment of Shaoxing Keqiao District Sports Center Investment Development and Management Co., Ltd.	91,457,142.84
Mortgaged with water supply and drainage pipe network and power distribution facilities of China Textile CBD Business Center and guaranteed by Shaoxing Keqiao District Transportation Investment Co., Ltd.	33,257,263.90
Mortgaged with drainage pipe network and pumping station in Binhai Industrial Zone and staff apartment curtain wall, water supply and drainage, electrical appliances, lighting, weak power and other facilities in Printing and Dyeing Industrial Agglomeration Zone of Shaoxing Keqiao District Binhai City Construction Development Investment Co., Ltd., and guaranteed by Shaoxing Keyan Construction Investment Co., Ltd.	94,591,163.87
Mortgaged with sewage pipe network and auxiliary supporting facilities of Qianbin Line of Shaoxing Keqiao District Keyuan Construction Investment Co., Ltd., and guaranteed by Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd.	35,322,671.43
Mortgaged with rainwater pipes and sewage pipe networks in Kebei Avenue, Anhua North Road, Xiada Line and Qunxian Road of Shaoxing Keqiao Economic Development Zone Development Investment Co., Ltd. and guaranteed by Shaoxing Keqiao District Binhai City Construction Development Investment Co., Ltd.	80,000,000.00
Mortgaged with pavement assets and ancillary facilities (except for the subordinate pipe network) of North 11 <sup>th</sup> Road, North 8 <sup>th</sup> Road and North 10 <sup>th</sup> Road in Binhai Industrial Zone of Shaoxing Keqiao Economic Development Zone Development Investment Co., Ltd. (Note 1)	5,500,000.00
Mortgaged with engineering facilities of Kehua Road Station and Diyang Road Station (SG-3) of Hangzhou-Shaoxing Intercity Railway of Shaoxing Keqiao District Hangshao Intercity Rail Transit Construction Investment Co., Ltd. and jointly guaranteed by the Company and Shaoxing Keqiao Rail Transit Group Co., Ltd.	157,542,188.98
Mortgaged with engineering facilities of Hangzhou-Shaoxing Intercity Railway Tunnel Test Section Engineering (SG-1) Section, Hangzhou-Shaoxing Intercity Railway Niutuoshan No. 2 Tunnel (excluded) to Qianqing Station (included) (SG-2) and Hangzhou-Shaoxing Intercity Railway Qianqing Station (excluded) to Jishan Road Station (excluded) elevated section and station civil construction (SG-7) projects of Shaoxing Keqiao District Hangshao Intercity Rail Transit Construction Investment Co., Ltd.	203,895,668.82
Mortgaged with engineering assets of Hangzhou-Shaoxing Intercity Railway Xiangzhang Road Station (excluded) to Yaqian Station (included) shield tunnel section and engineering facilities of Hangzhou-Shaoxing Intercity Railway Yaqian Station (excluded) to Yangxunqiao Station (included) shield tunnel section of Shaoxing Keqiao District Hangshao Intercity Rail Transit Construction Investment Co., Ltd.	276,962,106.15
Mortgaged with assets of Hangzhou-Shaoxing Intercity Railway Jishan Road Station project and facilities of Hangzhou-Shaoxing Intercity Railway Jishan	198,631,326.71

Condition	Closing balance
Road Station (excluded) to Kehua Road Station (excluded) section of Shaoxing Keqiao District Hangshao Intercity Rail Transit Construction Investment Co., Ltd. and guaranteed by Shaoxing Keqiao Rail Transit Group Co., Ltd.	
Mortgaged with strong power, fire-fighting facilities and ancillary facilities of Xihuqiao Large-scale Talent Apartment Residential Zone (Phase I) of Shaoxing Keqiao District Pingshui Fucheng New Countryside Construction Investment Co., Ltd. and guaranteed by Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd.	58,200,000.00
Mortgaged with weak power, drainage facilities, underground parking and ancillary facilities of Xihuqiao Large-scale Talent Apartment Residential Zone of Shaoxing Keqiao District Pingshui Fucheng New Countryside Construction Investment Co., Ltd. and guaranteed by Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd.	61,800,000.00
Total	40,401,813,767.76

Note 1: In 2018, Shaoxing Keqiao Economic Development Zone Development Investment Co., Ltd. mortgaged the pavement assets and ancillary facilities (except subordinate pipe network) between Binhai Avenue and Xingbin Road of North 11<sup>th</sup> Road in Binhai Industrial Zone of Shaoxing, the pavement assets and ancillary facilities (except subordinate pipe network) of North 8<sup>th</sup> Road and between Jiangbin Road and Binhai Avenue of North 10<sup>th</sup> Road in Binhai Industrial Zone of Shaoxing, and the pavement assets and ancillary facilities (except subordinate pipe network) between North 6<sup>th</sup> Road and North 11<sup>th</sup> Road of Phase II of Xingbin Road in Binhai Industrial Zone of Shaoxing to Ping An International Financial Leasing Co., Ltd., and borrowed RMB 150 million from Ping An International Financial Leasing Co., Ltd. with the loan term from 21 December 2018 to 21 December 2021. As of 31 December 2020, the balance was RMB 5.5 million (including long-term borrowing of RMB 5.5 million).

Note 2: Finance lease borrowings due within one year were reclassified to non-current liabilities due within one year, and details of guarantees for finance lease borrowings refer to Note VI 27 and 29.

### 30. Bonds payable

#### (1) Details of bonds payable:

Name	Issue date	Duration	Issue amount (RMB'100 million)	Closing balance	Opening balance
16 Shaoke 01 (Note 1)	2016	5 years	10	6,938,100.00	780,000,000.00

Name	Issue date	Duration	Issue amount (RMB*100 million)	Closing balance	Opening balance
16 Kecheng 01 (Note 2)	2016	7 years	10	404,108,712.33	600,000,000.00
16 Kejian 01 (Note 3)	2016	5 years	10		450,000,000.00
16 Kechengtou Bond 02 (Note 4)	2017	7 years	11	675,464,975.34	880,000,000.00
18 Kejian 01	2018	5 years	2	208,208,219.18	200,000,000.00
18 Kejian 02	2018	5 years	3	316,109,589.04	300,000,000.00
18 Kejian 03	2018	5 years	5	517,535,616.44	500,000,000.00
18 Kejian 04	2018	5 years	10	1,047,380,547.95	1,000,000,000.00
18 Zhe Keqiao Chengtou ZR003 (Note 5)	2018	3 years	5		500,000,000.00
19 Zhe Keqiao Chengtou ZR001 (Note 6)	2019	2 years	5		500,000,000.00
19 Shaokecheng 01 (Note 7)	2019	2 years	5.40		540,000,000.00
19 Kejian 01	2019	5 years	20	2,033,452,054.79	2,000,000,000.00
19 Keqiao Urban Construction 04 (Note 8)	2019	2 years	4		400,000,000.00
19 Kejian 02	2019	5 years	20	2,005,730,410.96	2,000,000,000.00
19 Keqiao Construction Investment PPN001 (Note 9)	2019	2 years	5		500,000,000.00
20 Keqiao Construction Investment MTN001	2020	5 years	10	1,025,843,561.64	
20 Keqiao Construction Investment MTN002	2020	5 years	5.9	603,103,765.30	
20 Keqiao Construction Investment PPN001	2020	2 years	4	402,462,228.31	
20 Kecheng 01	2020	3+2 years	20	2,004,338,651.80	

Name	Issue date	Duration	Issue amount (RMB'100 million)	Closing balance	Opening balance
20 Keqiao Construction 01	2020	2 years	5	518,176,666.67	
20 Zhe Keqiao Construction ZR001	2020	3 years	5	501,925,479.45	
14 Shao Transportation Investment Bond (Note 10)	2014	7 years	6		312,747,448.16
16 Light & Textile City PPN001 (Note 11)	2016	5 years	10		1,040,767,123.29
16 Keqiao Light & Textile PPN002 (Note 12)	2016	5 years	10		1,015,820,056.86
18 Keqiao Light & Textile MTN001	2018	5 years	8	821,004,704.06	821,125,260.27
18 Keqiao Light & Textile MTN002	2018	5 years	9	914,834,596.02	914,881,315.07
18 Keqiao Light & Textile MTN003 (Note 13)	2018	3 years	8		802,798,904.11
19 Light & Textile 01	2019	5 years	3	303,959,658.83	303,958,495.74
19 Light & Textile 02	2019	3 years	8	808,840,734.04	808,837,632.46
20 Light & Textile 01	2020	3 years	10	1,015,864,202.63	
20 Light & Textile 02	2020	3 years	5	502,013,556.47	
20 Keqiao Development SCP002 (Note 14)	2020	180 days	8		
20 Zhe Keqiao Transportation Investment ZR001	2020	3 years	6	607,159,314.54	
15 Keyan Bond (Note 15)	2015	7 years	8	175,027,772.3	318,061,616.44
18 Keyan Bond (Note 16)	2018	7 years	12	956,636,724.49	1,188,394,743.93
19 Keyan 01	2019	3 years	18.5	1,852,156,053.57	1,837,815,717.22
20 Keyan 01	2020	5 years	11.5	1,178,340,931.67	

Name	Issue date	Duration	Issue amount (RMB'100 million)	Closing balance	Opening balance
20 Shaoxing Keyan Special Bond 01	2020	7 years	6	595,589,708.01	
20 Keyan Construction PPN001	2020	3 years	3	299,385,203.72	
20 Zhe Keyan Construction ZR001	2020	2 years	2	201,357,708.30	
2014 Shaoxing Economic Development Zone Development Investment Co., Ltd. Bond (Note 17)	2014	7 years	8	1,368,888.89	160,430,535.05
Minsheng Bank 20 Keqiao Economic Development PPN001	2020	3 years	3	309,964,629.28	
Huatai United Securities Co., Ltd. 20 Kekai 01 Non-public Project Income Bond	2020	3 years	10	1,015,353,410.23	
Zheshang Securities Economic Development Investment 2020 Non-public Issuance of Corporate Bonds	2020	3 years	13.3	1,340,211,323.90	
2020 Phase II Minsheng Bank PPN	2020	3 years	3	300,432,925.86	
16 Non-public Bond Phase I (Note 18)	2016	6 years	19	73,772,777.78	1,900,000,000.00
16 Non-public Bond Phase II (Note 19)	2016	5 years	25	26,591,785.37	2,501,752,919.22
19 Non-public Bond Phase I	2019	3 years	5	511,462,777.78	500,000,000.00
19 Keqiao Guotou Bond 01	2019	15 years	10	1,034,066,666.67	1,000,000,000.00
19 Keqiao Guotou Bond 02	2019	15 years	27	2,768,943,000.00	2,700,000,000.00
16-MTN001	2016	7 years	20	2,037,240,000.00	2,000,000,000.00

Name	Issue date	Duration	Issue amount (RMB*100 million)	Closing balance	Opening balance
17-MTN001	2017	5 years	15	1,513,395,000.00	1,500,000,000.00
17-MTN002	2017	5 years	15	1,500,000,000.00	1,500,000,000.00
18 Keqiao State-owned Assets PPN001 (Note 20)	2018	3 years	5.9	27,733,933.33	590,000,000.00
18 Keqiao State-owned Assets PPN002 (Note 21)	2018	3 years	8	2,174,444.44	800,000,000.00
19 Keqiao State-owned Assets PPN001	2019	3 years	6.1	632,219,250.00	610,000,000.00
19 Keqiao State-owned Assets ABN001 Priority A2 (Note 22)	2019	17 months	1.85	478,800.00	185,000,000.00
19 Keqiao State-owned Assets ABN001 Priority A3 (Note 23)	2019	29 months	1.97	58,913,088.89	197,000,000.00
19 Keqiao State-owned Assets ABN001 Priority A4	2019	41 months	2.09	211,073,744.44	209,000,000.00
19 Keqiao State-owned Assets ABN001 Priority A5	2019	53 months	2.24	226,222,577.78	224,000,000.00
19 Keqiao State-owned Assets ABN001 Priority A6	2019	66 months	2.4	242,381,333.33	240,000,000.00
19 Keqiao State-owned Assets ABN001 Priority A7	2019	78 months	2.58	260,832,266.67	258,000,000.00
19 Keqiao State-owned Assets ABN001 Priority A8	2019	90 months	2.72	274,985,955.56	272,000,000.00
19 Keqiao State-owned Assets ABN001 Priority A9	2019	102 months	2.89	292,172,577.78	289,000,000.00
19 Keqiao State-owned Assets ABN001 Priority A10	2019	114 months	3.06	309,359,200.00	306,000,000.00

Name	Issue date	Duration	Issue amount (RMB'100 million)	Closing balance	Opening balance
20 Kezi D1 (Note 24)	2020	1 year	10	17,792,222.22	
20 Kezi 01	2020	3 years	15	1,544,970,833.33	
20 Kezi D2 (Note 25)	2020	1 year	14.1	18,604,166.67	
20 Kezi D3 (Note 26)	2020	1 year	9.7	9,751,194.44	
20 Kezi 02	2020	3 years	10	1,011,755,555.56	
Total				40,077,173,778.05	38,457,391,767.82

Note 1: "16 Shaoke 01" has a total face value of RMB 1,000 million. At the end of the reporting period, the remaining face value of RMB 780 million was reclassified as non-current liabilities due within one year according to the maturity time of less than one year.

Note 2: "16 Kecheng 01" has a total face value of RMB 1,000 million. At the end of the reporting period, the remaining face value of RMB 200 million was reclassified as non-current liabilities due within one year according to the maturity time of less than one year.

Note 3: "16 Kejian 01" has a total face value of RMB 1,000 million. At the end of the reporting period, the remaining face value of RMB 450 million was reclassified as non-current liabilities due within one year according to the maturity time of less than one year.

Note 4: "16 Kechengtou Bond 02" has a total face value of RMB 1,100 million. At the end of the reporting period, the remaining face value of RMB 220 million was reclassified as non-current liabilities due within one year according to the maturity time of less than one year.

Note 5: "18 Zhe Keqiao Chengtou ZR003" has a total face value of RMB 500 million. At the end of the reporting period, the remaining face value of RMB 500 million was reclassified as non-current liabilities due within one year according to the maturity time of less than one year.

Note 6: "19 Zhe Keqiao Chengtou ZR001" has a total face value of RMB 500 million. At the end of the reporting period, the remaining face value of RMB 500 million was reclassified as non-current liabilities due within one year according to the maturity time of less than one year.

Note 7: "19 Shaokecheng 01" has a total face value of RMB 540 million. At the end of the reporting period, the remaining face value of RMB 540 million was reclassified as non-current liabilities due within one year according to the maturity time of less than one year.

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Note 8: "19 Keqiao Urban Construction 04" has a total face value of RMB 400 million. At the end of the reporting period, the remaining face value of RMB 400 million was reclassified as non-current liabilities due within one year according to the maturity time of less than one year.

Note 9: "19 Keqiao Construction Investment PPN001" has a total face value of RMB 500 million. At the end of the reporting period, the remaining face value of RMB 500 million was reclassified as non-current liabilities due within one year according to the maturity time of less than one year.

Note 10: "14 Shao Transportation Investment Bond" has a total face value of RMB 600 million. At the end of the reporting period, the remaining face value of RMB 300 million was reclassified as non-current liabilities due within one year according to the maturity time of less than one year.

Note 11: "16 Light & Textile City PPN001" has a total face value of RMB 1,000 million. At the end of the reporting period, the remaining face value of RMB 1,000 million was reclassified as non-current liabilities due within one year according to the maturity time of less than one year.

Note 12: "16 Keqiao Light & Textile PPN002" has a total face value of RMB 1,000 million. At the end of the reporting period, the remaining face value of RMB 1,000 million was reclassified as non-current liabilities due within one year according to the maturity time of less than one year.

Note 13: "18 Keqiao Light & Textile MTN003" has a total face value of RMB 800 million. At the end of the reporting period, the remaining face value of RMB 800 million was reclassified as non-current liabilities due within one year according to the maturity time of less than one year.

Note 14: "20 Keqiao Development SCP002" has a total face value of RMB 800 million. At the end of the reporting period, the remaining face value of RMB 800 million was reclassified as non-current liabilities due within one year according to the maturity time of less than one year.

Note 15: "15 Keyan Bond" has a total face value of RMB 800 million. At the end of the reporting period, the remaining face value of RMB 160 million was reclassified as non-current liabilities due within one year according to the maturity time of less than one year.

Note 16: "18 Keyan Bond" has a total face value of RMB 1,200 million. At the end of the reporting period, the remaining face value of RMB 240 million was reclassified as non-current liabilities due within one year according to the maturity time of less than one year.

Note 17: "2014 Shaoxing Economic Development Zone Development Investment Co., Ltd. Bond" has a total face value of RMB 800 million. At the end of the reporting period, the remaining face value of RMB 160 million was reclassified as non-current liabilities due within one year according to the

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maturity time of less than one year.

Note 18: "16 Non-public Bond Phase I" has a total face value of RMB 1,900 million. At the end of the reporting period, the remaining face value of RMB 1,900 million was reclassified as non-current liabilities due within one year according to the maturity time of less than one year.

Note 19: "16 Non-public Bond Phase II" has a total face value of RMB 2,500 million. At the end of the reporting period, the remaining face value of RMB 2,500 million was reclassified as non-current liabilities due within one year according to the maturity time of less than one year.

Note 20: "18 Keqiao State-owned Assets PPN001" has a total face value of RMB 590 million. At the end of the reporting period, the remaining face value of RMB 590 million was reclassified as non-current liabilities due within one year according to the maturity time of less than one year.

Note 21: "18 Keqiao State-owned Assets PPN002" has a total face value of RMB 800 million. At the end of the reporting period, the remaining face value of RMB 800 million was reclassified as non-current liabilities due within one year according to the maturity time of less than one year.

Note 22: "19 Keqiao State-owned Assets ABN001 Priority A2" has a total face value of RMB 185 million. At the end of the reporting period, the remaining face value of RMB 54 million was reclassified as non-current liabilities due within one year according to the maturity time of less than one year.

Note 23: "19 Keqiao State-owned Assets ABN001 Priority A3" has a total face value of RMB 197 million. At the end of the reporting period, the remaining face value of RMB 140 million was reclassified as non-current liabilities due within one year according to the maturity time of less than one year.

Note 24: "20 Kezi D1" has a total face value of RMB 1,000 million. At the end of the reporting period, the remaining face value of RMB 1,000 million was reclassified as non-current liabilities due within one year according to the maturity time of less than one year.

Note 25: "20 Kezi D2" has a total face value of RMB 1,410 million. At the end of the reporting period, the remaining face value of RMB 1,410 million was reclassified as non-current liabilities due within one year according to the maturity time of less than one year.

Note 26: "20 Kezi D3" has a total face value of RMB 970 million. At the end of the reporting period, the remaining face value of RMB 970 million was reclassified as non-current liabilities due within one year according to the maturity time of less than one year.

31. Long-term payables

Item	Closing balance	Opening balance
Long-term payables	5,847,787,900.00	8,835,675,456.58
Special payables	7,021,304,096.12	7,128,904,371.77
Interests payable	182,648,334.08	
Total	13,051,740,330.20	15,964,579,828.35

(1) Long-term payables disclosed by nature

Item	Closing balance	Opening balance
Non-financial institution borrowings	2,300,000,000.00	709,604,506.30
Local government bonds	3,547,787,900.00	8,126,070,950.28
Total	5,847,787,900.00	8,835,675,456.58

(2) Details of special payables

Item	Closing balance	Opening balance
Special purpose allocation from the state	393,333,525.37	367,756,528.49
Reconstruction of Keqiao Section of State Highway No. 104	298,370,000.00	298,370,000.00
Special fund for resettlement housing construction project of Shaoxing Section of Qianjiang Channel and Connection	42,905,619.00	42,905,619.00
DY12-01a in urban area of Keqiao	29,275,307.00	29,275,307.00
Contribution for water supply and drainage project in Keyan Resort	73,005,900.00	73,005,900.00
Construction of Shaoxing Keqiao Comprehensive Passenger Transport Hub project		
Contribution for water supply and drainage project of Keqiao Development Committee	33,274,108.42	33,274,108.42
Road supporting works of Keyan Street	2,000,000.00	2,000,000.00
Channel Construction Headquarters of Shaoxing City Section of Hangzhou-Ningbo Canal	9,082,199.00	9,082,199.00
Sewage treatment fee (allocation amount)	17,461,608.14	21,437,359.13
DY12-01b in urban area of Keqiao	4,885,199.00	4,885,199.00
Hutang Sub-district Office	104,698.00	4,010,000.00

Item	Closing balance	Opening balance
Contribution for water supply and drainage project in Fuquan Town	4,202,716.00	4,202,716.00
Contribution for water supply and drainage project of Pingshui Fucheng Construction Management Committee	2,000,000.00	2,000,000.00
Payment for domestic sewage collection and treatment project	120,572,000.00	120,572,000.00
Upgrading of Greening in Shaoxing City Section of Hangzhou-Ningbo Canal	4,530,000.00	4,530,000.00
Relocation project funds for water supply and drainage pipes	2,770,000.00	2,770,000.00
Wastewater drainage project of Dawuxiang Landfill Site	10,924,400.00	10,924,400.00
Contribution for water supply and drainage project in Ma'an Town	161,842.00	161,842.00
Contribution for water supply and drainage project in Anchang Town	7,936,400.00	7,936,400.00
Contribution for water supply and drainage works of Sunduan Water Plant	237,883.00	237,883.00
Contribution for water supply and drainage works of Hutang Water Plant	4,010,000.00	104,698.00
Pingshui Fucheng Construction Management Committee	195,000,000.00	195,000,000.00
Infrastructure allocation	724,553,906.79	795,497,030.03
Project funds allocated by Finance Bureau of Keqiao District	262,201,608.06	258,448,379.60
Financial allocation	1,675,485,493.34	1,053,324,672.93
Small town environmental comprehensive improvement project	23,307,823.51	23,307,823.51
Tourism Distribution Center	3,602,432.80	3,617,604.00
Tourism traffic sign system	1,881,310.00	1,881,310.00
Tourism publicity and marketing funds	2,465,935.00	2,465,935.00
City Tourism Smart Center	570,519.20	570,519.20
Global Smart Tourism Phase I Construction project		4,651,001.70
Infrastructure funds allocated by Finance	543,430,448.23	336,877,844.64
Financial allocation (land transfer business expenditure)	50,000,000.00	50,000,000.00

Item	Closing balance	Opening balance
Funds transferred by Narada Grand	5,000,000.00	5,000,000.00
Construction funds for upgrading and reconstruction of county and township roads from 2013 to 2014	26,907,300.00	26,907,300.00
Reconstruction and maintenance of Yangxunqiao Interchange Connecting Line (Ramp F) of Hangzhou-Jinzhou-Quzhou Expressway	8,720,000.00	8,720,000.00
Payment for terminals allocated by Transportation Group		
Sanjiang-Tongjiata Highway construction project of Zhejiang Provincial Department of Finance	2,380,000.00	2,380,000.00
Lanting to Pingshui Section project of Provincial Highway No. 32 of Zhejiang Provincial Department of Finance	77,053,539.00	41,959,706.00
Hangzhou-Jinzhou-Quzhou Expressway to Hangzhou-Shaoxing-Taiwan Expressway Link project	1,800,000.00	
Viaduct reconstruction project of Keqiao Section in Hangzhou Central	358,982,139.00	
Project construction funds	440,158,332.87	
Sanjiang-Tongjiata Highway	4,330,000.00	
Subsidy for provincial projects of Passenger Transport Center in 2015	20,000,000.00	
Compensation for greening and landscape works of Rail Office	2,082,000.00	
Co-construction fee of pipe network	195,614,508.61	169,545,566.91
Supporting fees for demolition around Jishan Road Station		245,369,994.00
Special funds for construction and renovation		343,479,004.25
Subsidy for Pingyang Tea Industrial Agglomeration Zone project		26,296,118.00
Anchang Ancient Town Scenic Spot Provincial-level Tourism Town	13,926,006.45	8,527,602.25
Special funds for maintenance of public bicycles	983,760.03	479,872.71
Bridge pier reinforcement project of Qinwang Interchange and Jinkeqiao Interchange	490,9442.26	3,710,000.00
Special subsidy for resettlement housing	251,423,076.80	1,751,155,787.00
Keqiao Central City Comprehensive Service Center, Keqiao District, Shaoxing City	5,000,000.00	70,000,000.00

Item	Closing balance	Opening balance
Upgrading of greening projects around Passenger Transport Center		6,441,000.00
Yingfu Resettlement Community		9,360,000.00
Limited price housing in G-50 and G-51 plots		30,000,000.00
Reconstruction and demolition funds of Huaxuju urban villages		400,000,000.00
Exhibition Center Phase I	209,488,141.00	209,488,141.00
Yinda Line reconstruction project (Kehai Line to Drainage River Section)	5,000,000.00	5,000,000.00
"Carrying out cleansing, greening, and beautifying actions in areas such as highways, railways, rivers, and mountains" greening renovation project of Kehai Line	4,502,968.24	
Beautiful Highway Phase II project of Kuaijishan National Forest Park (Longchen Highway reconstruction project)	4,000,000.00	
Widening and reconstruction project of Xingyue Road (Jingshui Road to Jinkeqiao Avenue)	5,500,000.00	
Financial support project funds of the Management Committee of Economic Development Zone for Climbing Base of Asian Games	830,000,000.00	
<b>Total</b>	<b>7,021,304,096.12</b>	<b>7,128,904,371.77</b>

### 32. Deferred income

#### (1) Classification of deferred income

Item	Opening balance	Increase	Decrease	Other transfer out	Closing balance
Government grants	271,131,096.34	125,149,379.76	26,877,755.31		369,402,720.79
<b>Total</b>	<b>271,131,096.34</b>	<b>125,149,379.76</b>	<b>26,877,755.31</b>		<b>369,402,720.79</b>

#### (2) Deferred income from government grants

Item	Opening balance	Increase	Recorded into the current profit and loss	Other transfer out	Closing balance	Related to asset or income
Qiantang River Project funds	125,761,211.88		17,965,887.36		107,795,324.52	Asset

Item	Opening balance	Increase	Recorded into the current profit and loss	Other transfer out	Closing balance	Related to asset or income
Project subsidy for the section from Wangtan to Wangcheng of Provincial Highway No. 32	44,600,000.00				44,600,000.00	Asset
Special funds for sewage treatment projects	25,180,263.57	21,149,379.76	5,041,060.98		41,288,582.35	Asset
Project subsidy for the north extension of Provincial Highway No. 31 (the section from Keqiao District to Xiaoshan)	20,000,000.00	22,000,000.00			42,000,000.00	Asset
Central subsidy for recycling transformation (in-depth treatment project)	11,142,100.00		1,413,600.00		9,728,500.00	Asset
Subsidy fund for guarantee business of small and medium sized enterprises (specially used for compensatory expenditure)	10,750,000.00				10,750,000.00	Income
Funds for key transportation projects	10,166,666.47		2,000,000.04		8,166,666.43	Asset
Subsidy for Qianbin Line project	9,740,000.00	80,000,000.00			89,740,000.00	Asset
2016 Provincial Development and Reform Special Fund	5,472,972.98		162,162.16		5,310,810.82	Asset
Special funds for market construction	2,177,843.24		222,605.01		1,955,238.23	Asset
Subsidy fund for water supply reconstruction project	3,000,000.00	2,000,000.00			5,000,000.00	Asset
Policy subsidy funds of the Transportation Bureau	1,836,734.72		54,421.76		1,782,312.96	Asset
Risk compensation fund of guarantee companies	1,000,000.00				1,000,000.00	Income

Item	Opening balance	Increase	Recorded into the current profit and loss	Other transfer out	Closing balance	Related to asset or income
Discount for the key market construction	303,303.48		18,018.00		285,285.48	Asset
Total	271,131,096.34	125,149,379.76	26,877,755.31		369,402,720.79	

### 33. Other non-current liabilities

Item	Closing balance	Opening balance
Special reserve materials allocated by the state	490,000.00	490,000.00
Total	490,000.00	490,000.00

### 34. Paid-in capital

Name of shareholders	Opening balance	Increase	Decrease	Closing balance
Finance Bureau of Keqiao District, Shaoxing City	80,000,000.00		8,000,000.00	72,000,000.00
Zhejiang Financial Development Co., Ltd.		8,000,000.00		8,000,000.00
Total	80,000,000.00	8,000,000.00	8,000,000.00	80,000,000.00

Note: According to the "Notice of Five Departments such as Zhejiang Provincial Department of Finance on Comprehensively Launching the Transfer of Part of the State-owned Capital to Enrich the Social Security Fund" (Zhe Cai Qi (2020) No. 4) and the "Reply of Zhejiang Provincial Department of Finance on the Plan of Comprehensive Transfer of State-owned Equity to Enrich the Social Security Fund" (Zhe Cai Han (2020) No. 109), Finance Bureau of Keqiao District, Shaoxing City transferred 10% of its equity to Zhejiang Financial Development Co., Ltd. for free. The industrial and commercial change procedures for the change of above-mentioned equity were completed on 29 October 2020.

### 35. Other equity instruments

Item	Opening balance	Increase	Decrease	Closing balance
20 Keqiao State-owned Assets (Epidemic Prevention and Control Bond) MTN001		1,000,000,000.00		1,000,000,000.00

Item	Opening balance	Increase	Decrease	Closing balance
Total		1,000,000,000.00		1,000,000,000.00

Note: In March 2020, the Company issued the first phase of 2020 medium-term notes (epidemic prevention and control bonds) (registered amount of RMB 4 billion, first issuance of RMB 1 billion, with a term of 3+N), and recognized the above medium-term notes as an equity instrument at the initial recognition. Shaoxing Zhongjing Certified Public Accountants Co., Ltd. issued a special advisory opinion on the above accounting treatment, and considered that the above recognition meets the relevant regulations on the classification of financial instruments.

### 36. Capital reserve

Item	Opening balance	Increase	Decrease	Closing balance
Capital premium	73,933,218.33			73,933,218.33
Other capital reserve	2,480,734,907.86	6,647,252,152.32	2,255,464,354.54	6,872,522,705.64
Financial allocation	36,244,712,870.93	1,049,502,415.40		37,294,215,286.33
Total	38,799,380,997.12	7,696,754,567.72	2,255,464,354.54	44,240,671,210.30

Note 1: Reasons for increases of other capital reserve during the reporting period are as follows:

- 1) In 2020, According to the arrangement of Finance Bureau of Keqiao District, Shaoxing City, RMB 5,198,739,500.00 of local government bond replacement funds was regarded as the capital investment in the Group and included in the capital reserve;
- 2) In December 2020, the special subsidy of RMB 715,840,807.94 for the reconstruction and demolition of Huaxuju urban villages received by Shaoxing Keqiao District China Light & Textile Industrial City Lianghu Development Construction Co., Ltd., a subsidiary of the Company, was carried forward to the capital reserve;
- 3) The capital reserve was increased by RMB 658,717,236.63 after receiving assets and equity allocation from government departments;
- 4) Receipts for the pilot project of comprehensive renovation and water system connection in key counties of small and medium river management from Shaoxing Keqiao District China Light & Textile Industrial City Network Investment Co., Ltd. to offset loans receivable, and the difference increased the capital reserve (other capital reserve) by RMB 72,242,364.04;

5) Shaoxing Keqiao Water Group Co., Ltd., a subsidiary of the Company, increased the capital reserve (other capital reserve) by RMB 1,712,243.71 according to the shareholding ratio of other changes in the owner's equity except net profit and loss, other comprehensive income and retained earnings of its associates accounted under equity method.

Note 2: Reasons for decreases of other capital reserve during the reporting period are as follows:

1) In 2020, Shaoxing Keqiao District Central City Construction Investment Development Co., Ltd., a subsidiary of the Company, transferred out the allocated land, resulting in a decrease of capital reserve by RMB 2,213,765,977.00;

2) In 2020, Shaoxing Keqiao District Transportation Investment Construction Group Co., Ltd. a subsidiary of the Company, transferred out the equity of Shaoxing Keqiao District Transportation Development Co., Ltd., resulting in a decrease of capital reserve by RMB 26,684,329.89;

3) The depreciation expense of RMB 1,501,748.39 after the completion of the agent construction and management assets was used to offset the capital reserve;

4) The value-added tax of assets injected into Shaoxing Keqiao Water Group Co., Ltd., a subsidiary of the Company, decreased the capital reserve (other capital reserve) by RMB 7,937,335.15;

5) Zhejiang China Light & Textile Industrial City Group Co., Ltd., a subsidiary of the Company, decreased the capital reserve (other capital reserve) by RMB 5,574,964.11 according to the shareholding ratio of other changes in the owner's equity except net profit and loss, other comprehensive income and retained earnings of its associates accounted under equity method.

(3) The increase of financial allocation was due to the increase of capital reserve by RMB 1,049,502,415.40 in allocations from shareholders and government departments.

### 37. Other comprehensive income

Item	Opening balance	Changes in the current period	
		Amount before income tax	Less: Income tax expenses
1. Other comprehensive income that will not be reclassified subsequently into profit and loss	1,571,974,277.86	-554,797,698.12	-85,675,593.88
Including: 1) Changes in fair value of other equity instrument investments	1,338,013,826.92	-554,797,698.12	-85,675,593.88

Item	Opening balance	Changes in the current period	
		Amount before income tax	Less: Income tax expenses
2) Other comprehensive income that will not be reclassified subsequently into profit or loss under equity method	233,960,450.94		
Total	1,571,974,277.86	-554,797,698.12	-85,675,593.88

(Continued)

Item	Changes in the current period		Closing balance
	Attributable to the parent company after tax	Attributable to minority shareholders after tax	
1. Other comprehensive income that will not be reclassified subsequently into profit and loss	-308,458,675.04	-160,663,429.20	1,263,515,602.82
Including: 1) Changes in fair value of other equity instrument investments	-308,458,675.04	-160,663,429.20	1,029,555,151.88
2) Other comprehensive income that will not be reclassified subsequently into profit or loss under equity method			233,960,450.94
Total	-308,458,675.04	-160,663,429.20	1,263,515,602.82

### 38. Surplus reserve

Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	33,537,500.85	2,577,975.31		36,115,476.16
Total	33,537,500.85	2,577,975.31		36,115,476.16

Note: The increase of surplus reserve by RMB 2,577,975.31 was due to the accrual of the statutory surplus reserve at 10% of the net profit of the parent company for 2020.

### 39. Retained earnings

Item	2020	Proportion of accrual or distribution

Item	2020	Proportion of accrual or distribution
Closing balance of retained earnings of the previous year before adjustments	10,387,383,400.90	
Add: Total amount of adjustments for opening balance of retained earnings (increase as "+", decrease as "-")		
Opening balance of retained earnings after adjustments	10,387,383,400.90	
Add: Net profit for the current year attributable to owners of the parent company	458,934,641.35	
Less: i. Accrual of statutory surplus reserve	2,577,975.31	10.00%
ii. Dividends payable of ordinary shares	7,710,400.00	
Closing balance of retained earnings	10,836,029,666.94	

#### 40. Operating revenues & Operating costs

##### (1) Details of operating revenues and operating costs

Item	2020		2019	
	Revenue	Cost	Revenue	Cost
Main business	5,807,107,474.65	4,948,150,480.64	6,085,122,950.02	5,011,877,872.26
Other business	350,747,504.13	178,926,633.58	324,519,101.83	153,160,692.09
Total	6,157,854,978.78	5,127,077,114.22	6,409,642,051.85	5,165,038,564.35

##### (2) Operating revenues and operating costs disclosed by category of products

Category	2020	
	Revenue	Cost
Market management	762,553,884.35	400,784,512.81
Water sector	1,003,722,339.80	1,241,731,866.76
Land development	1,361,468,231.82	1,175,389,995.77
Transportation	178,957,415.87	172,570,170.00
Real estate development	1,888,012,968.28	1,474,973,190.20
Infrastructure construction	264,086,358.09	240,078,507.36
Other business	348,306,276.44	242,622,237.74
Total	5,807,107,474.65	4,948,150,480.64

#### 41. Financial costs

Item	2020	2019
Interest expenses	1,398,576,027.04	1,052,095,767.47
Less: Interest income	234,465,533.92	121,715,475.45
Service charges and others	11,163,610.10	11,294,881.19
Total	1,175,274,103.22	941,675,173.21

#### 42. Other income

##### (1) Details of other income

Item	2020	2019
Government grants	1,727,776,886.41	1,013,844,601.85
Total	1,727,776,886.41	1,013,844,601.85

##### (2) Government grants recorded into the current profit and loss

Item	2020	2019	Related to asset or income
Special fund subsidy	912,618,332.87	406,422,413.69	Income
Land subsidy		9,168,459.00	Income
Co-construction and transformation funds of pipe network	2,621,447.93	9,471,619.39	Income
Compensation for demolition	16,019,973.00	7,000,000.00	Income
Subsidy for work funds	3,400,000.00	4,262,223.47	Income
Subsidy fund for sewage collection and treatment system project	84,606,491.44	13,907,612.00	Income
Performance compensation subsidy	139,729,400.00		Income
Special operation subsidy for sewage treatment		138,646,648.52	Income
Amortization of deferred income	26,877,755.31	69,596,294.84	Asset
Tax refund or exemption	2,773,216.55	2,373,413.41	Income
Reward subsidy for emission reduction of printing and dyeing agglomeration enterprises	46,745,965.00	26,578,783.08	Income

Item	2020	2019	Related to asset or income
Financial subsidy for financing fees	766,000.00	5,312,254.00	Income
Special subsidy fund for operation	450,000,000.00		Income
Compensation fund for water resources cost	6,179,275.73	5,543,376.13	Income
Market operation subsidy		300,000,000.00	Income
Incentives for electricity consumption coupons of seven major actions for stable production in the industrial economy	1,271,576.84		Income
Special financial incentive funds for the development of exhibition economic policy	6,900,000.00	6,400,000.00	Income
Subsidy fund for energy saving and emission reduction	3,834,300.00		Income
Subsidy for refined oil price of city bus	15,479,450.00		Income
Other	7,953,701.74	9,161,504.32	Income
<b>Total</b>	<b>1,727,776,886.41</b>	<b>1,013,844,601.85</b>	

#### 43. Investment income

##### (1) Details of investment income

Item	2020	2019
Investment income from long-term equity investments under equity method	13,407,685.33	-112,640,150.08
Investment income from disposals of long-term equity investments (Loss: "-")	2,555,918.64	226,498,535.14
Investment income from other equity instrument investments during the holding period	275,222,184.49	40,858,277.54
Investment income from financial products	13,038,188.91	39,479,055.06
<b>Total</b>	<b>304,223,977.37</b>	<b>194,195,717.66</b>

##### (2) Investment income from long-term equity investments under equity method

Name of investee	2020
Shaoxing Cao'e River Sluice Investment and Development Co., Ltd.	-5,409,883.30

Name of investee	2020
Shaoxing Chuanrong Color Printing Co., Ltd.	10,960.63
Shaoxing China Light & Textile Industrial City Qianqing Textile Raw Materials Market Development Co., Ltd.	-12,906,482.51
Shaoxing Natural Gas Investment Co., Ltd.	15,914,377.73
Shaoxing Keqiao Zhejiang University of Technology Innovation Research Institute Development Co., Ltd.	58,975.13
Shaoxing PetroChina Kunlun Gas Co., Ltd.	19,426,825.54
Shaoxing Keqiao Media Group Co., Ltd.	166,475.92
Kuaijishan Shaoxing Rice Wine Co., Ltd.	59,265,735.33
Shaoxing Tangpu Reservoir Co., Ltd.	12,664,396.87
Shaoxing Keqiao District China Light & Textile Industrial City South Market Management Co., Ltd.	14,856,260.62
Shaoxing Keqiao District China Light & Textile Industrial City Textile Creative Industry Service Co., Ltd.	1,449,567.33
Shaoxing Financing Guarantee Co., Ltd.	2,114,646.84
Zhejiang Textile City Advanced Printing and Dyeing Innovation Co., Ltd.	-714,298.63
Shaoxing Keqiao China Textile Cross-border E-commerce Service Co., Ltd.	-720,000.00
Shaoxing Water Treatment Development Co., Ltd.	-74,580,000.00
Shaoxing Water Production Co., Ltd.	-6,787,952.47
Shaoxing Qingyuan Investment Co., Ltd.	-18,217,553.74
Shaoxing Shaoneng Electric Power Investment Co., Ltd.	8,468,378.70
Shaoxing Keqiao District Zhejiang Petroleum Integrated Energy Sales Co., Ltd.	-1,618,293.48
Shaoxing Future Community Development Construction Co., Ltd.	-34,451.18
Total	13,407,685.33

(3) Investment income from other equity instrument investments during the holding period

Name of investee	2020
China Cable Network Co., Ltd.	2,195,337.63
Shanghai Pudong Development Bank Co., Ltd.	5,278,072.80
China Zheshang Bank Co., Ltd.	182,594,446.08

Name of investee	2020
Zhejiang Shaoxing Ruifeng Rural Commercial Bank Co., Ltd.	15,078,446.52
Shaoxing Keqiao District Financing Guarantee Co., Ltd.	580,229.66
Shaoxing Sequoia Huiyuan Equity Investment Partnership (Limited Partnership)	2,395,651.80
Shaoxing Keqiao Cool Play Oriental Investment Center (Limited Partnership)	67,100,000.00
Total	275,222,184.49

(4) Investment income from disposals of subsidiaries

Name of investee	2020
Shaoxing Public Transit Information Technology Co., Ltd.	-402,258.63
Shaoxing Keqiao District China Light & Textile Industrial City Grey Fabric Market Co., Ltd.	3,127,675.59
Shaoxing Keqiao District Sinopec Transportation Oil and Gas Station Construction Development Co., Ltd.	-169,498.32
Total	2,555,918.64

44. Credit impairment loss

Item	2020	2019
Impairment loss on accounts receivable	157,732,526.28	83,804,576.39
Bad debt loss of other receivables	20,414,626.08	28,694,409.24
Total	178,147,152.36	112,498,985.63

Note: In the above table, "-" means loss, and "+" means gain.

45. Impairment loss on assets

Item	2020	2019
Impairment loss on inventories	-8,002.43	
Total	-8,002.43	

Note: In the above table, "-" means loss, and "+" means gain.

46. Gains from disposal of assets

Item	2020	2019
Gains from disposal of non-current assets (Loss: “-”)	1,030,060.08	2,375,165.51
Total	1,030,060.08	2,375,165.51

#### 47. Non-operating income

##### (1) Classification of non-operating income

Item	2020	2019
Gains from damage and retirement of fixed assets	261,600.53	
Gains from penalties	2,091,904.99	1,154,129.40
Gains from the investment costs lower than the fair value of identifiable net assets		10,053,537.60
Other	2,106,040.12	5,917,880.00
Total	4,459,545.64	17,125,547.00

#### 48. Non-operating expenses

Item	2020	2019
Losses from damage and retirement of non-current assets	1,629,101.80	806,749.35
Donation expenditure	1,169,871.80	2,776,874.18
Special fund for water conservancy construction	91,719.00	97,337.40
Compensation and penalty expenses	2,071,384.83	12,832,997.44
Tax overdue fine	1,289,132.93	17,722,801.85
Online registration resumption activity bonus for business households in China Light & Textile Industrial City	1,967,900.00	
Other	1,477,468.30	3,101,883.05
Total	9,696,578.66	37,338,643.27

#### 49. Income tax expenses

Item	2020	2019
Current income tax expenses	302,755,181.05	358,114,750.89

Item	2020	2019
Deferred income tax expenses	77,524,918.76	146,331.99
Total	380,280,099.81	358,261,082.88

50. Other comprehensive income after tax

Details refer to Note VI 37.

51. Supplemental information of the consolidated statement of cash flows

(1) Supplemental information of the consolidated statement of cash flows

Supplemental information	2020	2019
I. Reconciliation between net profit and net cash flows generated from operating activities:		
Net profit	563,057,616.44	352,850,414.31
Add: Credit impairment loss	-178,147,152.36	-112,498,985.63
Impairment provision on assets	8,002.43	
Depreciation of fixed assets, depletion of oil & gas assets and depreciation of productive biological assets and investment properties	712,621,672.28	807,251,638.67
Amortization of intangible assets	43,014,700.21	48,421,447.01
Amortization of long-term deferred expense	41,108,467.16	23,153,087.43
Loss from disposals of fixed assets, intangible assets and other long-term assets (gain: "-")	-1,030,060.08	-2,375,165.51
Loss from scrapping of fixed assets (gain: "-")	1,367,501.27	830,760.00
Loss from changes in fair value (gain: "-")		
Financial cost (income: "-")	1,398,576,027.04	1,052,095,767.47
Investment loss (income: "-")	-304,223,977.37	-194,195,717.66
Decrease in deferred tax assets (increase: "-")	77,524,918.76	146,331.99
Increase in deferred tax liabilities (decrease: "-")		
Decrease in inventory (increase: "-")	-11,446,650,883.80	-298,293,909.63
Decrease in receivables from operating activities (increase: "-")	-14,472,538,326.56	-17,424,056,862.02
Increase in payables from operating activities (decrease: "-")	15,644,834,890.47	11,735,393,369.71

Supplemental information	2020	2019
Other		-185,365,061.16
Net cash flows generated from operating activities	-7,920,476,604.11	-4,196,642,885.02
2. Significant investing and financing activities without involvement of cash receipts and payments		
Debts converted to capital		
Convertible corporate bonds due within one year		
Fixed assets acquired under finance leases		
3. Change of cash and cash equivalent:		
Closing balance of cash	16,940,366,485.21	12,909,948,482.42
Less: Opening balance of cash	12,909,948,482.42	12,897,795,208.51
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
The net increase in cash and cash equivalents	4,030,418,002.79	12,153,273.91

(2) Composition of cash and cash equivalents

Item	Closing balance	Opening balance
I. Cash	16,940,366,485.21	12,909,948,482.42
Including: Cash on hand	1,001,274.31	1,059,246.24
Bank deposits available for immediate payments	16,939,365,210.90	12,908,889,236.18
Other monetary funds available for immediate payments		
Deposits with central bank that can be used for payment		
Due from placements with banks and other financial institutions		
Call loan to banks		
II. Cash equivalents		
Including: Bond investment due within three months		
III. Closing balance of cash and cash equivalents	16,940,366,485.21	12,909,948,482.42
Including: Restricted cash and cash equivalents from the parent company or subsidiaries within the Group		

Note: The closing balance of cash and cash equivalents includes the restricted cash and cash equivalents with an amount of RMB 446,024,509.02.

## VII Changes in the scope of consolidation

### 1. Business combination not under common control

Name of acquiree	Time of equity acquisition	Cost of equity acquisition	Equity acquisition ratio (%)	Method of equity acquisition	Purchase date
Shaoxing Keqiao Jufeng Real Estate Development Co., Ltd.	11 November 2020	42,980,957.14	100.00	Cash	11 November 2020

(Continued)

Name of acquiree	Basis for determining purchase date	Acquiree's revenue from purchase date to the end of the reporting period	Acquiree's net profit from purchase date to the end of the reporting period
Shaoxing Keqiao Jufeng Real Estate Development Co., Ltd.	Transfer of control	0.00	673.68

### 2. Other changes in the scope of consolidation

#### (1) The increase of subsidiaries in the current period

Name	Closing balance of net assets	Net Profit from the consolidated date to the end of the reporting period
Shaoxing Keqiao District Liheng New Material Co., Ltd.	49,289,969.46	-710,030.54
Shaoxing Keqiao District Fuquan Future Community Development and Construction Co., Ltd.		
Shaoxing Keqiao District Jishan Jianshui Tourist Sightseeing Bus Co., Ltd.	20,026,115.21	16,178.03
Shaoxing Lanting Guyue Guoxue Culture Development Co., Ltd.		
Shaoxing Jinkeqiao Green Fiber Technology Co., Ltd.		
Shaoxing Jishan Jianshui Film and Television Culture Media Co., Ltd.	50,114,276.80	114,276.80
Zhejiang Jinkeqiao Film and Television Culture Co., Ltd.	60,037,647.84	37,647.84
Shaoxing Keqiao Tu'an Architectural Design Consulting Co., Ltd.	8,292,716.20	223,540.69

Name	Closing balance of net assets	Net Profit from the consolidated date to the end of the reporting period
Shaoxing Keqiao District Limin Highway Maintenance Co., Ltd.	12,091,853.27	706,201.55
Shaoxing Yuezhou Urban Planning and Design Institute Co., Ltd.	84,198,772.30	7,114,182.19
Shaoxing Jinkeqiao Technical Service Co., Ltd.	5,222.73	5,222.73
Shaoxing Keqiao District Property Rights Exchange Co., Ltd.	17,032,113.91	6,722.04
Shaoxing Keqiao District Land Surveying and Mapping Co., Ltd.	10,509,457.63	2,869,286.72

(2) Subsidiaries no longer included in the scope of consolidation

Name	Disposal date	Net profit from the beginning of the reporting period to the disposal date
Shaoxing Keqiao District Transportation Development Co., Ltd.	24 November 2020	-6,201.53
Shaoxing Keqiao District Transportation Collective Assets Management Co., Ltd.	24 November 2020	-13,301.35

### VIII Equity in other entities

#### 1. Equity in subsidiaries

##### (1) Composition of the Group

No.	Name	Type	Main operation address	Registration address	Business nature	Shareholding ratio (%)		Voting right ratio (%)
						Direct	Indirect	
1	Keqiao District Construction Group Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Urban infrastructure development and construction	100.00		100.00
2	Shaoxing Keqiao District Sports Center Investment Development and Management Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Sports Center investment		100.00	100.00
3	Shaoxing Jinkeqiao Real Estate Development Co.,	Tier 2	Shaoxing	Shaoxing	Real estate development and		100.00	100.00

No.	Name	Type	Main operation address	Registration address	Business nature	Shareholding ratio (%)		Voting right ratio (%)
						Direct	Indirect	
	Ltd.				management			
4	Shaoxing Keqiao District Jinke Property Management Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Property management		100.00	100.00
5	Shaoxing Keqiao District Jinteng Property Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Real estate development and management		100.00	100.00
6	Shaoxing Keqiao Hengcheng Real Estate Development Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Real estate development and management		100.00	100.00
7	Shaoxing Keqiao Hefeng Real Estate Development Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Real estate development and management		100.00	100.00
8	Shaoxing Keqiao Jufeng Real Estate Development Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Real estate development and management		100.00	100.00
9	Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Urban construction and development, etc.		100.00	100.00
10	Shaoxing Keqiao District China Light & Textile Industrial City Lianghu Development Construction Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Resettlement housing construction and demolition		100.00	100.00
11	Shaoxing Keqiao District Affordable Housing Development Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Affordable housing construction		100.00	100.00
12	Shaoxing Keqiao District Central City Construction Investment Development Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Resettlement housing construction and demolition		100.00	100.00
13	Shaoxing Keqiao District New Countryside Construction Investment Development Co., Ltd.	Tier 4	Shaoxing	Shaoxing	Resettlement housing construction and demolition		100.00	100.00

No.	Name	Type	Main operation address	Registration address	Business nature	Shareholding ratio (%)		Voting right ratio (%)
						Direct	Indirect	
14	Shaoxing Keqiao District Liheng New Material Co., Ltd.	Tier 3	Shaoxing	Shaoxing	New material technology service		100.00	100.00
15	Shaoxing Keqiao Tu'an Architectural Design Consulting Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Construction technology consulting service		100.00	100.00
16	Shaoxing Keqiao District Transportation Investment Construction Group Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Investment and construction of traffic road engineering		100.00	100.00
17	Shaoxing Keqiao Passenger Transportation Center Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Passenger terminal operation		100.00	100.00
18	Shaoxing Keqiao District Transportation Development Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Sales of building materials, etc.		100.00	100.00
19	Shaoxing Keqiao District Transportation Collective Assets Management Co., Ltd.	Tier 4	Shaoxing	Shaoxing	Collective assets management		91.11	91.11
20	Shaoxing Keqiao District Tiansheng Investment Management Co., Ltd.	Tier 3	Shaoxing	Shaoxing	External investment		100.00	100.00
21	Shaoxing Keqiao District Vehicle Inspection Center Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Vehicle inspection		100.00	100.00
22	Shaoxing Keqiao District Urban and Rural Bus Station Construction Management Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Bus station management		100.00	100.00
23	Shaoxing Keqiao District Traffic Advertising Co., Ltd.	Tier 4	Shaoxing	Shaoxing	Advertising services		100.00	100.00
24	Shaoxing Keqiao District Public Vehicle Service Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Vehicle rental service		100.00	100.00

No.	Name	Type	Main operation address	Registration address	Business nature	Shareholding ratio (%)		Voting right ratio (%)
						Direct	Indirect	
25	Shaoxing Public Transport Group Keqiao Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Road transport industry		100.00	100.00
26	Shaoxing Keqiao District Public Transport Co., Ltd.	Tier 4	Shaoxing	Shaoxing	Road transport industry		80.68	80.68
27	Shaoxing Keqiao Jeda Car Rental Co., Ltd.	Tier 5	Shaoxing	Shaoxing	Road transport industry		58.09	58.09
28	Shaoxing Keqiao District Limin Highway Maintenance Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Highway maintenance		100.00	100.00
29	Shaoxing Keqiao District Transportation Construction Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Public infrastructure development and construction		100.00	100.00
30	Shaoxing Keqiao District Fuquan Future Community Development and Construction Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Project management service		100.00	100.00
31	Shaoxing China Light & Textile Industrial City Business Headquarters Park Investment Development Management Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Public welfare project construction investment		100.00	100.00
32	Shaoxing Keqiao District China Textile Innovation Investment Development Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Industrial investment		100.00	100.00
33	Shaoxing Keqiao District China Textile Yueshang Asset Management Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Asset management		100.00	100.00
34	Shaoxing Keqiao District Tourism Development Group Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Tourism investment and development	100.00		100.00
35	Shaoxing Keqiao District Daxianglin Scenic Area Management Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Tourism investment and development		100.00	100.00
36	Shaoxing Keqiao	Tier 2	Shaoxing	Shaoxing	Tourism		100.00	100.00

No.	Name	Type	Main operation address	Registration address	Business nature	Shareholding ratio (%)		Voting right ratio (%)
						Direct	Indirect	
	District Daxianglin Construction Investment Co., Ltd.				investment and development			
37	Shaoxing Keqiao District Kuaijishan Tusita Pure Land Development Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Tourism investment and development		100.00	100.00
38	Shaoxing Keqiao District Tusita Scenic Area Management Co., Ltd.	Tier 4	Shaoxing	Shaoxing	Tourism investment and development		100.00	100.00
39	Shaoxing Keqiao District Tiangong Life Marketing Management Co., Ltd.	Tier 4	Shaoxing	Shaoxing	Tourism investment and development		100.00	100.00
40	Shaoxing Keqiao District Keqiao Ancient Town Protection and Utilization Investment Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Tourism investment and development		100.00	100.00
41	Zhejiang Keyan Beauty Spot Development Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Tourism investment and development		100.00	100.00
42	Shaoxing Jianhu Hotel Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Tourism investment and development		100.00	100.00
43	Shaoxing Keqiao District Water Tour Bus Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Tourism investment and development		100.00	100.00
44	Shaoxing Keqiao District Tourism Distribution Service Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Tourism investment and development		100.00	100.00
45	Shaoxing Keqiao District Daxianglin Agricultural Development Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Tourism investment and development		100.00	100.00
46	Shaoxing Keqiao District Tourism Development Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Tourism investment and development		100.00	100.00
47	Zhejiang Shaoxing Jinkeqiao Cultural Tourism Service Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Tourism investment and development		100.00	100.00

No.	Name	Type	Main operation address	Registration address	Business nature	Shareholding ratio (%)		Voting right ratio (%)
						Direct	Indirect	
48	Shaoxing Keqiao District Luzhen Tourism Development Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Development, construction and management of Luzhen		100.00	100.00
49	Shaoxing Luzhen Performing Arts Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Comprehensive theatrical performance		100.00	100.00
50	Shaoxing Keqiao District Luzhen Water Cruise Co., Ltd.	Tier 4	Shaoxing	Shaoxing	Tourism investment and development		100.00	100.00
51	Shaoxing Keqiao Lujia Town Catering Co., Ltd.	Tier 4	Shaoxing	Shaoxing	Tourism investment and development		100.00	100.00
52	Shaoxing Keqiao District Jishan Jianshui Tourist Sightseeing Bus Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Travel business		100.00	100.00
53	Shaoxing Keqiao District State-owned Collective Assets Management Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Daily necessities sales, etc.		100.00	100.00
54	Shaoxing Keqiao District State-owned Property Management Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Property management		100.00	100.00
55	Shaoxing Wenxin Property Management Co., Ltd.	Tier 4	Shaoxing	Shaoxing	Property management		100.00	100.00
56	Shaoxing Jishan Forestry Investigation Planning Design Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Forestry investigation, planning and design	100.00		100.00
57	Shaoxing Keqiao District China Light & Textile Industrial City United Consignment Market Development Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Freight forwarder	100.00		100.00
58	Shaoxing Keqiao District Development and Management Group Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Market development management	100.00		100.00
59	Shaoxing Keqiao District Transportation Investment Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Traffic road investment		68.75	68.75

No.	Name	Type	Main operation address	Registration address	Business nature	Shareholding ratio (%)		Voting right ratio (%)
						Direct	Indirect	
60	Shaoxing Keqiao District Hangqu Expressway Connection Line Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Urban infrastructure construction		68.75	100
61	Shaoxing Keqiao District City Construction Investment Development Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Urban infrastructure construction		100.00	100.00
62	Shaoxing Keqiao District Guazhuhu Integrated Development Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Greening maintenance		86.40	86.40
63	Shaoxing Keqiao Water Group Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Industrial investment, urban drinking water source development		100.00	100.00
64	Shaoxing Keqiao Lanyin Technology Group Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Manufacturing and sales of environmental protection equipment, etc.		100.00	100.00
65	Shaoxing Keqiao Xingbin Water Quality Inspection Co., Ltd.	Tier 4	Shaoxing	Shaoxing	Water quality testing		100.00	100.00
66	Shaoxing Keqiao Lanyin Property Management Co., Ltd.	Tier 4	Shaoxing	Shaoxing	Property management		100.00	100.00
67	Shaoxing Keqiao Lanyin Environmental Protection Technology Co., Ltd.	Tier 4	Shaoxing	Shaoxing	Technological development of environmental protection technology		100.00	100.00
68	Shaoxing Keqiao Lanyin Information Consulting Co., Ltd.	Tier 4	Shaoxing	Shaoxing	Information consulting		100.00	100.00
69	Shaoxing Keqiao Water Supply Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Water supply project construction and operation management		100.00	100.00
70	Shaoxing Keqiao Urban and Rural Water Quality Inspection Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Water quality testing		100.00	100.00

No.	Name	Type	Main operation address	Registration address	Business nature	Shareholding ratio (%)		Voting right ratio (%)
						Direct	Indirect	
71	Shaoxing Keqiao Drain Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Drainage project construction		100.00	100.00
72	Zhejiang Water Conservator Environmental Service Co., Ltd.	Tier 4	Shaoxing	Shaoxing	Drainage facility operation service		51.00	51.00
73	Shaoxing Keqiao Water Conservator Vocational Training School Co., Ltd.	Tier 5	Shaoxing	Shaoxing	Skills training		51.00	51.00
74	Shaoxing Keqiao Kangping Material Management Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Distribution of environmental protection engineering equipment and spare parts, etc.		100.00	100.00
75	Shaoxing Keqiao Binhai Water Supply Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Tap water, etc.		100.00	100.00
76	Shaoxing Keqiao Jiangbin Water Treatment Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Sewage treatment project construction		60.00	60.00
77	Shaoxing Keqiao Hengtong Water Construction Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Engineering design, construction and distribution of spare parts		100.00	100.00
78	Shaoxing Keqiao District China Light & Textile Industrial City West Market Development and Management Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Market operation management, house leasing		100.00	100.00
79	Shaoxing Keqiao District China Light & Textile Industrial City West Market Industrial Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Market operation management		55.00	55.00
80	Shaoxing Keqiao District China Light & Textile Industrial City Market Business Property Transfer and Sublease Transaction Service Center Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Intermediary service		32.95	78.61
81	Shaoxing China Light & Textile Industrial City West Market Property Management	Tier 2	Shaoxing	Shaoxing	Property management		50.00	50.00

No.	Name	Type	Main operation address	Registration address	Business nature	Shareholding ratio (%)		Voting right ratio (%)
						Direct	Indirect	
	Co., Ltd.							
82	Shaoxing Keqiao District China Light & Textile Industrial City Dongsheng Road Market Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Market operation management		100.00	100.00
83	Shaoxing Keqiao District China Light & Textile Industrial City Apparel Market Development and Management Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Market operation management		100.00	100.00
84	Shaoxing Keqiao District China Light & Textile Industrial City Grey Fabric Market Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Grey fabric market construction and operation		68.56	100.00
85	Shaoxing Keqiao District China Light & Textile Industrial City Exhibition Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Exhibition service		100.00	100.00
86	Shaoxing Keqiao China Textile Index Information Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Textile data collection, information consulting services		100.00	100.00
87	Shaoxing Keqiao District China Light & Textile Industrial City Exhibition Center Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Exhibition service		100.00	100.00
88	Zhejiang China Light & Textile Industrial City Group Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Market leasing, warehousing and transportation services and textile production, etc.		37.75	37.75
89	Zhejiang China Light & Textile Industrial City CICC Market Investment Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Investment		19.25	51.00
90	Shaoxing Keqiao China Light & Textile Industrial City New East Market Development Co., Ltd.	Tier 4	Shaoxing	Shaoxing	Industrial investment		9.82	37.75
91	Shaoxing Zhonglian Market Property Management Co., Ltd.	Tier 5	Shaoxing	Shaoxing	Property management		9.82	37.75

No.	Name	Type	Main operation address	Registration address	Business nature	Shareholding ratio (%)		Voting right ratio (%)
						Direct	Indirect	
	Ltd.							
92	Shaoxing Zhongqing Property Management Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Property management		22.65	60.00
93	Zhejiang Zhongqing Financing Guarantee Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Industrial investment		37.75	37.75
94	Zhejiang China Light & Textile Industrial City E-commerce Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Market service		37.75	37.75
95	Shaoxing China Light & Textile Industrial City International Logistics Center Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Investment		37.75	37.75
96	Zhejiang Shaoxing China Light & Textile Industrial City Garment Market Co., Ltd.	Tier 4	Shaoxing	Shaoxing	Market operation management		37.75	37.75
97	Shaoxing China Light & Textile Industrial City International Logistics Center Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Transportation		37.75	37.75
98	Shaoxing China Light & Textile Industrial City Logistics Center Development and Management Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Transportation		37.75	37.75
99	Zhejiang China Light & Textile Industrial City Network Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Information service		36.56	37.75
100	Shaoxing Yifang Exhibition Co., Ltd.	Tier 4	Shaoxing	Shaoxing	Exhibition service		36.56	37.75
101	Dongguan Yifang Supply Chain Management Co., Ltd.	Tier 4	Shaoxing	Shaoxing	Supply chain management		21.94	37.75
102	Shaoxing Keqiao District China Light & Textile Industrial City Online Business Service Co., Ltd.	Tier 4	Shaoxing	Shaoxing	Information service		36.56	37.75
103	Shaoxing China Light & Textile Industrial City Financial	Tier 3	Shaoxing	Shaoxing	Investment		37.75	37.75

No.	Name	Type	Main operation address	Registration address	Business nature	Shareholding ratio (%)		Voting right ratio (%)
						Direct	Indirect	
	Holdings Co., Ltd.							
104	Shaoxing Keyan Construction Investment Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Urban infrastructure development and construction	100.00		100.00
105	Shaoxing Keyan City Construction Investment Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Urban infrastructure development and construction	100.00		100.00
106	Shaoxing Keqiao Economic Development Zone Development Investment Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Municipal public facilities, etc.	100.00		100.00
107	Shaoxing Keqiao District Binhai City Construction Development Investment Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Urban development and construction investment		100.00	100.00
108	Shaoxing Keqiao District Keyuan Construction Investment Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Drainage and sewage pipe network construction investment		100.00	100.00
109	Shaoxing Kebei New Countryside Construction Investment Development Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Resettlement housing construction	100.00		100.00
110	Shaoxing Keqiao District Shicheng Development Investment Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Urban construction and development	100.00		100.00
111	Shaoxing Keqiao District Pingshui Fucheng Construction Investment Development Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Rural infrastructure construction	100.00		100.00
112	Shaoxing Keqiao District Pingshui Fucheng New Countryside Construction Investment Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Rural infrastructure construction	100.00		100.00
113	Shaoxing Pingshui Ruoyexi Water System Integrated Improvement and Development Co.,	Tier 1	Shaoxing	Shaoxing	Investment and development of water conservancy infrastructure	100.00		100.00

No.	Name	Type	Main operation address	Registration address	Business nature	Shareholding ratio (%)		Voting right ratio (%)
						Direct	Indirect	
	Ltd.							
114	Shaoxing Lanting Cultural Tourism Development Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Development and construction of cultural tourism projects	100.00		100.00
115	Shaoxing Litie Integrated Development and Management Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Development and construction of cultural tourism projects		100.00	100.00
116	Shaoxing Lanting Guyue Guoxue Culture Development Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Real estate development and management		100.00	100.00
117	Shaoxing Jinkeqiao Science and Technology City Development Construction Investment Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Science and Technology City development and construction	100.00		100.00
118	Shaoxing Jinkeqiao Science and Technology City Management Service Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Business consulting management		100.00	100.00
119	Shaoxing Keqiao District Venture Capital Management Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Investment	100.00		100.00
120	Shaoxing Keqiao China Light & Textile Industrial City Talent Market Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Labor dispatch	100.00		100.00
121	Shaoxing Jinkeqiao Technical Service Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Skills training for technicians		100.00	100.00
122	Shaoxing Keqiao District Textile Industry Design Management Service Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Asset management, corporate brand management, corporate planning	100.00		100.00
123	Shaoxing Keqiao District Tourism Investment Development Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Tourism investment	100.00		100.00
124	Shaoxing Keqiao District Education Investment Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Education investment	100.00		100.00

No.	Name	Type	Main operation address	Registration address	Business nature	Shareholding ratio (%)		Voting right ratio (%)
						Direct	Indirect	
125	Shaoxing Xuri Education Development Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Education investment		100.00	100.00
126	Shaoxing Keqiao District Yangxunqiao Town Development Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Urban infrastructure construction	100.00		100.00
127	Shaoxing Keqiao Ancient Town Anchang Protection Development Construction Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Development and construction of ancient towns	100.00		100.00
128	Shaoxing Keqiao District Anchang New Countryside Construction Investment Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Rural infrastructure construction	100.00		100.00
129	Shaoxing Qianqing Textile Raw Material City Construction Investment Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Investment and development of textile raw material market	100.00		100.00
130	Shaoxing Keqiao District Rice Wine Industry Base Development and Construction Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Development of rice wine industry base	100.00		100.00
131	Shaoxing Keqiao District Water Conservancy Investment Development Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Investment and construction of water conservancy projects	100.00		100.00
132	Shaoxing Keqiao District Public Bicycle Service Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Public bicycle operation service	100.00		100.00
133	Shaoxing Construction Engineering By-product Recycling Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Construction waste disposal and utilization	100.00		100.00
134	Shaoxing Keqiao District Energy Investment Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Energy industrial investment and services	100.00		100.00
135	Shaoxing Keqiao District Yuezhou Gas Co., Ltd.	Tier 2	Shaoxing	Shaoxing	City natural gas operation, retail		100.00	100.00
136	Shaoxing Keqiao District Sports Center	Tier 1	Shaoxing	Shaoxing	Public infrastructure	100.00		100.00

No.	Name	Type	Main operation address	Registration address	Business nature	Shareholding ratio (%)		Voting right ratio (%)
						Direct	Indirect	
	Co., Ltd.				development and construction			
137	Shaoxing Keqiao Historical and Cultural District Development and Utilization Investment Construction Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Investment and development of historical and cultural districts	100.00		100.00
138	Shaoxing Keqiao District Cultural Development Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Cultural industry investment and development	100.00		100.00
139	Shaoxing Keqiao Rail Transit Group Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Rail transit investment and construction	100.00		100.00
140	Shaoxing Keqiao District Hangshao Intercity Rail Transit Construction Investment Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Hangzhou to Shaoxing intercity rail transit investment and construction		100.00	100.00
141	Shaoxing Keqiao District Rail Transit Property Development and Management Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Land integrated development and utilization		100.00	100.00
142	Shaoxing Keqiao District Forestry Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Development and management of forest farms and forest resources	100.00		100.00
143	Shaoxing Keqiao District Chengbei Development Investment Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Urban construction and development investment	100.00		100.00
144	Shaoxing Keqiao District Tiantian Breeding Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Aquaculture		100.00	100.00
145	Shaoxing Keqiao Jinghai Anju Construction Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Resettlement housing construction		100.00	100.00
146	Shaoxing Keqiao District Haitu Agricultural Development Co., Ltd.	Tier 4	Shaoxing	Shaoxing	Aquaculture		100.00	100.00
147	Shaoxing Keqiao Haitu Water Conservancy Development Co.,	Tier 5	Shaoxing	Shaoxing	Aquaculture		100.00	100.00

No.	Name	Type	Main operation address	Registration address	Business nature	Shareholding ratio (%)		Voting right ratio (%)
						Direct	Indirect	
	Ltd.							
148	Shaoxing Jinkeqiao Green Fiber Technology Co., Ltd.	Tier 6	Shaoxing	Shaoxing	Chemical fiber development		100.00	100.00
149	Shaoxing Keqiao Economic Development Zone Guotou Property Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Property management		100.00	100.00
150	Shaoxing Keqiao District Property Rights Exchange Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Property rights transaction service consulting		100.00	100.00
151	Shaoxing Keqiao District Land Surveying and Mapping Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Land survey		100.00	100.00
152	Shaoxing Jishan Jianshui Film and Television Culture Media Co., Ltd.	Tier 1	Shaoxing	Shaoxing	TV series distribution and production	51.33		70.00
153	Zhejiang Jinkeqiao Film and Television Culture Co., Ltd.	Tier 2	Shaoxing	Shaoxing	TV series distribution and production		83.33	83.33

(2) On 24 November 2020, Shaoxing Keqiao District Transportation Development Co., Ltd. and Shaoxing Keqiao District Transportation Collective Assets Management Co., Ltd. were transferred to Shaoxing Keqiao District Jinkeqiao State-owned Assets Development Co., Ltd. for free.

(3) Explanation of the reasons why subsidiaries that have half or less of their voting rights included in the scope of consolidated financial statements

As of 31 December 2020, Shaoxing Keqiao District Development and Management Group Co., Ltd., a subsidiary of the Company, holds 553,362,600 shares of Zhejiang China Light & Textile Industrial City Group Co., Ltd., with a shareholding ratio of 37.75%, which is the largest shareholder of Zhejiang China Light & Textile Industrial City Group Co., Ltd. It substantively controls the financial and operating policies of Zhejiang China Light & Textile Industrial City Group Co., Ltd., and has substantial control over Zhejiang China Light & Textile Industrial City Group Co., Ltd. Therefore, Zhejiang China Light & Textile Industrial City Group Co., Ltd. and its subsidiaries shall be included in the scope of consolidated financial statements.

## 2. Equity in joint ventures and associates

### (1) Basic information of significant joint ventures and associates

Name	Main operation address	Registration address	Business nature	Shareholding ratio		Accounting method
				Direct	Indirect	
Shaoxing Cao'e River Sluice Investment and Development Co., Ltd.	Shaoxing	Shaoxing	Investment, development and construction of Cao'e River Sluice	33%		Equity method
Shaoxing Chuanrong Color Printing Co., Ltd.	Shaoxing	Shaoxing	Publications, other printed matter printing	27.12%		Equity method
Shaoxing Keqiao Media Group Co., Ltd.	Shaoxing	Shaoxing	Wholesale and retail	49.00%		Equity method
Shaoxing China Light & Textile Industrial City Qianqing Textile Raw Materials Market Development Co., Ltd.	Shaoxing	Shaoxing	Market development	20.40%		Equity method
Shaoxing PetroChina Kunlun Gas Co., Ltd.	Shaoxing	Shaoxing	Sales of transportation, warehouse, compressed natural gas, and liquefied petroleum	25.01%		Equity method
Jiangshan Lianxing Development Co., Ltd. (Note 1)	Jiangshan	Jiangshan	New countryside construction	50.00%		Equity method
Shaoxing Natural Gas Investment Co., Ltd.	Shaoxing	Shaoxing	Planning, construction and investment of natural gas utilization projects	40.00%		Equity method
Shaoxing Keqiao Zhejiang University of Technology Innovation Research Institute Development Co., Ltd.	Shaoxing	Shaoxing	Scientific research	30.00%		Equity method
Shaoxing Tangpu Reservoir Co., Ltd.	Shaoxing	Shaoxing	Reservoir and supporting project management		29.70%	Equity method
Shaoxing Water Production Co., Ltd.	Shaoxing	Shaoxing	Centralized water supply		45.74%	Equity method
Shaoxing Qingyuan Investment Co., Ltd.	Shaoxing	Shaoxing	Industrial investment		40.00%	Equity method
Shaoxing Hangyong Expressway Wires Co., Ltd.	Shaoxing	Shaoxing	Public transportation service		40.00%	Equity method
Shaoxing Keqiao District Sinopec Transportation Oil	Shaoxing	Shaoxing	Sales of transportation.		50.00%	Equity

Name	Main operation address	Registration address	Business nature	Shareholding ratio		Accounting method
				Direct	Indirect	
and Gas Station Construction Development Co., Ltd.			warehouse, compressed natural gas, and liquefied petroleum			method
Shaoxing Keqiao District China Light & Textile Industrial City Textile Creative Industry Service Co., Ltd.	Shaoxing	Shaoxing	Textile information analysis and consulting services		49.00%	Equity method
Shaoxing Keqiao District China Light & Textile Industrial City South Market Management Co., Ltd.	Shaoxing	Shaoxing	Market operation management		35.00%	Equity method
Shaoxing Financing Guarantee Co., Ltd.	Shaoxing	Shaoxing	Re-guarantee business		15.00%	Equity method
Kuajishan Shaoxing Rice Wine Co., Ltd. (Note 2)	Shaoxing	Shaoxing	Production and sales of rice wine		7.74%	Equity method
Shaoxing Keqiao District Guoyi Asset Management Co., Ltd.	Shaoxing	Shaoxing	State-owned collective asset management		37.50%	Equity method
Shaoxing Binhai Engineering Quality Inspection Co., Ltd.	Shaoxing	Shaoxing	Construction engineering inspection		20.00%	Equity method
Zhejiang Shaojin Expressway Co., Ltd.	Shaoxing	Shaoxing	Investment and construction of Shaojin Section of Hangzhou to Shaoxing to Taiwan Expressway and related facilities		29.24%	Equity method
Shaoxing Style Tourism Shinkansen Construction Co., Ltd.	Shaoxing	Shaoxing	Intercity tram station yard and equipment construction and operation		33.00%	Equity method
Shaoxing Environmental Industry Co., Ltd.	Shaoxing	Shaoxing	Investment in urban environmental sanitation projects		49.00%	Equity method
Shaoxing Shaoneng Electric Power Investment Co., Ltd.	Shaoxing	Shaoxing	Power construction investment		22.00%	Equity method
Shaoxing Water Treatment Development Co., Ltd. (Note 3)	Shaoxing	Shaoxing	Sewage treatment		60.00%	Equity method
Shaoxing Keqiao Huaxiang Lizhu Pastoral Complex Development Co., Ltd.	Shaoxing	Shaoxing	Pastoral complex development		22.50%	Equity method
Shaoxing Future Community Development Construction Co., Ltd.	Shaoxing	Shaoxing	Construction		20.00%	Equity method

Name	Main operation address	Registration address	Business nature	Shareholding ratio		Accounting method
				Direct	Indirect	
Shaoxing Keqiao District Zhejiang Petroleum Integrated Energy Sales Co., Ltd.	Shaoxing	Shaoxing	Refined oil sales		49.00%	Equity method
Zhejiang Textile City Advanced Printing and Dyeing Innovation Co., Ltd.	Shaoxing	Shaoxing	Advanced printing and dyeing technology research and development		9.44%	Equity method

Note 1: Jiangshan Lianxing Development Co., Ltd. was jointly controlled by the Company and Jiangshan Municipal State-owned Assets Supervision and Administration Office, Shaoxing Keqiao District Sinopec Transportation Oil and Gas Station Construction Development Co., Ltd. was jointly controlled by the Company and Sinopec Sales Co., Ltd., which shall not be included in the scope of consolidation.

Note 2: The opinion type of the auditor's report of Kuaijishan Shaoxing Rice Wine Co., Ltd. in 2020 is an unqualified opinion with emphasis of matter paragraph. The content of emphasis of matter paragraph in the auditor's report is "We remind users of the financial statements to pay attention. As stated in Note XII 2 (2) of the notes to financial statements, Jinggong Group Co., Ltd. holds 164 million shares of Kuaijishan Shaoxing Rice Wine Co., Ltd. (accounting for 32.97% of the total share capital of the company and 100% of its shares in the company), which has been frozen by the judicial system and waiting to be frozen. Jinggong Group Co., Ltd. has applied to the People's Court of Keqiao District of Shaoxing City to enter the reorganization procedure according to the law. As of the auditor's report date, the reorganization procedure has not been completed, and there are major uncertainties in the future results. This paragraph does not affect the audit opinion that has been published.

Note 3: Shaoxing Keqiao Water Group Co., Ltd., a subsidiary of the Company, holds 60% equity of Shaoxing Water Treatment Development Co., Ltd. According to the Government Document No. 286 issued by the Office of Shaoxing Municipal People's Government on 30 August 2007, Shaoxing Keqiao Water Group Co., Ltd. entrusted 11% of the 60% equity of Shaoxing Water Treatment Development Co., Ltd. to Shaoxing Water Group Co., Ltd. for management. Therefore, it shall not be included in the scope of consolidated financial statements.

#### IX Related party relationships and transactions

1. The parent company of the Company

Name of the parent company	Registration address	The parent company's shareholding (%)	The parent company's voting right (%)
Finance Bureau of Keqiao District, Shaoxing City	Shaoxing	90.00	90.00

2. Information of subsidiaries of the Company

Information of subsidiaries of the Company refers to Note VIII 1.

3. Joint ventures and associates of the Group

Information of joint ventures and associates of the Group refers to Note VIII 2 "Equity in joint ventures or associates". Other joint ventures or joint ventures that have related party transactions with the Group in the current period or formed a balance due to related party transactions with the Group in the previous periods are as follows:

Name of joint venture or associate	Relationship with the Company
Shaoxing Water Treatment Development Co., Ltd.	Shareholding company
Shaoxing Water Production Co., Ltd.	Shareholding company
Zhejiang Textile City Advanced Printing and Dyeing Innovation Co., Ltd.	Shareholding company
Shaoxing Keqiao District China Light & Textile Industrial City South Market Management Co., Ltd.	Shareholding company
Shaoxing Keqiao China Textile Cross-border E-commerce Service Co., Ltd.	Shareholding company

4. Related party transactions

(1) Goods and labor service between the Company and related parties

① Purchase of goods and acceptance of labor service

Name of related party	Contents of transactions	2020	2019
Shaoxing Water Treatment Development Co., Ltd.	Sewage treatment	220,326,756.62	221,445,157.06
Shaoxing Water Production Co., Ltd.	Purchase of water	165,451,361.28	160,071,642.02

Name of related party	Contents of transactions	2020	2019
Total		385,778,117.90	381,516,799.08

② Sale of goods and rendering of labor service

Name of related party	Contents of transactions	2020	2019
Zhejiang Textile City Advanced Printing and Dyeing Innovation Co., Ltd.	Printing and dyeing service	130,943.39	
Shaoxing Keqiao District China Light & Textile Industrial City South Market Management Co., Ltd.	Property management service	65,000.00	
Shaoxing Keqiao China Textile Cross-border E-commerce Service Co., Ltd.	Consulting service	4,034.72	
Total		199,978.11	

(2) Related party guarantees

As of 31 December 2020, details of guarantees for related parties provided by the Group are as follows:

Guarantor	Secured party	Guarantee amount (RMB'0,000)	Expiry date	Whether the guarantee has been fulfilled
Shaoxing Keqiao District Transportation Investment Construction Group Co., Ltd.	Shaoxing Style Tourism Shinkansen Construction Co., Ltd.	19,000.00	2030/02/11	No
Shaoxing Keqiao Water Group Co., Ltd. (Note 1)	Shaoxing Water Treatment Development Co., Ltd.	900.00	2023/12/10	No
Shaoxing Keqiao Water Group Co., Ltd. (Note 1)	Shaoxing Water Treatment Development Co., Ltd.	15,780.00	2026/12/20	No
Shaoxing Keqiao Water Group Co., Ltd. (Note 1)	Shaoxing Water Treatment Development Co., Ltd.	7,200.00	2021/6/15	No
Shaoxing Keqiao Water Group Co., Ltd. (Note 1)	Shaoxing Water Treatment Development Co., Ltd.	5,400.00	2024/12/12	No
Shaoxing Keqiao Water Group Co., Ltd. (Note 1)	Shaoxing Water Treatment Development Co., Ltd.	10,800.00	2021/3/15	No

Guarantor	Secured party	Guarantee amount (RMB'0,000)	Expiry date	Whether the guarantee has been fulfilled
Shaoxing Keqiao Water Group Co., Ltd. (Note 1)	Shaoxing Water Treatment Development Co., Ltd.	3,600.00	2023/8/20	No
Shaoxing Keqiao Water Group Co., Ltd. (Note 1)	Shaoxing Water Treatment Development Co., Ltd.	9,000.00	2021/11/18	No
Shaoxing Keqiao Water Group Co., Ltd. (Note 1)	Shaoxing Water Treatment Development Co., Ltd.	10,800.00	2023/12/21	No
Shaoxing Keqiao Drain Co., Ltd.	Shaoxing Water Treatment Development Co., Ltd.	4,800.00	2022/3/20	No
Shaoxing Keqiao Binhai Water Supply Co., Ltd. (Note 1)	Shaoxing Water Treatment Development Co., Ltd.	7,800.00	2029/12/10	No
Shaoxing Keqiao Drain Co., Ltd. (Note 1)	Shaoxing Water Treatment Development Co., Ltd.	12,000.00	2021/11/19	No
Shaoxing Keqiao Water Supply Co., Ltd. (Note 1)	Shaoxing Water Production Co., Ltd.	6,861.00	2021/8/2	No
Shaoxing Keqiao Water Supply Co., Ltd. (Note 1)	Shaoxing Water Production Co., Ltd.	2,000.00	2034/12/31	No
Shaoxing Keqiao Water Supply Co., Ltd. (Note 1)	Shaoxing Qingneng Environmental Protection Co., Ltd.	7,600.00	2021/09/29	No
Shaoxing Keqiao Water Supply Co., Ltd. (Note 1)	Shaoxing Qingneng Environmental Protection Co., Ltd.	8,000.00	2033/9/25	No
Shaoxing Keqiao Water Supply Co., Ltd. (Note 1)	Shaoxing Qingneng Environmental Protection Co., Ltd.	4,000.00	2034/12/31	No
Shaoxing Keqiao Water Supply Co., Ltd. (Note 1)	Shaoxing Qingneng Environmental Protection Co., Ltd.	4,000.00	2022/4/16	No
Shaoxing Keqiao Water Supply Co., Ltd. (Note 1)	Shaoxing Qingneng Environmental Protection Co., Ltd.	4,000.00	2022/6/9	No
Shaoxing Keqiao Drain Co., Ltd.	Shaoxing Water Treatment Development Co., Ltd.	5,550.00	2022/1/15	No
Shaoxing Keqiao Drain	Shaoxing Water Treatment	6,000.00	2023/5/28	No

Guarantor	Secured party	Guarantee amount (RMB'0,000)	Expiry date	Whether the guarantee has been fulfilled
Co., Ltd.	Development Co., Ltd.			
Shaoxing Keqiao Drain Co., Ltd.	Shaoxing Water Treatment Development Co., Ltd.	9,600.00	2021/10/10	No
Shaoxing Keqiao Water Group Co., Ltd. (Note 1)	Shaoxing Water Production Co., Ltd.	10,000.00	2027/12/30	No
Shaoxing Keqiao Water Group Co., Ltd. (Note 1)	Shaoxing Water Production Co., Ltd.	7,000.00	2022/6/28	No
Shaoxing Keqiao Water Group Co., Ltd. (Note 1)	Shaoxing Water Production Co., Ltd.	8,000.00	2034/12/20	No
Shaoxing Keqiao District Transportation Investment Co., Ltd.	Shaoxing Water Treatment Development Co., Ltd.	6,000.00	2021/3/26	No
Shaoxing Keqiao District Development and Management Group Co., Ltd.	Shaoxing Keqiao District China Light & Textile Industrial City South Market Management Co., Ltd.	17,500.00	2030/4/29	No
Shaoxing Keqiao District Transportation Investment Co., Ltd.	Zhejiang Shaojin Expressway Co., Ltd.	100,000.00	2040/07/10	No
Shaoxing Keqiao District Central City Construction Investment Development Co., Ltd.	Shaoxing Environmental Industry Co., Ltd.	5,000.00	2021/10/13	No
Shaoxing Keqiao District Transportation Investment Co., Ltd.	Shaoxing Water Treatment Development Co., Ltd.	6,000.00	2023/03/26	No
Total		324,191.00		

Note 1: The borrowings were also guaranteed by Shaoxing Public Utility Group Co., Ltd.

(3) Funds lending

1) Funds borrowed from others

The Company has paid for the transfer of the capital use right of Shaoxing Keqiao District China Light & Textile Industrial City South Market Management Co., Ltd. for RMB 48,091,841.00, and the capital use fees for the current period was settled with RMB 2,845,170.29.

5. Amount due from / to related parties

## (1) Amounts due from related parties

Item	Related party	Closing balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivable	Shaoxing Water Treatment Development Co., Ltd.			36,100.00	
Prepayment	Shaoxing Water Treatment Development Co., Ltd.	36,083,628.70			
Other receivables	Shaoxing Keqiao District China Light & Textile Industrial City Transportation Industrial Corporation			600,000,000.00	
	Shaoxing Keqiao District Scenery Tourism Investment Co., Ltd.	133,695,926.00		133,695,926.00	
	Shaoxing Water Treatment Development Co., Ltd.	160,507,986.11		220,493,472.22	
	Shaoxing Keqiao District Binhai Industrial Zone Development Investment Co., Ltd.			1,369,994,052.08	
	Shaoxing Keqiao District China Light & Textile Industrial City South Market Management Co., Ltd.	40,878.85		32,463,420.24	
	Shaoxing Keqiao District Sinopec Transportation Oil and Gas Station Construction Development Co., Ltd.			3,650,464.72	
	Shaoxing Hangyong Expressway Wires Co., Ltd.	60,000,000.00	56,719,496.33	60,000,000.00	47,686,167.91
	Shaoxing Tangpu Reservoir Co., Ltd.	21,000.00			
	Total		390,349,419.66	56,719,496.33	2,420,333,435.26

## (2) Amounts due to related parties

Item	Related party	Closing balance	Opening balance
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Item	Related party	Closing balance	Opening balance
Accounts payable	Shaoxing Water Production Co., Ltd.	13,982,919.84	14,166,035.16
	Shaoxing Water Treatment Development Co., Ltd.	109,069,663.00	
Other payables	Shaoxing Water Treatment Development Co., Ltd.		64,886,219.93
	Shaoxing Keqiao District China Light & Textile Industrial City South Market Management Co., Ltd.	109,110,203.27	93,000,635.71
Long-term payables	Finance Bureau of Keqiao District, Shaoxing City	210,000,000.00	
	Finance Bureau of Keqiao District, Shaoxing City	3,547,787,900.00	8,126,070,950.28
Total		3,989,950,686.11	8,298,123,841.08

#### X Commitments and contingencies

##### 1. Contingencies

(1) As of 31 December 2020, guarantees provided by subsidiaries of the Company to entities other than related parties are as follows:

Guarantor	Secured party	Guarantee amount (RMB'0,000)	Expiry date	Whether the guarantee has been fulfilled
Shaoxing Keqiao District Development and Management Group Co., Ltd.	Shaoxing Keqiao District China Light & Textile Industrial City Network Investment Co., Ltd.	7,000.00	2022/3/25	No

(2) As of 31 December 2020, external guarantees provided by Zhejiang Zhongqing Financing Guarantee Co., Ltd., a subsidiary of Zhejiang China Light & Textile Industrial City Group Co., Ltd., are as follows:

Zhejiang Zhongqing Financing Guarantee Co., Ltd. signed cooperation agreements with Hua Xia Bank Co., Ltd. Shaoxing Branch, Postal Savings Bank of China Co., Ltd. Zhejiang Branch, Zhejiang Shaoxing Ruifeng Rural Commercial Bank Co., Ltd., China Zheshang Bank Co., Ltd. Shaoxing Branch, Bank of Beijing Co., Ltd. Shaoxing Sub-branch and Bank of China Co., Ltd. Shaoxing Textile

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City North Trading Zone Sub-branch respectively to provide guarantee services for loans obtained by small and medium-sized enterprises and individuals. As of 31 December 2020, Zhejiang Zhongqing Financing Guarantee Co., Ltd. has deposited a deposit of RMB 9,505,000.00 to provide guarantees for its customers' short-term loans of RMB 36,550,000.00 from the aforementioned banks or small loan companies, and assumes the joint and several liability guarantee for the loans of these lenders. The loan period of these lenders is from 10 January 2020 to 22 December 2021.

(3) As of 31 December 2020, except for the above contingencies, the Company has no other significant contingencies that need to be disclosed.

## 2. Commitments

(1) The details of restricted assets of the Company for borrowings refer to Note VI 18, 27 and 29.

(2) As of 31 December 2020, except for the above commitments, the Company has no other significant commitments that need to be disclosed.

## XI Events after the balance sheet date

### 1. Impact of COVID-19

Due to the impact of COVID-19, the production and sales of the Company's subordinate market operators have not returned to the pre-epidemic level, which has increased the uncertainty of the Company's market investment promotion.

2. As of the approval date of the financial statements, except for the above events after the balance sheet date, the Company has no other significant events after the balance sheet date that need to be disclosed.

## XII Other significant events

### 1. Performance of settlement commitment of horizontal competition and relevant profit commitment and compensation

Zhejiang China Light & Textile Industrial City Group Co., Ltd., a subsidiary of the Company, held the 21<sup>st</sup> meeting of the 8<sup>th</sup> session of the Board of Directors on 28 June 2017, reviewed and passed the "Proposal on the Change of the Company's Controlling Shareholders' Commitments to Resolve

Horizontal Competition". Due to some reasons, the assets of Markets could not solve the problem of horizontal competition before the expiration of the commitment (16 July 2017), and it is proposed to continue to solve the problem of horizontal competition by changing the commitment. The main contents of the changed commitment are as follows: 1. Within six months after the expiration of the original commitment period, the Company will promote the assets of the Grey Fabric Market and Apparel Market to be injected into Zhejiang China Light & Textile Industrial City Group Co., Ltd. after meeting certain conditions; 2. Within three years after the expiration of the original commitment period, the Company will actively solve the problems of asset ownership defects and profit distribution irregularities of Dongmen Market and Kedong Warehouse, and inject them into Zhejiang China Light & Textile Industrial City Group Co., Ltd. after meeting certain conditions; 3. Within three years after the completion of the construction of New West Market, when the resettlement and the investment promotion work of the original West Market operators have been completed, the actual effect has been achieved and the good profit prospect has been obtained, they will be injected into Zhejiang China Light & Textile Industrial City Group Co., Ltd.

At the end of November 2019, the Company transferred its equity of Shaoxing Keqiao District China Light & Textile Industrial City Dongmen Textile Market Co., Ltd., Shaoxing Keqiao Agricultural Reclamation Industrial Co., Ltd. and Shaoxing Keqiao District China Light & Textile Industrial City Kedong Warehouse Co., Ltd. to Shaoxing Keqiao District China Light & Textile Industrial City Network Investment Co., Ltd. The Company solved the problem of horizontal competition with Zhejiang China Light & Textile Industrial City Group Co., Ltd. through the way of equity transfer.

By the end of 2019, the main project of China Light & Textile Industrial City International Fabric Purchasing Center, which is the New West Market, had been basically completed. The resettlement of the original West Market operators has been completed, and the investment promotion has been completed and put into operation in 2020.

### XIII Notes to the financial statements of the Company

#### 1. Other receivables

Item	Closing balance	Opening balance
Interests receivable	437,107,567.51	435,479,612.14
Dividends receivable		

Item	Closing balance	Opening balance
Other receivables	63,069,716.78	18,687,854.02
Total	500,177,284.29	454,167,466.16

(1) Interests receivable

Item	Closing balance	Opening balance
Interests from the loans to subsidiaries	436,854,144.45	434,551,319.78
Time deposits	253,423.06	928,292.36
Total	437,107,567.51	435,479,612.14

(2) Other receivables disclosed by category

Category	Closing balance				Book value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables with single provision for bad debts					
Other receivables with provision for bad debts based on portfolio					
Portfolio 1: Receivables from government, state-owned enterprises and related parties	60,069,716.78	95.24			60,069,716.78
Portfolio 2: Deposit and margin	3,000,000.00	4.76			3,000,000.00
Portfolio 3: Aging portfolio					
Sub-total	63,069,716.78	100.00			63,069,716.78
Total	63,069,716.78	100.00			63,069,716.78

(Continued)

Category	Opening balance				Book value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Proportion (%)	

Category	Opening balance				Book value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables with single provision for bad debts					
Other receivables with provision for bad debts based on portfolio					
Portfolio 1: Receivables from government, state-owned enterprises and related parties	15,576,475.00	83.30			15,576,475.00
Portfolio 2: Deposit and margin	3,000,000.00	16.04			3,000,000.00
Portfolio 3: Aging portfolio	122,935.98	0.66	11,556.96	9.40	111,379.02
Sub-total	18,699,410.98	100.00	11,556.96	0.06	18,687,854.02
Total	18,699,410.98	100.00	11,556.96	0.06	18,687,854.02

1) Details of accrual of bad debt provision

Bad debt provision	The first stage	The second stage	The third stage	Total
	Expected credit loss in the next 12 months	Expected credit loss in the entire duration (no credit impairment)	Expected credit loss in the entire duration (credit impairment has occurred)	
Balance on 1 January 2020	11,556.96			11,556.96
Balance as of 1 January 2020 in the current year:				
-Transfer to the second stage				
-Transfer to the third stage				
-Reversal to the second stage				
-Reversal to the first stage				
Accrual in 2020	-11,556.96			-11,556.96
Reversal in 2020				
Write-off in 2020				

Bad debt provision	The first stage	The second stage	The third stage	Total
	Expected credit loss in the next 12 months	Expected credit loss in the entire duration (no credit impairment)	Expected credit loss in the entire duration (credit impairment has occurred)	
Cancellation after verification in 2020				
Other changes				
Balance on 31 December 2020				

2) Details of bad debt provision

Category	Opening balance	Changes in the current period				Closing balance
		Accrual	Recovery or reversal	Write-off	Other changes	
Bad debt provisions	11,556.96	-11,556.96				
Total	11,556.96	-11,556.96				

3) The top five other receivables based on the closing balance

Name	Aging	Closing balance	Proportion in closing balance of other receivables (%)
Zhejiang Daily Media Holding Group Co., Ltd.	Within 1 year	41,539,842.26	65.86
Zhejiang Keyan Beauty Spot Development Co., Ltd.	Over 3 years	15,576,475.00	24.70
Hwabao Trust Co., Ltd.	1-2 years	3,000,000.00	4.76
Financing service charges	Within 1 year	2,854,800.00	4.53
Li Gang	Within 1 year	41,760.00	0.07
Total		63,012,877.26	99.91

2. Long-term equity investment

(1) Classification of long-term equity investment

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investments in subsidiaries	3,351,640,000.00		3,351,640,000.00	3,485,040,000.00		3,485,040,000.00
Investments in associates and joint ventures	1,122,187,432.64		1,122,187,432.64	1,143,522,215.16		1,143,522,215.16
Total	4,473,827,432.64		4,473,827,432.64	4,628,562,215.16		4,628,562,215.16

(2) Investment in subsidiaries

Name of investee	Opening balance		Increase		Decrease		Closing balance
	Opening balance		Increase		Decrease		
Shaoxing Keqiao District China Light & Textile Industrial City United Consignment Market Development Co., Ltd.	2,000,000.00						2,000,000.00
Shaoxing Keqiao District Binhai City Construction Development Investment Co., Ltd.	100,000,000.00				100,000,000.00		
Shaoxing Keyan Construction Investment Co., Ltd.	230,000,000.00						230,000,000.00
Shaoxing Keqiao District Development and Management Group Co., Ltd.	426,600,000.00						426,600,000.00
Shaoxing Keqiao District Energy Investment Co., Ltd.	50,000,000.00		80,600,000.00				130,600,000.00
Shaoxing Keqiao China Light & Textile Industrial City Talent Market	1,300,000.00						1,300,000.00

Name of investee	Opening balance	Increase	Decrease	Closing balance
Co., Ltd.				
Shaoxing Keqiao District Pingshui Fucheng Construction Investment Development Co., Ltd.	100,000,000.00			100,000,000.00
Shaoxing Qianqing Textile Raw Material City Construction Investment Co., Ltd.	50,000,000.00			50,000,000.00
Shaoxing Keqiao District Rice Wine Industry Base Development and Construction Co., Ltd.	30,000,000.00			30,000,000.00
Shaoxing Keqiao District Yangxunqiao Town Development Co., Ltd.	50,000,000.00			50,000,000.00
Shaoxing Keyan City Construction Investment Co., Ltd.	100,000,000.00			100,000,000.00
Shaoxing Keqiao District Education Investment Co., Ltd.	50,000,000.00			50,000,000.00
Shaoxing Keqiao District Tourism Investment Development Co., Ltd.	12,800,000.00			12,800,000.00
Shaoxing Keqiao Economic Development Zone Development Investment Co., Ltd.	74,520,000.00	30,000,000.00		104,520,000.00
Shaoxing Keqiao District Tourism Development Group Co., Ltd.	462,320,000.00			462,320,000.00
Shaoxing Keqiao Ancient Town Anchang Protection Development Construction Co., Ltd.	100,000,000.00			100,000,000.00
Shaoxing Keqiao District Pingshui Fucheng New Countryside Construction Investment Co., Ltd.	50,000,000.00			50,000,000.00
Shaoxing Kebei New Countryside Construction Investment Development Co., Ltd.	100,000,000.00			100,000,000.00

Name of investee	Opening balance	Increase	Decrease	Closing balance
Shaoxing Keqiao District Anchang New Countryside Construction Investment Co., Ltd.	50,000,000.00			50,000,000.00
Shaoxing Keqiao District Venture Capital Management Co., Ltd.	45,000,000.00			45,000,000.00
Shaoxing Keqiao District Textile Industry Design Management Service Co., Ltd.	10,000,000.00			10,000,000.00
Shaoxing Construction Engineering By-product Recycling Co., Ltd.	500,000.00			500,000.00
Shaoxing Keqiao District Water Conservancy Investment Development Co., Ltd.	50,000,000.00			50,000,000.00
Shaoxing Keqiao District Public Bicycle Service Co., Ltd.	2,000,000.00			2,000,000.00
Shaoxing China Light & Textile Industrial City Business Headquarters Park Investment Development Management Co., Ltd.	200,000,000.00		200,000,000.00	
Shaoxing Keqiao District Shicheng Development Investment Co., Ltd.	100,000,000.00			100,000,000.00
Shaoxing Pingshui Ruoyexi Water System Integrated Improvement and Development Co., Ltd.	30,000,000.00			30,000,000.00
Shaoxing Keqiao District Sports Center Co., Ltd.	2,000,000.00			2,000,000.00
Shaoxing Keqiao Historical and Cultural District Development and Utilization Investment Construction Co., Ltd.	300,000,000.00			300,000,000.00
Shaoxing Keqiao District Cultural Development Co., Ltd.	30,000,000.00			30,000,000.00
Shaoxing Keqiao Rail Transit Group Co., Ltd.	300,000,000.00			300,000,000.00

Name of investee	Opening balance	Increase	Decrease	Closing balance
Shaoxing Keqiao District Forestry Co., Ltd.	500,000.00			500,000.00
Shaoxing Keqiao District Chengbei Development Investment Co., Ltd.	100,000,000.00			100,000,000.00
Shaoxing Jinkeqiao Science and Technology City Development Construction Investment Co., Ltd.	170,000,000.00			170,000,000.00
Shaoxing Jishan Forestry Investigation Planning Design Co., Ltd.	500,000.00			500,000.00
Keqiao District Construction Group Co., Ltd.	55,000,000.00			55,000,000.00
Shaoxing Lanting Cultural Tourism Development Co., Ltd.	50,000,000.00	50,000,000.00		100,000,000.00
Shaoxing Keqiao District Property Rights Exchange Co., Ltd.		5,000,000.00		5,000,000.00
Shaoxing Keqiao District Land Surveying and Mapping Co., Ltd.		1,000,000.00		1,000,000.00
Total	3,485,040,000.00	166,600,000.00	300,000,000.00	3,351,640,000.00

(3) Investment in associates and joint ventures

Name of investee	Closing balance		Opening balance	
	Book balance	Impairment provision	Book balance	Impairment provision
Shaoxing Cao'e River Sluice Investment and Development Co., Ltd.	630,707,212.05		636,117,095.35	
Shaoxing Chuanrong Color Printing Co., Ltd.	707,521.06		696,560.43	
				Book value
				636,117,095.35
				696,560.43
				696,560.43

Name of investee	Closing balance		Opening balance	
	Book balance	Impairment provision	Book balance	Impairment provision
Shaoxing Keqiao Media Group Co., Ltd.	47,455,227.60		47,288,751.68	
Shaoxing China Light & Textile Industrial City Qianqing Textile Raw Materials Market Development Co., Ltd.	19,610,897.93		32,517,380.44	
Shaoxing PetroChina Kunlun Gas Co., Ltd.	10,322,878.64		20,754,338.62	
Jiangshan Lianxing Development Co., Ltd.	225,028,920.00		225,028,920.00	
Shaoxing Natural Gas Investment Co., Ltd.	145,380,895.31		129,466,517.58	
Shaoxing Keqiao Zhejiang University of Technology Innovation Research Institute Development Co., Ltd.	1,711,626.19		1,652,651.06	
Zhejiang Zhongqing Financing Guarantee Co., Ltd.	41,262,253.86		50,000,000.00	
Shaoxing Keqiao District Financing Guarantee Co., Ltd.				
Total	1,122,187,432.64		1,143,522,215.16	
				47,288,751.68
				32,517,380.44
				20,754,338.62
				225,028,920.00
				129,466,517.58
				1,652,651.06
				50,000,000.00
				1,143,522,215.16

(Continued)

Name of investee	Changes in the current period				
	Increase of investments	Decrease of investments	Investment income under equity method	Adjustments of other comprehensive income	Other changes in equity
Shaoxing Cao'e River Sluice Investment and Development Co., Ltd.			-5,409,883.30		
Shaoxing Chuanrong Color Printing Co., Ltd.			10,960.63		
Shaoxing Keqiao Media Group Co., Ltd.			166,475.92		
Shaoxing China Light & Textile Industrial City Qianqing Textile Raw Materials Market Development Co., Ltd.			-12,906,482.51		
Shaoxing PetroChina Kunlun Gas Co., Ltd.		29,858,285.52	19,426,825.54		
Jiangshan Lianxing Development Co., Ltd.			15,914,377.73		
Shaoxing Natural Gas Investment Co., Ltd.			58,975.13		
Shaoxing Keqiao Zhejiang University of Technology Innovation Research Institute Development Co., Ltd.			927,344.32		
Zhejiang Zhongqing Financing Guarantee Co., Ltd.	40,334,909.54				
Shaoxing Keqiao District Financing Guarantee Co., Ltd.		50,000,000.00			
Total	40,334,909.54	79,858,285.52	18,188,593.46		

3. Investment income

(1) Details of investment income

Item	2020	2019
Investment income from long-term equity investments under equity method	18,188,593.46	41,541,392.39
Investment income from other equity instrument investments during the holding period	2,195,337.62	987,901.93
Total	20,383,931.08	42,529,294.32

(2) Investment income from long-term equity investments under equity method

Name of investee	2020
Shaoxing Cao'e River Sluice Investment and Development Co., Ltd.	-5,409,883.30
Shaoxing Chuanrong Color Printing Co., Ltd.	10,960.63
Shaoxing Keqiao Media Group Co., Ltd.	166,475.92
Shaoxing China Light & Textile Industrial City Qianqing Textile Raw Materials Market Development Co., Ltd.	-12,906,482.51
Shaoxing Natural Gas Investment Co., Ltd.	15,914,377.73
Shaoxing Keqiao Zhejiang University of Technology Innovation Research Institute Development Co., Ltd.	58,975.13
Zhejiang Zhongqing Financing Guarantee Co., Ltd.	927,344.32
Shaoxing PetroChina Kunlun Gas Co., Ltd.	19,426,825.54
Total	18,188,593.46

(3) Investment income from other equity instrument investments during the holding period

Name of investee	2020
China Cable Network Co., Ltd.	2,195,337.62
Total	2,195,337.62

Legal Representative:



Chief Financial Officer:



Chief Accountant:





MAZARS  
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No. 169 Donghu Road, Wuchang District  
Wuhan, 430077

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## AUDITOR'S REPORT

ZHSZ [2020] No. 030060

To the shareholders of Shaoxing Keqiao District State-owned Assets Investment and Management Group Co., Ltd.:

### Opinion

We have audited the accompanying financial statements of Shaoxing Keqiao District State-owned Assets Investment and Management Group Co., Ltd. (hereinafter referred to as "the Company"), which comprise the consolidated and the Company's balance sheets as at 31 December 2019, and the consolidated and the Company's income statements, the consolidated and the Company's statements of cash flows and changes in owners' equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and the Company's financial position as at 31 December 2019, and their financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

### Basis of Opinion

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

### Other Information

The management of the Company (hereinafter referred to as "the Management") is responsible for the other information. The other information comprises the information included in the 2019 annual report of the Company, but does not include the financial statements and our auditor's report thereon.

Our opinion in the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on our work we have performed, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

#### **Responsibilities of the Management and Those Charged with Governance for the Financial Statements**

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with Accounting Standards for Business Enterprises, and designing, implementing and maintaining internal control which is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing 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 the Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 to expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- 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 concluded that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair representation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Mazars Certified Public Accountants LLP



Wuhan, China

Certified Public Accountant

Certified Public Accountant



7 May 2020



## Consolidated Balance Sheet (Assets)

Consol. No. 1

Prepared by Shaoxing Keqiao District State-owned Assets Investment and Management Group Co., Ltd.

RMB

Assets	Note	31 Dec. 2019	1 Jan. 2019	31 Dec. 2018
<b>Current assets:</b>				
Cash and cash equivalents	VI 1	12,971,426,778.59	12,311,544,262.15	13,111,544,262.15
Trading financial assets				
Financial assets at fair value through profit or loss				
Derivative financial assets				
Notes receivable				
Accounts receivable	VI 2	4,098,325,729.24	2,973,234,915.55	2,973,234,915.55
Receivables financing				
Prepayment	VI 3	20,114,500,529.59	18,338,102,021.03	18,338,102,021.03
Other receivables	VI 4	15,629,602,513.60	12,299,590,041.62	12,299,590,041.62
Including: Interests receivable		928,292.36	1,315,125.01	1,315,125.01
Dividends receivable			5,000,000.00	5,000,000.00
Inventory	VI 5	72,376,694,150.09	69,695,374,018.76	69,695,374,018.76
Held-for-sale assets	VI 6			
Non-current assets due within one year				
Other current assets	VI 7	3,206,844,153.54	4,555,116,130.52	3,755,116,130.52
Total current assets		128,397,393,854.65	120,172,961,389.63	120,172,961,389.63
<b>Non-current assets:</b>				
Debt investment				
Available-for-sale financial assets				6,281,568,456.16
Other debt investments				
Held-to-maturity investment				
Long-term receivables	VI 8	127,000,000.00	112,003,556.03	112,003,556.03
Long-term equity investment	VI 9	4,287,812,274.05	3,763,889,337.52	3,763,889,337.52
Other equity instrument investments	VI 10	9,433,160,955.28	6,281,568,456.16	
Other non-current financial assets				
Investment property	VI 11	6,824,635,490.48	6,765,284,710.90	6,765,284,710.90
Fixed assets	VI 12	9,392,051,473.78	8,050,058,909.78	8,050,058,909.78
Construction in progress	VI 13	19,524,151,798.72	15,991,360,253.18	15,991,360,253.18
Productive biological assets				
Oil and gas assets				
Intangible assets	VI 14	1,221,605,271.96	1,145,625,518.33	1,145,625,518.33
Development expenditure				
Goodwill	VI 15	207,418,178.23	207,418,178.23	207,418,178.23
Long-term deferred expenses	VI 16	91,076,601.71	93,724,780.73	93,724,780.73
Deferred tax assets	VI 17	108,286,276.83	108,432,608.82	108,432,608.82
Other non-current assets	VI 18	7,402,177,597.78	3,407,155,773.35	3,407,155,773.35
Total non-current assets		58,619,375,918.82	45,926,522,083.03	45,926,522,083.03
Total assets		187,016,769,773.47	166,099,483,472.66	166,099,483,472.66

Legal Representative:



Chief Financial Officer:



Chief Accountant:



## Consolidated Balance Sheet (Liabilities and Owners' Equity)

Prepared by Shaoying Keqiao District State-owned Assets Investment and Management Group Co., Ltd.

Consol. No. 1  
RMB

Liabilities and owners' equity	Note	31 Dec. 2019	1 Jan. 2019	31 Dec. 2018
<b>Current liabilities:</b>				
Short-term borrowings	VI 19	4,077,050,000.00	1,723,900,000.00	1,723,900,000.00
Trailing financial liabilities				
Financial liabilities at fair value through profit or loss				
Derivative financial liabilities				
Notes payable	VI 20	50,000,000.00		
Accounts payable	VI 21	987,999,686.72	563,054,782.35	563,054,782.35
Advance from customers	VI 22	4,361,617,047.91	4,993,561,828.90	4,993,561,828.90
Payroll payable	VI 23	69,221,380.58	65,243,318.86	65,243,318.86
Taxes and surcharges payable	VI 24	2,261,833,780.48	1,736,285,543.91	1,736,285,543.91
Other payables	VI 25	5,722,818,820.13	5,739,249,508.38	5,739,249,508.38
Including: Interests payable		704,178,672.41	451,133,471.37	451,133,471.37
Dividends payable				
Held-for-sale liabilities	VI 26	1,000,000.00	1,000,000.00	1,000,000.00
Non-current liabilities due within one year	VI 27	20,699,929,931.82	16,098,871,747.90	16,098,871,747.90
Other current liabilities	VI 28	29,159,974.75	28,812,865.53	28,812,865.53
Total current liabilities		38,260,630,622.39	30,949,979,595.83	30,949,979,595.83
<b>Non-current liabilities:</b>				
Long-term borrowings	VI 29	37,380,241,480.04	34,950,815,052.69	34,950,815,052.69
Bonds payable	VI 30	38,457,391,767.82	31,678,611,244.36	31,678,611,244.36
Including: Preferred shares				
Perpetual bonds				
Long-term payables	VI 31	15,964,579,828.35	15,631,464,096.62	15,631,464,096.62
Long-term payroll payable				
Accrued liabilities				
Deferred income	VI 32	271,131,096.34	216,723,459.06	216,723,459.06
Deferred tax liabilities	VI 18	418,040,717.93	252,146,053.37	252,146,053.37
Other non-current liabilities	VI 33	490,000.00	490,000.00	490,000.00
Total non-current liabilities		92,491,874,890.48	82,730,249,906.10	82,730,249,906.10
Total liabilities		130,752,505,512.87	113,680,229,501.93	113,680,229,501.93
<b>Owners' equity:</b>				
Paid-in capital	VI 34	80,000,000.00	80,000,000.00	80,000,000.00
Other equity instruments				
Including: Preferred shares				
Perpetual bonds				
Capital reserve	VI 35	38,799,380,997.12	35,435,942,313.41	35,435,942,313.41
Less: Treasury shares				
Other comprehensive income	VI 36	1,571,974,277.86	1,177,679,637.20	1,177,679,637.20
Special reserve				
Surplus reserve	VI 37	33,537,500.85	29,048,836.74	29,048,836.74
Retained earnings	VI 38	10,387,383,400.90	10,176,456,553.65	10,176,456,553.65
Total equity attributable to shareholders of the parent company		50,872,276,176.73	46,899,127,341.00	46,899,127,341.00
Minority interests		5,391,988,083.87	5,520,126,629.73	5,520,126,629.73
Total owners' equity		56,264,264,260.60	52,419,253,970.73	52,419,253,970.73
Total liabilities & owners' equity		187,016,769,773.47	166,099,483,472.66	166,099,483,472.66

Legal Representative:

Chief Financial Officer:

Chief Accountant:



# Consolidated Income Statement

Consol. No. 2

Prepared by Shaoxing Keqiao District State-owned Assets Investment and Management Group Co., Ltd.

RMB

Item	Note	2019	2018
I. Total operating revenues		6,409,642,051.85	5,912,175,189.59
Including: Operating revenues	VI 39	6,409,642,051.85	5,912,175,189.59
II. Total operating costs		7,001,231,929.04	6,422,881,775.75
Including: Operating costs	VI 39	5,165,038,564.35	4,781,001,361.97
Taxes and surcharges		284,917,487.79	278,464,037.75
Selling expenses		102,910,202.14	121,690,831.98
Administrative expenses		501,451,345.77	598,589,358.58
R&D expenses		5,239,155.78	5,215,635.75
Financial costs	VI 40	941,675,173.21	637,920,549.72
Including: Interest expenses		1,052,095,767.47	726,295,915.30
Interest income		121,715,475.45	97,488,049.39
Add: Other income	VI 41	1,013,844,601.85	1,447,062,726.94
Investment income ("-" means loss)	VI 42	194,195,717.66	-147,173,664.50
Including: Income from investment in associates and joint ventures		-112,640,150.08	-216,918,023.89
Derecognized income of financial assets measured at amortized cost			
Net exposure hedging income ("-" means loss)			
Gains from changes in fair value ("-" means loss)	VI 43		565,608.81
Credit impairment loss ("-" means loss)	VI 44	112,498,985.63	
Impairment loss on assets ("-" means loss)	VI 45		74,619,216.75
Gains from disposal of assets ("-" means loss)	VI 46	2,375,165.51	168,257,573.02
III. Operating profit ("-" means loss)		731,324,593.46	1,032,624,874.86
Add: Non-operating income	VI 47	17,125,547.00	28,956,788.83
Less: Non-operating expenses	VI 48	37,338,643.27	27,748,156.86
IV. Total profit ("-" means loss)		711,111,497.19	1,033,833,506.83
Less: Income tax expenses	VI 49	358,261,082.88	352,379,688.21
V. Net profit ("-" means net loss)		352,850,414.31	681,453,818.62
(I) Classification in accordance with going concern			
1. Net profit from continuing operations ("-" means net loss)		352,850,414.31	681,453,818.62
2. Net profit from discontinued operations ("-" means net loss)			
(II) Classification in accordance with attribution			
1. Attributable to owners of the parent company ("-" means net loss)		215,415,511.36	331,453,333.13
2. Minority interest ("-" means net loss)		137,434,902.95	350,000,485.49
VI. Other comprehensive income after tax	VI 50	609,987,284.56	89,731,501.16
(I) Attributable to owners of the parent company		394,294,640.66	64,660,336.71
A. Not reclassified subsequently to profit or loss		394,294,640.66	
Including: 1. Changes in net liabilities or assets by remeasurement of defined benefit plans			
2. Not reclassified subsequently to profit or loss under equity method		-178,500,000.00	
3. Changes in fair value of other equity instrument investments		572,794,640.66	
4. Changes in fair value of the Company's own credit risks			
5. Other			
B. Reclassified subsequently to profit or loss			64,660,336.71
Including: 1. Reclassified subsequently to profit or loss under equity method			
2. Changes in fair value of other debt investments			
3. Gain or loss from changes in fair value of available-for-sale financial assets			64,660,336.71
4. The amount of financial assets reclassified to other comprehensive income			
5. Gain or loss from reclassification from held-to-maturity investments to available-for-sale financial assets			
6. Credit impairment provisions for other debt investments			
7. Cash flow hedging reserves			
8. Translation difference from foreign currency financial statements			
9. Other			
(II) Attributable to minority shareholders		215,692,643.90	25,071,164.45
VII. Total comprehensive income		962,837,698.87	771,185,319.78
(I) Attributable to owners of the parent company		609,710,152.02	396,113,669.84
(II) Attributable to minority shareholders		353,127,546.85	375,071,649.94

Legal Representative:

Chief Financial Officer:

Chief Accountant:



## Consolidated Statement of Cash Flows

Prepared by Shaoying Keqiao District State-owned Assets Investment and Management Group Co., Ltd.

Consol. No. 3

RMB

Item	Note	2019	2018
<b>I. Cash flows from operating activities:</b>			
Cash received from sales and services		5,479,101,130.59	7,110,475,978.51
Tax refunds		2,526,791.35	8,340,693.44
Other cash receipts relating to operating activities		4,729,212,991.41	14,300,848,271.35
Sub-total cash inflows from operating activities		10,210,840,913.35	21,419,664,943.30
Cash paid for goods and services		9,232,016,374.54	15,785,453,336.55
Cash paid to and on behalf of employees		527,293,506.62	508,992,672.97
Payment of taxes and surcharges		1,030,114,004.47	621,226,400.74
Other cash payments relating to operating activities		3,618,059,912.74	11,013,440,546.38
Sub-total cash outflows from operating activities		14,407,483,798.37	27,929,112,956.64
Net cash flows from operating activities		-4,196,642,885.02	-6,509,448,013.34
<b>II. Cash flows from investing activities:</b>			
Cash receipts from withdraw of investments		82,044,223.50	20,845,262.82
Cash received from investment income		98,933,193.67	197,999,251.12
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		7,095,914.60	230,932,513.56
Net cash received from disposal of subsidiaries and other business units		20,611.44	6,314,043.16
Other cash receipts relating to investing activities		6,107,360,611.21	3,677,470,438.48
Sub-total cash inflows from investing activities		6,295,454,554.42	4,133,561,509.14
Cash paid for fixed assets, intangible assets and other long-term assets		4,686,818,739.70	4,929,854,969.86
Cash paid for investments		3,623,844,140.67	745,910,106.12
Net cash paid for acquiring subsidiaries and other business units		48,960,300.00	143,891,128.00
Other cash payments relating to investing activities		5,578,095,163.39	2,692,544,279.81
Sub-total cash outflows from investing activities		13,937,718,343.76	8,512,200,483.79
Net cash flows from investing activities		-7,642,263,789.34	-4,378,638,974.65
<b>III. Cash flows from financing activities:</b>			
Cash proceeds from investments by others		295,154,983.24	647,200,000.00
Including: Cash received by subsidiaries from minority shareholders' investments		5,900,000.00	1,200,000.00
Cash received from borrowings		38,012,182,439.49	36,410,921,757.56
Other cash receipts relating to financing activities		3,441,207,697.49	6,455,559,804.55
Sub-total cash inflows from financing activities		41,748,545,120.22	43,513,681,562.11
Cash repayments for debts		21,617,139,286.29	25,803,926,940.21
Cash payments for distribution of dividends, profit and interest expenses		4,916,224,681.35	5,421,999,637.54
Including: Dividends or profit paid by subsidiaries to minority shareholders		169,485,090.40	156,821,327.26
Other cash payments relating to financing activities		3,364,151,640.14	3,535,104,945.20
Sub-total cash outflows from financing activities		29,897,515,607.78	34,761,031,522.95
Net cash flows from financing activities		11,851,029,512.44	8,752,650,039.16
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>		30,435.83	-2,051.70
<b>V. Net increase in cash and cash equivalents</b>		12,153,273.91	-2,135,439,000.53
Add: Opening balance of cash and cash equivalents		12,897,795,208.51	15,033,234,209.04
<b>VI. Closing balance of cash and cash equivalents</b>		12,909,948,482.42	12,897,795,208.51

Legal Representative:



Chief Financial Officer:



Chief Accountant:



## Consolidated Statement of Changes in Owners' Equity

Cont'd. No. 4  
RMB

2019  
Prepared by Shaanxi Keshi State-owned Assets Investment and Management Group Co., Ltd.

Item	Equity attributable to the parent company										Total owners' equity
	Other equity instruments	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Sub-total	Minority interests		
I. Balance at the end of the previous year	80,000,000.00	35,435,942,313.41		1,177,679,637.20		39,048,836.74	10,176,456,553.65	46,899,127,341.00	5,520,126,629.73	52,419,253,970.73	
ADD: Change in accounting policies											
Correction of previous accounting errors											
Business combination under common control											
(Other)											
II. Balance at the beginning of the current year	80,000,000.00	35,435,942,313.41		1,177,679,637.20		39,048,836.74	10,176,456,553.65	46,899,127,341.00	5,520,126,629.73	52,419,253,970.73	
III. Increase / decrease during the current year ("+" means increase)		3,363,438,683.71		394,294,640.66		4,488,664.11	210,926,847.25	3,973,148,835.73	-128,136,545.86	3,845,010,289.87	
(I) Total comprehensive income				394,294,640.66							
(II) Contribution and decrease of capital											
1. Capital contributed by owners											
2. Capital paid to holders of other equity instruments											
3. Share-based payment											
4. Other											
(III) Profit distribution											
1. Surplus reserve accrued											
2. Distribution to owners											
3. Other											
(IV) Transfer within owners' equity											
1. Capital reserve transferred to capital											
2. Surplus reserve transferred to capital											
3. Surplus reserve otherwise losses											
4. Retained earnings carried forward from changes in defined benefit plan											
5. Retained earnings carried forward from other comprehensive account											
6. Other											
(V) Special reserve											
1. Accrual for the current year											
2. Use for the current year											
(VI) Other											
IV. Balance at the end of the current year	80,000,000.00	38,799,380,997.12		1,571,974,277.86		33,537,500.85	10,387,383,400.90	50,872,276,176.71	-5,391,985,083.87	56,364,264,266.60	

Chief Financial Officer:

Chief Accountant:

强康印伟

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## Consolidated Statement of Changes in Owners' Equity

Consolid. No. 4  
RMB

Items	2018										
	Equity attributable to the parent company										
	Paid-in capital	Other equity instruments	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Sub-total	Minority interests	Total owners' equity
I. Balance at the end of the previous year	80,000,000.00		32,999,692,098.62		1,113,019,300.49		34,281,349.66	10,000,257,438.79	44,127,250,183.56	5,346,563,429.11	49,473,813,612.67
Add: Change in accounting policies								-142,687,157.40	-142,687,157.40	-76,831,546.30	-219,518,703.70
Correction of previous accounting errors											
Business combination under common control											
Other											
II. Balance at the beginning of the current year ("+" means increase)	80,000,000.00		32,999,692,098.62		1,113,019,300.49		34,281,349.66	9,857,570,281.39	43,984,563,030.16	5,269,731,882.81	49,254,294,912.97
(I) Total comprehensive income								318,886,272.26	3,014,564,310.84	250,394,746.92	3,164,959,057.76
(II) Contribution and decrease of capital											
1. Capital contributed by owners			2,526,250,214.79		64,660,336.71		4,767,487.08		396,113,669.84	375,071,649.94	771,185,319.78
2. Capital paid in by holders of other equity instruments			2,526,250,214.79		64,660,336.71				2,526,250,214.79	-44,644,996.61	2,481,605,218.18
3. Share-based payment										-130,031,902.60	-130,031,902.60
4. Other											
(III) Profit distribution											
1. Surplus reserve accrued			2,526,250,214.79				4,767,487.08	-12,567,060.87	2,526,250,214.79	85,384,905.99	2,611,637,120.78
2. Distribution to investors								-4,767,487.08	-7,799,573.79	-80,031,906.41	-87,831,480.20
3. Other											
(IV) Transfer within owners' equity											
1. Capital reserve transferred to capital											
2. Surplus reserve transferred to capital											
3. Surplus reserve transferred to capital											
4. Retained earnings earned forward from changes in defined benefit plans											
5. Retained earnings carried forward from other comprehensive income											
6. Other											
(V) Special reserve											
1. Accrual for the current year											
2. Use for the current year											
(VI) Other											
IV. Balance at the end of the current year	80,000,000.00	35,435,942,313.41			1,177,679,637.20		29,048,836.74	10,176,456,553.65	46,899,127,543.00	5,520,126,629.73	52,419,253,970.73

Chief/Accountant

Chief Financial Officer

Legal Representative








## Balance Sheet (Assets)

No. 1

Prepared by Shaoying Keqiao District State-owned Assets Investment and Management Group Co., Ltd.

RMB

Assets	Note	31 Dec. 2019	1 Jan. 2019	31 Dec. 2018
<b>Current assets:</b>				
Cash and cash equivalents		251,527,161.35	132,500,296.85	132,500,296.85
Trading financial assets				
Financial assets at fair value through profit or loss				
Derivative financial assets				
Notes receivable				
Accounts receivable				
Receivables financing				
Prepayment				
Other receivables	XIII 1	454,167,466.16	346,318,218.10	346,318,218.10
Including: Interests receivable		435,479,612.14	330,620,867.12	330,620,867.12
Dividends receivable				
Inventory				
Held-for-sale assets				
Non-current assets due within one year				
Other current assets		5,972,731.70	5,972,731.70	5,972,731.70
Total current assets		711,667,359.21	484,791,246.65	484,791,246.65
<b>Non-current assets:</b>				
Debt investment				
Available-for-sale financial assets				387,156,518.11
Other debt investments				
Held-to-maturity investment				
Long-term receivables		23,401,202,705.00	18,813,500,000.00	18,813,500,000.00
Long-term equity investment	XIII 2	4,628,562,215.16	5,490,065,839.53	5,490,065,839.53
Other equity instrument investments		588,729,445.71	387,156,518.11	
Other non-current financial assets				
Investment property				
Fixed assets		3,874,813.98	4,060,190.56	4,060,190.56
Construction in progress				
Productive biological assets				
Oil and gas assets				
Intangible assets				
Development expenditure				
Goodwill				
Long-term deferred expenses				
Deferred tax assets		2,889.24		
Other non-current assets				
Total non-current assets		28,622,372,069.09	24,694,782,548.20	24,694,782,548.20
Total assets		29,334,039,428.30	25,179,573,794.85	25,179,573,794.85

Legal Representative:

Chief Financial Officer:

Chief Accountant:





## Balance Sheet (Liabilities and Owners' Equity)

Prepared by Shaoxing Kejian District State-owned Assets Investment and Management Group Co., Ltd.

No. 1  
RMB

Liabilities and owners' equity	Note	31 Dec. 2019	1 Jan. 2019	31 Dec. 2018
Current liabilities:				
Short-term borrowings		500,000,000.00		
Trading financial liabilities				
Financial liabilities at fair value through profit or loss				
Derivative financial liabilities				
Notes payable				
Accounts payable				
Advance from customers				
Payroll payable		510,745.35	339,088.40	339,088.40
Taxes and surcharges payable		1,030,570.54	241,899.03	241,899.03
Other payables		752,692,771.82	545,699,918.79	545,699,918.79
Including: Interests payable		434,551,319.78	330,620,867.12	330,620,867.12
Dividends payable				
Held-for-sale liabilities				
Non-current liabilities due within one year		4,941,372,455.00	2,000,000,000.00	2,000,000,000.00
Other current liabilities				
Total current liabilities		6,195,606,542.71	2,546,280,906.22	2,546,280,906.22
Non-current liabilities:				
Long-term borrowings		300,000,000.00		
Bonds payable		17,781,752,919.22	16,870,027,474.22	16,870,027,474.22
Including: Preferred shares				
Perpetual bonds				
Long-term payables				
Long-term payroll payable				
Accrued liabilities				
Deferred income				
Deferred tax liabilities		50,393,231.90		
Other non-current liabilities				
Total non-current liabilities		18,132,146,151.12	16,870,027,474.22	16,870,027,474.22
Total liabilities		24,327,752,693.83	19,416,308,380.44	19,416,308,380.44
Owners' equity:				
Paid-in capital		80,000,000.00	80,000,000.00	80,000,000.00
Other equity instruments				
Including: Preferred shares				
Perpetual bonds				
Capital reserve		4,148,041,763.99	4,922,586,780.75	4,922,586,780.75
Less: Treasury shares				
Other comprehensive income		385,140,146.64	412,460,450.94	412,460,450.94
Special reserve				
Surplus reserve		33,537,500.85	29,048,836.74	29,048,836.74
Retained earnings		359,567,322.99	319,169,345.98	319,169,345.98
Total owners' equity		5,006,286,734.47	5,763,265,414.41	5,763,265,414.41
Total liabilities & owners' equity		29,334,039,428.30	25,179,573,794.85	25,179,573,794.85

Legal Representative



Chief Financial Officer:



Chief Accountant:



## Income Statement

No. 2  
RMB

Prepared by Shaoxing Keqiao District State-owned Assets Investment and Management Group Co., Ltd.

Item	Note	2019	2018
I. Operating revenues		104,313.00	
Less: Operating costs			
Taxes and surcharges		311,083.83	11,063.10
Selling expenses			
Administrative expenses		3,122,696.18	6,182,688.82
R&D expenses			
Financial costs		-6,454,735.25	-1,742,805.26
Including: Interest expenses		569,443.01	943,924.81
Interest income		7,091,439.92	2,726,353.57
Add: Other income		2,247.87	1,000,000.00
Investment income ("-" means loss)	XIII 3	42,529,294.32	51,510,628.55
Including: Income from investment in associates and joint ventures		41,541,392.39	40,259,490.51
Derecognized income of financial assets measured at amortized cost			
Net exposure hedging income ("-" means loss)			
Gains from changes in fair value ("-" means loss)			
Credit impairment loss ("-" means loss)		-11,556.96	
Impairment loss on assets ("-" means loss)			
Gains from disposal of assets ("-" means loss)			
III. Operating profit ("-" means loss)		45,645,253.47	48,059,681.89
Add: Non-operating income		27,169.92	1,016.88
Less: Non-operating expenses			2,813.39
IV. Total profit ("-" means loss)		45,672,423.39	48,057,885.38
Less: Income tax expenses		785,782.27	383,014.60
V. Net profit ("-" means net loss)		44,886,641.12	47,674,870.78
1. Net profit from continuing operations ("-" means net loss)		44,886,641.12	47,674,870.78
2. Net profit from discontinued operations ("-" means net loss)			
VI. Other comprehensive income after tax		-27,320,304.30	
A. Not reclassified subsequently to profit or loss		-27,320,304.30	
Including: 1. Changes in net liabilities or assets by remeasurement of defined benefit plans			
2. Not reclassified subsequently to profit or loss under equity method		-178,500,000.00	
3. Changes in fair value of other equity instrument investments		151,179,695.70	
4. Changes in fair value of the Company's own credit risks			
5. Other			
B. Reclassified subsequently to profit or loss			
Including: 1. Reclassified subsequently to profit or loss under equity method			
2. Changes in fair value of other debt investments			
3. Gain or loss from changes in fair value of available-for-sale financial assets			
4. The amount of financial assets reclassified to other comprehensive income			
5. Gain or loss from reclassification from held-to-maturity investments to available-for-sale financial assets			
6. Credit impairment provisions for other debt investments			
7. Cash flow hedging reserves			
8. Translation difference from foreign currency financial statements			
9. Other			
VII. Total comprehensive income		17,566,336.82	47,674,870.78

Legal Representative:

Chief Financial Officer:

Chief Accountant:





## Statement of Cash Flows

Prepared by Shaoxing Kenqiao District State-owned Assets Investment and Management Group Co., Ltd.

No. 3  
RMB

Item	Note	2019	2018
<b>I. Cash flows from operating activities:</b>			
Cash received from sales and services			
Tax refunds			
Other cash receipts relating to operating activities		7,225,170.71	3,727,370.45
Sub-total cash inflows from operating activities		7,225,170.71	3,727,370.45
Cash paid for goods and services		33,089.56	
Cash paid to and on behalf of employees		1,490,400.54	1,057,280.83
Payment of taxes and surcharges		277,994.27	394,867.25
Other cash payments relating to operating activities		8,184,296.01	100,490,885.94
Sub-total cash outflows from operating activities		9,985,780.38	101,943,034.02
Net cash flows from operating activities		-2,760,609.67	-98,215,663.57
<b>II. Cash flows from investing activities:</b>			
Cash receipts from withdraw of investments			
Cash received from investment income		17,732,918.69	34,181,479.24
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			
Net cash received from disposal of subsidiaries and other business units			52,541,017.44
Other cash receipts relating to investing activities		2,852,871,197.99	6,200,089,135.72
Sub-total cash inflows from investing activities		2,870,604,116.68	6,286,811,632.40
Cash paid for fixed assets, intangible assets and other long-term assets		1,950.00	139,500.00
Cash paid for investments		200,000,000.00	95,000,000.00
Other cash payments relating to investing activities		6,490,254,805.00	3,394,516,666.67
Sub-total cash outflows from investing activities		6,690,256,755.00	3,489,656,166.67
Net cash flows from investing activities		-3,819,652,638.32	2,797,155,465.73
<b>III. Cash flows from financing activities:</b>			
Cash proceeds from investments by others		133,254,983.24	
Cash received from borrowings		8,073,000,000.00	
Other cash receipts relating to financing activities			10,159,913,055.56
Sub-total cash inflows from financing activities		8,206,254,983.24	10,159,913,055.56
Cash repayments for debts		3,315,971,647.34	11,830,340,395.23
Cash payments for distribution of dividends, profit and interest expenses		948,843,223.41	1,024,353,238.46
Other cash payments relating to financing activities			
Sub-total cash outflows from financing activities		4,264,814,870.75	12,854,693,633.69
Net cash flows from financing activities		3,941,440,112.49	-2,694,780,578.13
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>			
<b>V. Net increase in cash and cash equivalents</b>			
Add: Opening balance of cash and cash equivalents		119,026,864.50	4,159,224.03
<b>VI. Closing balance of cash and cash equivalents</b>			
		132,500,296.85	128,341,072.82
		251,527,161.35	132,500,296.85

Legal Representative:



Chief Financial Officer:



Chief Accountant:



## Statement of Changes in Owners' Equity

No. 4  
RMB

2019  
Prepared by: Shaoying Kejiao District State-owned Assets Investment and Management Group Co., Ltd.

Item	Paid-in capital	Other equity instruments	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total owners' equity
I. Balance at the end of the previous year	80,000,000.00		4,922,586,780.75		412,460,450.04		29,048,836.74	319,169,345.98	5,763,265,414.41
Add: Change in accounting policies									
Correction of previous accounting errors									
Other									
II. Balance at the beginning of the current year	80,000,000.00		4,922,586,780.75		412,460,450.04		29,048,836.74	319,169,345.98	5,763,265,414.41
III. Increase / decrease during the current year ("+" means increase)			-774,545,016.76		-27,320,304.30		4,488,664.11	40,397,977.01	-756,978,679.94
(I) Total comprehensive income			-774,545,016.76		-27,320,304.30		4,488,664.11	44,886,641.12	-774,545,016.76
(II) Contribution and decrease of capital									
1. Capital contributed by owners									
2. Capital paid in by holders of other equity instruments									
3. Share-based payments									
4. Other									
(III) Profit distribution			-774,545,016.76				4,488,664.11	-4,488,664.11	-774,545,016.76
1. Surplus reserve accrued							4,488,664.11	-4,488,664.11	
2. Distribution to owners									
3. Other									
(IV) Transfer within owners' equity									
1. Capital reserve transferred to capital									
2. Surplus reserve transferred to capital									
3. Surplus reserve offsetting losses									
4. Retained earnings carried forward from changes in defined benefit plans									
5. Retained earnings carried forward from other comprehensive income									
6. Other									
(V) Special reserve									
1. Accrual for the current year									
2. Use for the current year									
(VI) Other									
IV. Balance at the end of the current year	80,000,000.00		4,148,041,763.99		385,140,146.64		33,537,500.85	359,567,322.99	5,006,286,734.47

Legal Representative:

Chief Financial Officer:

Chief Accountant:

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## Statement of Changes in Owners' Equity

No. 4  
RMB

	2018								
Item	Paid-in capital	Other equity instruments	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total owners' equity
I. Balance at the end of the previous year	80,000,000.00		4,565,594,327.01		412,460,450.94		24,281,349.66	276,261,962.28	5,358,598,089.89
Add: Change in accounting policies									
Correction of previous accounting errors									
Other									
II. Balance at the beginning of the current year	80,000,000.00		4,565,594,327.01		412,460,450.94		24,281,349.66	276,261,962.28	5,358,598,089.89
III. Increase / decrease during the current year ("-" means decrease)			356,992,453.74				4,767,487.08	42,907,383.70	404,667,324.52
(I) Total comprehensive income			356,992,453.74				4,767,487.08	42,907,383.70	404,667,324.52
(II) Contribution and decrease of capital			356,992,453.74					47,674,870.78	47,674,870.78
1. Capital contributed by owners									
2. Capital paid in by holders of other equity instruments									
3. Shares issued payment									
4. Other									
(III) Profit distribution			356,992,453.74				4,767,487.08	-4,767,487.08	356,992,453.74
1. Surplus reserve accrued							4,767,487.08	-4,767,487.08	
2. Distribution to owners									
3. Other									
(IV) Transfer within owners' equity									
1. Capital reserve transferred to capital									
2. Surplus reserve transferred to capital									
3. Surplus reserve offsetting losses									
4. Retained earnings carried forward from changes in defined benefit plans									
5. Retained earnings carried forward from other comprehensive income									
6. Other									
(V) Special reserve									
1. Accrued for the current year									
2. Use for the current year									
(VI) Other									
IV. Balance at the end of the current year	80,000,000.00		4,922,586,780.75		412,460,450.94		29,048,836.74	319,169,345.98	5,763,265,414.41



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梅博印
梅博印
徐佳印

Chief Accountant:

Chief Financial Officer:

Legal Representative:

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

(All amounts in RMB unless otherwise stated)

## Important Notes:

This report is prepared in Chinese and English. In the event of any discrepancy between two versions, the Chinese version shall prevail.

## I Company profile

Shaoxing Keqiao District State-owned Assets Investment and Management Group Co., Ltd. (hereinafter referred to as "the Company") was officially established on 21 August 1997 with the approval of Market supervision and Administration Bureau of Keqiao District, Shaoxing City and obtained the enterprise legal person business license with the unified social credit code of 91330621704498695D.

As of 31 December 2019, the Company's registered capital was RMB 80 million and paid-in capital was RMB 80 million. Details of paid-in capital refer to Note VI 34.

### 1. Registration address, type of organization and headquarters address of the Company

Type of organization of the Company: Limited liability company (solely state-owned)

Registration address of the Company: 18<sup>th</sup> Floor, Public Service Building of Keqiao District, No. 1066, Huaqi Road, Keqiao District, Shaoxing City, Zhejiang Province.

Headquarters address of the Company: 18<sup>th</sup> Floor, Public Service Building of Keqiao District, No. 1066, Huaqi Road, Keqiao District, Shaoxing City, Zhejiang Province.

### 2. The nature of the business and the main business activities of the Company

The main business activities of the Company and its subsidiaries (hereinafter collectively referred to as "the Group") include urban infrastructure construction and development, resettlement housing construction and demolition, market operation and management, transportation management, land development and consolidation, etc.

### 3. The parent company and the ultimate controller of the Company

The parent company and the ultimate controller of the Company is Finance Bureau of Keqiao District, Shaoxing City.

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4. As of 31 December 2019, there were 141 subsidiaries of the Group included in the scope of consolidation, and details refer to Note VIII "Equity in other entities".

## **II Basis of preparation**

According to the actual events and transactions, the financial statements for the Group have been prepared on the basis of going concern and in accordance with the Accounting Standards for Business Enterprises - Basic Standard issued by the Ministry of Finance (issued by No. 33 Order from the Ministry of Finance and revised by No. 76 Order from the Ministry of Finance), 42 specific accounting standards, the guidelines for the application of enterprise accounting standards, the interpretation of enterprise accounting standards and other relevant regulations promulgated and amended on and after 15 February 2006 (hereinafter collectively referred to as "Accounting Standards for Business Enterprises"), as well as the disclosure provisions of "Rules for the Preparation and Reporting of Information Disclosure of Companies Offering Securities to the Public No. 15 - General Provisions on Financial Reporting" (Revised in 2014) issued by China Securities Regulatory Commission.

According to the relevant provisions of the Accounting Standards for Business Enterprises, the Group's accounting is carried out on the accrual basis. Except for some financial instruments, the financial statements are measured on the basis of historical cost. If the asset is impaired, the corresponding impairment provision shall be made in accordance with the relevant regulations.

## **III Statement of compliance with the Accounting Standards for Business Enterprises**

The financial statements are in accordance with the requirements of the Accounting Standards for Business Enterprises, which have truly and completely presented the financial position of the Company and the Group as at 31 December 2019, and their financial performance and cash flows for the year then ended and other relevant information.

## **IV Significant accounting policies and accounting estimates**

According to the characteristics of actual production and operation and the provisions of relevant Accounting Standards for Business Enterprises, the Group has formulated a number of specific accounting policies and accounting estimates for bad debt provisions of receivables, depreciation of

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fixed assets, amortization of intangible assets, revenue recognition, and other transactions and events, and details refer to Note IV 9 "Financial instruments", Note IV 16 "Fixed assets", Note IV 19 "Intangible assets", Note IV 26 "Revenue" and other descriptions. The details of the significant accounting judgments and estimates made by the Management refer to Note IV 32 "Significant accounting judgments and estimates".

#### 1. Accounting period

The accounting period of the Group is divided into annual period and interim period. Interim accounting period refers to the reporting period shorter than a complete accounting year. The Group's accounting year adopts the Gregorian calendar year which begins on 1 January and ends on 31 December every year.

#### 2. Operating cycle

The normal operating cycle starts from the purchase of the assets used for processing to the realization of the cash and cash equivalents. The Group takes 12 months as an operating cycle and uses it as the standard for dividing the liquidity of assets and liabilities.

#### 3. Functional currency

Renminbi (RMB) is the currency used in the main economic environment in which the Group and its domestic subsidiaries operate. The Group and its domestic subsidiaries adopt RMB as the functional currency for accounting. The currency used by the Group in preparing the financial statements is RMB.

#### 4. Business combinations

Business combination refers to a transaction or event in which two or more separate enterprises are combined to form a reporting entity. Business combinations are divided into business combinations under common control and business combinations not under common control.

##### (1) Business combination under common control

A business combination under common control is a business combination in which the enterprises involved in the combination are ultimately controlled by the same party or parties before and after the combination, and the control is not temporary. For business combination under common control, the

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party that obtains control over the other enterprises in the combination on the combination date is the combining party, and the other enterprises in the combination are the combined party. Combination date refers to the date on which the combining party obtains control over the combined party.

The assets and liabilities that acquired by the combining party in a business combination shall be measured at their book value in the combined party on the combination date. The difference between the book value of net assets acquired by the combining party and the book value of the consideration paid for the combination (or total face value of the shares issued) shall be adjusted to capital reserve. If the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

The business combination costs that are directly attributable to the combination are recorded into the current profit and loss when they occur.

(2) Business combination not under common control

A business combination not under common control means that the enterprises involved in the combination are not ultimately controlled by the same party or parties before and after the combination. For business combination not under common control, the party that obtains control over the other enterprises in the combination on the acquisition date is the acquirer, and the other enterprises in the combination are the acquiree. Acquisition date refers to the date on which the acquirer obtains control over the acquiree.

For business combination not under common control, the cost of business combination is the aggregate of the fair value, on the acquisition date, of assets given, liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree. The audit fees, valuation and consulting fees, legal service fees and other administrative expenses incurred in the business combination shall be recognized in the current profit or loss when they occur. Commissions and other expenses incurred in the business combination for the issuance of equity or debt securities shall be included in the initial recognition amounts of equity or debt securities. Any contingent consideration involved shall be included in the combination cost according to its fair value on the acquisition date. If there is new or further evidence on the existing situation on the acquisition date emerging within 12 months after the acquisition date, the contingent consideration needs to be adjusted and the combination goodwill shall be adjusted accordingly. The combination cost incurred by the acquirer and the identifiable net assets obtained in the combination shall be measured at the fair value on the

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acquisition date. The difference of the combination costs higher than the fair value of the identifiable net assets obtained from the acquiree on the acquisition date shall be recognized as goodwill. If the combination costs are lower than the fair value of the identifiable net assets obtained from the acquiree, the acquirer shall review the measurement of the fair value of the identifiable assets, liabilities and contingent liabilities acquired as well as the combination costs; and if the combination cost is still lower than the fair value of the identifiable net assets of the acquiree obtained in the combination after the review, the difference shall be recorded into the current profit and loss.

For the deductible temporary difference of the acquiree that is being acquired and is not recognized on the acquisition date because the conditions for recognizing deferred tax assets are not met, it shall be recognized as the relevant deferred tax assets when the following conditions are met: (1) New or further evidence is obtained within 12 months after the acquisition date indicating that the relevant situation on the acquisition date already exists; (2) The economic benefits brought by the deductible temporary difference of the acquiree on the acquisition date are expected to be realized. In the meanwhile, the goodwill shall be reduced. If the goodwill is insufficient to be offset, the difference shall be recognized as the current profit and loss. In addition to the aforementioned situations, the deferred tax assets related to the business combination that are recognized shall be recorded into the current profit and loss.

For the business combination not under common control realized step by step through multiple transactions, it shall be determined whether the multiple transactions are identified as "package deal" in accordance with the "Notice on Issuing Interpretation of Accounting Standards for Enterprises No. 5 from the Ministry of Finance" (Cai Kuai [2012] No. 19) and the judgement criteria of "package deal" in the Article 51 of the "Accounting Standards for Business Enterprises No. 33 - Consolidated Financial Statements" (refers to Note IV 5 (2) "Preparation of consolidated financial statements"). If the multiple transactions are identified as "package deal", the accounting treatment refers to the previous paragraphs of this part and Note IV 14 "Long-term equity investment". If the multiple transactions are not identified as "package deal", accounting treatment shall be carried out differently in individual and consolidated financial statements:

① In individual financial statements, the sum of the book value of equity investment in the acquiree held by the acquirer before the acquisition date and the increase in the cost of equity investment shall be recognized as the initial investment cost. If the equity investment in the acquiree before the

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acquisition date involves the other comprehensive income, when disposing the investment, the other comprehensive income related to the investment shall be accounted for on the same basis as that of the acquiree's direct disposal of the relevant assets or liabilities (i.e., except for the corresponding share in the changes caused by the remeasurement of the net liabilities or net assets of the defined benefit plan by the acquiree in accordance with the equity method, the rest shall be transferred into the current investment income).

② In consolidated financial statements, equity investment in the acquiree held by the acquirer before the acquisition date shall be revalued at fair value on the acquisition date, and the difference between the fair value and the book value shall be recorded into the current investment income. If equity investment in the acquiree before the acquisition date involves other comprehensive income, the other comprehensive income related to the investment shall be accounted for on the same basis as that of the acquiree's direct disposal of the relevant assets or liabilities.

#### 5. Preparation of consolidated financial statements

##### (1) The scope of consolidated financial statements

The scope of consolidated financial statements shall be determined on the basis of control. Control exists when the Group has all the following: power over the investee; exposure, or rights to variable returns from its involvement in the investee; and the ability to use its power over the investee to affect the amount of the investment returns. The scope of consolidation includes the Group and all subsidiaries. A subsidiary is an entity that is controlled by the Group.

The Group will reassess the relevant elements of the above-mentioned definition of control as a result of changes in relevant facts and circumstances.

##### (2) Preparation of consolidated financial statements

From the date of acquiring the subsidiary's net assets and actual control of production and operation decisions, the Group begins to include it in the scope of consolidation and exclude it from the scope of consolidation from the date of loss of actual control. For the disposed subsidiaries, the operating results and cash flows before the disposal date have been appropriately included in the consolidated income statement and consolidated statement of cash flows; for the subsidiaries disposed in the current period, the opening balance of the consolidated balance sheet shall not be adjusted. The operating results and cash flows of subsidiaries increased by business combinations not under common control after the

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acquisition date have been appropriately included in the consolidated income statement and consolidated statement of cash flows, and the opening balance and comparative amounts of the consolidated financial statements shall not be adjusted. The operating results and cash flows of subsidiaries increased by business combinations under common control from the beginning of the current period of combination to the date of combination have been appropriately included in the consolidated income statement and consolidated statement of cash flows, and the comparative amounts of the consolidated financial statements shall be adjusted at the same time.

For any difference in accounting policies and accounting periods between the Group and its subsidiaries, necessary adjustments shall be made based on accounting policies and periods of the Group when consolidated financial statements are prepared. Financial statements of subsidiaries acquired not under common control shall be adjusted based on the fair value of identifiable net assets defined on the acquisition date.

All significant transaction balances, transactions and unrealized profits within the Group are offset in the preparation of the consolidated financial statements.

The portion of a subsidiary's equity and net profit and loss that is not attributable to the Group are treated as minority interests and presented separately under the equity item and net profit item in the consolidated financial statements. The portion of net profit or loss of subsidiaries for the period attributable to minority interests shall be presented in the consolidated income statement below the net profit line item as minority interests. When the amount of loss for the current period attributable to the minority shareholders' portion exceeds the opening balance of owner's equity of the subsidiary attributable to the minority shareholders' portion, the excess shall be allocated against the minority interests in the consolidated financial statements.

When the Group loses control over a former subsidiary due to disposal of partial equity investment or other reasons, the remaining part of the equity investment shall be re-measured at fair value on the date when the control over the investee is lost. The sum of consideration received from disposal of the equity investment and the fair value of the remaining equity investment, deducting the net assets proportion of the former subsidiary calculated by original share percentage since the acquisition date shall be recorded into the investment income for the period when losing control. When the control is lost, the other comprehensive income related to the equity investment in former subsidiaries shall be accounted for on the same basis as that of the subsidiary's direct disposal of the relevant assets or

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liabilities. Subsequently, the remaining equity shall be measured in accordance with the "Accounting Standards for Business Enterprises No. 2 - Long-term Equity Investment" or "Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments", and details refer to Note IV 14 "Long-term equity investment" or Note IV 9 "Financial instruments".

If the Group disposes the equity investment in subsidiaries step by step through multiple transactions until losing the control, it is necessary to distinguish whether the transactions of disposing the equity investment in subsidiaries until losing the control is a package deal. When the parent company disposes the equity investment of its subsidiary and the trade terms, conditions and economic impact satisfy one or more of the following conditions, multiple transactions shall be accounted for as a package deal: a) These deals are concluded at the same time or under the conditions of considering the impact on each other; b) These transactions shall be bundled as a whole to achieve a complete business result; c) The occurrence of a deal depends on at least one of the other transactions; d) A deal is not economically feasible on its own but becomes economically feasible when combined with other deals.

If the transactions are not a package deal, the accounting treatment for each transaction shall be carried out in accordance with the above-mentioned accounting policies for "Partial disposal of long-term equity investment in subsidiary without losing control over the subsidiary" (details refer to Note IV 14 "Long-term equity investment") and "The loss of control of the subsidiary resulted from the disposal of partial equity investment in subsidiary or other reasons" (details refer to the previous paragraph) respectively. When various transactions to dispose the equity investment of a subsidiary by the parent company till losing control over the subsidiary are a package deal, they shall be accounted for as one transaction for disposal of the equity investment which results in the loss of control. However, before the control is lost, the difference between each disposal income and the corresponding share of net assets of the subsidiary shall be recognized into other comprehensive income in the consolidated financial statement, and then the difference shall be transferred into the current profit and loss when the control is lost.

#### 6. Classification of joint arrangement and accounting treatment for the joint operation

A joint arrangement is an arrangement in which two or more parties have joint control. Based on the rights enjoyed and obligations assumed by the Group in the joint arrangement, the Group classifies joint arrangements into joint operations and joint ventures. A joint operation refers to a joint

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arrangement in which the Group enjoys the assets related to the arrangement and assumes the liabilities related to the arrangement. A joint venture refers to a joint arrangement in which the Group only has rights to the net assets of the arrangement.

The investment in the joint venture shall be measured under the equity method in accordance with the relevant accounting policies described in the Note 1V 14 (2) b) "Long-term equity investment under equity method".

As a joint operator to the joint arrangement, the Group recognizes (a) its solely-held assets and solely-assumed liabilities, and its share of the jointly-held assets and jointly-assumed liabilities; (b) the revenue from the sale of its share of the joint operation outputs; (c) its share of the revenue from the sale of the joint operation outputs; and (d) its solely-incurred expenses and its share of expenses incurred jointly.

When the Group enters a transaction with a joint operation as a joint operator, such as a sale or contribution of assets (which does not constitute a business, the same below) or a purchase of assets, the Group recognizes gains and losses resulting from such a transaction only to the extent of the other parties' interests in the joint operation before the assets are sold to a third party. If the assets incurred any impairment losses in accordance with the regulations of "Accounting Standard for Business Enterprises No. 8 - Asset Impairment", the Group shall recognize the loss in full in case that the Group contributes or sells the assets to the joint operation; and the Group shall recognize the loss in proportion to its share in case that the Group purchases the assets from the joint operation.

#### 7. Recognition of cash and cash equivalents

Cash and cash equivalents consist of cash on hand and deposits that can be readily drawn on demand, and the short-term (normally matured within three months after purchase date), highly-liquid investment which is readily convertible into known amounts of cash, subject to an insignificant risk of fluctuation in value.

#### 8. Foreign currency transactions and translation

(1) The Group's any foreign currency transaction is converted into the reporting currency according to the approximate exchange rate of the spot exchange rate on the transaction date. However, the foreign currency exchange business or transactions involving foreign currency exchange incurred in the Group

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shall be converted into the amount of the functional currency according to the exchange rate adopted.

(2) Translation method for foreign currency monetary items and foreign currency non-monetary items

On balance sheet date, the monetary items denominated in foreign currencies are translated at the spot exchange rates on the balance sheet date. Foreign exchange gains and losses arising from the difference are recognized in current profit and loss, except that: ① The exchange differences arising from the special foreign currency borrowings related to the acquisition and construction of assets eligible for capitalization shall be treated in accordance with the principle of capitalization of borrowing costs; ② The exchange difference arising from the changes in other book balances except for amortized cost of the available-for-sale foreign currency monetary items shall be included in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates on the transaction dates. Non-monetary items denominated in foreign currencies that are stated at fair value are translated using the spot exchange rate on the date when the fair value is determined, the difference between the amount of functional currency after translation and the original amount of functional currency is treated as part of change in fair value (including change in exchange rate) and recognized in current profit and loss or other comprehensive income.

(3) Translations of financial statements in foreign currencies

The Group translates the financial statements of its foreign operation in accordance with the following methods: The asset and liability items in the balance sheets shall be translated at a spot exchange rate on the balance sheet date. Among the owner's equity items, except "retained earnings", others shall be translated at the spot exchange rate at the time when they occur; The income and expense items in the income statements shall be translated at the spot exchange rate on the transaction date; The opening balance of retained earnings for the current year shall be the closing balance of retained earnings for the prior year after the translation; The closing balance of retained earnings for the current year shall be calculated and listed according to the items of profit distribution after the translation; The difference between the asset items and the sum of the liability items and the owners' equity items after the translation, as a translation difference in foreign currency financial statements, shall be recognized as other comprehensive income. In case of disposal of overseas operation and loss of control, the translation difference in foreign currency financial statements listed in the owners' equity items in the

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balance sheet, which is related to the overseas operation, shall be transferred into the current profit and loss in full or in proportion to the disposal of the overseas operation.

Foreign currency cash flow shall be translated at the spot exchange rate on the date of cash flow incurred. The impact of exchange rate changes on cash is used as a reconciliation item and shall be separately presented in the statement of cash flows.

The amount at the beginning of the year and the actual amount of the prior year shall be presented in accordance with the translated amount of the financial statements for the prior year.

When disposing all the owners' equity of the Group's overseas operation or losing the control over the overseas operation due to the disposal of part of the equity investment or other reasons, the translation difference in foreign currency financial statements listed in the owners' equity items in the balance sheet, which is attributable to the owners' equity of the parent company related to the overseas operation, shall be transferred into the current profit and loss of disposal in full.

When the proportion of overseas operating interests is reduced but the control over the overseas operation is not lost due to the disposal of part of equity investment or other reasons, the translation difference of foreign currency financial statements related to the disposal part of overseas operation shall be attributed to minority interests and shall not be transferred into the current profit and loss.

When disposing part of the equity of an overseas operation as an associate or joint venture, the translation difference of foreign currency financial statements related to the overseas operation shall be transferred into the current profit and loss of disposal according to the disposal proportion of the overseas operation.

If there is a foreign currency monetary item that substantially constitutes a net investment in overseas operations, in the consolidated financial statements, the exchange difference arising from the change in the exchange rate shall be regarded as "Translation difference of foreign currency financial statements" to be recognized as other comprehensive income; when disposing of overseas operations, it shall be recorded into the current profit and loss of disposal.

#### 9. Financial instruments

The Group recognizes a financial asset or financial liability on its balance sheet when the Group becomes a contractual party of financial instrument.

##### (1) Classification, recognition and measurement of financial assets

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According to the business model of financial assets managed by the Group and the contractual cash flow characteristics of financial assets, the financial assets of the Group are classified into financial assets measured at amortized cost, and financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss.

Financial assets are measured at fair value at the time of initial recognition. For financial assets at fair value through profit or loss, the relevant transaction costs are directly included in the current profit and loss, and the relevant transaction costs of other categories of financial assets are included in their initial recognition amount. For accounts receivable or notes receivable arising from the sale of goods or the rendering of services do not contain do not take into account significant financing components, the amount of consideration expected to be entitled to receive shall be treated as the initial recognition amount.

i. Financial assets measured at amortized cost

The business model of the Group's Management of financial assets is to collect contractual cash flows, and the contractual cash flow characteristics of this kind of financial assets are consistent with the basic lending arrangement, that is, the cash flow generated on a specific date is only the payment of the principal and the interest based on the outstanding principal amount. For such financial assets, the Group shall use the effective interest rate method to carry out subsequent measurement according to the amortized cost, and the gains or losses arising from amortization or impairment shall be included in the current profit and loss.

ii. Financial assets at fair value through other comprehensive income

The business model of the Group's Management of financial assets is to collect contractual cash flows and sell of financial assets, and the contractual cash flow characteristics of this kind of financial assets are consistent with the basic lending arrangement. Such financial assets are measured at fair value by the Group and their changes in fair value are included in other comprehensive income, but impairment losses or gains, exchange gains and losses and interest income calculated according to the effective interest rate method shall be included in the current profit and loss.

In addition, some non-tradable equity instrument investments are designated as financial assets at fair value through other comprehensive income by the Group. The Group shall record the relevant dividend income of such financial assets into the current profit and loss, and the changes of fair value into other comprehensive income. When the financial asset is derecognized, the accumulated gains or losses

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previously included in other comprehensive income will be transferred from other comprehensive income to retained earnings which shall not be included in the current profit and loss.

iii. Financial assets at fair value through profit or loss

Except for the above financial assets measured at amortized cost and financial assets at fair value through other comprehensive income, other financial assets are classified as financial assets at fair value through profit or loss. In addition, at initial recognition, in order to eliminate or significantly reduce accounting mismatches, some financial assets are designated as financial assets at fair value through profit or loss. For such financial assets, fair value shall be used for subsequent measurement, and all changes in fair value shall be included in the current profit and loss.

(2) Classification, recognition and measurement of financial liabilities

The Group's financial liabilities are classified as financial liabilities at fair value through profit or loss and other financial liabilities when they are initially recognized. For financial liabilities at fair value through profit or loss, relevant transaction costs are directly recorded into the current profit and loss. For the other financial liabilities, relevant transaction costs are included in the initial recognition amounts.

i. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include trading financial liabilities (including derivatives belonging to the financial liabilities) and financial liabilities designated by the Group as measured at fair value through profit or loss for the initial recognition.

Trading financial liabilities (including derivatives belonging to the financial liabilities) shall be subsequently measured at fair value, and except related to the hedge accounting, the gains or losses arising from changes in fair value of derivatives are directly included in the current profit and loss.

For financial liabilities designated to be measured at fair value through profit or loss, the changes in fair value caused by changes in credit risk of companies are included in other comprehensive income. When such financial liabilities are derecognized, the accumulated changes in fair value caused by changes in credit risk of companies are transferred to retained earnings. Other changes in fair value are included in the current profit and loss. If the treatment of effects of changes in the financial liabilities' own credit risks in the above manner causes or expands the accounting mismatch in the profit or loss, the Group shall record all the gains or losses of such financial liabilities (including the impact amount of the change in the credit risk of the enterprise itself) into the current profit and loss.

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ii. Other financial liabilities

Except for the financial liabilities formed by the transfer of financial assets that do not meet the conditions for derecognition or continue to be involved in the transferred financial assets and financing guarantee contracts, other financial liabilities are classified as financial liabilities measured at amortized cost which shall be subsequently measured at amortized cost, and the gains or losses arising from derecognition or amortization shall be included in the current profit and loss.

(3) Determination and measurement of transfer of financial assets

The Group derecognizes financial assets when it meets one of the following conditions:

① The contractual right to receive the cash flow of the financial asset is terminated; 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 the control over the financial asset.

If the Group has neither transferred nor retained almost all risks and rewards of the ownership of the financial assets, and the Group has not given up the control over the financial assets, the relevant financial assets shall be recognized according to the degree of continuous involvement in the transferred financial assets, and the relevant liabilities shall be recognized accordingly. The degree of continuous involvement in the transferred financial assets refers to the risk level faced by the enterprise due to the change of the value of the financial assets.

If the overall transfer of financial assets meets the conditions for derecognition, the difference between the book value of the transferred financial assets and the sum of the consideration received due to the transfer and the accumulated changes in fair value originally included in other comprehensive income shall be included in the current profit and loss.

If the partial transfer of financial assets meets the conditions for derecognition, the book value of the transferred financial assets shall be apportioned according to its relative fair value between the derecognized part and the non-derecognized part, and the difference between the aforesaid book value apportioned and the sum of the consideration received due to the transfer and the accumulated changes in fair value originally included in other comprehensive income that should be apportioned to the derecognized part shall be included in the current profit and loss.

The Group needs to determine whether almost all risks and rewards on the ownership of the financial

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assets have been transferred when it sells the financial assets with recourse or transfers the financial assets held by endorsement. If almost all the risks and rewards in the ownership of the financial asset have been transferred to the transferee, the financial asset shall be derecognized; if almost all the risks and rewards in the ownership of the financial asset have been retained, the financial asset shall not be derecognized; if almost all the risks and rewards in the ownership of the financial asset have not been transferred nor retained, it shall continue to judge whether the enterprise retains the control of the asset and the accounting treatment shall be performed in accordance with the principles described in the preceding paragraphs.

#### (4) Derecognition of financial liabilities

Only when the prevailing obligations of a financial liability are relieved in all or in part, the recognition of the financial liability can be terminated in all or partly. Where the Group enters into an agreement with a creditor so as to substitute the existing financial liabilities by assuming a new financial liability, and if the contractual stipulations regarding the new financial liability is substantially different from that of the existing financial liability, it shall terminate the recognition of the existing financial liability and recognize the new financial liability at the same time.

Where the recognition of a financial liability is totally or partially terminated, the Group shall record the difference between the book value which has been terminated from recognition and the consideration which has been paid (including the non-cash asset which has been transferred out and the new financial liability which has been assumed) into the current profit and loss.

#### (5) Offsetting of financial assets and financial liabilities

When the Group has legal rights to offset the recognized financial assets and financial liabilities, and this kind of legal rights is currently executable, and the Group plans to settle in net amount, or realize the financial assets and settle the financial liabilities at the same time, financial assets and financial liabilities are presented in the balance sheet at the amount after offsetting each other. Otherwise, financial assets and financial liabilities are presented separately in the balance sheet, not offsetting each other.

#### (6) Methods for determining the fair value of financial assets and financial liabilities

Fair value is the price that would be received for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. If there is an active market for a financial instrument, the Group uses the quoted price in the active market to determine its fair

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value. The quoted price in the active market refers to the price that can be easily obtained from exchanges, brokers, industry associations, pricing service agencies, etc. on a regular basis, and represents the price of market transactions that occur in fair transactions. If there is no active market for a financial instrument, the Group uses valuation techniques to determine its fair value. Valuation techniques include reference to the prices used in recent market transactions by parties familiar with the situation and voluntary transactions, reference to the current fair value of other financial instruments that are substantially the same, discounted cash flow method, and option pricing models, etc. At the time of valuation, the Group adopts valuation techniques that are applicable under the current circumstances and are supported by sufficient available data and other information, selects input values consistent with the characteristics of the assets or liabilities considered by market participants in the transactions of relevant assets or liabilities, and uses relevant observable input values as much as possible. When the relevant observable input value cannot be obtained or is not feasible to be obtained, the non-input value shall be used.

(7) Equity instrument

Equity instruments refer to contracts that can prove the remaining equity of the Group's assets after deducting all liabilities. The Group's issuance (including refinancing), repurchases, sale or cancellation of equity instruments shall be treated as changes in equity. Transaction costs related to equity transactions are deducted from equity. The Group does not recognize changes in fair value of equity instruments.

The distribution of dividends (including the "Interests" generated by the instruments classified as equity instruments) during the period of existence of the Group's equity instruments shall be treated as profit distribution.

10. Impairment of financial assets

The financial assets that the Group needs to recognize the impairment loss are financial assets measured at amortized cost, debt instrument investments measured at fair value through other comprehensive income, and lease receivables, mainly including notes receivable, accounts receivable, other receivables, debt investments, other debt investments, long-term receivables, etc. In addition, for some financing guarantee contracts, the provision for impairment and the recognition of credit impairment loss are also made according to the accounting policies mentioned in this section.

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(1) The recognition method of impairment provision

Based on the expected credit loss, the Group accrues the impairment provision and recognizes the credit impairment loss according to the applicable expected credit loss measurement method (general method or simplified method) for each of the above items.

Credit loss refers to the difference between all contractual cash flows receivable and all cash flows expected to be collected which are both discounted by the Group at the original effective interest rate, that is, the present value of all cash shortages. Among them, for the financial assets purchased or generated by the Group with credit impairment, they shall be discounted according to the effective interest rate adjusted by credit.

The general method for the measurement of expected credit loss refers to the Group's assessment on each balance sheet date of whether the credit risk of financial assets (including other applicable items such as contract assets, the same below) has increased significantly since the initial recognition. If the credit risk has increased significantly since the initial recognition, the Group measures the loss provision based on the amount equivalent to the expected credit loss in the entire duration. If the credit risk has not increased significantly since the initial recognition, the Group measures the loss provision based on the amount equivalent to the expected credit loss within the next 12 months. When assessing the expected credit losses, the Group considers reasonable and reliable information including forward-looking information.

For the financial instrument with lower credit risk on the balance sheet date, the Group assumes that its credit risk has not increased significantly since the initial recognition, and chooses to measure the loss provision based on expected credit losses within the next 12 months.

(2) Criteria for judging whether credit risk has increased significantly since the initial recognition

If the default probability of a financial asset in the expected duration determined on the balance sheet date is significantly higher than that in the expected duration determined at the initial recognition, it indicates that the financial asset's credit risk has increased significantly. Except for special circumstances, the Group adopts the change in default risk that occurs within the next 12 months as a reasonable estimate of the change in default risk that occurs in the whole duration to determine whether the credit risk has increased significantly since the initial recognition.

(3) Portfolio method for assessing expected credit risk based on portfolio

The Group separately evaluates credit risk for financial assets with significantly different credit risks,

such as: receivables from related parties; receivables in dispute with the other party or involving litigation and arbitration; receivables with obvious signs indicating that the debtor is likely to be unable to fulfill the repayment obligation, etc.

In addition to the financial assets that individually evaluate credit risk, the Group divides financial assets into different groups based on common risk characteristics and assesses the credit risk on a portfolio basis.

(4) Accounting treatment for impairment of financial assets

At the end of the reporting period, the Group calculates the estimated credit loss of various financial assets. If the estimated credit loss is greater than the current book value of the impairment provision, the difference shall be recognized as an impairment loss; if it is less than the current book value of the impairment provision, the difference shall be recognized as an impairment gain.

(5) Methods for determining credit losses of various financial assets

① Notes receivable

The Group measures the loss provision based on the amount equivalent to the expected credit loss amount within the entire duration for notes receivable. Notes receivables are divided into different portfolios based on their credit risk characteristics:

Item	Basis for determining portfolio
Bank acceptance bills	The acceptor is a bank with less credit risks.
Commercial acceptance bills	Divided into different portfolios based on credit risk characteristics of acceptors, which is the same as that of "Accounts receivable".

② Accounts receivable

For accounts receivable without significant financing components, the Group measures the loss provision based on the amount equivalent to the expected credit loss amount within the entire duration.

For accounts receivable and leases receivable with significant financing components, the Group chooses to always measure the loss provision based on the amount equivalent to the expected credit loss amount within the duration.

Except accounts receivable with individual credit risk assessment, others are divided into different portfolios based on their credit risk characteristics:

Item	Basis for determining portfolio
Portfolio 1	Accounts receivable from government, related parties and state-owned enterprises

Item	Basis for determining portfolio
Portfolio 2	Other accounts receivable except receivables in the portfolio 1, which takes the aging of receivables as the credit risk characteristic

③ Other receivables

Based on whether the credit risk of other receivables has increased significantly since the initial recognition, the Group adopts the amount equivalent to the expected credit loss within the next 12 months or the entire duration to measure the impairment loss. Except other receivables with individual credit risk assessment, others are divided into different portfolios based on their credit risk characteristics:

Item	Basis for determining portfolio
Portfolio 1	Receivable from government, related parties and state-owned enterprises
Portfolio 2	Deposit and margin
Portfolio 3	Other receivables except receivables in the portfolio 1 and portfolio 2

11. Receivables financing

Notes receivable and accounts receivable classified as those measured at fair value through other comprehensive income are listed as receivables financing for the part with a period of less than one year (including one year) from the date of acquisition; those with a period of more than one year from the date of acquisition are listed as other debt investments. Relevant accounting policies refer to Note IV 9 "Financial instruments" and Note IV 10 "Impairment of financial assets"

12. Inventory

(1) Classification of inventory

The Group's inventories include finished goods or products that are held-for-sale in the ordinary course of business, products in progress, and materials that will be used or consumed in the production of goods or rendering of service. They are specifically divided into land development costs, land to be developed, infrastructure projects, resettlement housing projects, goods in stock, agent construction and development costs, other construction projects, etc.

(2) Pricing method for inventories acquired and delivered

The inventories acquired by the Group are initially measured at costs, which include purchase costs,

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conversion costs and other costs. The actual cost of inventories received and delivered is determined by the weighted average method.

#### Determination of net realizable value and method of provision for impairment of inventories

The net realizable value refers to the amount of the estimated selling price of the inventory minus the estimated cost to be incurred at the time of completion, the estimated selling expenses and the relevant taxes in daily activities. When determining the net realizable value of the inventory, it shall be based on the conclusive evidence obtained, taking into account the purpose of holding the inventory and the impact of events after the balance sheet date.

On the balance sheet date, the inventory is measured at the lower of cost and net realizable value. When the net realizable value is lower than the cost, the impairment provision on the inventory shall be made. The impairment provision on the inventory is usually made according to the difference between the cost of a single inventory item and its net realizable value.

After making the impairment provision on the inventory, if the factors that previously written down the value of the inventory have disappeared, resulting in the net realizable value of inventory higher than its book value, it shall be reversed within the amount of the original impairment provision on the inventory, and the reversed amount shall be included in the current profit and loss.

(3) The Group adopts perpetual inventory system for its inventory taking.

(4) Amortization method for low-value consumables and packages

Low-value consumables and packages are amortized by the one-off amortization method according to the actual situation when they are used.

### 13. Held-for-sale assets and asset groups

The Group mainly classifies a non-current asset or disposal group whose book value is recovered by selling (including non-monetary assets exchange with commercial substance, the same below) instead of being used continuously into a held-for-sale category. A non-current asset or disposal group is recognized as a held-for-sale category when all the following requirements are satisfied: 1) Based on the practice of selling such an asset or a disposal group in a similar transaction, it can be sold immediately under current conditions; 2) A sale is probable to happen, that is, the Group has already made a resolution on a sale plan and obtained a certain purchase commitment, and 3) it is expected that the sale will be completed within one year. Among them, a disposal group refers to a group of assets

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that are disposed of together as a whole through sale or other ways in a transaction, and the liabilities directly related to these assets transferred in the transaction. Where the asset group or portfolio of asset groups, which a disposal group belongs to, apportions the goodwill acquired in a business combination in accordance with the "Accounting Standards for Business Enterprises No. 8 - Asset Impairment", the disposal group shall include the goodwill allocated to the disposal group.

When the Group initially measures or re-measures a held-for-sale non-current asset or a held-for-sale disposal group on the balance sheet date, if the book value is higher than the net amount of fair value minus selling expenses, the book value shall be written down to the net amount of fair value minus selling expenses, and the written down amount shall be recognized as impairment loss on assets and included in the current profit and loss, meanwhile, the impairment provision of held-for-sale assets shall be made. For the amount of impairment loss on assets recognized for a held-for-sale disposal group, firstly, it shall be offset against the book value of the goodwill in the disposal group, and then offset against the book value of non-current assets in proportion according to the proportion of the book value of each non-current asset in the disposal group that is applicable to the measurement requirements of the "Accounting Standard for Business Enterprises No. 42 - Held-for-sale Non-current Assets, Disposal Group and Derecognition" (hereinafter referred to as "Held-for-sale Standards"). If the net amount of the fair value of the held-for-sale disposal groups minus the selling expenses increases on the subsequent balance sheet date, the amount previously written down shall be recovered and reversed within the amount of the impairment loss on assets recognized by the non-current assets applicable to the measurement requirements of Held-for-sale Standards after being classified as held for sale, and the reversed amount shall be recognized in the current profit and loss, which shall be increased in proportion according to the proportion of the book value of each non-current asset applicable to the measurement requirements of Held-for-sale Standards except for goodwill in the disposal group. The book value of goodwill that has been offset and the impairment loss on non-current assets that are applicable to the measurement requirements of Held-for-sale Standards before being classified as held for sale shall not be reversed.

Held-for-sale non-current assets or non-current assets in disposal groups are not subject to depreciation or amortization. Interests and other expenses related to the liabilities in the held-for-sale disposal groups continue to be recognized.

When non-current assets or disposal groups no longer meet the recognition conditions of held-for-sale

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category, the Group shall not continue to classify them as held for sale or shall remove non-current assets from held-for-sale disposal groups, and measure them according to the lower amount of the followings: (1) the book value before being classified as held for sale adjusted by the depreciation, amortization, or impairment that should have been recognized under the assumption that it is not classified as held for sale; (2) the recoverable amount.

#### 14. Long-term equity investment

Long-term equity investment refers to the long-term equity investment that the Group has control, joint control or significant influence on the investee. The long-term equity investment that the Group does not have control, joint control or significant influence on the investee shall be accounted for as a financial asset at fair value through profit or loss. If it is non trading, the Group can choose to designate it as a financial asset at fair value through other comprehensive income at the initial recognition. The details of its accounting policy refer to Note IV 9 "Financial instruments".

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

##### (1) Initial measurement

If the long-term equity investment is obtained in business combination under common control, the initial cost of the investment is the book value of the share of the acquiree's equity in the consolidated financial statements of the ultimate controller at the acquisition date. The difference between cash paid, the book value of the non-monetary asset exchanged and the acquiree's liabilities assumed and the initial cost of the long-term equity investment should be adjusted to capital reserve. If the capital reserve is not sufficient for adjustment, retained earnings are adjusted respectively. If the acquirer issues equity securities as consideration, the initial cost is the book value of the share of the acquiree's equity in the consolidated financial statements of the ultimate controller at the acquisition date. Amount of share capital equal to the face value of the shares issued. The difference between initial cost of the long-term equity investment and the face value of shares issued shall be adjusted to capital reserve. If the capital reserve is not sufficient for adjustment, retained earnings are adjusted respectively. If the equity of the acquiree under common control is acquired step by step through

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multiple transactions, and the business combination under common control is ultimately formed, it shall be handled separately whether it is the "package deal": if it is the "package deal", each transaction shall be accounted for as a transaction obtaining the control; if it is not the "package deal", the share of the book value of the acquiree's equity in the consolidated financial statements of the ultimate controller on the date of combination shall be taken as the initial investment cost of the long-term equity investment. The difference between the initial investment cost of the long-term equity investment and the sum of the book value of the long-term equity investment before the combination plus the book value of the newly paid consideration for the shares on the combination date shall be adjusted to the capital reserve; if the capital reserve is insufficient to offset, the retained earnings shall be adjusted. For the equity investment held before the combination date, other comprehensive income accounted under equity method or recognized from available-for-sale financial assets shall not be accounted for temporarily.

For the long-term equity investment obtained from the business combination not under common control, the initial investment cost of the long-term equity investment shall be the combination cost on the acquisition date. The combination cost includes the sum of the assets paid by the acquirer, the liabilities incurred or undertaken, and the fair value of the issued equity securities. If the equity of the acquiree is acquired step by step through multiple transactions, and the business combination not under common control is ultimately formed, it shall be handled separately whether it is the "package deal": if it is the "package deal", each transaction shall be accounted as a transaction obtaining the control; if it is not the "package deal", the sum of the book value of the equity investment originally held by the acquiree plus the newly increased investment cost shall be taken as the initial investment cost of the long-term equity investment measured at cost. If the originally held equity is accounted for under equity method, the relevant other comprehensive income shall not be accounted for temporarily. If the originally held equity investment is an available-for-sale financial asset, the difference between its fair value and book value, as well as the accumulated changes in fair value originally included in other comprehensive income, shall be transferred into the current profit and loss.

The business combination costs that are directly attributable to the combination, such as audit fees, valuation fees, legal service fees and other administrative expenses are recognized in the current profit and loss when they occur.

For long-term equity investment obtained in any method other than business combination, other equity

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investment shall be initially measured at cost. The cost shall be determined respectively according to the actual cash purchase price paid by the Group, the fair value of equity securities issued by the Group, the value agreed in the investment contract or agreement, the fair value or original book value of assets exchanged in the exchange transaction of non-monetary assets, and the fair value of the long-term equity investment, etc. based on the different ways of obtaining the long-term equity investment. Expenses, taxes and other necessary expenses directly related to the acquisition of long-term equity investment are also included in the investment cost. If the additional investment can have a significant influence on the investee or implement joint control but does not constitute control, the cost of long-term equity investment shall be the sum of the fair value of the original equity investment determined in accordance with the "Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments" plus the cost of newly increased investment.

(2) Subsequent measurement

The equity method is used when the Group has joint control (except for joint operation) or significant influence over the investee enterprise. The cost method is used when the Group has control over the investee.

a) Long-term equity investment under cost method

The long-term equity investment under cost method shall be priced in accordance with the initial investment cost. Additional investment or recovered investment shall be adjusted to the cost of long-term equity investment. Unless the price or consideration actually paid of obtaining the investment includes cash dividends or profits that are declared but not yet paid, the current investment income shall be recognized according to the cash dividends or profits declared and paid by the investee

b) Long-term equity investment under equity method

For the long-term equity investment under equity method, when the initial cost of long-term equity investments exceeds the Group's interest in the fair value of identifiable net assets of the investee, the initial cost of the long-term equity investment shall not be adjusted; when the initial cost of long-term equity investments is less than the share of the fair value of identifiable net assets of the investee, the difference is charged to profit or loss for the current period and the cost of the long-term equity investment shall be adjusted accordingly.

After a long-term equity investment is acquired, the Group shall recognize its share of the investee's net profit or losses, as well as its share of the investee's other comprehensive income, as investment

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income or losses and other comprehensive income, and adjust the book value of the investment accordingly. The book value of long-term equity investment shall be reduced accordingly according to the profit or cash dividend declared to be distributed by the investee. If the investee's equity changes other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution, the book value of the long-term equity investment shall be adjusted accordingly and recorded into capital reserve. When confirming the share of the net profit and loss of the investee, the net profit of the investee shall be recognized after adjustment on the basis of the fair value of all identifiable assets of the investee at the time of investment. When the accounting policies adopted by the investee are different from those adopted by the Group, the financial statements of the investee shall be adjusted and the investment income and other comprehensive income shall be recognized according to the Group's accounting policies. For transactions between the Group, associates and joint ventures, if the assets invested or sold do not constitute a business, the unrealized internal transaction profit and loss shall be offset according to the proportion attributable to the Group, and the investment profit and loss shall be recognized accordingly. However, if the unrealized internal transaction losses between the Group and the investee is classified as impairment loss of transferred assets, the loss shall not be offset. If the assets invested by the Group to a joint venture or an associate constitute a business, and the investor obtains long-term equity investment but does not obtain the control right, the fair value of the invested business shall be taken as the initial investment cost of the new long-term equity investment, and the difference between the initial investment cost and the book value of the invested business shall be included in the current profit and loss in full. If the assets sold by the Group to a joint venture or an associate constitute a business, the difference between the consideration obtained and the book value of the business shall be included in the current profit and loss in full. If the assets purchased by the Group from joint ventures or associates constitute a business, the accounting treatment shall be carried out in accordance with the "Accounting Standards for Business Enterprises No. 20 - Business Combination", and the gains or losses related to the transaction shall be recognized in full.

The net loss incurred by the investee shall be recognized based on the book value of the long-term investment and other investments essentially constituting the long-term equity of the investee till the book value is reduced to zero. In addition, if the Group has the obligation to undertake extra losses for the investee, it should recognize the accrued liabilities according to the expected obligations and record

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them in the current investment loss. Once the investee realizes net profit in the subsequent period, the Group starts recognizing its share of profits after the share of previously unrealized losses has been recovered.

For long-term equity investments in associates and joint ventures that the Group has held prior to the first implementation of the new accounting standards on 1 January 2019, if there is any equity investment debit difference related to the investment, the amount of straight-line amortization in the original remaining period shall be included in the current profit and loss.

c) Purchase of minority interests

In the preparation of consolidated financial statements, the difference between the newly increased long-term equity investment which is due to the purchase of minority equity and the share of net assets of the subsidiary calculated continuously from the acquisition date (or combination date) according to the newly increased shareholding ratio shall be adjusted to the capital reserve. If the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

d) Disposal of long-term equity investment

In the consolidated financial statements, the parent company disposes part of the long-term equity investment in the subsidiary without losing the control, and the difference between the disposal price and the amount of long-term equity investment in relation to its share of net asset in the subsidiary shall be included in the owners' equity; if the parent company disposes part of the long-term equity investment in the subsidiary, resulting in the loss of the control, it shall be treated in accordance with the relevant accounting policies described in Note IV 5 (2) "Preparation of consolidated financial statements".

For the disposal of long-term equity investment under other circumstances, the difference between the book value of the disposed equity and the price obtained shall be included in the current profit and loss.

For long-term equity investment measured under equity method, if the remaining equity after disposal is still measured under equity method, the other comprehensive income originally included in the owners' equity shall be accounted on the same basis as the investee's direct disposal of relevant assets or liabilities according to the corresponding proportion. The owners' equity recognized due to changes in the owners' equity of the investee other than net profit and loss, other comprehensive income and profit distribution shall be carried forward to the current profit and loss in proportion.

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For long-term equity investment measured under cost method, if the remaining equity is still measured under cost method after disposal, the other comprehensive income recognized by equity method or determined from the recognition and measurement standard of financial instrument before obtaining the control over the investee shall be accounted on the same basis as the investee's direct disposal of relevant assets or liabilities, and shall be carried forward to the current profit and loss in proportion; The owners' equity recognized due to changes in the owners' equity of the investee other than net profit and loss, other comprehensive income and profit distribution under equity method shall be carried forward to the current profit and loss in proportion.

If the Group loses control in a subsidiary due to partial disposal of equity investment but can still exercise joint control or exert significant influence on the investee, the measurement of long-term equity investment shall be changed from the cost method to the equity method in an individual financial statements, and the remaining equity shall be deemed to be adjusted by equity method when it is acquired. If the remaining equity after disposal cannot exercise joint control or exert significant influence on the investee, it shall be accounted according to the relevant provisions of recognition and measurement standards of financial instruments, and the difference between the fair value and book value on the date of loss of control shall be included in the current profit and loss. Before the Group obtains the control over the investee, the other comprehensive income recognized by equity method or determined from the recognition and measurement standard of financial instrument shall be accounted on the same basis as the investee's direct disposal of relevant assets or liabilities when the control over the investee is lost. The owners' equity recognized due to changes in the owners' equity of the investee other than net profit and loss, other comprehensive income and profit distribution shall be carried forward to the current profit and loss when the control over the investee is lost. Among them, if the remaining equity after disposal is accounted by equity method, other comprehensive income and other owners' equity shall be carried forward in proportion; if the remaining equity after disposal is changed to be accounted according to the recognition and measurement standards of financial instruments, the other comprehensive income and other owners' equity shall be carried forward in full.

If the Group loses joint control or significant influence on the investee due to the disposal of part of equity investment, the remaining equity after disposal shall be accounted according to the recognition and measurement standards of financial instruments, and the difference between the fair value and book value on the date of losing joint control or significant influence shall be included in the current

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profit and loss. Other comprehensive income of the original equity investment recognized by the equity method shall be accounted on the same basis as the investee's direct disposal of relevant assets or liabilities when the equity method is ceased to be used. The owners' equity recognized by the investee due to changes in the owners' equity other than net profit and loss, other comprehensive income and profit distribution shall be fully transferred into the current investment income when the equity method is ceased to be used.

The Group disposes the equity investment in subsidiaries step by step through multiple transactions until the control is lost. If the above transactions are a package deal, each transaction shall be treated as a transaction to dispose the equity investment in subsidiaries and lose the control for accounting treatment. Before the loss of control, the difference between the price of each disposal and the book value of the long-term equity investment corresponding to the disposed equity shall be first recognized as other comprehensive income, and then transferred to the current profit and loss when the control is lost.

#### 15. Investment property

Investment property refers to the properties held for generating rent and/or capital appreciation or both, including: a) A land use right that is leased out; b) A land use right held and ready to transfer after appreciation; c) A building that is leased out.

In addition, for the vacant buildings held by the Group for operating lease, if the Board of Directors (or a similar institution) makes a written resolution to clearly indicate that they will be used for operating lease and the intention to hold will not change in the short term, they are also listed as investment property.

The initial measurement of the investment property shall be made at its cost. The subsequent expenditures related to the investment property shall be recognized as the cost when the following conditions are satisfied: a) It is probable that future economic benefits associated with the assets will flow into the Group; b) The cost of the assets can be measured reliably. Otherwise, they shall be recorded into the current profit and loss when they occur.

The Group shall use the cost model for subsequent measurement of the investment property, which shall be depreciated or amortized in the same way as houses and buildings or land use rights.

Details of the impairment test method and impairment provision method for investment property refer

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to Note IV 21 "Impairment of long-term assets".

When the Group has conclusive evidence that the use of property has changed either from self-use property or inventory to investment property or from investment property to self-use property, the book value before the conversion shall be the recording value of the property after the conversion.

When the purpose of investment property is changed to self-use, the investment property shall be converted into fixed assets or intangible assets from the date of change. When the purpose of the self-use property is changed to earn rent or capital appreciation, the fixed assets or intangible assets shall be converted into the investment property from the date of change. When a conversion occurs, if it is converted to the investment property measured by cost model, the book value before conversion shall be taken as the entry value after conversion; in case of conversion into the investment property measured by fair value model, the fair value on the conversion date shall be taken as the entry value after conversion.

When the investment property is disposed, or is permanently withdrawn from use, and it is expected that no economic benefits can be obtained from its disposal, the recognition of the investment property shall be terminated. The disposal income from the sale, transfer, scrap or damage of the investment property shall be included in the current profit and loss after deducting its book value and relevant taxes and surcharges.

## 16. Fixed assets

### (1) Recognition conditions of fixed assets

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others or for administrative purposes with useful life more than one year. A fixed asset shall be initially recognized at cost when the following conditions are satisfied: a) It is probable that future economic benefits associated with the assets will flow into the Group; b) The cost of the assets can be measured reliably. Fixed assets are initially measured at cost and taking into account the impact of estimated abandonment costs.

### (2) Depreciation method for fixed assets

The fixed assets shall be depreciated by using the straight-line method within the useful life from the next month when the fixed assets reach the expected usable state. The useful life, estimated net residual value and annual depreciation rate of fixed assets are shown as follows:

Category	Depreciation method	Useful life (year)	Residual value rate (%)	Annual depreciation rate (%)
Houses and buildings	Straight-line method	8-50	0-5	12.50-1.90
General equipment	Straight-line method	3-10	0-5	31.67-9.50
Special equipment	Straight-line method	5-10	3-5	19.40-9.50
Transportation	Straight-line method	4-12	0-5	25.00-7.92
Road assets	Straight-line method	0-30	0	0-3.33
Pipes	Straight-line method	10-20	3-5	9.70-4.75
Other	Straight-line method	3-10	3-5	32.33-9.50

The estimated net residual value refers to the amount obtained by the Group from the disposal of the fixed assets after deducting the estimated disposal expenses, assuming that the expected useful life of the fixed assets has been completed and is in the expected state at the end of the useful life.

### (3) Impairment test method and impairment provision method for fixed assets

Details of the impairment test method and impairment provision method for fixed assets refer to Note IV 21 "Impairment of long-term assets".

### (4) Fixed assets acquired under finance lease

The Group identifies a lease of asset as finance lease when substantially all the risks and rewards incidental to legal ownership of the asset are transferred, and its ownership may or may not be transferred eventually. The depreciation method of fixed assets acquired under finance lease is consistent with that for depreciable assets owned by the Group. If the Group can reasonably confirm that it will obtain the ownership of leased asset at the end of lease term, the leased asset shall be depreciated during the useful life of the leased asset. If the Group cannot reasonably confirm that it will obtain the ownership of leased asset at the end of lease term, the leased asset shall be depreciated over shorter of the useful life of the leased asset and the lease term.

### (5) Other information

Subsequent expenditure relating to a fixed asset, if the economic benefits related to the fixed asset are probable to flow in and their costs can be reliably measured, shall be included in the cost of the fixed asset and the book value of the replaced part shall be derecognized. Other subsequent expenditures shall be included in the current profit and loss when they occur.

When a fixed asset is in a disposal state or it is expected to produce no economic benefits through use

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or disposal, the recognition of the fixed asset shall be terminated. The difference of the disposal income from the sale, transfer, scrap or damage of fixed assets after deducting the book value and relevant taxes shall be included in the current profit and loss.

The Group reviews the useful life, estimated residual value and depreciation method of a fixed asset at the end of each financial year. If there are changes in useful life, estimated residual value and depreciation method, they shall be treated as changes in accounting estimates.

#### 17. Construction in progress

Construction in progress is recorded at actual costs incurred which include all project expenditures incurred during the construction period, capitalized borrowing costs before the project reaches the expected usable status and other related costs, etc. The Group transfers construction in progress to fixed assets when the project reaches the expected usable status.

Details of the impairment test method and impairment provision method for construction in progress refer to Note IV 21 "Impairment of long-term assets".

#### 18. Borrowing costs

Borrowing costs include interest on borrowings, amortization of discounts or premiums, auxiliary costs and exchange differences arising from foreign currency borrowings, etc. When the borrowing costs incurred by the Group can be directly attributable to the acquisition and construction or production of assets which are eligible for capitalization, it shall be capitalized and recorded into the costs of relevant assets when the following requirements are simultaneously met: a) The asset disbursements have already incurred; b) The borrowing costs have already incurred; c) The acquisition and construction or production activities which are necessary to prepare the asset for its intended use or sale have already started. When the qualified asset under acquisition and construction or production is ready for the intended use or sale, the capitalization of the borrowing costs shall be ceased. Other borrowing costs shall be recorded into the current profit and loss when they occur.

The amount of interest expenses actually incurred in the current period of a special borrowing after deducting the interest income from unused borrowing funds deposited in the bank or the investment income from temporary investment shall be capitalized. The capitalization amount of a general borrowing is the capitalization rate of the general borrowing used multiplied by the portion of the

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weighted average asset disbursement, which is calculated by deducting the special loan from the accumulative asset disbursements. The capitalization rate shall be calculated and determined based on the weighted average interest rate of the general borrowing.

During the period of capitalization, the foreign exchange differences on foreign currency specific borrowings shall be capitalized; exchange differences on foreign currency general borrowings shall be recorded into the current profit and loss.

Assets eligible for capitalization refer to assets such as fixed assets, investment property, inventories and other assets which need to go through the acquisition and construction or production activities for quite a long time to reach the intended use or status for sale.

Where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended, till the acquisition and construction or production of the asset restarts.

## 19. Intangible assets

### (1) Recognition and pricing of intangible assets

Intangible assets are identifiable non-monetary asset that are owned or controlled by the Group and are without physical substance.

An intangible asset is initially measured at its cost. Subsequent expenditure relating to an intangible asset, if the economic benefits related to the intangible asset are probable to flow in and their costs can be reliably measured, shall be included in the cost of the intangible asset. Other subsequent expenditures shall be included in the current profit and loss when they occur.

The acquired land use right is usually accounted for as an intangible asset. For self-development and construction of buildings such as factories, etc., the related land use right expenditures and building construction costs are accounted for as intangible assets and fixed assets respectively. For houses and buildings purchased, the relevant price shall be allocated between the land use rights and the buildings. If it is difficult to allocate them reasonably, all of them are treated as fixed assets.

Intangible assets with limited useful life shall be averagely amortized by the straight-line method within the expected useful life of the original value minus the estimated net residual value and the accumulated amount of the impairment provision accrued from the time they are available for use.

Intangible assets with uncertain useful life shall not be amortized.

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At the end of the reporting period, for an intangible asset with limited useful life, the useful life and amortization method shall be reviewed, if there is any change incurred, it shall be treated as an accounting estimation change. In addition, for an intangible asset with uncertain useful life, the useful life shall be reviewed, if there is any evidence indicated that the duration of bringing economic benefits to the Group from an intangible asset is foreseeable, then estimate its useful life and amortize it in accordance with the amortization policy of intangible assets with limited useful life.

(2) Research and development expenses

The expenditure from the internal research and development project of the Group shall be classified as the expenditure in research stage and in development stage.

The expenditures in research stage shall be recorded into the current profit and loss when they occur.

The expenditures in development stage shall be recognized as intangible assets that should meet all the conditions as follows, otherwise shall be recorded into the current profit and loss:

- ① It is technically feasible to finish intangible assets for use or sale;
- ② It is intended to finish and use or sell the intangible assets;
- ③ The usefulness of methods for intangible assets to generate economic benefits shall be proved, including being able to prove that there is a potential market for the products manufactured by applying the intangible assets or there is a potential market for the intangible assets itself or the intangible assets will be used internally;
- ④ It is able to finish the development of the intangible assets, and able to use or sell the intangible assets, with the support of sufficient technologies, financial resources and other resources;
- ⑤ The development expenditures of the intangible assets can be reliably measured.

If it is impossible to distinguish the expenditure from the research stage or development stage, all the R&D expenditures incurred shall be recorded into the current profit and loss.

(3) Impairment test method and impairment provision method for intangible assets

Details of the impairment test method and impairment provision method for intangible assets refer to Note IV 21 "Impairment of long-term assets".

20. Long-term deferred expenses

Long-term deferred expenses are defined as expenses incurred which should be recorded in the current period and subsequent periods with an amortization period of more than one year. The long-term

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deferred expenses shall be amortized using the straight-line method within the expected benefit period.

#### 21. Impairment of long-term assets

The Group assesses fixed assets, constructions in progress and intangible assets with limited useful life, investment property measured at cost model, long-term equity investment in subsidiaries, joint ventures and associates and other non-current non-financial assets for impairment at the balance sheet date. If there is any indication that an asset may be impaired, the Group should assess the asset for impairment and estimate the recoverable amount of the impaired asset. The Group shall conduct impairment tests each year on goodwill, intangible assets with uncertain useful life and intangible assets that not reach the usable status yet no matter whether indication that an asset may be impaired exists or not.

If the result of impairment test indicates that the book value of an asset is higher than its recoverable amount, impairment provision should be made and recorded into the impairment loss based on the difference. Recoverable amount is measured as the higher of an asset's fair value less disposal costs and the present value of estimated future cash flows. The fair value of the asset is determined according to the sales agreement price in the fair transaction; if there is no sales agreement but there is an active market for the asset, the fair value is determined according to the buyer's bid for the asset; if there is no sales agreement and an active market for the asset, the fair value of the asset is estimated based on the best information available. Disposal costs include legal expenses, relevant taxes and handling expenses related to the disposal of assets and direct expenses incurred to make the assets reach a saleable state. The present value of the expected future cash flow of the asset shall be determined according to the expected future cash flow generated in the process of continuous use and final disposal of the asset, and the appropriate discount rate shall be selected to discount the amount. If there is any indication that an asset may be impaired, the Group usually estimates its recoverable amount on an individual item basis. However, if it's not possible to estimate recoverable amount of the individual asset, the Group should determine the recoverable amount of the asset group which the asset belongs to. An asset group is the smallest group of assets that can independently generates cash inflows.

For the goodwill separately listed in the financial statements, during the impairment test, the book value of goodwill shall be allocated to the asset group or combination of asset groups expected to

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benefit from the synergistic effect of business combination. If the test results show that the recoverable amount of the asset group or asset group combination containing the allocated goodwill is lower than its book value, the corresponding impairment loss shall be recognized. The amount of impairment loss shall first offset the book value of goodwill allocated to the asset group or combination of asset groups, and then offset the book value of other assets in proportion according to the proportion of the book value of assets other than goodwill in the asset group or combination of asset groups.

Once impairment loss is recognized, it cannot be reversed in the subsequent financial periods.

## 22. Employee benefits

Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

Short-term employee benefits include salary, bonus, allowance & subsidy, employee welfare, medical insurance, work-related injury insurance, maternity insurance, housing fund, union funds & employee education expenses and non-monetary welfares, etc. The actual short-term employee benefits shall be recognized as the debt during the accounting period when the employees provide service and included in the current profit and loss or the cost of relevant assets, and the non-monetary welfare shall be measured at fair value.

Post-employment benefits include basic endowment insurance and unemployment insurance, etc. Post-employment benefits plans include defined contribution plans and defined benefit plans. The corresponding payable amount of the defined contribution plans shall be included in the relevant asset cost or current profit and loss when it occurs.

To terminate the labor relationship with the employee before the expiration of the labor contract, or to propose compensation to encourage employees to voluntarily accept the layoff, the employees' compensation liabilities arising from the termination benefits are recognized and charged into the current profit and loss at the earlier date of the two following situations: (1) the Group is unable to unilaterally withdraw the termination benefits provided by terminating the labor relationships plans or the layoff proposals; (2) the Group recognizes the costs or expenses in connection with the reorganization involving the termination benefits. However, if the termination benefits are not expected to be fully paid within 12 months after the end of the annual report period, they shall be treated as other long-term employee benefits.

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Employee internal retirement plans shall be handled according to the same principles as above for termination benefits. The salaries and social insurance premiums to be paid to the early retired employees from the date when the employees stop providing services to the normal retirement date, when they meet the conditions for the recognition of accrued liabilities, shall be included in the current profit and loss (termination benefits).

If the other long-term employee benefits provided by the Group to employees are in accordance with the defined contribution plan, the accounting treatment shall be carried out in accordance with the defined contribution plan, otherwise, it shall be accounted for in accordance with the defined benefit plan.

### 23. Accrued liabilities

An obligation related to a contingency is recognized as the accrued liability when all the following conditions are satisfied:

- a) The obligation is a present obligation of the Group;
- b) It is probable that an outflow of economic benefits from the Group will be required to settle the obligation;
- c) The amount of the obligation can be measured reliably.

On the balance sheet date, considering the factors such as risks, uncertainties and time value of money, etc. related to the contingency, accrued liabilities are measured at the best estimate of the payment required to perform the relevant present obligations.

Where some or all the expenditures are expected to be reimbursed by a third party, the reimbursement should be separately recognized as an asset only when it is virtually received. The amount of the reimbursement should not exceed the book value of the liability recognized.

#### (1) Onerous contract

An onerous contract is a contract in which the inevitable cost of performing a contract obligation exceeds the expected economic benefits. If the contract to be executed becomes an onerous contract, and the obligations arising from the onerous contract meet the above-mentioned recognition conditions of accrued liabilities, the part of the estimated contract losses exceeding the recognized impairment losses (if any) of the contract target assets shall be recognized as the accrued liabilities.

#### (2) Restructuring obligations

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For a detailed, formal, and publicly announced restructuring plan, when the aforementioned recognition conditions of accrued liabilities are met, the amount of an accrued liability shall be determined based on the direct expenditures related to the restructuring. Regarding the restructuring obligation to sell part of the business, only when the Group commits to sell part of the business (that is, when a binding sale agreement is signed), the obligation related to the restructuring shall be recognized.

#### 24. Share-based payment

##### (1) Accounting treatment for share-based payment

Share-based payment is a transaction in which equity instruments are granted or liabilities determined on the basis of equity instruments are assumed for the purpose of obtaining services provided by employees or other parties. Share-based payments of the Group consist of share-based payments settled by equity and by cash.

##### 1) Equity-settled share-based payments.

Equity-settled share-based payments in exchange of service provided by employees shall be measured at the fair value of the equity instruments granted to the employees on the grant date. If the right cannot be exercised until the services are completed or the prescribed performance conditions are satisfied during the vesting period, based on the best estimate of the number of vested equity instruments during the vesting period, it shall be accounted for as the relevant costs or expenses by using straight-line method; if the right can be exercised immediately after the grant, it shall be accounted for as the relevant costs or expenses on the grant date, and the capital reserve shall be increased accordingly.

On each balance sheet date within the vesting period, the Group shall make the best estimate based on the latest information such as the change of the number of employees with exercisable rights and revise the number of equity instruments with exercisable rights. The impact of the above estimates shall be included in the relevant costs or expenses of the current period, and the capital reserve shall be adjusted accordingly.

For equity-settled share-based payment in exchange for services provided by other parties, if the fair value of services provided by other parties can be reliably measured, it shall be measured at the fair value of services provided by other parties on the acquisition date; if the fair value of services provided

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by other parties cannot be reliably measured, but the fair value of equity instruments can be reliably measured, it shall be measured at the fair value of equity instruments on the acquisition date of services and recorded into the relevant costs or expenses and the owners' equity shall be increased accordingly.

2) Cash-settled share-based payments.

The cash-settled share-based payments shall be measured at the fair value of liabilities calculated and confirmed on the basis of the shares or other equity instruments undertaken by the Group. If the right can be exercised immediately after the grant, it shall be accounted for as the relevant costs or expenses on the grant date, and the liability shall be increased accordingly; if the right cannot be exercised until the services are completed or the prescribed performance conditions are satisfied during the vesting period, on each balance sheet date during the vesting period, based on the best estimate of the number of vested equity instruments, it shall be accounted for as the relevant costs or expenses according to the fair value of the liabilities undertaken by the Group on the grant date, and the liability shall be increased accordingly.

On each balance sheet date and settlement date before the settlement of the relevant liabilities, the fair value of the liabilities shall be remeasured, and the changes shall be included in the current profit and loss.

(2) Accounting treatment for amendment and termination of the share-based payment plan

If the amendment increases the fair value of the equity instruments granted, the Group shall recognize the increase in service acquired according to the increase in the fair value of the equity instruments. The increase in the fair value of equity instruments refers to the difference between the fair value of equity instruments before and after amendment on the amendment date. If the amendment decreases the total fair value of the equity instruments granted or adopts other methods that are not conducive to the employees, the accounting treatment for the acquired services shall be continued, regardless of the change as mentioned-above, unless the Group cancels part of or all the granted equity instruments.

During the vesting period, if the equity instruments granted are cancelled, the Group shall treat the cancellation of the granted equity instrument as an accelerated exercise, and the amount that should be recognized in the remaining vesting period shall be immediately included in the current profit and loss, and the capital reserve shall be recognized at the same time. If the employee or other party can choose to meet the conditions of non-exercise rights but is not met within the vesting period, the Group shall

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treat it as a cancellation of the granted equity instruments.

(3) Accounting treatment involving share-based payment transactions between the Group and its shareholders or actual controllers

For the share-based payment transactions involving the Group and its shareholders or actual controllers, if one of the settlement enterprises and the service receiving enterprises is within the Group and the other is outside the Group, the accounting treatment shall be carried out in the consolidated financial statements of the Group in accordance with the following provisions:

① If a settlement enterprise settles its own equity instruments, the share-based payment transaction shall be treated as the equity-settled share-based payment; in addition, it shall be treated as the cash-settled share-based payment.

If the settlement enterprise is an investor of the service receiving enterprise, it shall be recognized as a long-term equity investment in the service receiving enterprise according to the fair value of the equity instrument or the fair value of the liability to be assumed on the grant date, and at the same time, the capital reserve (other capital reserve) or liability shall be recognized.

② If the service receiving enterprise has no settlement obligation or the employees of the enterprise are granted its own equity instruments, the share-based payment transaction shall be treated as the equity-settled share-based payment; if the service receiving enterprise has settlement obligation and the employees of the enterprise are not granted its own equity instruments, the share-based payment transaction shall be treated as the cash-settled share-based payment.

For the share-based payment transactions between enterprises within the Group, if the receiving service enterprise and the settlement enterprise are not the same enterprise, the recognition and measurement of the share-based payment transactions in the individual financial statements of the receiving service enterprise and the settlement enterprise shall be handled according to the above principles.

25. Other financial instruments such as preferred shares, perpetual bonds, etc.

(1) Distinction between perpetual debts and preferred shares

The Group classifies the financial instruments issued such as perpetual debts and preferred shares, etc. as equity instruments when the following conditions are met at the same time:

① The financial instrument shall not include the contractual obligations to deliver cash or other

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financial assets to other parties, or to exchange financial assets or financial liabilities with other parties under potentially adverse conditions;

② For the financial instrument issued by the Group that requires or can be settled by the enterprise's own equity instruments in the future, if it is a non-derivative instrument, it shall not include the contractual obligation to deliver a variable number of its own equity instruments for settlement; if it is a derivative instrument, the Group may settle the financial instrument only by exchanging a fixed amount of its own equity instruments for cash or other financial assets.

Except for financial instruments that can be classified as equity instruments according to the above conditions, other financial instruments issued by the Group should be classified as financial liabilities.

If the financial instrument issued by the Group is a compound financial instrument, it shall be recognized as a liability according to the fair value of the liability component. The amount after deducting the fair value of the liability component from the amount received shall be recognized as "Other equity instrument". The transaction costs incurred in the issuance of compound financial instruments shall be apportioned between the liability component and the equity component according to their respective proportions of the total issuance price.

#### (2) Accounting treatment of perpetual debts and preferred shares

The interest, dividend (or stock dividend), gain or loss, as well as the gain or loss arising from redemption or refinancing related to the financial instruments such as perpetual debts and preferred shares, etc., which are classified as financial liabilities, shall be included in the current profit and loss, except for the borrowing costs meeting the capitalization conditions (details refer to Note IV 18 "Borrowing costs").

For the financial instruments such as perpetual bonds and preferred shares, etc. classified as equity instruments, when they are issued (including refinancing), repurchased, sold or written off, the Group shall treat them as changes in equity, and the relevant transaction costs shall be deducted from the equity. The Group's distribution to the holders of equity instruments shall be treated as the profit distribution.

The Group does not recognize the changes in fair value of equity instruments.

## 26. Revenue

### (1) Sales of goods

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The Group recognizes the revenue from sales of goods when all the following conditions have been satisfied: a) the Group has transferred to the buyer the significant risks and rewards of ownership of the goods; b) the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; c) the amount of revenue can be measured reliably; d) the economic benefits associated with the transaction are probable to flow into the Group; and e) the relevant costs incurred or to be incurred can be measured reliably.

#### (2) Rendering of services

The service revenue is recognized at the balance sheet date according to the percentage of completion of the services, and the completion progress of the labor service transaction is determined according to the completed work or the ratio of the labor service provided to the total labor service to be provided or the ratio of the labor service cost incurred to the estimated total cost.

The outcome of rendering the service can be estimated reliably when all the following conditions have been satisfied: (i) the total revenue and total cost can be measured reliably; (ii) the economic benefits pertaining to the service are probable flow into the Group; (iii) the percentage of completion can be determined reliably; and (iv) the costs incurred and to be incurred in the transaction can be measured reliably.

If the outcome of rendering the service cannot be estimated reliably, the revenue of service shall be recognized according to the amount of labor cost incurred and expected to be compensated, and the labor cost incurred shall be regarded as the current expense. If the incurred labor cost is not expected to be compensated, the revenue will not be recognized, and the incurred labor cost will be included in the current profit and loss.

When the contracts or agreements signed between the Group and other enterprises include the sale of goods and the provision of services, if the part of goods sold and the part of services provided can be distinguished and measured separately, they shall be treated separately. If they cannot be distinguished, or they can be distinguished but cannot be measured separately, all the contracts shall be regarded as sales of goods.

#### (3) Construction contracts

The Group recognizes the revenue and cost of the construction contract on the balance sheet date according to the percentage of completion method when the outcome of the construction contract can be estimated reliably. The percentage of contract completion is recognized based on the ratio of the

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accumulative actual contract costs to the total estimated contract costs.

The outcome of a construction contract can be estimated reliably when all the following conditions have been satisfied: a) total contract revenue can be measured reliably; b) it is probable that the economic benefits associated with the contract will flow into the enterprise; c) the actual contract costs attributable to the contract can be clearly identified and reliably measured; and d) the percentage of contract completion of the contract and the costs needed to complete the contract can be measured reliably.

When the outcome of a construction contract cannot be estimated reliably but the contract costs are expected to be recovered, the contract revenue is recognized according to the actual contract costs that can be recovered and the contract costs shall be recognized as an expense in the period when they occur. If the contract costs cannot be recovered, it shall be recognized as an expense immediately when incurred and no revenue shall be recognized. If the uncertainties that make the outcome of the construction contract unreliable no longer exist, the revenue and expenses related to the construction contract shall be determined according to the percentage of completion method.

If the accumulative estimated contract costs exceed the contract revenue, an estimated loss should be recognized as a current expense.

The accumulated costs incurred in the construction contract in progress, the accumulated gross profit (loss) recognized and the settled price are listed in the balance sheet with the net amount after offset. The part that the sum of the accumulated cost of the construction contract in progress and the accumulated gross profit (loss) recognized exceeds the settled price shall be listed as inventory; the part that the sum of the settled price of the construction contract in progress exceeds the accumulated cost and the accumulated gross profit (loss) recognized shall be listed as advance from customers.

For the way of build-operate-transfer (BOT) to participate in public infrastructure construction business, during the construction of the project, the Group shall recognize the relevant revenues and expenses for the construction services provided in accordance with the "Accounting Standards for Business Enterprises No. 15 - Construction Contract"; After the infrastructure is completed, the revenues and expenses related to the subsequent business services shall be recognized in accordance with the "Accounting Standards for Business Enterprises No. 14 - Revenue".

#### (4) Royalty income

According to relevant contracts or agreements, revenue is recognized on the accrual basis.

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(5) Interest income

It shall be calculated and determined according to the time when others use the Group's monetary funds and the effective interest rate.

27. Government grants

Government grant refers to the monetary assets and non-monetary assets obtained by the Group from the government free of charge, excluding the capital invested by the government as an investor to gain the corresponding owners' equity. Government grant is comprised of government grants related to income and government grants related to an asset. A government grant related to an asset is a grant obtained by the Group used for purchase or construction, or forming the long-term assets by other ways. Otherwise, the government grant is treated as a government grant related to income. If the government document does not specify the grantee, the subsidy is divided into government grants related to income and government grants related to assets in the following ways: (1) If the government document specifies the specific project targeted by the subsidy, it shall be divided according to the relative proportion of the expenditure amount of the assets formed in the budget of the specific project and the expenditure amount included in the expenses, and the division proportion shall be reviewed on each balance sheet date, and it can be changed if necessary; (2) The purpose of the subsidy in the government document is only a general statement, and there is no specific project, it shall be treated as the government grants related to income. If the government grants are monetary assets, they shall be measured according to the amount received or receivable. If the government grants are non-monetary assets, they shall be measured at fair value; if the fair value cannot be obtained reliably, they shall be measured at nominal amount. The government grants measured according to the nominal amount shall be directly included in the current profit and loss.

The Group usually recognizes and measures the government grants according to the actual amount received when they are received. However, if there is conclusive evidence at the end of the period that the relevant conditions specified in the financial support policy can be met and the financial support fund is expected to be received, it shall be measured according to the amount receivable. The government grants measured according to the receivable amount shall meet the following conditions at the same time: (1) the amount of the receivable subsidies has been confirmed by the authorized government department, or can be calculated reasonably according to the relevant provisions of the

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officially issued financial fund management measures, and it is expected that there is no significant uncertainty in the amount; (2) it is based on the financial support projects and financial fund management measures officially released by the local financial department and proactively disclosed in accordance with the "Regulations on Government Information Disclosure", and those management measures shall be inclusive (any enterprise that meets the specified conditions can apply for it), rather than specially formulated for specific enterprises; (3) the relevant grant approval documents have clearly committed to the appropriation period, and the appropriation of the funds has the corresponding financial budget as the guarantee that it can be received within the specified period; (4) other relevant conditions (if any) to be met according to the specific situation of the Group and the subsidy.

The government grants pertinent to assets shall be recognized as deferred income and included in the current profit and loss within the useful lives of the relevant assets in a reasonable and systematic way or shall offset the book value of the related assets. The government grants pertinent to incomes shall be treated respectively in accordance with the circumstances as follows: 1) Those subsidies used for compensating the related future expenses or losses shall be recognized as deferred income and shall be included in the current profit and loss or offset the relevant costs during the period when the relevant costs or losses are recognized; 2) Those subsidies used for compensating the related expenses or losses incurred shall be directly included in the current profit and loss or offset the relevant costs.

The different parts of government grants that include both asset-related and income-related subsidies shall be distinguished for different accounting treatments. If the different parts of the government grants are difficult to distinguish, they should be classified as income-related government grants as a whole.

The government grant which is related to daily activities of the Group shall be recognized as other income or offset the related costs according to the substance of the economic business; otherwise, it shall be recorded into non-operating income.

If it is necessary to refund any government grant which has been recognized, it shall be treated respectively in accordance with the circumstances as follows. If there is the deferred income concerned, the book balance of the deferred income shall be offset against, and the excessive part shall be included in the current profit and loss. In other cases, it shall be directly included in the current profit and loss.

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28. Deferred tax asset and deferred tax liability

(1) Current income tax

On the balance sheet date, the current income tax liabilities (or assets) formed in the current period 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 taxable income on which the current income tax expenses are calculated shall be calculated after the adjustments of the pre-tax accounting profit of the current year according to the relevant tax law.

(2) Deferred tax asset and deferred tax liability

The difference between the book value of certain assets and liabilities and their tax bases, and the temporary difference caused by the difference between the book value of the items that are not recognized as assets and liabilities but whose tax bases can be determined according to the tax law and their tax bases, shall be recognized as deferred tax assets and deferred tax liabilities by using the balance sheet liability method.

The deferred tax liabilities shall not be recognized for the taxable temporary differences related to the initial recognition of goodwill and the initial recognition of assets or liabilities arising from transactions that are neither business combination nor affect the accounting profit and taxable income (or deductible loss) when they occur. In addition, for the taxable temporary differences related to the investments in subsidiaries, associates and joint ventures, if the Group can control the time when the temporary differences are reversed, and the temporary differences are unlikely to be reversed in the foreseeable future, the relevant deferred tax liabilities shall not be recognized. Except for the above exceptions, the Group recognizes all other deferred tax liabilities arising from taxable temporary differences.

The deferred tax assets shall not be recognized for the deductible temporary differences related to the initial recognition of assets or liabilities arising from transactions that are neither business combination nor affect the accounting profit and taxable income (or deductible loss) when they occur. In addition, for the deductible temporary differences related to the investments in subsidiaries, associates and joint ventures, if the temporary differences are unlikely to be reversed in the foreseeable future, or it is unlikely to obtain taxable income that can be used to offset temporary differences in the future, the relevant deferred tax assets shall not be recognized. Except for the above exceptions, the Group recognizes all other deferred tax assets arising from deductible temporary differences to the extent of

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the taxable income, which is probable to be obtained by the Group to offset the deductible temporary differences.

For the deductible losses and tax deductions that can be carried forward in subsequent years, the corresponding deferred tax assets shall be recognized to the extent of the future taxable income, which is probable to be obtained and used to offset the deductible losses and tax deductions.

On the balance sheet date, the deferred tax assets and deferred tax liabilities shall be measured according to the applicable tax rate during the period when the relevant assets are expected to be recovered or the relevant liabilities are expected to be paid off in accordance with the tax law.

On the balance sheet date, the book value of the deferred tax assets shall be reviewed. If it is probable that sufficient taxable income will not be obtained in the future to offset the benefits of the deferred tax assets, the book value of the deferred tax assets shall be written down. When it is probable to obtain sufficient taxable income, the amount written down shall be reversed.

### (3) Income tax expense

Income tax expense includes current income tax and deferred income tax.

Except that the current income tax and deferred income tax related to the transactions and events recognized as other comprehensive income or directly included in the shareholders' equity are included in other comprehensive income or shareholders' equity, and the book value of goodwill is adjusted by the deferred income tax arising from the business combination, the remaining current income tax and deferred income tax expenses or income shall be included in the current profit and loss.

### (4) Offset of income tax

When the Group has the legal right to settle at a net amount and intends to settle at a net amount or acquire assets and pay off liabilities at the same time, the Group's current income tax assets and current income tax liabilities are presented at the net amount after offset.

When the Group has the legal right to settle the current income tax assets and current income tax liabilities on a net basis, and the deferred tax assets and deferred tax liabilities are related to the income tax levied by the same tax collection and management department on the same taxpayer or different taxpayers, but in the future, during each period when the significant deferred tax assets and liabilities are reversed, the taxpayer involved intends to settle the current income tax assets and liabilities on a net basis or obtain assets and pay off liabilities at the same time, the Group's deferred tax assets and deferred tax liabilities are presented at the net amount after offset.

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## 29. Lease

A finance lease is a lease that substantially transfers all risks and rewards related to the ownership of assets. The ownership may or may not be transferred eventually. Leases other than finance leases are operating leases.

### (1) Operating leases

The Group as the lessee in an operating lease shall treat the lease payment under an operating lease as a relevant asset cost or the current profit and loss on a straight-line basis over the lease term. The initial direct costs incurred shall be recognized as the current profit and loss. Contingent rents shall be recorded into the current profit and loss when they occur.

The Group as the lessor in an operating lease shall treat the lease income from operating leases as the current profit and loss on a straight-line basis over the lease term; initial direct costs with larger amounts shall be capitalized when they occur, and shall be included in the current profit and loss in installments according to the same basis as the confirmed lease income during the whole lease period; other initial direct costs with smaller amounts shall be included in the current profit and loss when they occur. Contingent rents shall be recorded into the current profit and loss when they occur.

### (2) Finance leases

For the Group as the lessee, since the inception of lease, the entry value of the leased asset shall be valued at the lower of the fair value of the asset and the present value of the minimum lease payments, the minimum lease payments shall be treated as the entry value for long-term payables, and its difference shall be treated as unrecognized financial expenses. In addition, the initial direct costs incurred during the lease negotiation and signing of the lease contract that can be attributed to the leased item shall be also included in the value of the leased assets. The balance of the minimum lease payments after deducting the unrealized financial expenses shall be listed as long-term liabilities and long-term liabilities due within one year respectively.

The unrealized financial expense shall adopt the effective interest rate method to calculate and confirm the current financial expenses during the lease period. Contingent rents shall be recorded into the current profit and loss when they occur.

For the Group as the lessor, since the inception of lease, the entry value of the finance lease receivables shall be recorded as the sum of the minimum lease receipts and initial direct costs, and the

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unguaranteed residual value shall also be recorded. The difference between the sum of minimum lease receipts, initial direct costs and unguaranteed residual value and the sum of their present value shall be recognized as the unrealized financial income. The balance of finance lease receivables after deducting the unrealized financial income shall be listed as long-term claims and long-term claims due within one year respectively.

The unrealized financial income shall adopt the effective interest rate method to calculate and confirm the financial income during the current period. Contingent rents shall be recorded into the current profit and loss when they occur.

### 30. Other significant accounting policies and accounting estimates

#### (1) Termination of operation

Termination of operation, refers to the following components within the Group which have been disposed or classified as held-for-sale assets and can be separated in the operation and the preparation of the financial statements by the Group, meeting one of the following conditions: (i) the component represents an independent major business or a main business area; (ii) the component is a part of the proposed disposal plans for an independent major business or a main business area; (iii) the component is the subsidiary acquired only for resale.

The accounting treatment method of termination of operation refers to Note IV 13 "Held-for-sale assets and asset groups".

### 31. Changes in significant accounting policies and accounting estimates

#### (1) Changes in accounting policies

##### ① Changes in accounting policies resulting from the implementation of new financial instrument standards

On 31 March 2017, the Ministry of Finance issued "Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments (Revised in 2017)" (Cai Kuai [2017] No. 7), "Accounting Standards for Business Enterprises No. 23 - Transfer of Financial Assets (Revised in 2017)" (Cai Kuai [2017] No. 8) and "Accounting Standards for Business Enterprises No. 24 - Hedge Accounting (Revised in 2017)" (Cai Kuai [2017] No. 9) respectively; On 2 May 2017, the Ministry of Finance issued "Accounting Standards for Business Enterprises No. 37 - Presentation of Financial

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Instruments (Revised in 2017)" (Cai Kuai [2017] No. 14) (the above standards are hereinafter collectively referred to as "new financial instrument standards"), and required the domestic listed enterprises to implement the new financial instrument standards from 1 January 2019.

Under the new financial instrument standards, all recognized financial assets are subsequently measured at the amortized cost or fair value. On the implementation date of the new financial instrument standards, the business model of managing financial assets shall be evaluated based on the existing facts and circumstances of the Group on that day, and the contractual cash flow characteristics of the financial assets shall be evaluated based on the facts and conditions at the time of initial recognition of the financial assets. The financial assets are divided into three categories: measured at amortized cost, measured at fair value through other comprehensive income and measured at fair value through profit or loss. Among them, for the equity instrument investments measured at fair value through other comprehensive income, when the financial asset is derecognized, the accumulated gains or losses previously included in other comprehensive income will be transferred from other comprehensive income to retained earnings, and will not be included in the current profit and loss.

Under the new financial instrument standards, based on the expected credit loss, the Group accrues impairment provisions of financial assets measured at amortized cost, debt instrument investments measured at fair value through other comprehensive income, lease receivables and financial guarantee contracts, and recognizes credit impairment losses.

The Group applies the new financial instrument standards retroactively. However, if the classification and measurement (including impairment) involving the previous comparative financial statements data are inconsistent with the new financial instrument standards, the Group chooses not to restate. Therefore, for the cumulative impact of the first implementation of the standard, the Group adjusts the amount of retained earnings or other comprehensive income and other related items in the financial statements at the beginning of 2019. The financial statements of 2018 have not been restated.

The main changes and impacts of the implementation of the new financial instrument standards on the Group are as follows:

- 1) The Group endorses or discounts some bank acceptance bills in the daily fund management, both to collect contractual cash flow and to sell financial assets as the goal. Therefore, the Group shall reclassify these notes receivable to financial assets at fair value through other comprehensive income, and list them as receivables financing on and after 1 January 2019.

A. Comparison table of classification and measurement of financial assets before and after the first implementation date

a. Impact on consolidated financial statements

31 December 2018 (before change)			1 January 2019 (after change)		
Item	Measurement category	Book value	Item	Measurement category	Book value
Cash and cash equivalents	Amortized cost	13,111,544,262.15	Cash and cash equivalents	Amortized cost	12,311,544,262.15
Other current assets	Amortized cost	3,755,116,130.52	Other current assets	Amortized cost	4,555,116,130.52
Available-for-sale financial assets	Amortized cost	6,281,568,456.16	Other equity instrument investment	Fair value through other comprehensive income	6,281,568,456.16

b. Impact on the Company's financial statements

31 December 2018 (before change)			1 January 2019 (after change)		
Item	Measurement category	Book value	Item	Measurement category	Book value
Available-for-sale financial assets	Amortized cost	387,156,518.11	Other equity instrument investment	Fair value through other comprehensive income	387,156,518.11

B. On the first implementation date, the book value of the original financial assets is adjusted to the book value of the new financial assets classified and measured according to the new financial instrument standards

a. Impact on consolidated financial statements

Item	31 December 2018 (before change)	Reclassification	Remeasurement	1 January 2019 (after change)
<b>Cash and cash equivalents</b>	13,111,544,262.15			
Less: Transfer out to other current assets		-800,000,000.00		
Balance listed in accordance with new financial instrument standards				12,311,544,262.15
<b>Other current assets</b>	3,755,116,130.52			
Add: Transfer in from cash and cash equivalents		800,000,000.00		
Balance listed in accordance with new financial instrument standards				4,555,116,130.52

Item	31 December 2018 (before change)	Reclassification	Remeasurement	1 January 2019 (after change)
<b>Available-for-sale financial assets</b>	6,281,568,456.16			
Less: Transfer out to financial assets at fair value through other comprehensive income		6,281,568,456.16		
Balance listed in accordance with new financial instrument standards				
<b>Other equity instrument investments</b>				
Add: Transfer in from available-for-sale financial assets		6,281,568,456.16		
Balance listed in accordance with new financial instrument standards				6,281,568,456.16

b. Impact on the Company's financial statements

Item	31 December 2018 (before change)	Reclassification	Remeasurement	1 January 2019 (after change)
<b>Available-for-sale financial assets</b>	387,156,518.11			
Less: Transfer out to financial assets at fair value through other comprehensive income		387,156,518.11		
Balance listed in accordance with new financial instrument standards				
<b>Other equity instrument investments</b>				
Add: Transfer in from available-for-sale financial assets		387,156,518.11		
Balance listed in accordance with new financial instrument standards				387,156,518.11

C. On the first implementation date, there was no impact on impairment provisions of financial assets.

D. On the first implementation date, there was no impact on retained earnings and other comprehensive income.

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② Changes in the format of financial statements

According to the "Notice on Revising and Issuing the Format of Financial Statements for General Enterprises of 2019" (Cai Kuai [2019] No. 6) and "Notice on Revising and Issuing the Format of Consolidated Financial Statements (2019 Version)" (Cai Kuai [2019] No. 16) issued by the Ministry of Finance in April and September of 2019 respectively, the formats of general financial statements and consolidated financial statements have been revised. The Group has prepared the financial statements in accordance with the formats of general financial statements and consolidated financial statements (which is applicable to enterprises that have implemented the new financial instrument standard, new revenue standard and new lease standard). The significant changes in the financial statements of the Company are as follows:

1) The original item of "Notes receivable & Accounts receivable" is separated into the items of "Notes receivable" and "Accounts receivable"; The original item of "Notes payable & Accounts payable" is separated into the items of "Notes payable" and "Accounts payable"; 2) Add the item of "Receivables financing"; 3) The interests receivable or interests payable presented in the items of "Other receivables" or "Other payables" only reflects the interests that have been collected or payable due to the relevant financial instruments, but have not been received or paid on the balance sheet date; the interests of the financial instruments accrued based on the effective interest rate method are included in the book balance of the corresponding financial instruments; 4) It is made clear that the amortization period for the item of "Deferred income" is only one year or less, or the part expected to be amortized within one year (including one year) shall not be classified as current liabilities, which are still listed in "Deferred income", and shall not be transferred to "Non-current liabilities due within one year"; 5) Move the item of "Impairment loss on assets" and "Credit impairment loss" from the front of the item of "Other income", to the back of the item of "Gains from changes in fair value", and list the item of "Credit impairment loss" before the item of "Impairment loss on assets"; 6) Add the item of "Derecognized income of financial assets measured at amortized cost" under the item of "Investment income". The Group has retrospectively restated its comparative financial statements in accordance with the above reporting requirements.

32. Significant accounting judgments and estimates

In the process of applying accounting policies, due to the inherent uncertainty of the operating

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activities, the Group needs to make judgments, estimates and assumptions on the book value of the statement items that cannot be accurately measured. These judgments, estimates and assumptions are based on the historical experience of the Group's Management and other relevant factors. These judgments, estimates and assumptions will affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities on the balance sheet date. However, the actual results caused by the uncertainty of these estimates may be different from the current estimates of the Group's Management, which may cause significant adjustments to the book value of assets or liabilities affected in the future.

The Group reviews the aforesaid judgments, estimates and assumptions on a regular basis on the basis of going concern. If the change of accounting estimates only affects the current period of change, the number of impacts shall be recognized in the current period of change; if the change affects both the current period of change and the subsequent periods, the number of impacts shall be recognized in the current period of change and the subsequent periods.

On the balance sheet date, the Group needs to judge, estimate and assume the amount of financial statement items in the following important areas:

(1) Impairment of financial assets

The Group adopts the expected credit loss model to evaluate the impairment of financial instruments. The application of the expected credit loss model requires significant judgments and estimates. All reasonable and reliable information, including forward-looking information, should be considered. In making these judgments and estimates, the Group infers the expected changes in the credit risk of the debtor based on historical data, combined with economic policies, macroeconomic indicators, industry risks, external market environment, changes in customer conditions and other factors.

(2) Impairment provision on the inventory

According to the accounting policy of inventory, the Group measures at the lower of the cost and net realizable value, and accrues the impairment provision on the inventory whose cost is higher than the net realizable value and which is obsolete and unsalable. The impairment of inventory to net realizable value is based on the assessment of the marketability of the inventory and its net realizable value. The appraisal of inventory impairment requires the Management of the Group to make judgment and estimation on the basis of obtaining conclusive evidence, considering the purpose of holding inventory, the impact of events after the balance sheet date and other factors. The difference between the actual

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result and the original estimate will affect the book value of the inventory and the accrual or reversal of the impairment provision on the inventory during the period when the estimate is changed.

### (3) Impairment provision on long-term assets

At the balance sheet date, the Group judges whether there are signs of impairment on non-current assets other than financial assets. For an intangible asset with uncertain useful life, in addition to the annual impairment test, when there are signs of impairment, an impairment test is also conducted. For other non-current assets other than financial assets, when there is an indication that the book value is not recoverable, an impairment test shall be conducted.

When the book value of an asset or asset group is higher than the recoverable amount, that is, the higher of the net amount of fair value minus the disposal expenses and the present value of the estimated future cash flows, it indicates that an impairment has occurred.

The net amount of fair value minus the disposal expenses shall be determined with reference to the price of similar assets agreed in the sales contract or the observable market price minus 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 a significant judgment on the output, sales price, related operating costs and the discount rate used in the calculation of the present value of the asset (or asset group). When estimating the recoverable amount, the Group will use all available relevant information, including forecasts of production, sales price and related operating costs based on reasonable and supportable assumptions.

The Group tests whether goodwill is impaired at least annually. This requires estimating the present value of the future cash flows of the asset group or portfolio of asset groups to which goodwill is allocated. When estimating the present value of future cash flows, the Group needs to forecast the cash flows generated by the future asset group or portfolio of asset groups, and at the same time choose an appropriate discount rate to determine the present value of future cash flows.

### (4) Depreciation and amortization

After considering the residual value of investment property, fixed assets and intangible assets, the Group accrues depreciation and amortization according to the straight-line method within the useful life. The Group reviews the useful life regularly to determine the amount of depreciation and amortization expenses to be included in each reporting period. The useful life is determined by the Group based on the experience of similar assets and the expected technology update. If there is a

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significant change in previous estimates, the depreciation and amortization expenses will be adjusted in the future.

(5) Deferred tax assets

To the extent that there is probable to be sufficient taxable profits to offset losses, the Group recognizes deferred tax assets for all unused tax losses. This requires the Management of the Group to use a lot of judgments to estimate the time and amount of future taxable profits, combined with tax planning strategies, to determine the amount of deferred tax assets that should be recognized.

(6) Income tax

In the normal operating activities of the Group, there are certain uncertainties in the final tax treatment and calculation of some transactions. Whether some items can be paid before the tax requires the approval of the tax authorities. If the final recognition result of these tax matters is different from the initially estimated amount, the difference will affect the current income tax and deferred income tax during the final recognition period.

## V Taxation

### 1. Main tax categories and tax rates

(1) The output tax shall be calculated at tax rate of 3%, 5%, 6%, 10%, 11%, 13% or 16% of taxable income respectively and paid according to the balance after deducting the input tax. (According to the "Announcement on Policies Concerning Deepening of Reform of Value-added Tax" jointly issued by the Ministry of Finance, the General Administration of Taxation and the General Administration of Customs (No. 39 in 2019), for taxpayers have engaged in VAT taxable sales or imported goods, where the original applied tax rates of 16% and 10% shall be adjusted to 13% and 9% respectively from 1 April 2019.)

(2) The property tax shall be accrued and paid at 1.2% of the residual value after deducting 30% of the original value of the property at one time; If it is levied from rent, it shall be accrued and paid at 12% of the rental income.

(3) Urban maintenance & construction tax is 5% or 7% of turnover tax payable.

(4) Educational surcharge is 3% of turnover tax payable.

(5) Local educational development fee is 2% of turnover tax payable.

(6) The corporate income tax rate is 5%, 10% (note 1), 15%, 20% or 25%.

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Note 1: Shaoxing Keqiao Kangping Material Management Co., Ltd., a subsidiary of the Company, checks accounts according to the approved collection, and the taxable income rate is 5% of the operating revenue; Shaoxing Keqiao District City Construction Investment Development Co., Ltd. and Shaoxing Keqiao District Guazhuhu Integrated Development Co., Ltd., subsidiaries of the Company, check accounts according to the approved collection, and the taxable income rate is 10% of the operating revenue; The income tax rate of Zhejiang China Light & Textile Industrial City Network Co., Ltd. is 15%; Zhejiang China Light & Textile Industrial City E-commerce Co., Ltd., Shaoxing Zhonglian Market Property Management Co., Ltd., Shaoxing Keqiao District China Light & Textile Industrial City Market Business Property Transfer and Sublease Transaction Service Center Co., Ltd., Shaoxing Keqiao District China Light & Textile Industrial City Online Business Service Co., Ltd., Shaoxing Yifang Exhibition Co., Ltd. and Dongguan Yifang Supply Chain Management Co., Ltd. are small and micro-profit enterprises, and the income tax rate is 20%.

## 2. Tax preference

### (1) Value-added tax

According to the Cai Shui (2015) No. 78 Document issued by the Ministry of Finance and the State Administration of Taxation, since 1 July 2015, taxpayers who sell self-produced resource comprehensive utilization products and provide comprehensive resource utilization services can enjoy the value-added tax refund upon collection policy. Among them, the sewage fee income obtained by Shaoxing Keqiao Drain Co., Ltd. and Shaoxing Keqiao Jiangbin Water Treatment Co., Ltd. belongs to sewage treatment services, and can enjoy 70% of value-added tax refund.

### (2) Corporate income tax

1) According to the "High-tech Enterprise Certificate" (GR201833002851) jointly issued by the Science and Technology Department of Zhejiang Province, Zhejiang Provincial Department of Finance, Zhejiang Provincial State Taxation Bureau and Zhejiang Provincial Local Taxation Bureau, Zhejiang China Light & Textile Industrial City Network Co., Ltd., a subsidiary of Zhejiang China Light & Textile Industrial City Group Co., Ltd., a subsidiary of the Company, was recognized as a high-tech enterprise and shall enjoy preferential tax policies for high-tech enterprises from 2018 to 2020. In 2019, the corporate income tax was accrued and paid at a tax rate of 15%.

2) According to the 2<sup>nd</sup> and 6<sup>th</sup> Provisions of "Notice on Implementation of the Inclusive Tax

Preferential Policy for Small and Micro-Profit Enterprises” jointly issued by the Ministry of Finance and the State Administration of Taxation (Cai Shui [2019] No. 13), from 1 January 2019 to 31 December 2021, the part of the annual taxable income for small and micro-profit enterprises that not exceeding RMB 1 million shall be included in the taxable income by 25%, and the corporate income tax shall be paid at a tax rate of 20%; the part of the annual taxable income that exceeding RMB 1 million but no more than RMB 3 million shall be included in the taxable income by 50%, and the corporate income tax shall be paid at a tax rate of 20%. Zhejiang China Light & Textile Industrial City E-commerce Co., Ltd., Shaoxing Zhonglian Market Property Management Co., Ltd., Shaoxing Keqiao District China Light & Textile Industrial City Market Business Property Transfer and Sublease Transaction Service Center Co., Ltd., Shaoxing Keqiao District China Light & Textile Industrial City Online Business Service Co., Ltd., Shaoxing Yifang Exhibition Co., Ltd. and Dongguan Yifang Supply Chain Management Co., Ltd., subsidiaries of Zhejiang China Light & Textile Industrial City Group Co., Ltd., meets the qualifications for small and micro-profit enterprises. Therefore, the income of above subsidiaries shall be included in the taxable income by 25%, and the corporate income tax shall be accrued and paid at a tax rate of 20%.

#### VI Notes to the consolidated financial statements

(With respect to the following data disclosed in the consolidated financial statements, unless otherwise stated, “Closing balance” refers to the balance on 31 December 2019; “Opening balance” refers to the balance on 1 January 2019; All amounts are denominated in RMB unless otherwise stated.)

##### 1. Cash and cash equivalents

Item	Closing balance	Opening balance
Cash on hand	1,059,246.24	1,289,173.08
Bank deposits	12,908,889,236.18	11,920,674,789.82
Other cash and cash equivalents	61,478,296.17	389,580,299.25
Total	12,971,426,778.59	12,311,544,262.15

Note: The amount of restricted cash and cash equivalents at the end of the reporting period was RMB 61,478,296.17.

##### 2. Accounts receivable

## (1) Accounts receivable disclosed by category

Category	Closing balance				Book value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable with single provision for bad debts					
Accounts receivable with provision for bad debts based on the portfolio					
Portfolio 1: Receivables from government, state-owned enterprises and related parties	3,817,518,742.05	89.30			3,817,518,742.05
Portfolio 2: Aging portfolio	457,614,110.89	10.70	176,807,123.70	38.64	280,806,987.19
Sub-total	4,275,132,852.94	100.00	176,807,123.70	4.14	4,098,325,729.24
Total	4,275,132,852.94	100.00	176,807,123.70	4.14	4,098,325,729.24

(Continued)

Category	Opening balance				Book value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable with single provision for bad debts	876,535.22	0.03			876,535.22
Accounts receivable with provision for bad debts based on the portfolio					
Portfolio 1: Receivables from	2,654,541,564.72	82.08			2,654,541,564.72

Category	Opening balance				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	
government, state-owned enterprises and related parties					
Portfolio 2: Aging portfolio	578,428,515.70	17.89	260,611,700.09	45.06	317,816,815.61
Sub-total	3,232,970,080.42	99.97	260,611,700.09	8.06	2,972,358,380.33
Total	3,233,846,615.64	100.00	260,611,700.09	8.06	2,973,234,915.55

1) In portfolio 1, the details of accounts receivable are as follows:

Name	Closing balance			
	Book balance	Bad debt provision	Proportion (%)	Reason
Management Committee of Jianhu Resort, Keqiao District, Shaoxing City, Zhejiang Province	3,817,101,493.96			Receivables from government departments, which can be fully collected
Other	417,248.09			Receivables from government departments, which can be fully collected
Total	3,817,518,742.05			

2) In portfolio 2, accounts receivable adopting the aging analysis method to make bad debt provisions

Aging	Closing balance		
	Book balance	Bad debt provision	Proportion (%)
Within 1 year (including 1 year)	109,374,405.09	5,465,834.25	5.00
1-2 years (including 2 years)	3,892,579.78	389,257.98	10.00
2-3 years (including 3 years)	4,071,771.82	814,354.37	20.00
Over 3 years	340,275,354.20	170,137,677.10	50.00
Total	457,614,110.89	176,807,123.70	38.64

(2) Details of bad debt provisions

Category	Opening balance	Changes during the reporting period				Closing balance
		Accrual	Recovery or reversal	Write-off	Other changes	
Bad debt provisions	260,611,700.09	-83,804,576.39				176,807,123.70
Total	260,611,700.09	-83,804,576.39				176,807,123.70

(3) The top five accounts receivable based on the closing balance

Name	Nature	Closing balance	Proportion in closing balance of accounts receivable (%)	Closing balance of bad debt provision
Management Committee of Jianhu Resort, Keqiao District, Shaoxing City, Zhejiang Province	Non-related party	3,817,101,493.96	89.29	
Houmei Community	Non-related party	68,099,510.29	1.59	33,296,761.38
Xingyue East District	Non-related party	52,450,889.68	1.23	25,049,946.40
Rose Garden of Shuangmei Community	Non-related party	51,959,021.72	1.22	25,641,883.82
Yumin West District	Non-related party	51,331,489.32	1.20	25,037,240.22
Total		4,040,942,404.97	94.53	109,025,831.82

(4) As of 31 December 2019, details of pledges of accounts receivable refer to Note VI 27 and 29.

(5) As of 31 December 2019, details of accounts receivable from related parties refer to Note IX 5.

### 3. Prepayment

(1) Prepayment disclosed by aging

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year (including 1 year)	4,573,828,332.54	22.74	5,891,027,264.89	32.12
1-2 years (including 2 years)	4,347,168,787.80	21.61	2,976,917,958.81	16.23
2-3 years (including 3 years)	2,737,951,557.19	13.61	2,025,110,622.41	11.04

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Over 3 years	8,455,551,852.06	42.04	7,445,046,174.92	40.61
Total	20,114,500,529.59	100.00	18,338,102,021.03	100.00

(2) The top five prepayments based on the closing balance

Name	Nature	Closing balance	Proportion in closing balance of prepayments (%)
Zhanglou Phase II demolition project of Huashe Street	Non-related party	3,079,387,671.35	15.31
Relocation of polluting enterprises	Non-related party	1,804,837,888.74	8.97
Shadiwang shantytown reconstruction project of Huashe Street	Non-related party	1,620,149,132.50	8.05
Urban village reconstruction and demolition Project in Xiaozhe Village	Non-related party	1,500,000,000.00	7.46
Shaoxing Keqiao District Keqiao Sub-district Office	Non-related party	897,100,000.00	4.46
Total		8,901,474,692.59	44.25

(3) As of 31 December 2019, the significant prepayments with aging over one year were mainly due to the unsettled demolition projects.

4. Other receivables

Item	Closing balance	Opening balance
Interests receivable	928,292.36	1,315,125.01
Dividends receivable		5,000,000.00
Other receivables	15,628,674,221.24	12,293,274,916.61
Total	15,629,602,513.60	12,299,590,041.62

(1) Interests receivable

Item	Closing balance	Opening balance
Time deposits	928,292.36	1,315,125.01

Item	Closing balance	Opening balance
Total	928,292.36	1,315,125.01

(2) Dividends receivable

Item	Closing balance	Opening balance
Shaoxing Tangpu Reservoir Co., Ltd.		5,000,000.00
Total		5,000,000.00

(3) Other receivables disclosed by category

Category	Closing balance				Book value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables with single provision for bad debts	66,264,711.68	0.42	53,950,879.59	81.42	12,313,832.09
Other receivables with provision for bad debts based on portfolio					
Portfolio 1: Receivables from government, state-owned enterprises and related parties	15,256,142,738.61	96.40			15,256,142,738.61
Portfolio 2: Deposit and margin	24,350,777.02	0.15			24,350,777.02
Portfolio 3: Aging portfolio	479,715,321.41	3.03	143,848,447.89	29.99	335,866,873.52
Sub-total	15,760,208,837.04	99.58	143,848,447.89	0.91	15,616,360,389.15
Total	15,826,473,548.72	100.00	197,799,327.48	1.25	15,628,674,221.24

(Continued)

Category	Opening balance
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	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables with single provision for bad debts	66,264,711.68	0.53	63,940,525.55	96.49	2,324,186.13
Other receivables with provision for bad debts based on portfolio					
Portfolio 1: Receivables from government, state-owned enterprises and related parties	11,999,038,933.54	95.84			11,999,038,933.54
Portfolio 2: Deposit and margin	14,127,057.03	0.11			14,127,057.03
Portfolio 3: Aging portfolio	440,337,951.08	3.52	162,553,211.17	36.92	277,784,739.91
Sub-total	12,453,503,941.65	99.47	162,553,211.17	1.31	12,290,950,730.48
Total	12,519,768,653.33	100.00	226,493,736.72	1.81	12,293,274,916.61

1) Other receivables with single provision for bad debts

Name	Closing balance			
	Book balance	Bad debt provision	Proportion (%)	Reason
Shaoxing Hangyong Expressway Wires Co., Ltd.	60,000,000.00	47,686,167.91	79.48	Provision for bad debts for excess loss
Other	6,264,711.68	6,264,711.68	100.00	Not expected to be collected
Total	66,264,711.68	53,950,879.59	81.42	

2) In portfolio 1, details of significant other receivables are as follows:

Name	Closing balance	Proportion in closing balance of portfolio 1 (%)

Name	Closing balance	Proportion in closing balance of portfolio 1 (%)
Management Committee of Binhai Industrial Zone, Keqiao District, Shaoxing City	2,338,450,768.18	15.33
Shaoxing Keqiao District Small Town Construction Investment Co., Ltd.	1,938,712,079.09	12.71
Management Committee of Economic Development Zone, Keqiao District, Shaoxing City	1,620,580,000.00	10.62
Shaoxing Qianqing Small City Construction Co., Ltd.	1,411,720,387.84	9.25
Shaoxing Keqiao District Binhai Industrial Zone Development Investment Co., Ltd.	1,369,994,052.08	8.98
Shaoxing Keqiao District China Light & Textile Industrial City Network Investment Co., Ltd.	1,254,844,986.32	8.23
Shaoxing Keqiao District Keyuan Construction Investment Co., Ltd.	695,754,618.42	4.56
Shaoxing Keqiao District China Light & Textile Industrial City Transportation Industrial Corporation	600,000,000.00	3.93
Transportation Bureau of Keqiao District, Shaoxing City	535,360,800.00	3.51
Shaoxing Keqiao District Huitai Investment Co., Ltd.	482,700,997.00	3.16
Management Committee of Jianhu Resort, Keqiao District, Shaoxing City, Zhejiang Province	277,736,604.34	1.82
Finance Office of Qianqing Town, Keqiao District	262,000,000.00	1.72
Shaoxing Qianqing Affordable Housing Construction Co., Ltd.	239,323,657.53	1.57
Shaoxing Water Treatment Development Co., Ltd.	220,493,472.22	1.45
Management Committee of China Light & Textile Industrial City, Keqiao District, Shaoxing City	200,000,000.00	1.31
People's Government of Qianqing Town	200,000,000.00	1.31
Zhejiang Litie Group Co., Ltd.	200,000,000.00	1.31
Shaoxing Keqiao District Scenery Tourism Investment Co., Ltd.	133,695,926.00	0.88
Highway Management Office of Keqiao District, Shaoxing City	105,594,253.46	0.69
Other	1,169,180,136.13	7.66
<b>Total</b>	<b>15,256,142,738.61</b>	<b>100.00</b>

3) In portfolio 3, other receivables adopting the aging analysis method to make bad debt provisions

Aging	Closing balance		
	Book balance	Bad debt provision	Proportion (%)
Within 1 year (including 1 year)	183,881,763.42	9,194,088.17	5.00
1-2 years (including 2 years)	19,288,087.84	1,928,808.79	10.00
2-3 years (including 3 years)	18,490,613.83	3,698,122.77	20.00
Over 3 years	258,054,856.32	129,027,428.16	50.00
<b>Total</b>	<b>479,715,321.41</b>	<b>143,848,447.89</b>	<b>29.99</b>

4) Details of accrual of bad debt provision

Bad debt provision	The first stage	The second stage	The third stage	Total
	Expected credit loss in the next 12 months	Expected credit loss in the entire duration (no credit impairment)	Expected credit loss in the entire duration (credit impairment has occurred)	
Balance on 1 January 2019	162,553,211.17		63,940,525.55	226,493,736.72
Balance as of 1 January 2019 in the current year:				
-Transfer to the second stage				
-Transfer to the third stage				
-Reversal to the second stage				
-Reversal to the first stage				
Accrual in 2019	-18,704,763.28		-9,989,645.96	-28,694,409.24
Reversal in 2019				
Write-off in 2019				
Cancellation after verification in 2019				
Other changes				
<b>Balance on 31 December 2019</b>	<b>143,848,447.89</b>		<b>53,950,879.59</b>	<b>197,799,327.48</b>

5) Details of bad debt provision

Category	Opening balance	Changes in the current period				Closing balance
		Accrual	Recovery or reversal	Write-off	Other changes	
Bad debt provisions	226,493,736.72	-28,694,409.24				197,799,327.48
Total	226,493,736.72	-28,694,409.24				197,799,327.48

6) The top five other receivables based on the closing balance

Name	Nature	Closing balance	Proportion in closing balance of other receivables (%)
Management Committee of Binhai Industrial Zone, Keqiao District, Shaoxing City	Temporary borrowings	2,338,450,768.18	14.78
Shaoxing Keqiao District Small Town Construction Investment Co., Ltd.	Temporary borrowings	1,938,712,079.09	12.25
Shaoxing Qianqing Small City Construction Co., Ltd.	Temporary borrowings	1,411,720,387.84	8.92
Shaoxing Keqiao District Binhai Industrial Zone Development Investment Co., Ltd.	Temporary borrowings	1,369,994,052.08	8.66
Shaoxing Keqiao District China Light & Textile Industrial City Network Investment Co., Ltd.	Temporary borrowings	1,254,844,986.32	7.93
Total		8,313,722,273.51	52.54

(3) As of 31 December 2019, details of other receivables from related parties refer to Note IX 5.

5. Inventory

(1) Classification of inventory

Item	Closing balance		
	Book balance	Impairment provision	Book value
Land development costs	32,090,256,522.79		32,090,256,522.79
Land to be developed	5,533,934,205.20		5,533,934,205.20
Infrastructure projects	26,898,693,411.82		26,898,693,411.82
Resettlement housing projects	3,449,328,636.43		3,449,328,636.43

Item	Closing balance		
	Book balance	Impairment provision	Book value
Goods in stock	3,694,660,611.71		3,694,660,611.71
Agent construction and development costs	188,412,970.30	640,417.68	187,772,552.62
Raw materials	522,494,737.75	446,528.23	522,048,209.52
Total	72,377,781,096.00	1,086,945.91	72,376,694,150.09

(Continued)

Item	Opening balance		
	Book balance	Impairment provision	Book value
Land development costs	37,747,843,495.26		37,747,843,495.26
Land to be developed	4,979,449,509.00		4,979,449,509.00
Infrastructure projects	21,871,695,671.31		21,871,695,671.31
Resettlement housing projects	1,091,464,582.99		1,091,464,582.99
Goods in stock	3,480,850,468.78		3,480,850,468.78
Agent construction and development costs	487,173,864.30	640,417.68	486,533,446.62
Raw materials	37,983,373.03	446,528.23	37,536,844.80
Total	69,696,460,964.67	1,086,945.91	69,695,374,018.76

(2) Impairment provision on inventories

Item	Opening balance	Increase			Decrease		Closing balance
		Accrual	Other	Reversal	Write-off	Other	
Agent construction and development costs	640,417.68						640,417.68
Raw materials	446,528.23						446,528.23
Total	1,086,945.91						1,086,945.91

(2) As of 31 December 2019, details of mortgages of inventories refer to Note VI 19, 27 and 29.

6. Held-for-sale assets

Details of the equity disposal of Hangzhou Ruifang Joint Investment Co., Ltd. refer to Note VI 26.

7. Other current assets

Item	Closing balance	Opening balance
Bank financial products	2,060,000,000.00	3,869,000,000.00
Prepaid taxes and surcharges	784,330,474.54	543,048,550.51
Guarantee deposit	12,620,000.00	
Deferred insurance premiums	1,147,909.66	
Input tax to be deducted	327,549,917.04	142,155,276.89
Deferred finance lease interests	20,588,142.63	
Other	607,709.67	912,303.12
<b>Total</b>	<b>3,206,844,153.54</b>	<b>4,555,116,130.52</b>

8. Long-term receivables

Item	Closing balance		
	Book balance	Impairment provision	Book value
Finance lease deposit	127,000,000.00		127,000,000.00
Including: Unrealized financing income			
<b>Total</b>	<b>127,000,000.00</b>		<b>127,000,000.00</b>

(Continued)

Item	Opening balance		
	Book balance	Impairment provision	Book value
Finance lease deposit	153,719,713.34		153,719,713.34
Including: Unrealized financing income	41,716,157.31		41,716,157.31
<b>Total</b>	<b>112,003,556.03</b>		<b>112,003,556.03</b>

9. Long-term equity investment

Name of investee	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Zhejiang Shaojin Expressway Co., Ltd.	1,318,082,200.00		1,318,082,200.00	716,380,000.00		716,380,000.00
Kuaijishan Shaoxing Rice Wine Co., Ltd.	646,439,586.26		646,439,586.26	646,388,875.42		646,388,875.42
Shaoxing Cao'e River Sluice Investment and Development Co., Ltd.	636,117,095.35		636,117,095.35	638,976,542.60		638,976,542.60
Shaoxing Tangpu Reservoir Co., Ltd.	430,001,104.38		430,001,104.38	579,518,260.70		579,518,260.70
Jiangshan Lianxing Development Co., Ltd.	225,028,920.00		225,028,920.00	403,528,920.00		403,528,920.00
Shaoxing Financing Guarantee Co., Ltd.	150,395,199.62		150,395,199.62	151,522,744.42		151,522,744.42
Shaoxing Water Production Co., Ltd.	129,960,853.81		129,960,853.81	144,800,984.48		144,800,984.48
Shaoxing Natural Gas Investment Co., Ltd.	129,466,517.58		129,466,517.58	103,089,622.89		103,089,622.89
Shaoxing Environmental Industry Co., Ltd.	98,000,000.00		98,000,000.00	98,000,000.00		98,000,000.00
Shaoxing Style Tourism Shinkansen Construction Co., Ltd.	121,000,000.00		121,000,000.00	66,000,000.00		66,000,000.00
Shaoxing Keqiao Daily Co., Ltd.	47,288,751.68		47,288,751.68	45,871,766.73		45,871,766.73
Shaoxing Keqiao District Sinopec Transportation Oil and Gas Station Construction Development Co., Ltd.	46,944,528.99		46,944,528.99	42,298,018.98		42,298,018.98
Shaoxing China Light & Textile Industrial City Qianqing Textile Raw Materials Market	32,517,380.44		32,517,380.44	33,911,068.12		33,911,068.12

Name of investee	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Development Co., Ltd.						
Shaoxing Shaoneng Electric Power Investment Co., Ltd.	32,381,202.65		32,381,202.65	29,877,222.85		29,877,222.85
Shaoxing Keqiao District China Light & Textile Industrial City South Market Management Co., Ltd.	31,501,283.27		31,501,283.27	21,276,368.83		21,276,368.83
Shaoxing PetroChina Kunlun Gas Co., Ltd.	20,754,338.62		20,754,338.62	19,660,225.24		19,660,225.24
Shaoxing Keqiao Huaxiang Lizhu Pastoral Complex Development Co., Ltd.	13,500,000.00		13,500,000.00	13,500,000.00		13,500,000.00
Shaoxing Keqiao District China Light & Textile Industrial City Textile Creative Industry Service Co., Ltd.	4,208,937.96		4,208,937.96	3,363,414.10		3,363,414.10
Shaoxing Binhai Engineering Quality Inspection Co., Ltd.	1,826,504.80		1,826,504.80	1,826,504.80		1,826,504.80
Shaoxing Keqiao Zhejiang University of Technology Innovation Research Institute Development Co., Ltd.	1,652,651.06		1,652,651.06	1,502,837.71		1,502,837.71
Shaoxing Keqiao District Guoyi Asset Management Co., Ltd.	1,428,844.78		1,428,844.78	1,428,844.78		1,428,844.78
Shaoxing Public Transit Information Technology Co., Ltd.	402,258.63		402,258.63	482,258.63		482,258.63
Shaoxing Chuanrong Color Printing Co., Ltd.	696,560.43		696,560.43	684,856.24		684,856.24

Name of investee	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Shaoxing Qingyuan Investment Co., Ltd.	18,217,553.74		18,217,553.74			
Shaoxing Water Treatment Development Co., Ltd.						
Shaoxing Kejiao District Financing Guarantee Co., Ltd.	150,000,000.00		150,000,000.00			
Total	4,287,812,274.05		4,287,812,274.05	3,763,889,337.52		3,763,889,337.52

(Continued)

Name of investee	Changes in the current period					Other changes in equity
	Increase of investments	Decrease of investments	Investment income under equity method	Adjustments of other comprehensive income		
Zhejiang Shaojin Expressway Co., Ltd.	601,702,200.00					
Kuaijishan Shaoxing Rice Wine Co., Ltd.		11,220,000.00	34,139,033.89			-22,868,323.05
Shaoxing Cao'e River Sluice Investment and Development Co., Ltd.			-2,859,447.25			-164,866,971.55
Shaoxing Tangpu Reservoir Co., Ltd.			15,349,815.23			
Jiangshan Lianxing Development Co., Ltd.				-178,500,000.00		
Shaoxing Financing Guarantee Co., Ltd.			1,996,857.23			-3,124,402.03

Name of investee	Changes in the current period				
	Increase of investments	Decrease of investments	Investment income under equity method	Adjustments of other comprehensive income	Other changes in equity
Shaoxing Water Production Co., Ltd.	20,125,600.00		-34,965,730.67		
Shaoxing Natural Gas Investment Co., Ltd.			26,376,894.69		
Shaoxing Environmental Industry Co., Ltd.					
Shaoxing Style Tourism Shinkansen Construction Co., Ltd.	55,000,000.00				
Shaoxing Kejiao Daily Co., Ltd.			1,416,984.95		
Shaoxing Kejiao District Sinopec Transportation Oil and Gas Station Construction Development Co., Ltd.			4,646,510.01		
Shaoxing China Light & Textile Industrial City Qianqing Textile Raw Materials Market Development Co., Ltd.			-1,393,687.68		
Shaoxing Shaoneng Electric Power Investment Co., Ltd.		2,860,000.00	5,363,979.80		
Shaoxing Kejiao District China Light & Textile Industrial City South Market Management Co., Ltd.			10,224,914.44		
Shaoxing PetroChina Kunlun Gas Co., Ltd.		16,745,016.76	17,839,130.14		
Shaoxing Kejiao Huaxiang Lizhu Pastoral Complex Development Co., Ltd.					
Shaoxing Kejiao District China Light & Textile Industrial City Textile Creative Industry Service Co., Ltd.			845,523.86		

Name of investee	Changes in the current period				
	Increase of investments	Decrease of investments	Investment income under equity method	Adjustments of other comprehensive income	Other changes in equity
Shaoxing Binhai Engineering Quality Inspection Co., Ltd.			149,813.35		
Shaoxing Keqiao Zhejiang University of Technology Innovation Research Institute Development Co., Ltd.					
Shaoxing Keqiao District Guoyi Asset Management Co., Ltd.					
Shaoxing Public Transit Information Technology Co., Ltd.		80,000.00			
Shaoxing Chuanrong Color Printing Co., Ltd.	90,000,000.00		11,704.19		
Shaoxing Qingyuan Investment Co., Ltd.	120,000,000.00		-71,782,446.26		
Shaoxing Water Treatment Development Co., Ltd.	150,000,000.00		-120,000,000.00		
Shaoxing Keqiao District Financing Guarantee Co., Ltd.					
Total	1,037,854,386.15	30,905,016.76	-112,640,150.08	-178,500,000.00	-190,859,696.63

10. Other equity instrument investments

(1) Investment in other equity instruments

Item	Closing balance	Opening balance
Shaoxing Keqiao Cool Play Oriental Investment Center (Limited Partnership)	2,015,000,000.00	1,310,000,000.00
Hangzhou-Ningbo Railway Passenger Dedicated Line	553,277,900.00	553,277,900.00
Zhejiang Shaoxing Ruifeng Rural Commercial Bank Co., Ltd.	681,399,047.42	681,399,047.42
Zhejiang Binhai New City Development Investment Co., Ltd.		244,400,000.00
Tianjin Binhai Rural Commercial Bank Co., Ltd.	211,252,500.00	211,252,500.00
Bank of Shaoxing Co., Ltd.	274,716,288.00	118,879,200.00
Shaoxing Keqiao District China Light & Textile Industrial City Paradise Silicon Valley Equity Investment Partnership (Limited Partnership)	40,000,000.00	40,000,000.00
Hangzhou-Changsha Railway Passenger Dedicated Line (Municipal Railway Office)	36,870,000.00	36,870,000.00
Shaoxing Sequoia Huiyuan Equity Investment Partnership (Limited Partnership)	30,000,000.00	30,000,000.00
Xiaoyong Railway Co., Ltd.	18,449,000.00	18,449,000.00
China Cable Network Co., Ltd.	17,135,122.11	17,135,122.11
Zhejiang Zheneng Binhai Environmental Energy Co., Ltd.	32,000,000.00	11,000,000.00
Hangzhou Meizheng Antian Equity Investment Partnership (Limited Partnership)	7,559,984.00	8,703,734.00
Shaoxing Social Security Citizen Card Service Co., Ltd.	4,950,000.00	4,950,000.00
Zhejiang Hangshaoyong Expressway Co., Ltd.	19,919,900.00	4,120,600.00
Shaoxing Lantian Environmental Protection Development Co., Ltd.	3,000,000.00	3,000,000.00
Shaoxing County Guazhu Lake Aquatic Farm	1,073,800.00	1,073,800.00
China Pacific Insurance (Group) Co., Ltd.	37,840,000.00	1,000,000.00
Zhejiang Zhenyuan Share Co., Ltd.	9,688,035.60	792,196.00
Chinese Academy of Sciences Linkage Innovation Equity Investment Fund (Shaoxing) Partnership (Limited Partnership)	440,000,000.00	

Item	Closing balance	Opening balance
China Zheshang Bank Co., Ltd.	3,629,258,110.59	2,899,056,834.23
Shanghai Pudong Development Bank Co., Ltd.	108,816,267.56	86,208,522.40
Shaoxing Binhai New City Development Group Co., Ltd.	244,400,000.00	
Shaoxing Keqiao District Paradise Silicon Valley Intelligent Robot Industry Investment Partnership (Limited Partnership)	16,555,000.00	
Huarong Financial Leasing Co., Ltd.	1,000,000,000.00	
Total	9,433,160,955.28	6,281,568,456.16

(2) Details of non-trading equity instrument investments

Item	Dividend income recognized in the current period	Amount of other comprehensive income transferred to retained earnings	Reasons for transferring other comprehensive income into retained earnings
China Cable Network Co., Ltd.	987,901.93		
Shanghai Pudong Development Bank Co., Ltd.	3,078,875.80		
Zhejiang Shaoxing Ruifeng Rural Commercial Bank Co., Ltd.	15,078,446.52		
Shaoxing Sequoia Huiyuan Equity Investment Partnership (limited Partnership)	16,213,053.29		
Shaoxing Keqiao Cool Play Oriental Investment Center (Limited Partnership)	5,500,000.00		
Total	40,858,277.54		

11. Investment property

(1) Investment property measured at cost

Item	House and building	Land use right	Construction in progress	Total
I. Original value				
1. Opening balance	6,902,918,359.31	1,940,275,962.18	450,988,875.97	9,294,183,197.46
2. Increase	189,700,956.26	8,826,997.00	289,543,896.48	488,071,849.74
3. Decrease		76,676,012.00	230,310,345.02	306,986,357.02

Item	House and building	Land use right	Construction in progress	Total
4. Closing balance	7,092,619,315.57	1,872,426,947.18	510,222,427.43	9,475,268,690.18
<b>II. Accumulated depreciation and amortization</b>				
1. Opening balance	2,076,775,749.74	452,122,736.82		2,528,898,486.56
2. Increase	242,154,727.37	51,160,313.86		293,315,041.23
3. Decrease	148,965,662.54	22,614,665.55		171,580,328.09
4. Closing balance	2,169,964,814.57	480,668,385.13		2,650,633,199.70
<b>III. Impairment provision</b>				
1. Opening balance				
2. Increase				
3. Decrease				
4. Closing balance				
<b>IV. Book value</b>				
1. Closing balance	4,922,654,501.00	1,391,758,562.05	510,222,427.43	6,824,635,490.48
2. Opening balance	4,826,142,609.57	1,488,153,225.36	450,988,875.97	6,765,284,710.90

(2) As of 31 December 2019, details of mortgages of investment properties refer to Note VI 19 and 29.

#### 12. Fixed assets

Item	Closing balance	Opening balance
Fixed assets	9,392,051,473.78	8,050,058,909.78
Total	9,392,051,473.78	8,050,058,909.78

#### (1) Details of fixed assets

Item	Opening balance	Increase	Decrease	Closing balance
<b>I. Original cost</b>				
11,293,166,853.54	1,959,455,937.74	153,099,858.81	13,099,522,932.47	
<b>Including: Houses and buildings</b>				
3,172,666,838.83	1,577,933,736.91	121,339,826.30	4,629,260,749.44	
General equipment	194,149,013.69	9,057,680.07	2,973,508.69	200,233,185.07
Special equipment	954,729,591.33	121,763,896.42	8,178,333.53	1,068,315,154.22

Item	Opening balance	Increase	Decrease	Closing balance
Transportation	125,839,638.86	55,892,098.35	17,670,189.63	164,061,547.58
Road assets	3,957,518,940.78		2,364,229.62	3,955,154,711.16
Pipes	2,688,960,313.07	179,943,610.71	172,413.04	2,868,731,510.74
Other	199,302,516.98	14,864,915.28	401,358.00	213,766,074.26
II. Accumulated depreciation	3,174,362,439.14	513,936,597.44	49,573,082.51	3,638,725,954.07
Including: Houses and buildings	688,407,063.37	164,405,856.37	33,162,406.52	819,650,513.22
General equipment	146,526,245.73	9,927,258.64	2,314,316.47	154,139,187.90
Special equipment	445,999,388.37	80,293,323.11	5,946,635.29	520,346,076.19
Transportation	82,301,836.55	50,636,714.88	7,752,398.48	125,186,152.95
Road assets	426,804,156.18	26,929,800.41		453,733,956.59
Pipes	1,328,148,825.34	165,752,703.66	143,732.25	1,493,757,796.75
Other	56,174,923.60	15,990,940.37	253,593.50	71,912,270.47
III. Impairment provision	68,745,504.62			68,745,504.62
Including: Houses and buildings	67,769,666.60			67,769,666.60
General equipment	191,981.81			191,981.81
Special equipment	50,973.16			50,973.16
Transportation	732,883.05			732,883.05
Road assets				
Pipes				
Other				
IV. Book value	8,050,058,909.78			9,392,051,473.78
Including: Houses and buildings	2,416,490,108.86			3,741,840,569.62
General equipment	47,430,786.15			45,902,015.36
Special equipment	508,679,229.80			547,918,104.87
Transportation	42,804,919.26			38,142,511.58
Road assets	3,530,714,784.60			3,501,420,754.57

Item	Opening balance	Increase	Decrease	Closing balance
Pipes	1,360,811,487.73			1,374,973,713.99
Other	143,127,593.38			141,853,803.79

(2) As of 31 December 2019, details of mortgages of fixed assets refer to Note VI 27 and 29.

### 13. Construction in progress

Item	Closing balance	Opening balance
Construction in progress	19,507,599,137.40	15,978,939,228.98
Engineering materials	16,552,661.32	12,421,024.20
<b>Total</b>	<b>19,524,151,798.72</b>	<b>15,991,360,253.18</b>

#### (1) Details for construction in progress

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Urban infrastructure	19,363,756,902.72		19,363,756,902.72	15,857,400,644.14		15,857,400,644.14
Resettlement housing projects	143,842,234.68		143,842,234.68	121,538,584.84		121,538,584.84
<b>Total</b>	<b>19,507,599,137.40</b>		<b>19,507,599,137.40</b>	<b>15,978,939,228.98</b>		<b>15,978,939,228.98</b>

#### (2) Changes in significant urban infrastructure projects

Name	Opening balance	Increase	Decrease	Closing balance
Urban infrastructure project of Urban Construction Investment Company	1,104,718,940.26	110,420,774.79		1,215,139,715.05
Sports Center and supporting facilities project	1,758,197,976.36	679,638,451.97		2,437,836,428.33
Sewage collection and drainage works	187,164,293.73	161,182,723.74	148,294,533.47	200,052,484.00
Water supply project	466,210,088.61	130,573,455.03	77,270,098.21	519,513,445.43
North extension of Provincial Highway No. 31 (the section from Keqiao District to Xiaoshan) project	582,230,097.07	338,618,144.12		920,848,241.19

Name	Opening balance	Increase	Decrease	Closing balance
Kebei Avenue project	576,863,604.19	41,960,267.53		618,823,871.72
Shaoxing Binhai Industrial Agglomeration Qianqing to Binhai Industrial Zone Highway	3,571,713,827.18	402,778,461.50		3,974,492,288.68
Hangzhou-Shaoxing Intercity Rail Transit Construction Project	1,690,912,753.53	1,846,169,209.82		3,537,081,963.35
Tusita Scenic Area and its ancillary works	750,956,386.39	28,039,937.77		778,996,324.16
Reconstruction of the section from Wangtan to Wangcheng of Provincial Highway No. 32, Keqiao District, Shaoxing City	140,321,189.50	80,008,867.32		220,330,056.82
Dredging project of Guazhu Lake, restoration projects of Huangshelou and Ancient Towpath, Daban Lake Zhijiang Railway North-South Connection Project	422,407,851.08	69,258,699.70		491,666,550.78
Comprehensive improvement project of medium and small rivers for key counties	187,510,403.78	18,563,875.62		206,074,279.40
River silt and construction mud solidification treatment project in Keqiao District	166,204,396.03	26,511,563.97		192,715,960.00
<b>Total</b>	<b>11,605,411,807.71</b>	<b>3,933,724,432.88</b>	<b>225,564,631.68</b>	<b>15,313,571,608.91</b>

(3) Engineering materials

Item	Closing balance	Opening balance
Special materials	16,552,661.32	12,421,024.20
<b>Total</b>	<b>16,552,661.32</b>	<b>12,421,024.20</b>

(4) As of 31 December 2019, details of mortgages of construction in progress refer to Note VI 27 and 29.

14. Intangible assets

Item	Land use right	Software usage fee	Other	Total
<b>I. Original value</b>				
1. Opening balance	1,288,745,004.17	31,359,963.27	26,500.00	1,320,131,467.44
2. Increase	167,908,456.67	2,758,619.50		170,667,076.17
3. Decrease	51,498,189.32			51,498,189.32
4. Closing balance	1,405,155,271.52	34,118,582.77	26,500.00	1,439,300,354.29
<b>II. Accumulated amortization</b>				
1. Opening balance	154,162,529.45	20,316,919.66	26,500.00	174,505,949.11
2. Increase	42,470,484.17	5,950,962.84		48,421,447.01
3. Decrease	5,232,313.79			5,232,313.79
4. Closing balance	191,400,699.83	26,267,882.50	26,500.00	217,695,082.33
<b>III. Impairment provision</b>				
1. Opening balance				
2. Increase				
3. Decrease				
4. Closing balance				
<b>IV. Book value</b>				
1. Closing balance	1,213,754,571.69	7,850,700.27		1,221,605,271.96
2. Opening balance	1,134,582,474.72	11,043,043.61		1,145,625,518.33

15. Goodwill

(1) Original book value of goodwill

Name of investee	Opening balance	Increase	Decrease	Closing balance
Zhejiang China Light & Textile Industrial City Group Co., Ltd.	144,932,137.90			144,932,137.90
Shaoxing Xuri Education Development Co., Ltd.	17,038,545.25			17,038,545.25

Name of investee	Opening balance	Increase	Decrease	Closing balance
Zhejiang Keyan Beauty Spot Development Co., Ltd.	45,447,495.08			45,447,495.08
Total	207,418,178.23			207,418,178.23

Note: The Company conducted an impairment test on goodwill at the end of the reporting period, and the expected recoverable amount of the asset group at the end of the reporting period was greater than the book value of the asset group portfolio containing goodwill. Therefore, there was no sign of impairment of the goodwill.

#### 16. Long-term deferred expenses

Item	Opening balance	Increase	Amortization	Other decreases	Closing balance
Decoration fee	16,582,662.68	1,748,275.37	6,293,131.02		12,037,807.03
Decoration subsidy for the investment promotion	31,314,343.63	6,576,003.79	5,919,756.63		31,970,590.79
Domestic sewage collection and treatment system engineering	1,690,911.66		238,716.94		1,452,194.72
Deodorization project of Regulating Pool of Pumping Station	263,759.00		87,000.00		176,759.00
Housing rent	2,514,766.72		1,294,116.72		1,220,650.00
Landscape and greening reconstruction	35,496,505.12	11,609,950.27	8,784,323.51		38,322,131.88
Sewage treatment project of Qiantang River plot	5,861,831.92	570,678.98	536,042.61		5,896,468.29
Total	93,724,780.73	20,504,908.41	23,153,087.43		91,076,601.71

#### 17. Deferred tax assets & Deferred tax liabilities

##### (1) Details of non-offset deferred tax assets

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Impairment provision on assets	355,156,380.80	88,789,095.20	362,273,831.40	90,568,457.85
Accrued payroll payable			339,140.00	84,785.00
Deferred income	9,101,110.30	2,275,277.58	1,973,903.88	493,475.97
Accrued expenses	68,887,616.25	17,221,904.05	69,143,560.00	17,285,890.00
Total	433,145,107.35	108,286,276.83	433,730,435.28	108,432,608.82

(2) Details of non-offset deferred tax liabilities

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Changes in fair value of other equity instrument investments	1,672,162,871.70	418,040,717.93	1,008,584,213.41	252,146,053.37
Total	1,672,162,871.70	418,040,717.93	1,008,584,213.41	252,146,053.37

18. Other non-current assets

Item	Closing balance	Opening balance
Advance payment for projects	5,870,150,894.93	1,995,626,438.18
Special reserve materials allocated by the state	490,000.00	490,000.00
Project funds for non-self-use under construction-Zhejiang University of Technology Zhijiang College	783,104,661.00	783,104,661.00
Zhejiang Glass Third Section	567,764,538.45	579,044,674.17
Collective trust assets	48,890,000.00	48,890,000.00
Equity investment funds	50,000,000.00	
Prepaid land value increment tax	81,777,503.40	
Total	7,402,177,597.78	3,407,155,773.35

19. Short-term borrowings

## (1) Category of short-term borrowings

Condition	Closing balance	Opening balance
Credit loan	685,600,000.00	43,900,000.00
Mortgage loan	125,000,000.00	173,000,000.00
Guaranteed loan	3,216,450,000.00	1,457,000,000.00
Guaranteed mortgage loan		50,000,000.00
Discount of commercial acceptance bills	50,000,000.00	
Total	4,077,050,000.00	1,723,900,000.00

## (2) Short-term borrowings classified by conditions of loans

Condition	Closing balance
Credit loans of the Company and its subsidiaries	685,600,000.00
Mortgaged with the real estates and land use rights of Shaoxing Keqiao District Development and Management Group Co., Ltd.	90,000,000.00
Mortgaged with the real estates and land use rights of Zhejiang Keyan Beauty Spot Development Co., Ltd.	35,000,000.00
Guaranteed by Shaoxing Keqiao Binhai Water Supply Co., Ltd.	1,000,000.00
Guaranteed by Shaoxing Keqiao Economic Development Zone Development Investment Co., Ltd.	187,000,000.00
Guaranteed by Shaoxing Keqiao Drain Co., Ltd.	2,000,000.00
Guaranteed by Shaoxing Keqiao Water Group Co., Ltd.	50,000,000.00
Guaranteed by Shaoxing Keyan Construction Investment Co., Ltd.	229,500,000.00
Guaranteed by Shaoxing Public Utility Group Co., Ltd.	100,000,000.00
Guaranteed by Shaoxing Keqiao District Binhai City Construction Development Investment Co., Ltd.	378,000,000.00
Guaranteed by Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd.	690,000,000.00
Guaranteed by Shaoxing Keqiao District City Construction Investment Development Co., Ltd.	80,000,000.00
Guaranteed by Shaoxing Keqiao District Haitu Agricultural Development Co., Ltd.	73,000,000.00
Guaranteed by Shaoxing Keqiao District Transportation Investment Construction Group Co., Ltd.	29,950,000.00
Guaranteed by Shaoxing Keqiao District Transportation Investment Co., Ltd.	620,000,000.00
Guaranteed by Shaoxing Keqiao District Development and	220,000,000.00

Condition	Closing balance
Management Group Co., Ltd.	
Guaranteed by Shaoxing Keqiao District Tourism Development Group Co., Ltd.	100,000,000.00
Jointly guaranteed by Shaoxing Keqiao District Tourism Development Group Co., Ltd. and Shaoxing Keqiao District Luzhen Tourism Development Co., Ltd.	90,000,000.00
Guaranteed by Shaoxing Keqiao District Development and Management Group Co., Ltd.	276,000,000.00
Guaranteed by Shaoxing Keqiao District Pingshui Fucheng Construction Investment Development Co., Ltd.	90,000,000.00
Discounted loans of commercial acceptance bills guaranteed by Shaoxing Keqiao Water Supply Co., Ltd.	50,000,000.00
<b>Total</b>	<b>4,077,050,000.00</b>

#### 20. Notes payable

Category	Closing balance	Opening balance
Bank acceptance bill	50,000,000.00	
<b>Total</b>	<b>50,000,000.00</b>	

Note: As of 31 December 2019, there were no notes payable due but unpaid.

#### 21. Accounts payable

##### (1) Accounts payable disclosed by aging

Aging	Closing balance	Opening balance
Within 1 year (including 1 year)	938,042,133.52	533,923,083.02
1-2 years (including 2 years)	22,721,845.56	3,504,096.72
2-3 years (including 3 years)	1,608,105.03	2,391,787.51
Over 3 years	25,627,602.61	23,235,815.10
<b>Total</b>	<b>987,999,686.72</b>	<b>563,054,782.35</b>

##### (2) Details of significant accounts payable with aging over one year

Name	Closing balance	Reason
Agent construction fund for resettlement community of Shaozhu Expressway	43,874,518.87	The settlement period has not yet expired

Name	Closing balance	Reason
Total	43,874,518.87	

(3) As of 31 December 2019, details of accounts payable to related parties refer to Note IX 5.

## 22. Advance from customers

### (1) Details of advance from customers

Item	Closing balance	Opening balance
Advance collection for rent	2,286,922,454.22	2,542,814,274.76
Advance collection for housing payment	1,832,866,362.78	2,099,952,432.65
Other	241,828,230.91	350,795,121.49
Total	4,361,617,047.91	4,993,561,828.90

### (2) Significant advance from customers with aging over one year

Item	Closing balance	Reason
Advance collection for the transfer of long-term asset use rights of business housing by Shaoxing Keqiao District Development and Management Group Co., Ltd. and Shaoxing Keqiao China Light & Textile Industrial City New East Market Development Co., Ltd.	900,138,449.51	It has not yet expired, so it has not been carried forward
Advance collection for the transfer of long-term asset use rights of business housing by Shaoxing Keqiao District China Light & Textile Industrial City Grey Fabric Market Co., Ltd. (hereinafter referred to as "Grey Fabric Market Company")	375,173,620.00	It has not yet expired, so it has not been carried forward
Advance collection for the transfer of long-term asset use rights of housing by Shaoxing China Light & Textile Industrial City International Logistics Center Co., Ltd. Logistics Branch	156,667,034.96	It has not yet expired, so it has not been carried forward
Advance collection for the transfer of long-term asset use rights of business housing by Shaoxing Keqiao District China Light & Textile Industrial City Group Co., Ltd. Dongsheng Road Market Branch	46,146,872.47	It has not yet expired, so it has not been carried forward
Zhongze Jiayuan resettlement housing project	143,798,208.47	Advance collection for housing payment

Item	Closing balance	Reason
Resettlement of Huashe Hangzhou Ningbo Passenger Dedicated Line (Xinghua Community)	103,306,862.68	Advance collection for project payment
Longjing Jiayuan resettlement house	65,698,528.00	Advance collection for housing payment
Qixian Street Dongxian Garden resettlement house	27,165,613.69	Advance collection for housing payment
Total	1,818,095,189.78	

### 23. Payroll payable

#### (1) Classification of payroll payable

Item	Opening balance	Increase	Decrease	Closing balance
1. Short-term employee benefits	61,807,525.73	481,987,826.35	477,527,506.44	66,267,845.64
2. Post-employment benefits - defined contribution plans	3,435,793.13	49,980,032.96	50,462,291.15	2,953,534.94
Total	65,243,318.86	531,967,859.31	527,989,797.59	69,221,380.58

#### (2) Disclosure of short-term employee benefits

Item	Opening balance	Increase	Decrease	Closing balance
1. Salary, bonus, allowance and subsidy	52,853,534.38	378,928,246.62	372,152,364.90	59,629,416.10
2. Employee welfare fees	41,167.00	40,222,700.43	40,184,633.83	79,233.60
3. Social insurance premiums	3,383,229.76	16,397,584.19	19,365,405.19	415,408.76
Including: 1) Medical insurance premiums	3,346,814.18	13,956,150.68	16,917,635.07	385,329.79
2) Work injury insurance premiums	12,546.08	654,983.91	659,167.81	8,362.18
3) Maternity insurance premiums	23,869.50	1,786,449.60	1,788,602.31	21,716.79
4. Housing fund	40,357.50	39,304,759.35	39,106,641.35	238,475.50
5. Union funds and employee education expenses	5,489,237.09	7,134,535.76	6,718,461.17	5,905,311.68
Total	61,807,525.73	481,987,826.35	477,527,506.44	66,267,845.64

(3) Disclosure of defined contribution plans

Item	Opening balance	Increase	Decrease	Closing balance
1. Basic endowment insurance premiums	3,379,772.84	39,345,464.85	39,829,014.88	2,896,222.81
2. Unemployment insurance premiums	56,020.29	1,313,970.67	1,322,995.24	46,995.72
3. Occupational pension contribution		9,320,597.44	9,310,281.03	10,316.41
Total	3,435,793.13	49,980,032.96	50,462,291.15	2,953,534.94

24. Taxes and surcharges payable

Item	Closing balance	Opening balance
Corporate income tax	1,675,549,889.06	1,448,216,795.28
Property tax	2,011,055.74	28,120,285.45
Land use tax	11,114,198.10	15,277,561.13
Urban maintenance & construction tax	29,037,201.68	12,602,191.46
Educational surcharge	20,927,516.86	9,126,212.62
Local educational surcharge	7,813,957.42	2,802,268.62
Stamp duty	1,358,922.98	2,692,713.00
Value-added tax	508,032,609.55	194,289,315.69
Individual income tax	1,252,613.69	556,322.72
Environmental protection tax	1,200,000.00	962,360.65
Land value increment tax		18,714,275.30
Special funds for water conservancy construction	2,895,740.93	2,896,457.82
Other	640,074.48	28,784.17
Total	2,261,833,780.49	1,736,285,543.91

25. Other payables

Item	Closing balance	Opening balance
Interests payable	704,178,672.41	451,133,471.37

Item	Closing balance	Opening balance
Other payables	5,018,640,147.72	5,288,116,037.01
Total	5,722,818,820.13	5,739,249,508.38

(1) Details of interests payable

Item	Closing balance	Opening balance
Interests payable for borrowings	124,462,859.26	81,375,893.14
Interests payable for bonds	579,715,813.15	369,757,578.23
Total	704,178,672.41	451,133,471.37

(2) Other payables disclosed by aging

Aging	Closing balance	Opening balance
Within 1 year (including 1 year)	1,956,735,527.07	2,444,450,023.13
1-2 years (including 2 years)	1,591,503,823.88	1,125,014,077.67
2-3 years (including 3 years)	811,973,489.87	1,036,169,724.31
Over 3 years	658,427,306.90	682,482,211.90
Total	5,018,640,147.72	5,288,116,037.01

(3) Details of significant other payables with aging over one year

Name	Relationship with the Company	Closing balance	Proportion in closing balance of other payables (%)
Special accounts for demolition of Qixian Town, Keqiao District, Shaoxing City	Non-related party	415,000,000.00	7.25
Shaoxing Qianqing Small City Construction Co., Ltd.	Non-related party	228,400,000.00	3.99
Land Asset Reserve Center	Non-related party	170,000,000.00	2.97
Shaoxing Keqiao District China Light & Textile Industrial City South Market Management Co., Ltd.	Related party	93,000,635.71	1.63
Shaoxing Keqiao District Government Investment Project Construction Management Center	Non-related party	54,000,000.00	0.94
Total		960,400,635.71	16.78

(4) As of 31 December 2019, details of other payables to related parties refer to Note IX 5.

## 26. Held-for-sale liabilities

Item	Closing balance	Opening balance
Equity transfer funds (Note 1)	1,000,000.00	1,000,000.00
Total	1,000,000.00	1,000,000.00

Note 1: On 30 June 2010, Zhejiang Zhongqing Financing Guarantee Co., Ltd. (hereinafter referred to as "Zhongqing Guarantee") and Hangzhou Donghuang Investment Co., Ltd. (hereinafter referred to as "Donghuang Investment") signed the "Equity Transfer Agreement", and both parties agreed that before 31 December 2012, Zhongqing Guarantee shall transfer its equity of RMB 5 million in Hangzhou Ruifang United Investment Co., Ltd. (hereinafter referred to as "Hangzhou Ruifang") to Donghuang Investment at a transfer price of RMB 7.50 million. On 12 February 2014, Zhongqing Guarantee, Donghuang Investment and Hangzhou Ruifang signed the "Supplementary Agreement on Equity Transfer of Hangzhou Ruifang United Investment Co., Ltd.", Donghuang Investment agreed to accept the transfer of the equity of RMB 5 million in Hangzhou Ruifang held by Zhongqing Guarantee at a price of RMB 7.50 million, and agreed to pay the above equity transfer payment by installments, that is, to pay RMB 2.50 million each before the end of March 2014, the end of June 2014 and the end of September 2014, which was guaranteed by Hangzhou Ruifang for the above equity transfer payment. Due to the failure of Donghuang Investment to implement the relevant agreement, Zhongqing Guarantee filed a lawsuit. The court made a judgment on 8 August 2014 as follows: Donghuang Investment shall pay RMB 0.50 million and the corresponding liquidated damages before 30 August 2014, RMB 0.50 million and the corresponding liquidated damages before 30 September 2014, and the remaining RMB 6.50 million and the corresponding liquidated damages before 30 October 2014. The liquidated damages shall be calculated on the basis of 0.05% of the actual amount payable from 1 April 2014 to the actual payment date. As of 31 December 2019, Zhongqing Guarantee received RMB 1 million from Donghuang Investment, and the remaining RMB 6.50 million has not yet been received. The book value of equity investment in Hangzhou Ruifang by Zhongqing Guarantee was RMB 0.00 (the investment cost was RMB 5 million and the adjustment of profit and loss was RMB -5 million), which was reclassified and listed as "Held-for-sale assets", and the corresponding equity payment of RMB 1 million received was listed as "Held-for-sale liabilities".

27. Non-current liabilities due within one year

(1) Details of non-current liabilities due within one year

Item	Closing balance	Opening balance
Long-term borrowings due within one year	11,767,151,811.31	10,535,195,631.46
Long-term payables due within one year	681,349,952.04	638,760,500.00
Bonds payable due within one year	8,251,428,168.47	4,924,915,616.44
Total	20,699,929,931.82	16,098,871,747.90

(2) Details of long-term borrowings due within one year

Condition	Closing balance	Opening balance
Credit loan	288,275,000.00	269,175,000.00
Mortgage loan	834,802,887.11	1,024,160,227.63
Pledge loan	392,500,000.00	160,000,000.00
Guaranteed loan	9,230,098,990.00	7,288,059,596.00
Mortgage guaranteed loan	931,474,934.20	1,767,800,807.83
Pledge guaranteed loan	90,000,000.00	26,000,000.00
Total	11,767,151,811.31	10,535,195,631.46

(3) Long-term borrowings due within one year classified by conditions of loans

Condition	Closing balance
Credit loans of the Company and its subsidiaries	288,275,000.00
Mortgaged with land use rights of Shaoxing Keqiao District Transportation Investment Construction Group Co., Ltd.	40,000,000.00
Mortgaged with land use rights of Shaoxing Keqiao District Transportation Investment Co., Ltd.	260,000,000.00
Mortgaged with real estates and land use rights of Shaoxing Jianhu Hotel Co., Ltd.	30,000,000.00
Mortgaged with real estates and land use rights of Shaoxing Keqiao Economic Development Zone Development Investment Co., Ltd.	16,000,000.00
Mortgaged with land use rights of Shaoxing Keqiao Economic Development Zone Development Investment Co., Ltd.	140,000,000.00
Mortgaged with real estates and land use rights of Shaoxing China Light & Textile Industrial City Business Headquarters Park Investment Development Management Co., Ltd.	24,000,000.00
Pledged with accounts receivable and margin accounts of Shaoxing Keyan Construction Investment Co., Ltd.	200,000,000.00

Condition	Closing balance
Pledged with purchase contracts of Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd.	192,500,000.00
Guaranteed by Shaoxing Kebei New Countryside Construction Investment Development Co., Ltd.	335,000,000.00
Jointly guaranteed by Shaoxing Kebei New Countryside Construction Investment Development Co., Ltd. and Shaoxing Keqiao District Haitu Agricultural Development Co., Ltd.	40,000,000.00
Jointly guaranteed by Shaoxing Keqiao Water Supply Co., Ltd. and Shaoxing Keqiao District Pingshui Fucheng Construction Investment Development Co., Ltd.	2,000,000.00
Guaranteed by Shaoxing Keqiao Economic Development Zone Development Investment Co., Ltd.	751,000,000.00
Jointly guaranteed by Shaoxing Keqiao Economic Development Zone Development Investment Co., Ltd. and Shaoxing Keyan City Construction Investment Co., Ltd.	130,000,000.00
Guaranteed by Shaoxing Keqiao District Transportation Investment Co., Ltd.	50,000,000.00
Guaranteed by Shaoxing Keqiao Water Group Co., Ltd.	682,000,000.00
Jointly guaranteed by Shaoxing Keqiao Water Group Co., Ltd. and Shaoxing Keqiao District Pingshui Fucheng Construction Investment Development Co., Ltd.	46,000,000.00
Jointly guaranteed by Shaoxing Keqiao Water Group Co., Ltd. and Shaoxing Keqiao District Development and Management Group Co., Ltd.	20,000,000.00
Guaranteed by Shaoxing Keyan City Construction Investment Co., Ltd.	478,125,000.00
Guaranteed by Shaoxing Keyan Construction Investment Co., Ltd.	1,163,000,000.00
Guaranteed by Shaoxing Public Utility Group Co., Ltd.	40,000,000.00
Guaranteed by Shaoxing Kebei New Countryside Construction Investment Development Co., Ltd.	374,900,000.00
Guaranteed by Shaoxing Keqiao District Binhai City Construction Development Investment Co., Ltd.	101,000,000.00
Jointly guaranteed by Shaoxing Keqiao District Binhai City Construction Development Investment Co., Ltd. and Shaoxing Kebei New Countryside Construction Investment Development Co., Ltd.	120,000,000.00
Guaranteed by Shaoxing Keqiao District Chengbei Development Investment Co., Ltd.	152,500,000.00
Guaranteed by Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd.	425,000,000.00
Jointly guaranteed by Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd. and Shaoxing Keqiao District Central City Construction Investment Development Co., Ltd.	160,000,000.00

Condition	Closing balance
Guaranteed by Shaoxing Keqiao District City Construction Investment Development Co., Ltd.	2,000,000.00
Guaranteed by Shaoxing Keqiao District Haitu Agricultural Development Co., Ltd.	20,500,000.00
Jointly guaranteed by Shaoxing Keqiao District Haitu Agricultural Development Co., Ltd. and Shaoxing Keqiao Economic Development Zone Development Investment Co., Ltd.	12,000,000.00
Guaranteed by Shaoxing Keqiao District Transportation Investment Construction Group Co., Ltd.	475,175,000.00
Jointly guaranteed by Shaoxing Keqiao District Transportation Investment Construction Group Co., Ltd. and Shaoxing Keqiao District Binhai City Construction Development Investment Co., Ltd.	789,898,990.00
Jointly guaranteed by Shaoxing Keqiao District Transportation Investment Construction Group Co., Ltd. and Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd.	250,000,000.00
Guaranteed by Shaoxing Keqiao District Transportation Investment Co., Ltd.	1,123,000,000.00
Guaranteed by Shaoxing Keqiao District Development and Management Group Co., Ltd.	213,000,000.00
Jointly guaranteed by Shaoxing Keqiao District Development and Management Group Co., Ltd. and Shaoxing Keqiao Drain Co., Ltd.	40,000,000.00
Guaranteed by Shaoxing Keqiao District Tourism Development Group Co., Ltd.	179,000,000.00
Jointly guaranteed by Shaoxing Keqiao District Tourism Development Group Co., Ltd. and Shaoxing Keqiao District Luzhen Tourism Development Co., Ltd.	1,000,000.00
Guaranteed by Shaoxing Keqiao District Pingshui Fucheng Construction Investment Development Co., Ltd.	145,000,000.00
Guaranteed by Shaoxing Keqiao District Shicheng Development Investment Co., Ltd.	20,000,000.00
Jointly guaranteed by Shaoxing Keqiao District China Light & Textile Industrial City Lianghu Development Construction Co., Ltd. and Shaoxing Keqiao Water Group Co., Ltd.	330,000,000.00
Guaranteed by Shaoxing Keqiao District Development and Management Group Co., Ltd.	54,000,000.00
Guaranteed by Shaoxing Keqiao District Development and Management Group Co., Ltd.	30,000,000.00
Guaranteed by Shaoxing Keqiao District Central City Construction Investment Development Co., Ltd.	425,000,000.00
Guaranteed by Shaoxing Keqiao District Pingshui Fucheng Construction Investment Development Co., Ltd.	5,000,000.00

Condition	Closing balance
Guaranteed by Shaoxing Keyan Construction Investment Co., Ltd.	40,000,000.00
Jointly guaranteed by Zhejiang Keyan Beauty Spot Development Co., Ltd. and Shaoxing Keqiao Water Group Co., Ltd.	5,000,000.00
Mortgaged with state-owned construction land use rights by Shaoxing Keyan Construction Investment Co., Ltd. and guaranteed by Shaoxing Keqiao District Haitu Agricultural Development Co., Ltd.	25,000,000.00
Mortgaged with land use rights of Shaoxing Pingshui Ruoyexi Water System Integrated Improvement and Development Co., Ltd. and guaranteed by Shaoxing Keqiao Water Group Co., Ltd.	10,000,000.00
Mortgaged with 250 sets of hotel apartments in Block No. 1 of Fashion Center of Shaoxing China Light & Textile Industrial City Business Headquarters Park Investment Development Management Co., Ltd. and guaranteed by Shaoxing Keqiao District Transportation Investment Co., Ltd.	10,000,000.00
Pledged by Shaoxing Keqiao District Hangqu Expressway Connection Line Co., Ltd. and guaranteed by Shaoxing Keqiao District Transportation Investment Co., Ltd.	7,000,000.00
Pledged with the right to charge for tickets and ferry tickets for Keyan Scenic Area and guaranteed by Shaoxing Keqiao District Tourism Development Group Co., Ltd.	10,000,000.00
Pledged with accounts receivable of Shaoxing Keyan Construction Investment Co., Ltd. and guaranteed by Shaoxing Keqiao District Keyuan Construction Investment Co., Ltd.	73,000,000.00
<b>Finance lease borrowings:</b>	
Mortgaged with highway assets of Phase I of the Section from Keqiao to Paojiang of Qian (Qing) Tao (Yan) Highway (Note 1)	18,213,363.96
Mortgaged with the passenger transportation center and supporting facilities of Shaoxing Keqiao Passenger Transportation Center Co., Ltd. and guaranteed by Shaoxing Keqiao District Development and Management Group Co., Ltd. (Note 2)	38,968,471.08
Mortgaged with the part of the facilities of Sewage Centralized Pretreatment Project (Phase I) of Shaoxing Keqiao Jiangbin Water Treatment Co., Ltd. and jointly guaranteed by Keqiao District Development and Management Group Co., Ltd., Shaoxing Keqiao Water Supply Co., Ltd. and Shaoxing Keqiao Water Group Co., Ltd. (Note 3)	25,000,000.00
Mortgaged with assets and ancillary equipment and facilities of Sewage Centralized Pretreatment Phase II in Dyeing Industrial Agglomeration Zone of Shaoxing Keqiao Jiangbin Water Treatment Co., Ltd. and guaranteed by Shaoxing Keqiao Water Group Co., Ltd. (Note 4)	95,834,678.33
Mortgaged with highway assets of Shaoxing Keqiao District Hangqu Expressway Connection Line Co., Ltd. and jointly guaranteed by Shaoxing Keqiao District Transportation Investment Co., Ltd. and Shaoxing Keqiao District Transportation Investment Construction Group Co., Ltd. (Note 5)	9,000,000.00

Condition	Closing balance
Mortgaged with road assets of Phase II of the Section from Keqiao to Paojiang of Qian (Qing) Tao (Yan) Highway and guaranteed by Shaoxing Keqiao District Transportation Investment Construction Group Co., Ltd. (Note 6)	2,000,000.00
Mortgaged with Qianbin Line Project and jointly guaranteed by Shaoxing Keqiao District Tourism Development Group Co., Ltd. and Shaoxing Keqiao Water Group Co., Ltd. (Note 7)	40,000,000.00
Mortgaged with the curtain wall of China Textile CBD Business Center (the curtain walls of No. 1 to No.7 Buildings and sunken plaza), the part of aboveground and underground facilities and ancillary equipment of China Textile CBD Business Center. (Note 8)	56,666,666.66
Mortgaged with water supply and drainage pipe network and power distribution facilities of China Textile CBD Business Center and guaranteed by Shaoxing Keqiao District Transportation Investment Co., Ltd. (Note 9)	43,333,333.34
Mortgaged with sewage pipe network and auxiliary supporting facilities of Qianbin Line and guaranteed by Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd. (Note 10)	80,000,000.00
Mortgaged with drainage pipe network and pumping station in Binhai Industrial Zone and staff apartment curtain wall, water supply and drainage, electrical appliances, lighting, weak power and other facilities in Printing and Dyeing Industrial Agglomeration Zone and guaranteed by Shaoxing Keyan Construction Investment Co., Ltd. (Note 11)	58,064,438.26
Mortgaged with physical assets and machinery equipment of Shaoxing Keqiao District Central City Construction Investment Development Co., Ltd. and guaranteed by Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd. (Note 12)	280,374,165.66
Mortgaged with engineering facilities of Kehua Road Station and Diyang Road Station (SG-3) of Hangzhou-Shaoxing Intercity Railway and jointly guaranteed by the Company and Shaoxing Keqiao Rail Transit Group Co., Ltd. (Note 13)	97,465,169.19
Mortgaged with engineering facilities of Hangzhou-Shaoxing Intercity Railway Tunnel Test Section Engineering (SG-1) Section, Hangzhou-Shaoxing Intercity Railway Niutuoshan No. 2 Tunnel (excluded) to Qianqing Station (included) (SG-2) and Hangzhou-Shaoxing Intercity Railway Qianqing Station (excluded) to Jishan Road Station (excluded) elevated section and station civil construction (SG-7) projects (Note 14)	95,204,072.47
Mortgaged with engineering assets of Hangzhou-Shaoxing Intercity Railway Xiangzhang Road Station (excluded) to Yaqian Station (included) shield tunnel section and engineering facilities of Hangzhou-Shaoxing Intercity Railway Yaqian Station (excluded) to Yangxunqiao Station (included) shield tunnel section (Note 15)	154,718,784.02
Mortgaged with engineering assets of Hangzhou-Shaoxing Intercity Railway Jishan Road Station project and engineering facilities of Hangzhou-Shaoxing Intercity Railway Jishan Road Station (excluded) to Kehua Road Station (excluded) section and guaranteed by Shaoxing	95,834,678.34

Condition	Closing balance
Keqiao Rail Transit Group Co., Ltd. (Note 16)	
Mortgaged with weak power, drainage facilities, underground parking and ancillary facilities of Xihuqiao Large-scale Talent Apartment Residential Zone and guaranteed by Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd. (Note 17)	20,600,000.00
Total	11,767,151,811.31

Notes to finance lease borrowings:

Note 1: In 2018, Shaoxing Keqiao District Transportation Investment Co., Ltd. mortgaged the road assets and ancillary facilities of Phase I of the Section from Keqiao to Paojiang of Qian (Qing) Tao (Yan) Highway to Ping An International Financial Leasing (Tianjin) Co., Ltd., and borrowed RMB 190 million from Ping An International Financial Leasing (Tianjin) Co., Ltd. with the loan term from 20 June 2018 to 20 June 2023. As of 31 December 2019, the loan balance was RMB 69.73 million (including RMB 18.21 million for long-term borrowings due within one year and RMB 51.52 million for long-term borrowings).

Note 2: In 2018, Shaoxing Keqiao District Transportation Investment Co., Ltd. mortgaged the passenger transportation center and supporting facilities held by Shaoxing Keqiao Passenger Transportation Center Co., Ltd. to CASIC Financial Leasing Co., Ltd., and borrowed RMB 200 million from CASIC Financial Leasing Co., Ltd. with the loan term from 15 August 2018 to 15 August 2023, which was guaranteed by Shaoxing Keqiao District Development and Management Group Co., Ltd. As of 31 December 2019, the loan balance was RMB 157.31 million (including RMB 38.97 million for long-term borrowings due within one year and RMB 118.34 million for long-term borrowings).

Note 3: In 2018, Shaoxing Keqiao Jiangbin Water Treatment Co., Ltd. mortgaged the part of the facilities of Sewage Centralized Pretreatment Project (Phase I) to Bank of Communications Financial Leasing Co., Ltd., and borrowed RMB 100 million from Bank of Communications Financial Leasing Co., Ltd. with the loan term from 29 November 2018 to 15 November 2022, which was jointly guaranteed by Shaoxing Keqiao District Development and Management Group Co., Ltd., Shaoxing Keqiao Water Supply Co., Ltd. and Shaoxing Keqiao Water Group Co., Ltd. As of 31 December 2019, the loan balance was RMB 75 million (including RMB 25 million for long-term borrowings due within one year and RMB 50 million for long-term borrowings).

Note 4: In 2018, Shaoxing Keqiao Jiangbin Water Treatment Co., Ltd. mortgaged the assets and

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ancillary equipment and facilities of Sewage Centralized Pretreatment Phase II in Shaoxing Binhai Printing and Dyeing Industrial Agglomeration Zone to Zhejiang Bank Financial Leasing Co., Ltd., and borrowed RMB 500 million from Zhejiang Bank Financial Leasing Co., Ltd. with the loan term from 20 November 2018 to 20 November 2023, which was guaranteed by Shaoxing Keqiao Water Group Co., Ltd. As of 31 December 2019, the loan balance was RMB 407.93 million (including RMB 95.84 million for long-term borrowings due within one year and RMB 312.09 million for long-term borrowings).

Note 5: In 2017, Shaoxing Keqiao District Hangqu Expressway Connection Line Co., Ltd. mortgaged the highway assets to CMB Financial Leasing Co., Ltd., and borrowed RMB 45 million from CMB Financial Leasing Co., Ltd. with the loan term from 7 July 2017 to 7 July 2022, which was jointly guaranteed by Shaoxing Keqiao District Transportation Investment Co., Ltd. and Shaoxing Keqiao District Transportation Investment Construction Group Co., Ltd. As of 31 December 2019, the loan balance was RMB 22.50 million (including RMB 9 million for long-term borrowings due within one year and RMB 13.50 million for long-term borrowings).

Note 6: In 2016, Shaoxing Keqiao District Transportation Investment Co., Ltd. mortgaged the highway assets of Phase II of the Section from Keqiao to Paojiang of Qian (Qing) Tao (Yan) Highway to Maxwealth Financial Leasing Co., Ltd., and borrowed RMB 10 million from Maxwealth Financial Leasing Co., Ltd. with the loan term from 9 December 2016 to 9 December 2021, which was guaranteed by Shaoxing Keqiao District Transportation Investment Construction Group Co., Ltd. As of 31 December 2019, the loan balance was RMB 4 million (including RMB 2 million for long-term borrowings due within one year and RMB 2 million for long-term borrowings).

Note 7: In 2017, Shaoxing Keqiao District Transportation Investment Co., Ltd. mortgaged the Qianbin Line project to Bank of Communications Financial Leasing Co., Ltd., and borrowed RMB 200 million from Bank of Communications Financial Leasing Co., Ltd. with the loan term from 29 December 2017 to 15 December 2022, which was jointly guaranteed by Shaoxing Keqiao District Tourism Development Group Co., Ltd. and Shaoxing Keqiao Water Group Co., Ltd. As of 31 December 2019, the loan balance was RMB 120 million (including RMB 40 million for long-term borrowings due within one year and RMB 80 million for long-term borrowings).

Note 8: In 2018, Shaoxing China Light & Textile Industrial City Business Headquarters Park Investment Development Management Co., Ltd. mortgaged the curtain walls of No. 1 to No.7

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Buildings and sunken plaza of China Textile CBD Business Center, the part of water supply and drainage, electrical, heating and ventilation, fire-fighting and other equipment for the aboveground of China Textile CBD Business Center, and the part of water supply and drainage, electrical, heating and ventilation, fire-fighting, underground pipe gallery and other facilities for the underground of China Textile CBD Business Center to Maxwealth Financial Leasing Co., Ltd., and borrowed RMB 170 million from Maxwealth Financial Leasing Co., Ltd. with the loan term from 24 December 2018 to 24 December 2021. As of 31 December 2019, the loan balance was RMB 119.67 million (including RMB 56.67 million for long-term borrowings due within one year and RMB 63 million for long-term borrowings).

Note 9: In 2019, Shaoxing China Light & Textile Industrial City Business Headquarters Park Investment Development Management Co., Ltd. mortgaged the outdoor ancillary facilities of China Textile CBD Business Center (including outdoor water supply and drainage pipe network, landscape lighting, bridges and square sculptures, etc.), weak power and intelligent, special electric power lines, transformation and distribution facilities, elevator facilities of China Textile CBD Business Center to Maxwealth Financial Leasing Co., Ltd., and borrowed RMB 130 million from Maxwealth Financial Leasing Co., Ltd. with the loan term from 18 January 2019 to 18 January 2022, which was guaranteed by Shaoxing Keqiao District Transportation Investment Co., Ltd. As of 31 December 2019, the loan balance was RMB 91.50 million (including RMB 43.33 million for long-term borrowings due within one year and RMB 48.17 million for long-term borrowings).

Note 10: In 2019, Shaoxing Keqiao District Keyuan Construction Investment Co., Ltd. mortgaged the sewage pipe network and auxiliary supporting facilities of Qianbin Line to Maxwealth Financial Leasing Co., Ltd., and borrowed RMB 250 million from Maxwealth Financial Leasing Co., Ltd. with the loan term from 5 July 2019 to 5 July 2022, which was guaranteed by Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd. As of 31 December 2019, the loan balance was RMB 200 million (including RMB 80 million for long-term borrowings due within one year and RMB 120 million for long-term borrowings).

Note 11: In 2018, Shaoxing Keqiao District Binhai City Construction Development Investment Co., Ltd. mortgaged the drainage pipe network and pumping station in Binhai Industrial Zone and staff apartment curtain wall, water supply and drainage, electrical appliances, lighting, weak power and other facilities in Printing and Dyeing Industrial Agglomeration Zone to Maxwealth Financial Leasing

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Co., Ltd., and borrowed RMB 300 million from Maxwealth Financial Leasing Co., Ltd. with the loan term from 30 September 2018 to 30 September 2023, which was guaranteed by Shaoxing Keyan Construction Investment Co., Ltd. As of 31 December 2019, the loan balance was RMB 249.86 million (including RMB 58.07 million for long-term borrowings due within one year and RMB 191.79 million for long-term borrowings).

Note 12: In 2019, Shaoxing Keqiao District Central City Construction Investment Development Co., Ltd. mortgaged the physical assets and machinery equipment to Ping An International Financial Leasing (Tianjin) Co., Ltd., and borrowed RMB 500 million from Ping An International Financial Leasing (Tianjin) Co., Ltd. with the loan term from 30 August 2019 to 30 September 2024, which was guaranteed by Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd. As of 31 December 2019, the loan balance was RMB 427.16 million (including RMB 280.37 million for long-term borrowings due within one year and RMB 146.79 million for long-term borrowings).

Note 13: In 2018, Shaoxing Keqiao District Hangshao Intercity Rail Transit Construction Investment Co., Ltd. mortgaged the engineering facilities of Kehua Road Station and Diyang Road Station (SG-3) of Hangzhou-Shaoxing Intercity Railway to China National Foreign Trade Financial Leasing Co., Ltd., and borrowed RMB 500 million from China National Foreign Trade Financial Leasing Co., Ltd. with the loan term from 6 June 2018 to 6 June 2023, which was jointly guaranteed by the Company and Shaoxing Keqiao Rail Transit Group Co., Ltd. As of 31 December 2019, the loan balance was RMB 402.14 million (including RMB 97.47 million for long-term borrowings due within one year and RMB 304.67 million for long-term borrowings).

Note 14: In 2018, Shaoxing Keqiao District Hangshao Intercity Rail Transit Construction Investment Co., Ltd. mortgaged the engineering facilities of Hangzhou-Shaoxing Intercity Railway Tunnel Test Section Engineering (SG-1) bid section, Hangzhou-Shaoxing Intercity Railway Niutuoshan No. 2 Tunnel (excluded) to Qianqing Station (included) (SG-2) and Hangzhou-Shaoxing Intercity Railway Qianqing Station (excluded) to Jishan Road Station (excluded) elevated section and station civil construction (SG-7) projects to China National Foreign Trade Financial Leasing Co., Ltd., and borrowed RMB 500 million from China National Foreign Trade Financial Leasing Co., Ltd. with the loan term from 6 November 2018 to 6 November 2023. As of 31 December 2019, the loan balance was RMB 459.39 million (including RMB 95.20 million for long-term borrowings due within one year and

RMB 364.19 million for long-term borrowings).

Note 15: In 2018, Shaoxing Keqiao District Hangshao Intercity Rail Transit Construction Investment Co., Ltd. mortgaged the engineering assets of Hangzhou-Shaoxing Intercity Railway Xiangzhang Road Station (excluded) to Yaqian Station (included) shield tunnel section and engineering facilities of Hangzhou-Shaoxing Intercity Railway Yaqian Station (excluded) to Yangxunqiao Station (included) shield tunnel section to Huarong Financial Leasing Co., Ltd., and borrowed RMB 800 million from Huarong Financial Leasing Co., Ltd. with the loan term from 31 August 2018 to 15 June 2023. As of 31 December 2019, the loan balance was RMB 686.94 million (including RMB 154.72 million for long-term borrowings due within one year and RMB 532.22 million for long-term borrowings).

Note 16: In 2018, Shaoxing Keqiao District Hangshao Intercity Rail Transit Construction Investment Co., Ltd. mortgaged the engineering assets of Hangzhou-Shaoxing Intercity Railway Jishan Road Station project and engineering facilities of Hangzhou-Shaoxing Intercity Railway Jishan Road Station (excluded) to Kehua Road Station (excluded) section to Zhejiang Bank Financial Leasing Co., Ltd., and borrowed RMB 500 million from Zhejiang Bank Financial Leasing Co., Ltd. with the loan term from 2 November 2018 to 25 November 2023, which was guaranteed by Shaoxing Keqiao Rail Transit Group Co., Ltd. As of 31 December 2019, the loan balance was RMB 446.40 million (including RMB 95.84 million for long-term borrowings due within one year and RMB 350.56 million for long-term borrowings).

Note 17: In 2019, Shaoxing Keqiao District Pingshui Fucheng New Countryside Construction Investment Co., Ltd. mortgaged the weak power, drainage facilities, underground parking and ancillary facilities of Xihuqiao Large-scale Talent Apartment Residential Zone to Maxwealth Financial Leasing Co., Ltd., and borrowed RMB 103 million from Maxwealth Financial Leasing Co., Ltd. with the loan term from 11 December 2019 to 11 December 2024, which was guaranteed by Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd. As of 31 December 2019, the loan balance was RMB 103 million (including RMB 20.60 million for long-term borrowings due within one year and RMB 82.40 million for long-term borrowings).

#### 28. Other current liabilities

Item	Closing balance	Opening balance
Unearned premium reserve	501,174.75	868,065.53

Item	Closing balance	Opening balance
Guaranteed compensation reserve	28,658,800.00	27,944,800.00
Total	29,159,974.75	28,812,865.53

29. Long-term borrowings

(1) Long-term borrowings disclosed by category

Condition	Closing balance	Opening balance
Credit loan	2,278,275,000.00	1,930,650,000.00
Mortgage loan	2,472,379,219.84	2,011,608,247.27
Pledge loan	9,865,000,000.00	8,670,000,000.00
Guaranteed loan	16,465,726,695.00	17,497,260,798.00
Mortgage guaranteed loan	5,102,860,565.20	3,545,296,007.42
Pledge guaranteed loan	1,196,000,000.00	1,296,000,000.00
Total	37,380,241,480.04	34,950,815,052.69

(2) Long-term borrowings classified by conditions of loans

Condition	Closing balance
Credit loans of the Company and its subsidiaries	2,278,275,000.00
Mortgaged with real estates of Shaoxing Keqiao District China Light & Textile Industrial City Kedong Warehouse Co., Ltd.	29,950,000.00
Mortgaged with real estates and land use rights of Shaoxing Jianhu Hotel Co., Ltd.	269,000,000.00
Mortgaged with real estates and land use rights of Shaoxing Keqiao Economic Development Zone Development Investment Co., Ltd.	16,000,000.00
Mortgaged with land use rights of Shaoxing Keyan Construction Investment Co., Ltd.	500,000,000.00
Mortgaged with land use rights of Shaoxing Keqiao District Pingshui Fucheng New Countryside Construction Investment Co., Ltd.	93,000,000.00
Mortgaged with real estates and land use rights of Shaoxing China Light & Textile Industrial City Business Headquarters Park Investment Development Management Co., Ltd.	504,500,000.00
Mortgaged with real estates and land use rights of Zhejiang Keyan Beauty Spot Development Co., Ltd.	49,000,000.00
Guaranteed by Shaoxing Kebei New Countryside Construction Investment Development Co., Ltd.	328,000,000.00

Condition	Closing balance
Jointly guaranteed by Shaoxing Kebei New Countryside Construction Investment Development Co., Ltd. and Shaoxing Keqiao District Haitu Agricultural Development Co., Ltd.	80,000,000.00
Jointly guaranteed by Shaoxing Keqiao Water Supply Co., Ltd. and Shaoxing Keqiao District Pingshui Fucheng Construction Investment Development Co., Ltd.	111,676,695.00
Guaranteed by Shaoxing Keqiao Economic Development Zone Development Investment Co., Ltd.	837,000,000.00
Jointly guaranteed by Shaoxing Keqiao Drain Co., Ltd., Shaoxing Public Utility Group Co., Ltd. and Shaoxing Keqiao District Development and Management Group Co., Ltd.	110,000,000.00
Guaranteed by Shaoxing Keqiao District Transportation Investment Co., Ltd.	300,000,000.00
Guaranteed by Shaoxing Keqiao Water Group Co., Ltd.	390,000,000.00
Jointly guaranteed by Shaoxing Keqiao Water Group Co., Ltd. and Shaoxing Keqiao District Development and Management Group Co., Ltd.	60,000,000.00
Jointly guaranteed by Shaoxing Keqiao Water Group Co., Ltd. and Shaoxing Keqiao District Development and Management Group Co., Ltd.	50,000,000.00
Guaranteed by Shaoxing Keyan City Construction Investment Co., Ltd.	837,750,000.00
Guaranteed by Shaoxing Keyan Construction Investment Co., Ltd.	3,063,000,000.00
Guaranteed by Shaoxing Keyan Construction Investment Co., Ltd.	252,900,000.00
Guaranteed by Shaoxing Public Utility Group Co., Ltd.	10,000,000.00
Jointly guaranteed by Shaoxing Public Utility Group Co., Ltd. and Shaoxing Keqiao Drain Co., Ltd.	280,000,000.00
Jointly guaranteed by Shaoxing Public Utility Group Co., Ltd. and Shaoxing Keqiao District Development and Management Group Co., Ltd.	120,000,000.00
Guaranteed by Shaoxing Keqiao District Binhai City Construction Development Investment Co., Ltd.	926,500,000.00
Guaranteed by Shaoxing Keqiao District Binhai Industrial Zone Development Investment Co., Ltd.	44,000,000.00
Guaranteed by Shaoxing Keqiao District Chengbei Development Investment Co., Ltd.	197,500,000.00
Guaranteed by Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd.	1,555,000,000.00
Guaranteed by Shaoxing Keyan City Construction Investment Co., Ltd.	166,000,000.00
Jointly guaranteed by Shaoxing Keqiao District City Construction Investment Development Co., Ltd. and Shaoxing Keqiao District China Light & Textile Industrial City Lianghu Development Construction Co., Ltd.	600,000,000.00

Condition	Closing balance
Guaranteed by Shaoxing Keqiao District Transportation Investment Construction Group Co., Ltd.	1,200,900,000.00
Guaranteed by Shaoxing Keqiao District Transportation Investment Co., Ltd.	1,966,000,000.00
Guaranteed by Shaoxing Keqiao District Development and Management Group Co., Ltd.	237,000,000.00
Jointly guaranteed by Shaoxing Keqiao District Tourism Development Group Co., Ltd. and Shaoxing Keqiao District Luzhen Tourism Development Co., Ltd.	149,000,000.00
Guaranteed by Shaoxing Keqiao District Shicheng Development Investment Co., Ltd.	163,000,000.00
Jointly guaranteed by Shaoxing Keqiao District Shicheng Development Investment Co., Ltd. and Shaoxing Keqiao District Binhai City Construction Development Investment Co., Ltd.	500,000,000.00
Guaranteed by Shaoxing Keqiao District Development and Management Group Co., Ltd.	90,000,000.00
Guaranteed by Shaoxing Keqiao District Development and Management Group Co., Ltd.	90,000,000.00
Guaranteed by Shaoxing Keqiao District Central City Construction Investment Development Co., Ltd.	1,260,000,000.00
Guaranteed by Shaoxing Keqiao District Pingshui Fucheng Construction Investment Development Co., Ltd.	45,000,000.00
Guaranteed by Shaoxing Keqiao District Central City Construction Investment Development Co., Ltd.	400,000,000.00
Jointly guaranteed by Zhejiang Keyan Beauty Spot Development Co., Ltd. and Shaoxing Keqiao Water Group Co., Ltd.	45,500,000.00
Pledged with purchase contracts of Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd.	1,977,500,000.00
Pledged with accounts receivable and margin accounts of Shaoxing Keyan Construction Investment Co., Ltd.	3,800,000,000.00
Pledged with all rights and interests and income under the government purchase service agreement of the "Urban Village" demolition and reconstruction project of Ruan Community	3,150,000,000.00
Pledged with accounts receivable for the government purchase service agreement of reconstruction and demolition project of Dongchangju urban villages in Anchang Town	937,500,000.00
Mortgaged with real estates and land use rights of Shaoxing Keqiao District China Light & Textile Industrial City Lianghu Development Construction Co., Ltd. and guaranteed by Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd.	540,000,000.00
Mortgaged with real estates and land use rights of Shaoxing Keqiao	320,000,000.00

Condition	Closing balance
District China Light & Textile Industrial City Lianghu Development Construction Co., Ltd. and guaranteed by Shaoxing Keqiao District Central City Construction Investment Development Co., Ltd.	
Mortgaged with real estates and land use rights of Guanhu Yanju and Kebeiju in Qixian Town, and Dongchang Village in Anchang Town of Shaoxing Keqiao Economic Development Zone Development Investment Co., Ltd. and guaranteed by Shaoxing Keqiao District Binhai City Construction Development Investment Co., Ltd.	42,000,000.00
Mortgaged with state-owned construction land use rights by Shaoxing Keyan Construction Investment Co., Ltd. and guaranteed by Shaoxing Keqiao District Haitu Agricultural Development Co., Ltd.	745,000,000.00
Mortgaged with land use rights of Shaoxing Keyan Construction Investment Co., Ltd. and jointly guaranteed by Shaoxing Keqiao District Binhai City Construction Development Investment Co., Ltd. and Shaoxing Keyan City Construction Investment Co., Ltd.	500,000,000.00
Mortgaged with land use rights of Shaoxing Pingshui Ruoyexi Water System Integrated Improvement and Development Co., Ltd. and guaranteed by Shaoxing Keqiao Water Group Co., Ltd.	150,000,000.00
Mortgaged with land use rights of Shaoxing Keqiao District Kuaijishan Tusita Pure Land Development Co., Ltd. and land use rights of Zhejiang Keyan Beauty Spot Development Co., Ltd., and guaranteed by Shaoxing Keqiao District Transportation Investment Co., Ltd.	200,000,000.00
Mortgaged with land use rights of Shaoxing Keqiao District Kuaijishan Tusita Pure Land Development Co., Ltd. and land use rights of Zhejiang Keyan Beauty Spot Development Co., Ltd., and guaranteed by Shaoxing Keqiao District Tourism Development Group Co., Ltd.	50,000,000.00
Mortgaged with 250 sets of hotel apartments in Block No. 1 of Fashion Center of Shaoxing China Light & Textile Industrial City Business Headquarters Park Investment Development Management Co., Ltd. and guaranteed by Shaoxing Keqiao District Transportation Investment Co., Ltd.	135,540,000.00
Mortgaged with land use rights of Shaoxing Keyan Construction Investment Co., Ltd. and guaranteed by Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd.	600,000,000.00
Pledged by Shaoxing Keqiao District Hangqu Expressway Connection Line Co., Ltd. and guaranteed by Shaoxing Keqiao District Transportation Investment Co., Ltd.	24,000,000.00
Pledged with the right to charge for the second phase of Daxianglin Scenic Area in the next 20 years and guaranteed by Shaoxing Keqiao District Tourism Development Group Co., Ltd.	10,000,000.00
Pledged with the right to charge for tickets and ferry tickets for Keyan Scenic Area and guaranteed by Shaoxing Keqiao District Tourism Development Group Co., Ltd.	275,000,000.00
Pledged with accounts receivable of Shaoxing Keyan Construction Investment Co., Ltd. and guaranteed by Shaoxing Keqiao District Keyuan	887,000,000.00

Condition	Closing balance
Construction Investment Co., Ltd.	
<b>Finance lease borrowings:</b>	
Mortgaged with highway assets of Phase I of the Section from Keqiao to Paojiang of Qian (Qing) Tao (Yan) Highway	51,516,502.85
Mortgaged with the passenger transportation center and supporting facilities of Shaoxing Keqiao Passenger Transportation Center Co., Ltd. and guaranteed by Shaoxing Keqiao District Development and Management Group Co., Ltd.	118,336,839.92
Mortgaged with the part of the facilities of Sewage Centralized Pretreatment Project (Phase I) of Shaoxing Keqiao Jiangbin Water Treatment Co., Ltd. and jointly guaranteed by Keqiao District Development and Management Group Co., Ltd., Shaoxing Keqiao Water Supply Co., Ltd. and Shaoxing Keqiao Water Group Co., Ltd.	50,000,000.00
Mortgaged with assets and ancillary equipment and facilities of Sewage Centralized Pretreatment Phase II in Dyeing Industrial Agglomeration Zone of Shaoxing Keqiao Jiangbin Water Treatment Co., Ltd. and guaranteed by Shaoxing Keqiao Water Group Co., Ltd.	312,091,626.43
Mortgaged with highway assets of Shaoxing Keqiao District Hangqu Expressway Connection Line Co., Ltd. and jointly guaranteed by Shaoxing Keqiao District Transportation Investment Co., Ltd. and Shaoxing Keqiao District Transportation Investment Construction Group Co., Ltd.	13,500,000.00
Mortgaged with road assets of Phase II of the Section from Keqiao to Paojiang of Qian (Qing) Tao (Yan) Highway and guaranteed by Shaoxing Keqiao District Transportation Investment Construction Group Co., Ltd.	2,000,000.00
Mortgaged with Qianbin Line Project and jointly guaranteed by Shaoxing Keqiao District Tourism Development Group Co., Ltd. and Shaoxing Keqiao Water Group Co., Ltd.	80,000,000.00
Mortgaged with the curtain wall of China Textile CBD Business Center (the curtain walls of No. 1 to No.7 Buildings and sunken plaza), the part of aboveground and underground facilities and ancillary equipment of China Textile CBD Business Center.	63,007,000.21
Mortgaged with water supply and drainage pipe network and power distribution facilities of China Textile CBD Business Center and guaranteed by Shaoxing Keqiao District Transportation Investment Co., Ltd.	48,171,354.01
Mortgaged with sewage pipe network and auxiliary supporting facilities of Qianbin Line and guaranteed by Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd.	120,000,000.00
Mortgaged with drainage pipe network and pumping station in Binhai Industrial Zone and staff apartment curtain wall, water supply and drainage, electrical appliances, lighting, weak power and other facilities in Printing and Dyeing Industrial Agglomeration Zone and guaranteed by Shaoxing Keyan Construction Investment Co., Ltd.	191,792,228.40
Mortgaged with physical assets and machinery equipment of Shaoxing	146,789,846.65

Condition	Closing balance
Keqiao District Central City Construction Investment Development Co., Ltd. and guaranteed by Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd.	
Mortgaged with engineering facilities of Kehua Road Station and Diyang Road Station (SG-3) of Hangzhou-Shaoxing Intercity Railway and jointly guaranteed by the Company and Shaoxing Keqiao Rail Transit Group Co., Ltd.	304,675,187.61
Mortgaged with engineering facilities of Hangzhou-Shaoxing Intercity Railway Tunnel Test Section Engineering (SG-1) Section, Hangzhou-Shaoxing Intercity Railway Niutuoshan No. 2 Tunnel (excluded) to Qianqing Station (included) (SG-2) and Hangzhou-Shaoxing Intercity Railway Qianqing Station (excluded) to Jishan Road Station (excluded) elevated section and station civil construction (SG-7) projects	364,186,965.52
Mortgaged with engineering assets of Hangzhou-Shaoxing Intercity Railway Xiangzhang Road Station (excluded) to Yaqian Station (included) shield tunnel section and engineering facilities of Hangzhou-Shaoxing Intercity Railway Yaqian Station (excluded) to Yangxunqiao Station (included) shield tunnel section	532,218,751.26
Mortgaged with engineering assets of Hangzhou-Shaoxing Intercity Railway Jishan Road Station project and engineering facilities of Hangzhou-Shaoxing Intercity Railway Jishan Road Station (excluded) to Kehua Road Station (excluded) section and guaranteed by Shaoxing Keqiao Rail Transit Group Co., Ltd.	350,563,482.18
Mortgaged with weak power, drainage facilities, underground parking and ancillary facilities of Xihuqiao Large-scale Talent Apartment Residential Zone and guaranteed by Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd.	82,400,000.00
<b>Total</b>	<b>37,380,241,480.04</b>

Note 1: Finance lease borrowings due within one year were reclassified to non-current liabilities due within one year, and details of guarantees for finance lease borrowings refer to Note VI 27 and 29.

### 30. Bonds payable

#### (i) Details of bonds payable

Name	Issue date	Duration	Issue amount (RMB'100 million)	Closing balance	Opening balance
16 Shaoke 01	2016	5 years	10	780,000,000.00	1,000,000,000.00
16 Kechengtou Bond 01 (Note 1)	2016	7 years	10	600,000,000.00	1,000,000,000.00
16 Kejian 01	2016	5 years	10	450,000,000.00	1,000,000,000.00

Name	Issue date	Duration	Issue amount (RMB'100 million)	Closing balance	Opening balance
16 Kechengtou Bond 02 (Note 1)	2017	7 years	11	880,000,000.00	1,100,000,000.00
Zheshang Securities 18 Kejian 01	2018	5 years	2	200,000,000.00	200,000,000.00
Zheshang Securities 18 Kejian 02	2018	6 years	3	300,000,000.00	300,000,000.00
Zheshang Securities 18 Kejian 03	2018	7 years	5	500,000,000.00	500,000,000.00
Zheshang Securities 18 Kejian 04	2018	8 years	10	1,000,000,000.00	1,000,000,000.00
Bank of Nanjing Debt Financing Plan	2018	3 years	5	500,000,000.00	500,000,000.00
Bank of Hangzhou Wealth Management Direct Financing (Note 1)	2018	2 years	3		300,000,000.00
14 Shao Transportation Investment Bond (Note 2)	2014	7 years	12	312,747,448.16	617,690,167.64
15 Light & Textile MTN001 (Note 3)	2015	5 years	8		810,503,013.70
18 Keqiao Light & Textile MTN001	2018	5 years	8	821,125,260.27	821,126,136.98
18 Keqiao Light & Textile MTN002	2018	5 years	9	914,881,315.07	914,887,479.44
18 Keqiao Light & Textile MTN003	2018	3 years	8	802,798,904.11	802,851,339.41
The first phase of financial management direct financing tools in 2018 (Note 3)	2018	2 years	0.5		50,196,000.00
The second phase of financial management direct financing tools in 2018 (Note 3)	2018	2 years	5.5		555,479,833.33
The first phase of financial management direct financing tools in 2019 (Note 3)	2019	21 months	1.5		

Name	Issue date	Duration	Issue amount (RMB'100 million)	Closing balance	Opening balance
The second phase of financial management direct financing tools in 2019 (Note 3)	2019	17 months	2		
The third phase of financial management direct financing tools in 2019 (Note 3)	2019	12 months	2		
16 Light & Textile City PPN001	2016	5 years	10	1,040,767,123.29	1,040,541,095.88
16 Keqiao Light & Textile PPN002	2016	5 years	10	1,015,820,056.86	1,014,946,575.33
15 Keyan Bond (Note 4)	2015	7 years	8	318,061,616.44	476,416,294.40
18 Keyan Bond	2018	7 years	12	1,188,394,743.93	1,185,800,788.65
14 Shao Development Investment Bond (Note 5)	2014	7 years	8	160,430,535.05	318,145,045.38
15 Non-public Bond Phase I (Note 6)	2015	5 years	30		2,888,043,174.22
15 Non-public Bond Phase II (Note 7)	2015	5 years	20		1,990,000,000.00
16 Non-public Bond Phase I	2016	6 years	19	1,900,000,000.00	1,900,634,600.00
16 Non-public Bond Phase II	2016	5 years	25	2,501,752,919.22	2,501,182,700.00
16 Non-public Bond Phase III	2016	5 years	5		500,167,000.00
2016 Medium-term Notes	2016	7 years	20	2,000,000,000.00	2,000,000,000.00
17-MTN001	2017	5 years	15	1,500,000,000.00	1,500,000,000.00
17-MTN002	2017	5 years	15	1,500,000,000.00	1,500,000,000.00
18 Keqiao State-owned Assets PPN001	2018	3 years	5.9	590,000,000.00	590,000,000.00
18 Keqiao State-owned Assets PPN002	2018	3 years	8	800,000,000.00	800,000,000.00
19 Keyan Bond	2019	3 years	18.5	1,837,815,717.22	

Name	Issue date	Duration	Issue amount (RMB'100 million)	Closing balance	Opening balance
19 Light & Textile 01	2019	5 years	3	303,958,495.74	
19 Light & Textile 02	2019	3 years	8	808,837,632.46	
19 Zhe Keqiao Chengtuo ZR001	2019	3 years	5	500,000,000.00	
Bank of Shanghai Wealth Management Direct Financing	2019	2 years	5.4	540,000,000.00	
19 Kejian 01 Corporate Bond	2019	5 years	20	2,000,000,000.00	
Bank of Hangzhou Debt Financing Plan	2019	2 years	4	400,000,000.00	
19 Kejian 02 Corporate Bond	2019	5 years	20	2,000,000,000.00	
19 Keqiao Construction Investment PPN001	2019	2 years	5	500,000,000.00	
19 Non-public Bond Phase I	2019	3 years	5	500,000,000.00	
19 Keqiao Guotou Bond 01	2019	15 years	10	1,000,000,000.00	
19 Keqiao Guotou Bond 02	2019	15 years	27	2,700,000,000.00	
19 Keqiao State-owned Assets PPN001	2019	3 years	6.1	610,000,000.00	
19 Keqiao State-owned Assets ABN001 Priority A1 (Note 8)	2019	5 months	2.03		
19 Keqiao State-owned Assets ABN001 Priority A2	2019	17 months	1.85	185,000,000.00	
19 Keqiao State-owned Assets ABN001 Priority A3	2019	29 months	1.97	197,000,000.00	
19 Keqiao State-owned Assets ABN001 Priority A4	2019	41 months	2.09	209,000,000.00	
19 Keqiao State-owned Assets ABN001 Priority A5	2019	53 months	2.24	224,000,000.00	

Name	Issue date	Duration	Issue amount (RMB*100 million)	Closing balance	Opening balance
19 Keqiao State-owned Assets ABN001 Priority A6	2019	66 months	2.4	240,000,000.00	
19 Keqiao State-owned Assets ABN001 Priority A7	2019	78 months	2.58	258,000,000.00	
19 Keqiao State-owned Assets ABN001 Priority A8	2019	90 months	2.72	272,000,000.00	
19 Keqiao State-owned Assets ABN001 Priority A9	2019	102 months	2.89	289,000,000.00	
19 Keqiao State-owned Assets ABN001 Priority A10	2019	114 months	3.06	306,000,000.00	
Total				38,457,391,767.82	31,678,611,244.36

Note 1: "16 Kechengtou Bond 01", "16 Kechengtou Bond 02" and "Bank of Hangzhou Wealth Management Direct Financing" have a total face value of RMB 1,000 million, RMB 1,100 million and RMB 300 million respectively. At the end of the reporting period, the remaining face value of RMB 200 million, RMB 220 million and RMB 300 million respectively was reclassified as non-current liabilities due within one year according to the maturity time of less than one year.

Note 2: "14 Shao Transportation Investment Bond" has a total face value of RMB 1,200 million. At the end of the reporting period, the remaining face value of RMB 300 million was reclassified as non-current liabilities due within one year according to the maturity time of less than one year.

Note 3: At the end of the reporting period, the total amount of face value and accrued interests of RMB 1,970 million for "15 Light & Textile MTN001", "The first phase of financial management direct financing tools in 2018", "The second phase of financial management direct financing tools in 2018", "The first phase of financial management direct financing tools in 2019", "The second phase of financial management direct financing tools in 2019" and "The third phase of financial management direct financing tools in 2019" of Shaoxing Keqiao District Development and Management Group Co., Ltd. was reclassified as non-current liabilities due within one year according to the maturity time of less than one year.

Note 4: "15 Keyan Bond" has a total face value of RMB 800 million. At the end of the reporting period, the remaining face value of RMB 160 million was reclassified as non-current liabilities due within one year according to the maturity time of less than one year.

Note 5: "14 Shao Development Investment Bond" has a total face value of RMB 800 million. At the end of the reporting period, the remaining face value of RMB 160 million was reclassified as non-current liabilities due within one year according to the maturity time of less than one year.

Note 6: "15 Non-public Bond Phase I" has a total face value of RMB 3,000 million. At the end of the reporting period, it was reclassified as non-current liabilities due within one year according to the maturity time of less than one year.

Note 7: "15 Non-public Bond Phase II" has a total face value of RMB 2,000 million. At the end of the reporting period, it was reclassified as non-current liabilities due within one year according to the maturity time of less than one year.

Note 8: "19 Keqiao State-owned Assets ABN001 Priority A1" has a total face value of RMB 203 million. At the end of the reporting period, the remaining face value of RMB 51 million was reclassified as non-current liabilities due within one year according to the maturity time of less than one year.

### 31. Long-term payables

Item	Closing balance	Opening balance
Long-term payables	8,835,675,456.58	11,628,668,186.29
Special payables	7,128,904,371.77	4,002,795,910.33
Total	15,964,579,828.35	15,631,464,096.62

#### (1) Long-term payables disclosed by nature

Item	Closing balance	Opening balance
Non-financial institution borrowings	709,604,506.30	2,177,597,236.01
Local government bonds	8,126,070,950.28	9,451,070,950.28
Total	8,835,675,456.58	11,628,668,186.29

#### (2) Details of special payables

Item	Closing balance	Opening balance
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Item	Closing balance	Opening balance
Special purpose allocation from the state	367,756,528.49	328,433,375.93
Reconstruction of Keqiao Section of State Highway No. 104	298,370,000.00	293,370,000.00
Special fund for resettlement housing construction project of Shaoxing Section of Qianjiang Channel and Connection	42,905,619.00	42,905,619.00
DY12-01a in urban area of Keqiao	29,275,307.00	29,275,307.00
Contribution for water supply and drainage project in Keyan Resort	73,005,900.00	73,005,900.00
Construction of Shaoxing Keqiao Comprehensive Passenger Transport Hub project		20,000,000.00
Contribution for water supply and drainage project of Keqiao Development Committee	33,274,108.42	33,274,108.42
Road supporting works of Keyan Street	2,000,000.00	2,000,000.00
Channel Construction Headquarters of Shaoxing City Section of Hangzhou-Ningbo Canal	9,082,199.00	9,082,199.00
Sewage treatment fee (allocation amount)	21,437,359.13	23,445,523.23
DY12-01b in urban area of Keqiao	4,885,199.00	4,885,199.00
Hutang Sub-district Office	4,010,000.00	4,010,000.00
Contribution for water supply and drainage project in Fuquan Town	4,202,716.00	7,283,716.00
Contribution for water supply and drainage project of Pingshui Fucheng Construction Management Committee	2,000,000.00	2,000,000.00
Payment for domestic sewage collection and treatment project	120,572,000.00	122,712,000.00
Upgrading of Greening in Shaoxing City Section of Hangzhou-Ningbo Canal	4,530,000.00	1,389,185.85
Relocation project funds for water supply and drainage pipes	2,770,000.00	
Wastewater drainage project of Dawuxiang Landfill Site	10,924,400.00	10,924,400.00
Contribution for water supply and drainage project in Ma'an Town	161,842.00	551,842.00
Contribution for water supply and drainage project in Anchang Town	7,936,400.00	8,186,400.00
Contribution for water supply and drainage works of Sunduan Water Plant	237,883.00	237,883.00

Item	Closing balance	Opening balance
Contribution for water supply and drainage works of Hutang Water Plant	104,698.00	104,698.00
Financial allocation	195,000,000.00	195,000,000.00
Infrastructure allocation	795,497,030.03	945,826,669.80
Project funds allocated by Finance Bureau of Keqiao District	258,448,379.60	260,726,379.60
Financial allocation	1,053,324,672.93	147,088,194.95
Special purpose allocation	23,307,823.51	23,307,823.51
Tourism Distribution Center	3,617,604.00	3,617,604.00
Tourism traffic sign system	1,881,310.00	1,881,310.00
Tourism publicity and marketing funds	2,465,935.00	2,465,935.00
City Tourism Smart Center	570,519.20	570,519.20
Global Smart Tourism Phase I Construction project	4,651,001.70	3,900,059.00
Infrastructure funds allocated by Finance	336,877,844.64	473,975,686.64
Financial allocation (land transfer business expenditure)	50,000,000.00	50,000,000.00
Funds transferred by Narada Grand	5,000,000.00	5,000,000.00
Construction funds for upgrading and reconstruction of county and township roads from 2013 to 2014	26,907,300.00	26,907,300.00
Reconstruction and maintenance of Yangxunqiao Interchange Connecting Line (Ramp F) of Hangzhou-Jinzhou-Quzhou Expressway	8,720,000.00	8,000,000.00
Payment for terminals allocated by Transportation Group		5,000,000.00
Sanjiang-Tongjiata Highway construction project of Zhejiang Provincial Department of Finance	2,380,000.00	2,330,000.00
Lanting to Pingshui Section project of Provincial Highway No. 32 of Zhejiang Provincial Department of Finance	41,959,706.00	38,950,000.00
Co-construction fee of pipe network	169,545,566.91	155,665,225.20
Supporting fees for demolition around Jishan Road Station	245,369,994.00	396,800,000.00
Special funds for construction and renovation	343,479,004.25	238,705,847.00
Subsidy for Pingyang Tea Industrial Agglomeration Zone project	26,296,118.00	

Item	Closing balance	Opening balance
Anchang Ancient Town Scenic Spot Provincial-level Tourism Town	8,527,602.25	
Special funds for maintenance of public bicycles	479,872.71	
Bridge pier reinforcement project of Qinwang Interchange and Jinkeqiao Interchange	3,710,000.00	
Special subsidy for resettlement housing	1,751,155,787.00	
Keqiao Central City Comprehensive Service Center, Keqiao District, Shaoxing City	70,000,000.00	
Upgrading of greening projects around Passenger Transport Center	6,441,000.00	
Yingfu Resettlement Community	9,360,000.00	
Limited price housing in G-50 and G-51 plots	30,000,000.00	
Reconstruction and demolition funds of Huaxuju urban villages	400,000,000.00	
Exhibition Center Phase I	209,488,141.00	
Yinda Line reconstruction project (Kehai Line to Drainage River Section)	5,000,000.00	
<b>Total</b>	<b>7,128,904,371.77</b>	<b>4,002,795,910.33</b>

### 32. Deferred income

#### (1) Classification of deferred income

Item	Opening balance	Increase	Decrease	Other transfer out	Closing balance
Government grants	216,723,459.06	124,003,932.12	69,596,294.84		271,131,096.34
<b>Total</b>	<b>216,723,459.06</b>	<b>124,003,932.12</b>	<b>69,596,294.84</b>		<b>271,131,096.34</b>

#### (2) Deferred income from government grants

Item	Opening balance	Increase	Recorded into the current profit and loss	Other transfer out	Closing balance	Related to asset or income
Qiantang River Project funds	143,727,099.24		17,965,887.36		125,761,211.88	Asset
Project subsidy for the section from Wangtan to Wangcheng of Provincial Highway No. 32	5,800,000.00	38,800,000.00			44,600,000.00	Asset

Item	Opening balance	Increase	Recorded into the current profit and loss	Other transfer out	Closing balance	Related to asset or income
Special funds for sewage treatment projects	19,622,973.37	50,603,932.12	45,046,641.92		25,180,263.57	Asset
Project subsidy for the north extension of Provincial Highway No. 31 (the section from Keqiao District to Xiaoshan)		20,000,000.00			20,000,000.00	Asset
Central subsidy for recycling transformation (in-depth treatment project)	3,600,000.00	9,600,000.00	2,057,900.00		11,142,100.00	Asset
Subsidy fund for guarantee business of small and medium sized enterprises (specially used for compensatory expenditure)	11,750,000.00		1,000,000.00		10,750,000.00	Income
Funds for key transportation projects	12,166,666.51		2,000,000.04		10,166,666.47	Asset
Subsidy for Qianbin Line project	7,740,000.00	2,000,000.00			9,740,000.00	Asset
2016 Provincial Development and Reform Special Fund	5,635,135.14		162,162.16		5,472,972.98	Asset
Special funds for market construction	2,411,906.84		234,063.60		2,177,843.24	Asset
Subsidy fund for water supply reconstruction project		3,000,000.00			3,000,000.00	Asset
Policy subsidy funds of the Transportation Bureau	1,891,156.48		54,421.76		1,836,734.72	Asset
Risk compensation fund of guarantee companies	2,057,200.00		1,057,200.00		1,000,000.00	Income
Discount for the key market construction	321,321.48		18,018.00		303,303.48	Asset
Total	216,723,459.06	124,003,932.12	69,596,294.84		271,131,096.34	

### 33. Other non-current liabilities

Item	Closing balance	Opening balance
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Item	Closing balance	Opening balance
Special reserve materials allocated by the state	490,000.00	490,000.00
Total	490,000.00	490,000.00

#### 34. Paid-in capital

Name of shareholders	Opening balance	Increase	Decrease	Closing balance
Finance Bureau of Keqiao District, Shaoxing City	80,000,000.00			80,000,000.00
Total	80,000,000.00			80,000,000.00

#### 35. Capital reserve

Item	Opening balance	Increase	Decrease	Closing balance
Capital premium	180,436,483.97		106,503,265.64	73,933,218.33
Other capital reserve	2,577,127,565.75	353,588,208.73	449,980,866.62	2,480,734,907.86
Financial allocation	32,678,378,263.69	3,566,334,607.24		36,244,712,870.93
Total	35,435,942,313.41	3,919,922,815.97	556,484,132.26	38,799,380,997.12

##### (1) Capital premium

The reasons for decreases of capital premium in the current period are as follows:

- ① In the current period, the Company increased its shareholdings of the subsidiary Zhejiang China Light & Textile Industrial City Group Co., Ltd. through the secondary market, and the difference between the price of increase in shareholdings and the net assets of the subsidiary corresponding to the acquisition of part of the equity was RMB -2,946,973.15, which was included in the capital premium;
- ② Because the subsidiary Zhejiang China Light & Textile Industrial City Group Co., Ltd. made additional investment in its subsidiaries, and minority shareholders did not increase their capital year-on-year, the Company calculated the net asset share difference before and after the additional investment based on the shareholding ratio of RMB -265,276.66, which was included in the capital premium;
- ③ Because other shareholders of joint ventures invested by the Company have increased their capital, and the Company has not increased its capital year-on-year, the Company calculated the net asset share

difference before and after the decrease of investment based on the shareholding ratio of RMB -3,124,402.03, which was included in the capital premium;

④ The capital premium was decreased by RMB 100,166,613.80 in the current period, and details refer to Note XII 1.

(2) Other capital reserve

The increase and decrease of other capital reserve in the current period were mainly due to the asset allocation.

(3) Among financial allocation, RMB 952,342,507.24 was the financial allocation to its subsidiaries and RMB 2,613,992,100.00 was the transfer of financial replacement funds to capital reserve.

36. Other comprehensive income

Item	Opening balance	Changes in the current period	
		Amount before income tax	Less: Income tax expenses
1. Other comprehensive income that will not be reclassified subsequently into profit and loss	1,177,679,637.20	775,881,949.12	165,894,664.56
Including: 1) Changes in fair value of other equity instrument investments	765,219,186.26	954,381,949.12	165,894,664.56
2) Other comprehensive income that will not be reclassified subsequently into profit or loss under equity method	412,460,450.94	-178,500,000.00	
Total	1,177,679,637.20	775,881,949.12	165,894,664.56

(Continued)

Item	Changes in the current period		Closing balance
	Attributable to the parent company after tax	Attributable to minority shareholders after tax	
1. Other comprehensive income that will not be reclassified subsequently into profit and loss	394,294,640.66	215,692,643.90	1,571,974,277.86
Including: 1) Changes in fair value of other equity instrument investments	572,794,640.66	215,692,643.90	1,338,013,826.92

Item	Changes in the current period		Closing balance
	Attributable to the parent company after tax	Attributable to minority shareholders after tax	
2) Other comprehensive income that will not be reclassified subsequently into profit or loss under equity method	-178,500,000.00		233,960,450.94
Total	394,294,640.66	215,692,643.90	1,571,974,277.86

### 37. Surplus reserve

Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	29,048,836.74	4,488,664.11		33,537,500.85
Total	29,048,836.74	4,488,664.11		33,537,500.85

Note: The increase of surplus reserve by RMB 4,488,664.11 was due to the accrual of the statutory surplus reserve at 10% of the net profit of the parent company for 2019.

### 38. Retained earnings

Item	2019	Proportion of accrual or distribution
Closing balance of retained earnings of the previous year before adjustments	10,176,456,553.65	
Add: Total amount of adjustments for opening balance of retained earnings (increase as "+", decrease as "-")		
Opening balance of retained earnings after adjustments	10,176,456,553.65	
Add: i. Net profit for the current year attributable to owners of the parent company	215,415,511.36	
ii. Surplus reserve making up for the loss		
Less: i. Accrual of statutory surplus reserve	4,488,664.11	10.00%
ii. Accrual of discretionary surplus reserve		
iii. Dividends payable of preferred shares		
iv. Dividends payable of ordinary shares		
v. Dividends of ordinary shares converted into capital		
Closing balance of retained earnings	10,387,383,400.90	

### 39. Operating revenues & Operating costs

#### (1) Details of operating revenues and operating costs

Item	2019		2018	
	Revenue	Cost	Revenue	Cost
Main business	6,085,122,950.02	5,011,877,872.26	5,563,552,683.52	4,613,486,608.48
Other business	324,519,101.83	153,160,692.09	348,622,506.07	167,514,753.49
Total	6,409,642,051.85	5,165,038,564.35	5,912,175,189.59	4,781,001,361.97

#### (2) Operating revenues and operating costs disclosed by category of products

Category	2019	
	Revenue	Cost
Market management	905,971,281.78	370,905,903.56
Water sector	1,145,295,846.38	1,346,423,576.65
Land development	756,616,136.28	651,757,591.69
Transportation	41,978,318.76	55,591,233.27
Real estate development	1,060,878,212.56	788,929,283.54
Infrastructure construction	1,844,168,019.60	1,595,676,554.80
Other business	330,215,134.66	202,593,728.75
Total	6,085,122,950.02	5,011,877,872.26

### 40. Financial costs

Item	2019	2018
Interest expenses	1,052,095,767.47	726,295,915.30
Less: Interest income	121,715,475.45	97,488,049.39
Service charges and others	11,294,881.19	9,112,683.81
Total	941,675,173.21	637,920,549.72

### 41. Other income

#### (1) Details of other income

Item	2019	2018
Government grants	1,013,844,601.85	1,447,062,726.94
Total	1,013,844,601.85	1,447,062,726.94

(2) Government grants recorded into the current profit and loss

Item	2019	2018	Related to asset or income
Special subsidy for transportation		110,000,000.00	Income
Special fund subsidy	406,422,413.69	552,500,000.00	Income
Land subsidy	9,168,459.00		Income
Co-construction and transformation funds of pipe network	9,471,619.39		Income
Compensation for demolition	7,000,000.00		Income
Subsidy for work funds	4,262,223.47		Income
Subsidy fund for sewage collection and treatment system project	13,907,612.00		Income
Support funds for warehousing and logistics projects		13,748,871.64	Income
Special operation subsidy for sewage treatment	138,646,648.52	89,552,028.05	Income
Amortization of deferred income	69,596,294.84	26,471,447.37	Asset
Tax refund or exemption	2,373,413.41	8,340,693.44	Income
Reward subsidy for emission reduction of printing and dyeing agglomeration enterprises	26,578,783.08	20,427,591.00	Income
Financial subsidy for financing fees	5,312,254.00	10,451,331.00	Income
Subsidy fund for guarantee business of small and medium sized enterprises		2,300,000.00	Income
Compensation fund for water resources cost	5,543,376.13	13,948,709.75	Income
Market operation subsidy	300,000,000.00	570,000,000.00	Income
Special financial incentive funds for the development of exhibition economic policy	6,400,000.00	4,347,000.00	Income
Subsidy fund for energy saving and emission reduction		10,294,100.00	Income
Subsidy for the operation of the Park		1,000,000.00	Income

Item	2019	2018	Related to asset or income
Transportation expenses for district leaders' investigation		3,000,000.00	Income
Other	9,161,504.32	10,680,954.69	Income
Total	1,013,844,601.85	1,447,062,726.94	

#### 42. Investment income

##### (1) Details of investment income

Item	2019	2018
Investment income from long-term equity investments under equity method	-112,640,150.08	-216,918,023.89
Investment income from disposals of long-term equity investments (Loss: "-")	226,498,535.14	925,484.40
Investment income from disposals of financial assets at fair value through profit or loss		-235,354.34
Investment income from available-for-sale financial assets during the holding period		153,946,319.09
Investment income generated by adjusting the book value of the original holding company to the corresponding fair value share on the purchase date		-115,730,539.80
Investment income from other equity instrument investments during the holding period	40,858,277.54	
Investment income from financial products	39,479,055.06	30,838,450.04
Total	194,195,717.66	-147,173,664.50

##### (2) Investment income from long-term equity investments under equity method

Name of investee	2019
Shaoxing Cao'e River Sluice Investment and Development Co., Ltd.	-2,859,447.25
Shaoxing Chuanrong Color Printing Co., Ltd.	11,704.19
Shaoxing Keqiao Daily Co., Ltd.	1,416,984.95
Shaoxing China Light & Textile Industrial City Qianqing Textile Raw Materials Market Development Co., Ltd.	-1,393,687.68
Shaoxing Natural Gas Investment Co., Ltd.	26,376,894.69
Shaoxing Keqiao Zhejiang University of Technology Innovation Research Institute Development Co., Ltd.	149,813.35

Name of investee	2019
Shaoxing PetroChina Kunlun Gas Co., Ltd.	17,839,130.14
Kuaijishan Shaoxing Rice Wine Co., Ltd.	34,139,033.89
Shaoxing Tangpu Reservoir Co., Ltd.	15,349,815.23
Shaoxing Keqiao District China Light & Textile Industrial City South Market Management Co., Ltd.	10,224,914.44
Shaoxing Keqiao District China Light & Textile Industrial City Textile Creative Industry Service Co., Ltd.	845,523.86
Shaoxing Financing Guarantee Co., Ltd.	1,996,857.23
Shaoxing Water Treatment Development Co., Ltd.	-120,000,000.00
Shaoxing Water Production Co., Ltd.	-34,965,730.67
Shaoxing Qingyuan Investment Co., Ltd.	-71,782,446.26
Shaoxing Keqiao District Sinopec Transportation Oil and Gas Station Construction Development Co., Ltd.	4,646,510.01
Shaoxing Shaoneng Electric Power Investment Co., Ltd.	5,363,979.80
Total	-112,640,150.08

(3) Investment income from other equity instrument investments during the holding period

Name of investee	2019
China Cable Network Co., Ltd.	987,901.93
Shanghai Pudong Development Bank Co., Ltd.	3,078,875.80
Zhejiang Shaoxing Ruifeng Rural Commercial Bank Co., Ltd.	15,078,446.52
Shaoxing Sequoia Huiyuan Equity Investment Partnership (Limited Partnership)	16,213,053.29
Shaoxing Keqiao Cool Play Oriental Investment Center (Limited Partnership)	5,500,000.00
Total	40,858,277.54

(4) Investment income from disposals of subsidiaries

Name of investee	2019
Shaoxing Keqiao District China Light & Textile Industrial City Dongmen Textile Market Co., Ltd.	28,630,560.91
Shaoxing Keqiao Agricultural Reclamation Industrial Co., Ltd.	1,186,530.99
Shaoxing Keqiao District China Light & Textile Industrial City Kedong Warehouse Co., Ltd.	196,478,193.23

Name of investee	2019
Shaoxing Keqiao District Tiangong Life Trading Co., Ltd.	136,994.64
Shaoxing Keqiao District Tiangong Life Vegetarian Co., Ltd.	66,255.37
Total	226,498,535.14

#### 43. Gains from changes in fair value

Item	2019	2018
Financial assets at fair value through profit or loss		565,608.81
Total		565,608.81

#### 44. Credit impairment loss

Item	2019	2018
Impairment loss on accounts receivable	83,804,576.39	
Bad debt loss of other receivables	28,694,409.24	
Total	112,498,985.63	

Note: In the above table, "-" means loss, and "+" means gain.

#### 45. Impairment loss on assets

Item	2019	2018
Bad debt loss		74,619,216.75
Total		74,619,216.75

Note: In the above table, "-" means loss, and "+" means gain.

#### 46. Gains from disposal of assets

Item	2019	2018
Gains from disposal of non-current assets (Loss: "-")	2,375,165.51	168,262,383.02
Gains from sales of held-for-sale non-current assets		-4,810.00
Total	2,375,165.51	168,257,573.02

#### 47. Non-operating income

##### (1) Classification of non-operating income

Item	2019	2018
Gains from inventory taking		113,010.75
Write-off of long-term payables		5,631,474.92
Net gains from compensation or penalties	1,154,129.40	18,087,078.52
Gains from the investment costs lower than the fair value of identifiable net assets	10,053,537.60	
Other	5,917,880.00	5,125,224.64
Total	17,125,547.00	28,956,788.83

#### 48. Non-operating expenses

Item	2019	2018
Losses from damage and retirement of non-current assets	806,749.35	73,010.32
Donation expenditure	2,776,874.18	5,552,390.00
Special fund for water conservancy construction	97,337.40	103,057.07
Compensation and penalty expenses	12,832,997.44	19,905,579.57
Tax overdue fine	17,722,801.85	368,279.43
Other	3,077,872.40	1,745,840.47
Total	37,338,643.27	27,748,156.86

#### 49. Income tax expenses

Item	2019	2018
Current income tax expenses	358,114,750.89	324,734,972.88
Deferred income tax expenses	146,331.99	27,644,715.33
Total	358,261,082.88	352,379,688.21

#### 50. Other comprehensive income after tax

Details refer to Note VI 36.

51. Supplemental information of the consolidated statement of cash flows

(1) Supplemental information of the consolidated statement of cash flows

Supplemental information	2019	2018
1. Reconciliation between net profit and net cash flows generated from operating activities:		
Net profit	352,850,414.31	681,453,818.62
Add: Impairment provision on assets		-74,619,216.75
Credit impairment loss	-112,498,985.63	
Depreciation of fixed assets, depletion of oil & gas assets and depreciation of productive biological assets and investment properties	807,251,638.67	676,073,705.36
Amortization of intangible assets	48,421,447.01	31,014,517.54
Amortization of long-term deferred expense	23,153,087.43	8,136,209.18
Loss from disposals of fixed assets, intangible assets and other long-term assets (gain: "-")	-2,375,165.51	-168,257,573.02
Loss from scrapping of fixed assets (gain: "-")	830,760.00	73,010.32
Loss from changes in fair value (gain: "-")		-565,608.81
Financial cost (income: "-")	1,052,095,767.47	726,295,915.30
Investment loss (income: "-")	-194,195,717.66	147,173,664.50
Decrease in deferred tax assets (increase: "-")	146,331.99	27,644,715.33
Increase in deferred tax liabilities (decrease: "-")		
Decrease in inventory (increase: "-")	-298,293,909.63	-8,168,007,565.10
Decrease in receivables from operating activities (increase: "-")	-17,424,056,862.02	-5,075,324,855.37
Increase in payables from operating activities (decrease: "-")	11,735,393,369.71	4,129,301,214.77
Other	-185,365,061.16	550,160,034.79
Net cash flows generated from operating activities	-4,196,642,885.02	-6,509,448,013.34
2. Significant investing and financing activities without involvement of cash receipts and payments		
Debts converted to capital		
Convertible corporate bonds due within one year		
Fixed assets acquired under finance leases		

Supplemental information	2019	2018
3. Change of cash and cash equivalent:		
Closing balance of cash	12,909,948,482.42	12,897,795,208.51
Less: Opening balance of cash	12,897,795,208.51	15,033,234,209.04
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
The net increase in cash and cash equivalents	12,153,273.91	-2,135,439,000.53

(2) Composition of cash and cash equivalents

Item	Closing balance	Opening balance
I. Cash	12,909,948,482.42	12,897,795,208.51
Including: Cash on hand	1,059,246.24	1,289,173.08
Bank deposits available for immediate payments	12,908,889,236.18	12,720,674,789.82
Other monetary funds available for immediate payments		175,831,245.61
Deposits with central bank that can be used for payment		
Due from placements with banks and other financial institutions		
Call loan to banks		
II. Cash equivalents		
Including: Bond investment due within three months		
III. Closing balance of cash and cash equivalents	12,909,948,482.42	12,897,795,208.51
Including: Restricted cash and cash equivalents from the parent company or subsidiaries within the Group		

Note: The closing balance of cash and cash equivalents includes the restricted cash and cash equivalents with an amount of RMB 61,478,296.17.

**VII Changes in the scope of consolidation**

1. Business combination not under common control

Name of acquiree	Time of equity acquisition	Cost of equity acquisition (RMB'0,000)	Equity acquisition ratio (%)	Method of equity acquisition	Purchase date
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Name of acquiree	Time of equity acquisition	Cost of equity acquisition (RMB'0,000)	Equity acquisition ratio (%)	Method of equity acquisition	Purchase date
Shaoxing Keqiao Hengcheng Real Estate Development Co., Ltd.	11 July 2019	5,300.88	100.00	Cash	10 May 2019
Shaoxing Keqiao Hefeng Real Estate Development Co., Ltd.	19 November 2019	9,219.98	100.00	Cash	18 November 2019

(Continued)

Name of acquiree	Basis for determining purchase date	Acquiree's revenue from purchase date to the end of the reporting period	Acquiree's net profit from purchase date to the end of the reporting period (RMB'0,000)
Shaoxing Keqiao Hengcheng Real Estate Development Co., Ltd.	Transfer of control		-9.87
Shaoxing Keqiao Hefeng Real Estate Development Co., Ltd.	Control		-39.35

## 2. Other changes in the scope of consolidation

### (1) The increase of subsidiaries in the current period

Name	Closing balance of net assets	Net Profit from the consolidated date to the end of the reporting period
Shaoxing Lanting Cultural Tourism Development Co., Ltd.	50,000,000.00	
Shaoxing Lanting Integrated Development and Management Co., Ltd.	50,002,496.01	2,496.01
Shaoxing Keqiao District Luzhen Tourism Development Co., Ltd.	45,649,578.05	-6,350,421.95
Shaoxing Luzhen Performing Arts Co., Ltd.	20,011,273.67	11,273.67
Zhejiang Water Conservator Environmental Service Co., Ltd.	9,915,241.23	-84,758.77
Shaoxing Keqiao Water Conservator Vocational Training School Co., Ltd.	239,789.11	39,789.11

### (2) Subsidiaries no longer included in the scope of consolidation

Name	Net assets on disposal date	Net profit from the beginning of the reporting period to the disposal date
Shaoxing Keqiao District China Light & Textile Industrial City Dongmen Textile Market Co., Ltd.	-7,873,844.93	2,265,892.11
Shaoxing Keqiao Agricultural Reclamation Industrial Co., Ltd.	-986,230.99	-122,432.55
Shaoxing Keqiao District China Light & Textile Industrial City Kedong Warehouse Co., Ltd.	-19,961,488.73	7,404,181.03
Shaoxing Keqiao District Tiangong Life Trading Co., Ltd.	239,797.91	
Shaoxing Keqiao District Tiangong Life Vegetarian Co., Ltd.	40,294.80	

### VIII Equity in other entities

#### 1. Equity in subsidiaries

##### (1) Composition of the Group

No.	Name	Type	Main operation address	Registration address	Business nature	Shareholding ratio (%)		Voting right ratio (%)
						Direct	Direct	
1	Keqiao District Construction Group Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Urban infrastructure development and construction	100.00		100.00
2	Shaoxing Keqiao District Sports Center Investment Development and Management Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Sports Center investment		100.00	100.00
3	Shaoxing Jinkeqiao Real Estate Development Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Real estate development and management		100.00	100.00
4	Shaoxing Keqiao District Jinke Property Management Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Property management		100.00	100.00
5	Shaoxing Keqiao District Jinteng Property Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Real estate development and management		100.00	100.00
6	Shaoxing Keqiao Hengcheng Real Estate Development	Tier 3	Shaoxing	Shaoxing	Real estate development and		100.00	100.00

No.	Name	Type	Main operation address	Registration address	Business nature	Shareholding ratio (%)		Voting right ratio (%)
						Direct	Direct	
7	Co., Ltd. Shaoxing Keqiao Hefeng Real Estate Development Co., Ltd.	Tier 3	Shaoxing	Shaoxing	management Real estate development and management		100.00	100.00
8	Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Urban construction and development, etc.		100.00	100.00
9	Shaoxing Keqiao District China Light & Textile Industrial City Lianghu Development Construction Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Resettlement housing construction and demolition		100.00	100.00
10	Shaoxing Keqiao District Affordable Housing Development Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Affordable housing construction		100.00	100.00
11	Shaoxing Keqiao District Central City Construction Investment Development Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Resettlement housing construction and demolition		100.00	100.00
12	Shaoxing Keqiao District New Countryside Construction Investment Development Co., Ltd.	Tier 4	Shaoxing	Shaoxing	Resettlement housing construction and demolition		100.00	100.00
13	Shaoxing Keqiao District Transportation Investment Construction Group Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Investment and construction of traffic road engineering		100.00	100.00
14	Shaoxing Keqiao Passenger Transportation Center Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Passenger terminal operation		100.00	100.00
15	Shaoxing Keqiao District Transportation Development Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Sales of building materials, etc.		100.00	100.00
16	Shaoxing Keqiao District Transportation	Tier 4	Shaoxing	Shaoxing	Collective assets		91.11	91.11

No.	Name	Type	Main operation address	Registration address	Business nature	Shareholding ratio (%)		Voting right ratio (%)
						Direct	Direct	
	Collective Assets Management Co., Ltd.				management			
17	Shaoxing Keqiao District Transportation Construction Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Public infrastructure development and construction		100.00	100.00
18	Shaoxing Keqiao District Tiansheng Investment Management Co., Ltd.	Tier 3	Shaoxing	Shaoxing	External investment		100.00	100.00
19	Shaoxing Keqiao District Vehicle Inspection Center Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Vehicle inspection		100.00	100.00
20	Shaoxing Keqiao District Urban and Rural Bus Station Construction Management Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Bus station management		100.00	100.00
21	Shaoxing Keqiao District Traffic Advertising Co., Ltd.	Tier 4	Shaoxing	Shaoxing	Advertising services		100.00	100.00
22	Shaoxing Keqiao District Public Vehicle Service Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Vehicle rental service		100.00	100.00
23	Shaoxing Public Transport Group Keqiao Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Road transport industry		100.00	100.00
24	Shaoxing Keqiao District Public Transport Co., Ltd.	Tier 4	Shaoxing	Shaoxing	Road transport industry		80.68	80.68
25	Shaoxing Keqiao Jeda Car Rental Co., Ltd.	Tier 5	Shaoxing	Shaoxing	Road transport industry		58.09	58.09
26	Shaoxing Keqiao District Tourism Development Group Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Tourism investment and development	100.00		100.00
27	Shaoxing Keqiao District Daxianglin Scenic Area Management Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Tourism investment and development		100.00	100.00
28	Shaoxing Keqiao District Daxianglin Construction Investment Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Tourism investment and development		100.00	100.00
29	Shaoxing Keqiao District Keqiao Ancient Town	Tier 2	Shaoxing	Shaoxing	Tourism investment and		100.00	100.00

No.	Name	Type	Main operation address	Registration address	Business nature	Shareholding ratio (%)		Voting right ratio (%)
						Direct	Direct	
	Protection and Utilization Investment Co., Ltd.				development			
30	Zhejiang Keyan Beauty Spot Development Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Tourism investment and development	100.00	100.00	100.00
31	Shaoxing Jianhu Hotel Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Tourism investment and development	100.00	100.00	100.00
32	Shaoxing Keqiao District Luzhen Water Cruise Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Tourism investment and development	100.00	100.00	100.00
33	Shaoxing Keqiao Lujia Town Catering Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Tourism investment and development	100.00	100.00	100.00
34	Shaoxing Keqiao District Water Tour Bus Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Tourism investment and development	100.00	100.00	100.00
35	Shaoxing Keqiao District Tourism Distribution Service Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Tourism investment and development	100.00	100.00	100.00
36	Shaoxing Keqiao District Daxianglin Agricultural Development Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Tourism investment and development	100.00	100.00	100.00
37	Shaoxing Keqiao District Tourism Development Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Tourism investment and development	100.00	100.00	100.00
38	Shaoxing Keqiao District Jianhu Tourist Service Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Tourism investment and development	100.00	100.00	100.00
39	Shaoxing Keqiao District Kuaijishan Tusita Pure Land Development Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Tourism investment and development	100.00	100.00	100.00
40	Shaoxing Keqiao District Tusita Scenic Area Management Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Tourism investment and development	100.00	100.00	100.00
41	Shaoxing Keqiao District Tiangong Life Marketing Management Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Tourism investment and development	100.00	100.00	100.00

No.	Name	Type	Main operation address	Registration address	Business nature	Shareholding ratio (%)		Voting right ratio (%)
						Direct	Direct	
42	Shaoxing Keqiao District Tiangong Life Trading Co., Ltd.	Tier 4	Shaoxing	Shaoxing	Tourism investment and development		51.00	51.00
43	Shaoxing Keqiao District Tiangong Life Vegetarian Co., Ltd.	Tier 4	Shaoxing	Shaoxing	Tourism investment and development		51.00	51.00
44	Shaoxing Keqiao District State-owned Collective Assets Management Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Daily necessities sales, etc.	100.00		100.00
45	Shaoxing Keqiao District State-owned Property Management Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Property management		100.00	100.00
46	Shaoxing Wenxin Property Management Co., Ltd.	Tier 4	Shaoxing	Shaoxing	Property management		100.00	100.00
47	Shaoxing Keqiao District Luzhen Tourism Development Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Development, construction and management of Luzhen	100.00		100.00
48	Shaoxing Luzhen Performing Arts Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Comprehensive theatrical performance		100.00	100.00
49	Shaoxing Jishan Forestry Investigation Planning Design Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Forestry investigation, planning and design	100.00		100.00
50	Shaoxing Keqiao District China Light & Textile Industrial City United Consignment Market Development Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Freight forwarder	100.00		100.00
51	Shaoxing Keqiao District Development and Management Group Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Market development management	100.00		100.00
52	Shaoxing Keqiao District Transportation Investment Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Traffic road investment		68.75	68.75
53	Shaoxing Keqiao District Hangqu Expressway Connection Line Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Urban infrastructure construction		68.75	100

No.	Name	Type	Main operation address	Registration address	Business nature	Shareholding ratio (%)		Voting right ratio (%)
						Direct	Direct	
54	Shaoxing Keqiao District City Construction Investment Development Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Urban infrastructure construction		100.00	100.00
55	Shaoxing Keqiao District Guazhuhu Integrated Development Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Greening maintenance		86.40	86.40
56	Shaoxing Keqiao Water Group Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Industrial investment, urban drinking water source development		100.00	100.00
57	Shaoxing Keqiao Lanyin Technology Group Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Manufacturing and sales of environmental protection equipment, etc.		100.00	100.00
58	Shaoxing Keqiao Xingbin Water Quality Inspection Co., Ltd.	Tier 4	Shaoxing	Shaoxing	Water quality testing		100.00	100.00
59	Shaoxing Keqiao Lanyin Property Management Co., Ltd.	Tier 4	Shaoxing	Shaoxing	Property management		100.00	100.00
60	Shaoxing Keqiao Lanyin Environmental Protection Technology Co., Ltd.	Tier 4	Shaoxing	Shaoxing	Technological development of environmental protection technology		100.00	100.00
61	Shaoxing Keqiao Lanyin Information Consulting Co., Ltd.	Tier 4	Shaoxing	Shaoxing	Information consulting		100.00	100.00
62	Shaoxing Keqiao Water Supply Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Water supply project construction and operation management		100.00	100.00
63	Shaoxing Keqiao Urban and Rural Water Quality Inspection Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Water quality testing		100.00	100.00
64	Shaoxing Keqiao Drain Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Drainage project construction		100.00	100.00
65	Zhejiang Water Conservator	Tier 4	Shaoxing	Shaoxing	Drainage facility		51.00	51.00

No.	Name	Type	Main operation address	Registration address	Business nature	Shareholding ratio (%)		Voting right ratio (%)
						Direct	Direct	
66	Environmental Service Co., Ltd.	Tier 5	Shaoxing	Shaoxing	operation service			
	Shaoxing Keqiao Water Conservator Vocational Training School Co., Ltd.				Skills training			
67	Shaoxing Keqiao Kangping Material Management Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Distribution of environmental protection engineering equipment and spare parts, etc.		100.00	100.00
68	Shaoxing Keqiao Binhai Water Supply Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Tap water, etc.		100.00	100.00
69	Shaoxing Keqiao Jiangbin Water Treatment Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Sewage treatment project construction		60.00	60.00
70	Shaoxing Keqiao Hengtong Water Construction Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Engineering design, construction and distribution of spare parts		100.00	100.00
71	Shaoxing Keqiao District China Light & Textile Industrial City West Market Development and Management Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Market operation management, house leasing		100.00	100.00
72	Shaoxing Keqiao District China Light & Textile Industrial City West Market Industrial Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Market operation management		55.00	55.00
73	Shaoxing Keqiao District China Light & Textile Industrial City Market Business Property Transfer and Sublease Transaction Service Center Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Intermediary service		33.16	78.61
74	Shaoxing China Light & Textile Industrial City West Market Property Management Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Property management		50.00	50.00
75	Shaoxing Keqiao District China Light & Textile Industrial City Dongsheng Road	Tier 2	Shaoxing	Shaoxing	Market operation management		100.00	100.00

No.	Name	Type	Main operation address	Registration address	Business nature	Shareholding ratio (%)		Voting right ratio (%)
						Direct	Direct	
76	Market Co., Ltd. Shaoxing Keqiao District China Light & Textile Industrial City Apparel Market Development and Management Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Market operation management		100.00	100.00
77	Shaoxing Keqiao District China Light & Textile Industrial City Grey Fabric Market Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Grey fabric market construction and operation		68.56	100.00
78	Shaoxing Keqiao District China Light & Textile Industrial City Exhibition Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Exhibition service		100.00	100.00
79	Shaoxing Keqiao China Textile Index Information Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Textile data collection, information consulting services		100.00	100.00
80	Shaoxing Keqiao District China Light & Textile Industrial City Exhibition Center Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Exhibition service		100.00	100.00
81	Zhejiang China Light & Textile Industrial City Group Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Market leasing, warehousing and transportation services and textile production, etc.		37.75	37.75
82	Zhejiang China Light & Textile Industrial City CICC Market Investment Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Investment		19.25	51.00
83	Shaoxing Keqiao China Light & Textile Industrial City New East Market Development Co., Ltd.	Tier 4	Shaoxing	Shaoxing	Industrial investment		9.82	37.75
84	Shaoxing Zhonglian Market Property Management Co., Ltd.	Tier 5	Shaoxing	Shaoxing	Property management		9.82	37.75
85	Shaoxing Zhongqing Property Management Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Property management		22.65	60.00

No.	Name	Type	Main operation address	Registration address	Business nature	Shareholding ratio (%)		Voting right ratio (%)
						Direct	Direct	
86	Zhejiang Zhongqing Financing Guarantee Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Industrial investment		37.75	37.75
87	Zhejiang China Light & Textile Industrial City E-commerce Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Market service		37.75	37.75
88	Shaoxing China Light & Textile Industrial City International Logistics Center Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Investment		37.75	37.75
89	Zhejiang Shaoxing China Light & Textile Industrial City Garment Market Co., Ltd.	Tier 4	Shaoxing	Shaoxing	Market operation management		37.75	37.75
90	Shaoxing China Light & Textile Industrial City International Logistics Center Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Transportation		37.75	37.75
91	Shaoxing China Light & Textile Industrial City Logistics Center Development and Management Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Transportation		37.75	37.75
92	Zhejiang China Light & Textile Industrial City Network Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Information service		35.12	37.75
93	Shaoxing Yifang Exhibition Co., Ltd.	Tier 4	Shaoxing	Shaoxing	Exhibition service		36.12	37.75
94	Dongguan Yifang Supply Chain Management Co., Ltd.	Tier 4	Shaoxing	Shaoxing	Supply chain management		36.12	37.75
95	Shaoxing Keqiao District China Light & Textile Industrial City Online Business Service Co., Ltd.	Tier 4	Shaoxing	Shaoxing	Information service		36.12	37.75
96	Shaoxing China Light & Textile Industrial City Financial Holdings Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Investment		37.75	37.75
97	Shaoxing Keyan Construction Investment Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Urban infrastructure development and construction	100.00		100.00

No.	Name	Type	Main operation address	Registration address	Business nature	Shareholding ratio (%)		Voting right ratio (%)
						Direct	Direct	
98	Shaoxing Keyan City Construction Investment Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Urban infrastructure development and construction	100.00		100.00
99	Shaoxing Keqiao Economic Development Zone Development Investment Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Municipal public facilities, etc.	100.00		100.00
100	Shaoxing Keqiao District Keyuan Construction Investment Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Drainage and sewage pipe network construction investment		100.00	100.00
101	Shaoxing Kebei New Countryside Construction Investment Development Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Resettlement housing construction	100.00		100.00
102	Shaoxing Keqiao District Shicheng Development Investment Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Urban construction and development	100.00		100.00
103	Shaoxing Keqiao District Binhai City Construction Development Investment Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Urban development and construction investment	100.00		100.00
104	Shaoxing Keqiao District Pingshui Fucheng Construction Investment Development Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Rural infrastructure construction	100.00		100.00
105	Shaoxing Keqiao District Pingshui Fucheng New Countryside Construction Investment Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Rural infrastructure construction	100.00		100.00
106	Shaoxing Pingshui Ruoyexi Water System Integrated Improvement and Development Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Investment and development of water conservancy infrastructure	100.00		100.00
107	Shaoxing Lanting Cultural Tourism Development Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Development and construction of cultural tourism	100.00		100.00

No.	Name	Type	Main operation address	Registration address	Business nature	Shareholding ratio (%)		Voting right ratio (%)
						Direct	Direct	
108	Shaoxing Lanting Integrated Development and Management Co., Ltd.	Tier 2	Shaoxing	Shaoxing	projects Development and construction of cultural tourism projects		100.00	100.00
109	Shaoxing Jinkeqiao Science and Technology City Development Construction Investment Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Science and Technology City development and construction	100.00		100.00
110	Shaoxing Jinkeqiao Science and Technology City Management Service Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Business consulting management		100.00	100.00
111	Shaoxing Keqiao District Venture Capital Management Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Investment	100.00		100.00
112	Shaoxing Keqiao China Light & Textile Industrial City Talent Market Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Labor dispatch	100.00		100.00
113	Shaoxing Keqiao District Textile Industry Design Management Service Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Asset management, corporate brand management, corporate planning	100.00		100.00
114	Shaoxing Keqiao District Tourism Investment Development Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Tourism investment	100.00		100.00
115	Shaoxing Keqiao District Education Investment Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Education investment	100.00		100.00
116	Shaoxing Xuri Education Development Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Education investment		100.00	100.00
117	Shaoxing Keqiao District Yangxunqiao Town Development Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Urban infrastructure construction	100.00		100.00
118	Shaoxing Keqiao Ancient Town Anchang Protection	Tier 1	Shaoxing	Shaoxing	Development and construction of	100.00		100.00

No.	Name	Type	Main operation address	Registration address	Business nature	Shareholding ratio (%)		Voting right ratio (%)
						Direct	Direct	
119	Development Construction Co., Ltd. Shaoxing Keqiao District Anchang New Countryside Construction Investment Co., Ltd.	Tier 1	Shaoxing	Shaoxing	ancient towns Rural infrastructure construction	100.00		100.00
120	Shaoxing Qianqing Textile Raw Material City Construction Investment Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Investment and development of textile raw material market	100.00		100.00
121	Shaoxing Keqiao District Rice Wine Industry Base Development and Construction Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Development of rice wine industry base	100.00		100.00
122	Shaoxing China Light & Textile Industrial City Business Headquarters Park Investment Development Management Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Public welfare project construction investment	100.00		100.00
123	Shaoxing Keqiao District China Textile Innovation Investment Development Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Industrial investment		100.00	100.00
124	Shaoxing Keqiao District China Textile Yueshang Asset Management Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Asset management		100.00	100.00
125	Shaoxing Keqiao District Water Conservancy Investment Development Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Investment and construction of water conservancy projects	100.00		100.00
126	Shaoxing Keqiao District Public Bicycle Service Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Public bicycle operation service	100.00		100.00
127	Shaoxing Construction Engineering By-product Recycling Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Construction waste disposal and utilization	100.00		100.00
128	Shaoxing Keqiao District Yuezhou Gas Co., Ltd.	Tier 1	Shaoxing	Shaoxing	City natural gas operation, retail	100.00		100.00

No.	Name	Type	Main operation address	Registration address	Business nature	Shareholding ratio (%)		Voting right ratio (%)
						Direct	Direct	
129	Shaoxing Keqiao District Energy Investment Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Energy industrial investment and services	100.00		100.00
130	Shaoxing Keqiao District Sports Center Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Public infrastructure development and construction	100.00		100.00
131	Shaoxing Keqiao Historical and Cultural District Development and Utilization Investment Construction Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Investment and development of historical and cultural districts	100.00		100.00
132	Shaoxing Keqiao District Cultural Development Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Cultural industry investment and development	100.00		100.00
133	Shaoxing Keqiao Rail Transit Group Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Rail transit investment and construction	100.00		100.00
134	Shaoxing Keqiao District Hangshao Intercity Rail Transit Construction Investment Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Hangzhou to Shaoxing intercity rail transit investment and construction		100.00	100.00
135	Shaoxing Keqiao District Rail Transit Property Development and Management Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Land integrated development and utilization		100.00	100.00
136	Shaoxing Keqiao District Forestry Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Development and management of forest farms and forest resources	100.00		100.00
137	Shaoxing Keqiao District Chengbei Development Investment Co., Ltd.	Tier 1	Shaoxing	Shaoxing	Urban construction and development investment	100.00		100.00
138	Shaoxing Keqiao District Tiantian Breeding Co., Ltd.	Tier 2	Shaoxing	Shaoxing	Aquaculture		100.00	100.00
139	Shaoxing Keqiao Jinghai Anju Construction Co., Ltd.	Tier 3	Shaoxing	Shaoxing	Resettlement housing construction		100.00	100.00

No.	Name	Type	Main operation address	Registration address	Business nature	Shareholding ratio (%)		Voting right ratio (%)
						Direct	Direct	
140	Shaoxing Keqiao District Haitu Agricultural Development Co., Ltd.	Tier 4	Shaoxing	Shaoxing	Aquaculture		100.00	100.00
141	Shaoxing Keqiao Haitu Water Conservancy Development Co., Ltd.	Tier 5	Shaoxing	Shaoxing	Aquaculture		100.00	100.00

(2) Explanation of the reasons why subsidiaries that have half or less of their voting rights included in the scope of consolidated financial statements

As of 31 December 2019, Shaoxing Keqiao District Development and Management Group Co., Ltd., a subsidiary of the Company, holds 553,362,600 shares of Zhejiang China Light & Textile Industrial City Group Co., Ltd., with a shareholding ratio of 37.75%, which is the largest shareholder of Zhejiang China Light & Textile Industrial City Group Co., Ltd. It substantively controls the financial and operating policies of Zhejiang China Light & Textile Industrial City Group Co., Ltd., and has substantial control over Zhejiang China Light & Textile Industrial City Group Co., Ltd. Therefore, Zhejiang China Light & Textile Industrial City Group Co., Ltd. shall be included in the scope of consolidated financial statements.

## 2. Equity in joint ventures and associates

### (1) Basic information of significant joint ventures and associates

Name	Main operation address	Registration address	Business nature	Shareholding ratio		Accounting method
				Direct	Indirect	
Shaoxing Cao'e River Sluice Investment and Development Co., Ltd.	Shaoxing	Shaoxing	Investment, development and construction of Cao'e River Sluice	33%		Equity method
Shaoxing Chuanrong Color Printing Co., Ltd.	Shaoxing	Shaoxing	Publications, other printed matter printing	27.12%		Equity method
Shaoxing Keqiao Daily Co., Ltd.	Shaoxing	Shaoxing	Wholesale and retail	49.00%		Equity method
Shaoxing China Light & Textile Industrial City Qianqing Textile Raw Materials Market	Shaoxing	Shaoxing	Market development	20.40%		Equity method

Name	Main operation address	Registration address	Business nature	Shareholding ratio		Accounting method
				Direct	Indirect	
Development Co., Ltd.						
Shaoxing PetroChina Kunlun Gas Co., Ltd.	Shaoxing	Shaoxing	Sales of transportation, warehouse, compressed natural gas, and liquefied petroleum	25.01%		Equity method
Jiangshan Lianxing Development Co., Ltd. (Note 1)	Jiangshan	Jiangshan	New countryside construction	50.00%		Equity method
Shaoxing Natural Gas Investment Co., Ltd.	Shaoxing	Shaoxing	Planning, construction and investment of natural gas utilization projects	40.00%		Equity method
Shaoxing Keqiao Zhejiang University of Technology Innovation Research Institute Development Co., Ltd.	Shaoxing	Shaoxing	Scientific research	30.00%		Equity method
Shaoxing Tangpu Reservoir Co., Ltd.	Shaoxing	Shaoxing	Reservoir and supporting project management		29.70%	Equity method
Shaoxing Water Production Co., Ltd.	Shaoxing	Shaoxing	Centralized water supply		45.74%	Equity method
Shaoxing Qingyuan Investment Co., Ltd.	Shaoxing	Shaoxing	Industrial investment		40.00%	Equity method
Shaoxing Hangyong Expressway Wires Co., Ltd.	Shaoxing	Shaoxing	Public transportation service		40.00%	Equity method
Shaoxing Keqiao District Sinopec Transportation Oil and Gas Station Construction Development Co., Ltd.	Shaoxing	Shaoxing	Sales of transportation, warehouse, compressed natural gas, and liquefied petroleum		50.00%	Equity method
Shaoxing Keqiao District China Light & Textile Industrial City Textile Creative Industry Service Co., Ltd.	Shaoxing	Shaoxing	Textile information analysis and consulting services		49.00%	Equity method
Shaoxing Keqiao District China Light & Textile Industrial City South Market Management Co., Ltd.	Shaoxing	Shaoxing	Market operation management		35.00%	Equity method
Shaoxing Financing Guarantee Co., Ltd.	Shaoxing	Shaoxing	Re-guarantee business		15.00%	Equity method
Kuaijishan Shaoxing Rice Wine Co., Ltd.	Shaoxing	Shaoxing	Production and sales of rice wine		7.74%	Equity method

Name	Main operation address	Registration address	Business nature	Shareholding ratio		Accounting method
				Direct	Indirect	
Shaoxing Keqiao District Guoyi Asset Management Co., Ltd.	Shaoxing	Shaoxing	State-owned collective asset management		37.50%	Equity method
Shaoxing Binhai Engineering Quality Inspection Co., Ltd.	Shaoxing	Shaoxing	Construction engineering inspection		20.00%	Equity method
Zhejiang Shaojin Expressway Co., Ltd.	Shaoxing	Shaoxing	Investment and construction of Shaojin Section of Hangzhou to Shaoxing to Taiwan Expressway and related facilities		29.24%	Equity method
Shaoxing Style Tourism Shinkansen Construction Co., Ltd.	Shaoxing	Shaoxing	Intercity train station yard and equipment construction and operation		33.00%	Equity method
Shaoxing Environmental Industry Co., Ltd.	Shaoxing	Shaoxing	Investment in urban environmental sanitation projects		49.00%	Equity method
Shaoxing Shaoneng Electric Power Investment Co., Ltd.	Shaoxing	Shaoxing	Power construction investment		22.00%	Equity method
Shaoxing Water Treatment Development Co., Ltd. (Note 2)	Shaoxing	Shaoxing	Sewage treatment		60.00%	Equity method
Shaoxing Keqiao Huaxiang Lizhu Pastoral Complex Development Co., Ltd.	Shaoxing	Shaoxing	Pastoral complex development		22.50%	Equity method
Shaoxing Public Transit Information Technology Co., Ltd.	Shaoxing	Shaoxing	Bus IC card recharge		20.00%	Equity method

Note 1: Jiangshan Lianxing Development Co., Ltd. was jointly controlled by the Company and Jiangshan Municipal State-owned Assets Supervision and Administration Office, Shaoxing Keqiao District Sinopec Transportation Oil and Gas Station Construction Development Co., Ltd. was jointly controlled by the Company and Sinopec Sales Co., Ltd., which shall not be included in the scope of consolidation.

Note 2: Shaoxing Keqiao Water Group Co., Ltd., a subsidiary of the Company, holds 60% equity of Shaoxing Water Treatment Development Co., Ltd. According to the Government Document No. 286 issued by the Office of Shaoxing Municipal People's Government on 30 August 2007, Shaoxing Keqiao Water Group Co., Ltd. entrusted 11% of the 60% equity of Shaoxing Water Treatment Development Co., Ltd. to Shaoxing Water Group Co., Ltd. for management. Therefore, it shall not be

included in the scope of consolidated financial statements.

## IX Related party relationships and transactions

### 1. The parent company of the Company

Name of the parent company	Registration address	The parent company's shareholding (%)	The parent company's voting right (%)
Finance Bureau of Keqiao District, Shaoxing City	Shaoxing	100.00	100.00

### 2. Information of subsidiaries of the Company

Information of subsidiaries of the Company refers to Note VIII 1.

### 3. Joint ventures and associates of the Group

Information of joint ventures and associates of the Group refers to Note VIII 2 "Equity in joint ventures or associates". Other joint ventures or joint ventures that have related party transactions with the Group in the current period or formed a balance due to related party transactions with the Group in the previous periods are as follows:

Name of joint venture or associate	Relationship with the Company
Shaoxing Water Treatment Development Co., Ltd.	Shareholding company
Shaoxing Water Production Co., Ltd.	Shareholding company

### 4. Related party transactions

#### (1) Goods and labor service between the Company and related parties

##### ① Purchase of goods and acceptance of labor service

Name of related party	Contents of transactions	2019	2018
Shaoxing Water Treatment Development Co., Ltd.	Sewage treatment	221,445,157.06	167,563,379.94
Shaoxing Water Production Co., Ltd.	Purchase of water	160,071,642.02	158,424,136.08
Total		381,516,799.08	325,987,516.02

② Sale of goods and rendering of labor service

Name of related party	Contents of transactions	2019	2018
Shaoxing Water Treatment Development Co., Ltd.	Sewage pretreatment		24,019,509.77
Total			24,019,509.77

(2) Related party guarantees

As of 31 December 2019, details of guarantees for related parties provided by the Group are as follows:

Guarantor	Secured party	Guarantee amount (RMB'0,000)	Expiry date	Whether the guarantee has been fulfilled
Shaoxing Keqiao District Transportation Investment Construction Group Co., Ltd.	Shaoxing Style Tourism Shinkansen Construction Co., Ltd.	5,500.00	2021/07/19	No
Shaoxing Keqiao District Transportation Investment Construction Group Co., Ltd.	Shaoxing Style Tourism Shinkansen Construction Co., Ltd.	19,000.00	2030/02/11	No
Shaoxing Keqiao Water Group Co., Ltd. (Note 2)	Shaoxing Water Treatment Development Co., Ltd.	3,000.00	2023/12/10	No
Shaoxing Keqiao Water Group Co., Ltd. (Note 2)	Shaoxing Water Treatment Development Co., Ltd.	16,380.00	2026/12/20	No
Shaoxing Keqiao Water Group Co., Ltd. (Note 2)	Shaoxing Water Treatment Development Co., Ltd.	7,200.00	2020/7/16	No
Shaoxing Keqiao Water Group Co., Ltd. (Note 2)	Shaoxing Water Treatment Development Co., Ltd.	5,820.00	2024/12/12	No
Shaoxing Keqiao Water Group Co., Ltd. (Note 2)	Shaoxing Water Treatment Development Co., Ltd.	6,000.00	2020/12/2	No
Shaoxing Keqiao Water Group Co., Ltd. (Note 2)	Shaoxing Water Treatment Development Co., Ltd.	6,000.00	2023/8/20	No
Shaoxing Keqiao Water Group Co., Ltd. (Note 2)	Shaoxing Water Treatment Development Co., Ltd.	18,000.00	2021/3/15	No

Guarantor	Secured party	Guarantee amount (RMB'0,000)	Expiry date	Whether the guarantee has been fulfilled
Shaoxing Keqiao Water Group Co., Ltd. (Note 2)	Shaoxing Water Treatment Development Co., Ltd.	9,000.00	2020/11/26	No
Shaoxing Keqiao Water Group Co., Ltd. (Note 2)	Shaoxing Water Treatment Development Co., Ltd.	18,000.00	2023/12/21	No
Shaoxing Keqiao Water Group Co., Ltd. (Note 2)	Shaoxing Water Treatment Development Co., Ltd.	4,800.00	2020/03/28	No
Shaoxing Keqiao Drain Co., Ltd. (Note 2)	Shaoxing Water Treatment Development Co., Ltd.	5,700.00	2022/01/15	No
Shaoxing Keqiao Water Supply Co., Ltd. (Note 1)	Shaoxing Water Production Co., Ltd.	6,861.00	2020/8/1	No
Shaoxing Keqiao Water Supply Co., Ltd. (Note 1)	Shaoxing Water Production Co., Ltd.	4,574.00	2020/12/18	No
Shaoxing Keqiao Water Supply Co., Ltd. (Note 1)	Shaoxing Qingneng Environmental Protection Co., Ltd.	8,000.00	2021/09/29	No
Shaoxing Keqiao Water Group Co., Ltd. (Note 2)	Shaoxing Water Production Co., Ltd.	10,000.00	2027/12/30	No
Shaoxing Keqiao Water Group Co., Ltd. (Note 2)	Shaoxing Water Production Co., Ltd.	10,000.00	2022/6/28	No
Shaoxing Keqiao Water Group Co., Ltd. (Note 2)	Shaoxing Qingneng Environmental Protection Co., Ltd.	3,000.00	2020/11/28	No
Shaoxing Keqiao Water Group Co., Ltd. (Note 2)	Shaoxing Qingneng Environmental Protection Co., Ltd.	4,800.00	2020/1/7	No
Shaoxing Keqiao District Transportation Investment Co., Ltd. (Note 2)	Shaoxing Water Treatment Development Co., Ltd.	6,000.00	2020/3/26	No
Shaoxing Keqiao District Development and Management Group Co., Ltd.	Shaoxing Keqiao District China Light & Textile Industrial City South Market Management Co., Ltd.	10,500.00	2027/10/30	No
Shaoxing Keqiao District Transportation Investment Co., Ltd.	Zhejiang Shaojin Expressway Co., Ltd.	100,000.00	2040/07/10	No
Shaoxing Keqiao District	Shaoxing Renewable	14,000.00	2030/12/31	No

Guarantor	Secured party	Guarantee amount (RMB'0,000)	Expiry date	Whether the guarantee has been fulfilled
Central City Construction Investment Development Co., Ltd.	Energy Development Co., Ltd.			
Shaoxing Keqiao District Central City Construction Investment Development Co., Ltd.	Shaoxing Environmental Industry Co., Ltd.	5,000.00	2021/10/13	No
Total		307,135.00		

Note 1: The borrowings were also jointly guaranteed by Shaoxing Keqiao Water Group Co., Ltd. and Shaoxing Public Utility Group Co., Ltd.

Note 2: The borrowings were also guaranteed by Shaoxing Public Utility Group Co., Ltd.

(3) Funds lending

1) Funds borrowed from others

The Company has paid for the transfer of the capital use right of Shaoxing Keqiao District China Light & Textile Industrial City South Market Management Co., Ltd. for RMB 85,629,341.00, and the capital use fees for the current period was settled with RMB 413,000.00.

2) Funds lent to others

The Company transferred the capital use right of Shaoxing Keqiao District China Light & Textile Industrial City South Market Management Co., Ltd. for RMB 32,000,000.00 with compensation, and the capital use fees for the current period was settled with RMB 951,460.28.

5. Amount due from / to related parties

(1) Amounts due from related parties

Item	Related party	Closing balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivable	Shaoxing Water Treatment Development Co., Ltd.	36,100.00		876,535.22	
Other receivables	Shaoxing Keqiao District China Light & Textile Industrial City Transportation Industrial Corporation	600,000,000.00		600,000,000.00	

Item	Related party	Closing balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
	Finance Bureau of Keqiao District, Shaoxing City			867,163,468.86	
	Shaoxing Keqiao District Scenery Tourism Investment Co., Ltd.	133,695,926.00		133,695,926.00	
	Shaoxing Water Treatment Development Co., Ltd.	220,493,472.22			
	Shaoxing Keqiao District Binhai Industrial Zone Development Investment Co., Ltd.	1,369,994,052.08		745,160,240.55	
	Shaoxing Keqiao District China Light & Textile Industrial City South Market Management Co., Ltd.	32,463,420.24			
	Shaoxing Keqiao District China Light & Textile Industrial City Textile Creative Industry Service Co., Ltd.			7,893,000.00	
	Shaoxing Keqiao District Sinopec Transportation Oil and Gas Station Construction Development Co., Ltd.	3,650,464.72		3,650,464.72	
	Shaoxing Hangyong Expressway Wires Co., Ltd.	60,000,000.00	47,686,167.91	60,000,000.00	57,675,813.87
<b>Total</b>		<b>2,420,333,435.26</b>	<b>47,686,167.91</b>	<b>2,418,439,635.35</b>	<b>57,675,813.87</b>

(2) Amounts due to related parties

Item	Related party	Closing balance	Opening balance
Accounts payable	Shaoxing Water Production Co., Ltd.	14,166,035.16	13,828,508.04
Other payables	Shaoxing Water Treatment Development Co., Ltd.	64,886,219.93	15,965,377.76
	Shaoxing Keqiao District China Light & Textile Industrial City South Market Management Co., Ltd.	93,000,635.71	118,276,066.32

Item	Related party	Closing balance	Opening balance
	Keqiao Central City Comprehensive Service Center, Keqiao District, Shaoxing City		471,529,001.45
Long-term payables	Finance Bureau of Keqiao District, Shaoxing City	8,126,070,950.28	9,451,070,950.28
Total		8,283,957,805.92	10,056,841,395.81

## X Commitments and contingencies

### 1. Contingencies

(1) As of 31 December 2019, external guarantees provided by Zhejiang Zhongqing Financing Guarantee Co., Ltd., a subsidiary of Zhejiang China Light & Textile Industrial City Group Co., Ltd., are as follows:

Zhejiang Zhongqing Financing Guarantee Co., Ltd. signed cooperation agreements with Hua Xia Bank Co., Ltd. Shaoxing Branch, Postal Savings Bank of China Co., Ltd. Zhejiang Branch, Zhejiang Shaoxing Ruifeng Rural Commercial Bank Co., Ltd., China Zheshang Bank Co., Ltd. Shaoxing Branch, Bank of Beijing Co., Ltd. Shaoxing Sub-branch and Bank of China Co., Ltd. Shaoxing Textile City North Trading Zone Sub-branch respectively to provide guarantee services for loans obtained by small and medium-sized enterprises and individuals.

As of 31 December 2019, Zhejiang Zhongqing Financing Guarantee Co., Ltd. has deposited a deposit of RMB 12.62 million to provide guarantees for its customers' short-term loans of RMB 71.40 million from the aforementioned banks or small loan companies, and assumes the joint and several liability guarantee for the loans of these lenders. The loan period of these lenders is from 16 August 2018 to 16 December 2020.

(2) As of 31 December 2019, except for the above contingencies, the Company has no other significant contingencies that need to be disclosed.

### 2. Commitments

(1) The details of restricted assets of the Company for borrowings refer to Note VI 19, 27 and 29.

(2) As of 31 December 2019, except for the above commitments, the Company has no other significant commitments that need to be disclosed.

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## **XI Events after the balance sheet date**

### **1. Impact of COVID-19**

Due to the impact of COVID-19, the production and sales of the Company's subordinate market operators have not returned to the pre-epidemic level, which has increased the uncertainty of the Company's market investment promotion.

2. As of the approval date of the financial statements, except for the above events after the balance sheet date, the Company has no other significant events after the balance sheet date that need to be disclosed.

## **XII Other significant events**

### **1. Performance of settlement commitment of horizontal competition and relevant profit commitment and compensation**

Zhejiang China Light & Textile Industrial City Group Co., Ltd., a subsidiary of the Company, held the 21<sup>st</sup> meeting of the 8<sup>th</sup> session of the Board of Directors on 28 June 2017, reviewed and passed the "Proposal on the Change of the Company's Controlling Shareholders' Commitments to Resolve Horizontal Competition". Due to some reasons, the assets of Markets could not solve the problem of horizontal competition before the expiration of the commitment (16 July 2017), and it is proposed to continue to solve the problem of horizontal competition by changing the commitment. The main contents of the changed commitment are as follows: 1. Within six months after the expiration of the original commitment period, the Company will promote the assets of the Grey Fabric Market and Apparel Market to be injected into Zhejiang China Light & Textile Industrial City Group Co., Ltd. after meeting certain conditions; 2. Within three years after the expiration of the original commitment period, the Company will actively solve the problems of asset ownership defects and profit distribution irregularities of Dongmen Market and Kedong Warehouse, and inject them into Zhejiang China Light & Textile Industrial City Group Co., Ltd. after meeting certain conditions; 3. Within three years after the completion of the construction of New West Market, when the resettlement and the investment promotion work of the original West Market operators have been completed, the actual effect has been achieved and the good profit prospect has been obtained, they will be injected into Zhejiang China

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Light & Textile Industrial City Group Co., Ltd.

At the end of November 2019, the Company transferred its shares of Shaoxing Keqiao District China Light & Textile Industrial City Dongmen Textile Market Co., Ltd., Shaoxing Keqiao Agricultural Reclamation Industrial Co., Ltd. and Shaoxing Keqiao District China Light & Textile Industrial City Kedong Warehouse Co., Ltd. to Shaoxing Keqiao District China Light & Textile Industrial City Network Investment Co., Ltd. The Company solved the problem of horizontal competition with Zhejiang China Light & Textile Industrial City Group Co., Ltd. through the way of equity transfer.

By the end of 2019, the main project of China Light & Textile Industrial City International Fabric Purchasing Center, which is the New West Market, had been basically completed. The resettlement of the original West Market operators has been completed, and the investment promotion has been started.

On 23 November 2017, the Company signed the "Profit Compensation Agreement between Zhejiang China Light & Textile Industrial City Group Co., Ltd. and Shaoxing Keqiao District Development and Management Group Co., Ltd. on the Acquisition of Equity of Grey Fabric Market Company and the Assets of the Apparel Market" with Zhejiang China Light & Textile Industrial City Group Co., Ltd. The Company promises: ① In 2017, 2018 and 2019 (hereinafter referred to as the "profit commitment period"), the total net profit (the net profit after deducting non-recurring gain and loss) of Grey Fabric Market Company and the Apparel Market should be no less than RMB 3.65 million, RMB 8.05 million and RMB 40.67 million respectively, and the total net profits committed during the profit commitment period should be no less than RMB 52.37 million. During the profit commitment period, if the total net profit realized by Grey Fabric Market Company and the assets of the Apparel Market is lower than the committed net profit, the Company shall compensate in cash according to the relevant performance commitments and compensation clauses. The amount of cash compensation = the cumulative committed net profit as of the end of the current period - the cumulative actual net profit as of the end of the current period - the amount of cash compensation paid; ② After the expiration of the profit commitment period, an impairment test shall be conducted on the equity of Grey Fabric Market Company and the asset portfolio of the Apparel Market. If the amount of impairment is higher than the cumulative amount of cash compensation that should be paid by the Company during the profit commitment period, the Company shall make the impairment compensation to Zhejiang China Light & Textile Industrial City Group Co., Ltd. at the end of the period. The amount of compensation at the end

of the period = the amount of asset impairment at the end of the profit commitment period - The cumulative amount of cash compensation payable during the profit commitment period.

Zhejiang China Light & Textile Industrial City Group Co., Ltd. held the 25<sup>th</sup> meeting of the 8<sup>th</sup> session of the Board of Directors on 24 November 2017, reviewed and passed the "Proposal on the Company's Acquisition of the Equity of Grey Fabric Market Company and the Asset Portfolio of the Apparel Market and Related Party Transactions". According to the proposal, Zhejiang China Light & Textile Industrial City Group Co., Ltd. signed a transfer agreement with the Company to acquire 50.50% equity of Grey Fabric Market Company held by the Company at a price of RMB 259,712,208.00 in cash and acquire the assets of the Company's Apparel Market and corresponding asset portfolio such as rent in advance and deposit at a price of RMB 437,541,900.00 in cash. The price for the purchase of the equity of Grey Fabric Market Company has been paid, and the industrial and commercial change registration procedures have been completed. The price for the purchase of the assets of the Apparel Market has been paid, and the transfer registration procedures of the real estate rights related to the relevant assets have been completed.

As of 31 December 2019, Grey Fabric Market Company and the Apparel Market have completed their performance commitments during the profit commitment period; Grey Fabric Market Company and the assets of the Apparel Market have been tested for impairment on 31 December 2019, and the evaluation value of the equity of Grey Fabric Market Company and the asset portfolio of the Apparel Market was RMB 648.66 million after the impairment test. In 2017, when the Company purchased the equity of Grey Fabric Market Company and the asset portfolio of the Apparel Market, the evaluation value was RMB 788.39 million, which was impaired. The amount of impairment was RMB 139.73 million. The Company shall compensate for the impairment at the end of the period, and the compensation amount shall be RMB 139.73 million.

### XIII Notes to the financial statements of the Company

#### 1. Other receivables

Item	Closing balance	Opening balance
Interests receivable	435,479,612.14	330,620,867.12
Dividends receivable		
Other receivables	18,687,854.02	15,697,350.98

Item	Closing balance	Opening balance
Total	454,167,466.16	346,318,218.10

(1) Interests receivable

Item	Closing balance	Opening balance
Interests from the loans to subsidiaries	434,551,319.78	330,620,867.12
Time deposits	928,292.36	
Total	435,479,612.14	330,620,867.12

(2) Other receivables disclosed by category

Category	Closing balance				Book value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables with single provision for bad debts					
Other receivables with provision for bad debts based on portfolio					
Portfolio 1: Receivables from government, state-owned enterprises and related parties	15,576,475.00	83.30			15,576,475.00
Portfolio 2: Deposit and margin	3,000,000.00	16.04			3,000,000.00
Portfolio 3: Aging portfolio	122,935.98	0.66	11,556.96	9.40	111,379.02
Sub-total	18,699,410.98	100.00	11,556.96	0.06	18,687,854.02
Total	18,699,410.98	100.00	11,556.96	0.06	18,687,854.02

(Continued)

Category	Opening balance				Book value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables with single provision for bad debts					

Category	Opening balance				Book value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables with provision for bad debts based on portfolio					
Portfolio 1: Receivables from government, state-owned enterprises and related parties	15,697,350.98	100.00			15,697,350.98
Portfolio 2: Deposit and margin					
Portfolio 3: Aging portfolio					
Sub-total	15,697,350.98	100.00			15,697,350.98
Total	15,697,350.98	100.00			15,697,350.98

1) Details of accrual of bad debt provision

Bad debt provision	The first stage	The second stage	The third stage	Total
	Expected credit loss in the next 12 months	Expected credit loss in the entire duration (no credit impairment)	Expected credit loss in the entire duration (credit impairment has occurred)	
Balance on 1 January 2019				
Balance as of 1 January 2019 in the current year:				
-Transfer to the second stage				
-Transfer to the third stage				
-Reversal to the second stage				
-Reversal to the first stage				
Accrual in 2019	11,556.96			11,556.96
Reversal in 2019				
Write-off in 2019				
Cancellation after verification in 2019				
Other changes				

Bad debt provision	The first stage	The second stage	The third stage	Total
	Expected credit loss in the next 12 months	Expected credit loss in the entire duration (no credit impairment)	Expected credit loss in the entire duration (credit impairment has occurred)	
Balance on 31 December 2019	11,556.96			11,556.96

2) Details of bad debt provision

Category	Opening balance	Changes in the current period				Closing balance
		Accrual	Recovery or reversal	Write-off	Other changes	
Bad debt provisions		11,556.96				11,556.96
Total		11,556.96				11,556.96

3) The top five other receivables based on the closing balance

Name	Aging	Closing balance	Proportion in closing balance of other receivables (%)
Zhejiang Keyan Beauty Spot Development Co., Ltd.	Over 3 years	15,576,475.00	83.30
Hwabao Trust Co., Ltd.	Within 1 year	3,000,000.00	16.04
Withholding and paying individual income tax	Within 1 year, 1-2 years	108,293.06	0.58
Other	Within 1 year	14,642.92	0.08
Total		15,697,350.98	100.00

2. Long-term equity investment

(1) Classification of long-term equity investment

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investments in subsidiaries	3,535,040,000.00		3,535,040,000.00	4,242,840,000.00		4,242,840,000.00
Investments in associates and joint ventures	1,093,522,215.16		1,093,522,215.16	1,247,225,839.53		1,247,225,839.53
Total	4,628,562,215.16		4,628,562,215.16	5,490,065,839.53		5,490,065,839.53

(2) Investment in subsidiaries

Name of investee	Opening balance		Increase		Decrease		Closing balance
	Opening balance		Increase		Decrease		
Shaoxing Keqiao District China Light & Textile Industrial City United Consignment Market Development Co., Ltd.	2,000,000.00						2,000,000.00
Shaoxing Keqiao District Binhai City Construction Development Investment Co., Ltd.	100,000,000.00						100,000,000.00
Shaoxing Keyan Construction Investment Co., Ltd.	230,000,000.00						230,000,000.00
Shaoxing Keqiao District Development and Management Group Co., Ltd.	426,600,000.00						426,600,000.00
Shaoxing Keqiao District Energy Investment Co., Ltd.	50,000,000.00						50,000,000.00
Shaoxing Keqiao China Light & Textile Industrial City Talent Market	1,300,000.00						1,300,000.00

Name of investee	Opening balance	Increase	Decrease	Closing balance
Co., Ltd.				
Shaoxing Keqiao District Urban Construction Investment and Development Group Co., Ltd.	300,000,000.00		300,000,000.00	
Shaoxing Keqiao District Pingshui Fucheng Construction Investment Development Co., Ltd.	100,000,000.00			100,000,000.00
Shaoxing Qianqing Textile Raw Material City Construction Investment Co., Ltd.	50,000,000.00			50,000,000.00
Shaoxing Keqiao District Rice Wine Industry Base Development and Construction Co., Ltd.	30,000,000.00			30,000,000.00
Shaoxing Keqiao District Yangxunqiao Town Development Co., Ltd.	50,000,000.00			50,000,000.00
Shaoxing Keyan City Construction Investment Co., Ltd.	100,000,000.00			100,000,000.00
Shaoxing Keqiao District Education Investment Co., Ltd.	50,000,000.00			50,000,000.00
Shaoxing Keqiao District Tourism Investment Development Co., Ltd.	12,800,000.00			12,800,000.00
Shaoxing Keqiao Economic Development Zone Development Investment Co., Ltd.	74,520,000.00			74,520,000.00
Shaoxing Keqiao District Tourism Development Group Co., Ltd.	462,320,000.00			462,320,000.00
Shaoxing Keqiao Ancient Town Anchang Protection Development Construction Co., Ltd.	100,000,000.00			100,000,000.00
Shaoxing Keqiao District Pingshui Fucheng New Countryside Construction Investment Co., Ltd.	50,000,000.00			50,000,000.00

Name of investee	Opening balance	Increase	Decrease	Closing balance
Shaoxing Kebei New Countryside Construction Investment Development Co., Ltd.	100,000,000.00			100,000,000.00
Shaoxing Keqiao District Anchang New Countryside Construction Investment Co., Ltd.	50,000,000.00			50,000,000.00
Shaoxing Keqiao District Venture Capital Management Co., Ltd.	45,000,000.00			45,000,000.00
Shaoxing Keqiao District Textile Industry Design Management Service Co., Ltd.	10,000,000.00			10,000,000.00
Shaoxing Keqiao District Transportation Investment Construction Group Co., Ltd.	587,800,000.00		587,800,000.00	
Shaoxing Construction Engineering By-product Recycling Co., Ltd.	500,000.00			500,000.00
Shaoxing Keqiao District Water Conservancy Investment Development Co., Ltd.	50,000,000.00			50,000,000.00
Shaoxing Keqiao District Public Bicycle Service Co., Ltd.	2,000,000.00			2,000,000.00
Shaoxing China Light & Textile Industrial City Business Headquarters Park Investment Development Management Co., Ltd.	200,000,000.00			200,000,000.00
Shaoxing Keqiao District Shicheng Development Investment Co., Ltd.	100,000,000.00			100,000,000.00
Shaoxing Pingshui Ruoyexi Water System Integrated Improvement and Development Co., Ltd.	30,000,000.00			30,000,000.00
Shaoxing Keqiao District Sports Center Co., Ltd.	2,000,000.00			2,000,000.00
Shaoxing Keqiao Historical and Cultural District Development and	300,000,000.00			300,000,000.00

Name of investee	Opening balance	Increase	Decrease	Closing balance
Utilization Investment Construction Co., Ltd.				
Shaoxing Keqiao District Cultural Development Co., Ltd.	30,000,000.00			30,000,000.00
Shaoxing Keqiao Rail Transit Group Co., Ltd.	300,000,000.00			300,000,000.00
Shaoxing Keqiao District Yuezhou Gas Co., Ltd.	20,000,000.00		20,000,000.00	
Shaoxing Keqiao District Forestry Co., Ltd.	500,000.00			500,000.00
Shaoxing Keqiao District Chengbei Development Investment Co., Ltd.	100,000,000.00			100,000,000.00
Shaoxing Jinkeqiao Science and Technology City Development Construction Investment Co., Ltd.	70,000,000.00	100,000,000.00		170,000,000.00
Shaoxing Jishan Forestry Investigation Planning Design Co., Ltd.	500,000.00			500,000.00
Keqiao District Construction Group Co., Ltd.	55,000,000.00			55,000,000.00
Shaoxing Keqiao District Financing Guarantee Co., Ltd.		50,000,000.00		50,000,000.00
Shaoxing Lanting Cultural Tourism Development Co., Ltd.		50,000,000.00		50,000,000.00
Total	4,242,840,000.00	200,000,000.00	907,800,000.00	3,535,040,000.00

(3) Investment in associates and joint ventures

Name of investee	Closing balance		Opening balance	
	Book balance	Impairment provision	Book balance	Impairment provision
Shaoxing Cao'e River Sluice Investment and	636,117,095.35		638,976,542.60	
				Book value
				638,976,542.60

Name of investee	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Development Co., Ltd.	696,560.43		696,560.43	684,856.24		684,856.24
Shaoxing Chuangrong Color Printing Co., Ltd.	47,288,751.68		47,288,751.68	45,871,766.73		45,871,766.73
Shaoxing Keqiao Daily Co., Ltd.	32,517,380.44		32,517,380.44	33,911,068.12		33,911,068.12
Shaoxing China Light & Textile Industrial City Qianqing Textile Raw Materials Market Development Co., Ltd.	20,754,338.62		20,754,338.62	19,660,225.24		19,660,225.24
Shaoxing PetroChina Kunlun Gas Co., Ltd.	225,028,920.00		225,028,920.00	403,528,920.00		403,528,920.00
Jiangshan Lianxing Development Co., Ltd.	129,466,517.58		129,466,517.58	103,089,622.89		103,089,622.89
Shaoxing Natural Gas Investment Co., Ltd.	1,652,651.06		1,652,651.06	1,502,837.71		1,502,837.71
Total	1,093,522,215.16		1,093,522,215.16	1,247,225,839.53		1,247,225,839.53

(Continued)

Name of investee	Changes in the current period			
	Increase of investments	Decrease of investments	Investment income under equity method	Adjustments of other comprehensive income
				Other changes in equity

Name of investee	Changes in the current period				
	Increase of investments	Decrease of investments	Investment income under equity method	Adjustments of other comprehensive income	Other changes in equity
Shaoxing Cao'e River Sluice Investment and Development Co., Ltd.			-2,859,447.25		
Shaoxing Chuanrong Color Printing Co., Ltd.			11,704.19		
Shaoxing Keqiao Daily Co., Ltd.			1,416,984.95		
Shaoxing China Light & Textile Industrial City Qianqing Textile Raw Materials Market Development Co., Ltd.			-1,393,687.68		
Shaoxing PetroChina Kunlun Gas Co., Ltd.		16,745,016.76	17,839,130.14		
Jiangshan Lianxing Development Co., Ltd.			26,376,894.69		
Shaoxing Natural Gas Investment Co., Ltd.			149,813.35		
Shaoxing Keqiao Zhejiang University of Technology Innovation Research Institute Development Co., Ltd.				-178,500,000.00	
Total		16,745,016.76	41,541,392.39	-178,500,000.00	

### 3. Investment income

#### (1) Details of investment income

Item	2019	2018
Investment income from long-term equity investments under equity method	41,541,392.39	40,259,490.51
Investment income from available-for-sale financial assets during the holding period		3,710,120.60
Investment income from disposals of long-term equity investments		7,541,017.44
Investment income from other equity instrument investments during the holding period	987,901.93	
Total	42,529,294.32	51,510,628.55

#### (2) Investment income from long-term equity investments under equity method

Name of investee	2019
Shaoxing Cao'e River Sluice Investment and Development Co., Ltd.	-2,859,447.25
Shaoxing Chuanrong Color Printing Co., Ltd.	11,704.19
Shaoxing Keqiao Daily Co., Ltd.	1,416,984.95
Shaoxing China Light & Textile Industrial City Qianqing Textile Raw Materials Market Development Co., Ltd.	-1,393,687.68
Shaoxing Natural Gas Investment Co., Ltd.	26,376,894.69
Shaoxing Keqiao Zhejiang University of Technology Innovation Research Institute Development Co., Ltd.	149,813.35
Shaoxing PetroChina Kunlun Gas Co., Ltd.	17,839,130.14
Total	41,541,392.39

#### (3) Investment income from other equity instrument investments during the holding period

Name of investee	2019
China Cable Network Co., Ltd.	987,901.93
Total	987,901.93

Legal Representative:



Chief Financial Officer:

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Chief Accountant:



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